UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2022

Commission File Number: **0-30314**

Portage Biotech Inc.
(Translation of registrant's name into English)

N/A
(Translation of registrant's name into English)

British Virgin Islands
(Jurisdiction of incorporation or organization)

Clarence Thomas Building, P.O. Box 4649, Road Town, Tortola, British Virgin Islands, VG1110
(Address of principal executive offices)

c/o Portage Development Services Inc., Ian Walters, 203.221.7378
61 Wilton Road, Westport, Connecticut 06880
(Name, telephone, e-mail and/or facsimile number and Address of Company Contact Person)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ___

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ___

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

EXHIBITS

Exhibit No.	Exhibit
99.1	Unaudited Condensed Consolidated Interim Financial Statements for the three months ended June 30, 2022. Unaudited - Prepared by Management as of August 29, 2022.
99.2	Management's Discussion and Analysis for the three months ended June 30, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: August 29, 2022

PORTAGE BIOTECH INC.

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

Exhibit 99.1

Portage Biotech Inc.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended June 30, 2022

(Unaudited – Prepared by Management)

(U.S. Dollars)

Portage Biotech Inc.
Condensed Consolidated Interim Financial Statements

NOTICE TO READER OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for Portage Biotech Inc. are comprised of the condensed consolidated statements of financial position as of June 30, 2022, and March 31, 2022, and the condensed consolidated interim statements of operations and other comprehensive income (loss) for the three months ended June 30, 2022 and 2021 and the statements of equity and cash flows for each of the three months then ended and are the responsibility of the Company's management.

The condensed consolidated interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards.

"signed"	"signed"
Allan Shaw, CFO	Ian Walters MD, Chairman of the Board and Chief Executive Officer

DATE: August 29, 2022

Portage Biotech Inc.
Condensed Consolidated Interim Statements of Financial Position
(U.S. Dollars in thousands)
(Unaudited – see Notice to Reader dated August 29, 2022)

As of,	Notes	June 30, 2022	March 31, 2022
			(Audited)
Assets			
Current assets			
Cash and cash equivalents		**$ 21,176**	$ 23,352
Prepaid expenses and other receivables	**5**	**1,932**	1,480
		23,108	24,832
Long-term assets			
Investment in associate	**6**	**1,613**	1,673
Investments in private companies	**7**	**7,409**	7,409
Goodwill	**8**	**43,324**	43,324
In-process research and development	**9**	**117,388**	117,388
Other assets		**36**	36
Total assets		**$ 192,878**	$ 194,662
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 1,938**	$ 750
Warrant liability	**12**	**32**	33
		1,970	783
Non-current liabilities			
Deferred tax liability	**9, 11**	**25,893**	28,445
		25,893	28,445
Total liabilities		**27,863**	29,228
Shareholders' Equity			
Capital stock	**13**	**158,354**	158,324
Stock option reserve	**14**	**18,104**	16,928
Accumulated other comprehensive income		**958**	958
Accumulated deficit		**(56,734)**	(55,005)
Total equity attributable to owners of the Company		**120,682**	121,205
Non-controlling interest	**20**	**44,333**	44,229
Total equity		**165,015**	165,434
Total liabilities and equity		**$ 192,878**	$ 194,662
Commitments and Contingent Liabilities (Note 16)			

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

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

Portage Biotech Inc.
Condensed Consolidated Interim Statements of Operations and Other Comprehensive Income (Loss)
(U.S. Dollars in thousands, except per share amounts)
(Unaudited – see Notice to Reader dated August 29, 2022)

	Note	Three Months Ended June 30,	
		2022	2021
Expenses			
Research and development		**1,876**	1,546
General and administrative expenses		**2,211**	2,047
Loss from operations		**(4,087)**	(3,593)
Share of loss in associate accounted for using equity method	**6**	**(60)**	(44)
Change in fair value of warrant liability	**12**	**1**	369
Foreign exchange transaction loss	**9, 11**	**(52)**	–
Interest income		**21**	–
Interest (expense)		**–**	(34)
Loss before provision for income taxes		**(4,177)**	(3,302)
Income tax benefit		**2,552**	79
Net loss and other comprehensive loss		**$ (1,625)**	$ (3,223)
Net (loss) income attributable to:			
Owners of the Company		**$ (1,729)**	$ (3,066)
Non-controlling interest	**20**	**104**	(157)
		$ (1,625)	$ (3,223)
Comprehensive (loss) income attributable to:			
Owners of the Company		**$ (1,729)**	$ (3,066)
Non-controlling interest	**20**	**104**	(157)
		$ (1,625)	$ (3,223)
Loss per share	**15**		
Basic and diluted		**$ (0.13)**	$ (0.25)
Weighted average shares outstanding	**15**		
Basic and diluted		**13,351**	12,213

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

Portage Biotech Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the Three Months Ended June 30, 2022 and 2021
(U.S. Dollars)
(Unaudited – see Notice to Reader dated August 29, 2022)

	Number of Shares	Capital Stock	Stock Option Reserve	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Equity Attributable to Owners of Company	Non-Controlling Interest	Total Equity
Balance, April 1, 2022	**13,349**	**158,324**	**16,928**	**958**	**(55,005)**	**121,205**	**44,229**	**165,434**
Share-based compensation expense	**–**	**–**	**1,176**	**–**	**–**	**1,176**	**–**	**1,176**
Shares issued or accrued for services	**4**	**30**	**–**	**–**	**–**	**30**	**–**	**30**
Net (loss) income for period	**–**	**–**	**–**	**–**	**(1,729)**	**(1,729)**	**104**	**(1,625)**
Balance, June 30, 2022	**13,353**	**158,354**	**18,104**	**958**	**(56,734)**	**120,682**	**44,333**	**165,015**
Balance, April 1, 2021	12,084	130,649	7,977	958	(38,135)	101,449	46,153	147,602
Share-based compensation expense	–	–	2,082	–	–	2,082	98	2,180
Shares issued under ATM	91	2,643	–	–	–	2,643	–	2,643
Shares issued under offering	1,150	26,450	–	–	–	26,450	–	26,450
Share issuance costs	–	(1,877)	–	–	–	(1,877)	–	(1,877)
Shares issued or accrued for services	1	30	–	–	–	30	–	30
Net loss for period	–	–	–	–	(3,066)	(3,066)	(157)	(3,223)
Balance, June 30, 2021	13,326	$ 157,895	$ 10,059	$ 958	$ (41,201)	$ 127,711	$ 46,094	$ 173,805

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

Portage Biotech Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended June 30, 2022 and 2021
(U.S. Dollars in thousands)
(Unaudited – see Notice to Reader dated August 29, 2022)

	Three Months Ended June 30,	
	2022	**2021**
Cash flows provided by (used in) operating activities:		
Net loss for the period	**$ (1,625)**	$ (3,223)
Adjustments for non-cash items:		
Share-based compensation expense	**1,176**	2,180
(Decrease) increase in deferred tax liability	**(2,552)**	121
Income on fair value of warrant liability	**(1)**	(369)
Fair value of shares issued for services	**30**	30
Share of loss in associate	**60**	44
Changes in operating working capital:		
Accounts receivable	**(44)**	(215)
Prepaid expenses and other receivables	**(408)**	394
Accounts payable and accrued liabilities	**1,188**	(544)
Other	**–**	2
Net cash used in operating activities	**(2,176)**	(1,580)
Cash flows provided by (used in) financing activities:		
Proceeds from shares issued under registered offering	**–**	29,093
Share issuance costs	**–**	(1,666)
Net cash provided by financing activities	**–**	27,427
(Decrease) increase in cash and cash equivalents during period	**(2,176)**	25,847
Cash and cash equivalents at beginning of period	**23,352**	2,770
Cash and cash equivalents at end of period	**$ 21,176**	$ 28,617
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ –**	$ 11
Increase in accounts payable for stock issuance costs	**$ –**	$ 210

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

NOTE 1. NATURE OF OPERATIONS

Portage Biotech Inc. (the "Company" or “Portage”) is incorporated in the British Virgin Islands ("BVI") with its registered office located at Clarence Thomas Building, P.O. Box 4649, Road Town, Tortola, BVI. Its USA agent, Portage Development Services ("PDS"), is located at 61 Wilton Road, Westport, CT, 06880, USA.

The Company is a foreign private issuer under SEC rules. It is also a reporting issuer under the securities legislation of the provinces of Ontario and British Columbia. Its ordinary shares were listed on the Canadian Securities Exchange (“CSE”) under the symbol “PBT.U”. On February 25, 2021, the ordinary shares of the Company began trading on the NASDAQ Capital Market (“NASDAQ”) under the symbol “PRTG”. As the principal market for the Company’s ordinary shares is NASDAQ, the Company voluntarily delisted from the CSE on April 23, 2021.

Portage is a clinical-stage immuno-oncology company advancing therapies that target known checkpoint resistance pathways to improve long-term treatment response and quality of life in patients with evasive cancers. Portage’s access to next-generation technologies coupled with a deep understanding of biological mechanisms enables the identification of clinical therapies and product development strategies that accelerate these medicines through the translational pipeline. Portage’s portfolio consists of six diverse platforms, with lead programs including invariant natural killer T cell (iNKT agonists) and a suite of treatments targeting the adenosine pathway. Additional programs leverage delivery by intratumorals, nanoparticles, liposomes, aptamers, and virus-like particles. Within these six platforms, Portage has 14 products currently in development with multiple clinical readouts expected through the end of 2023.

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”). 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. During fiscal 2021, the Company abandoned its interests in Nekonal.

On June 5, 2020, the Company effected a 100:1 reverse stock split. All share and per share information included in the condensed consolidated interim 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.

Portage filed a shelf registration statement and prospectus with the Securities and Exchange Commission (“SEC”) under which it may sell shares, debt securities, warrants and units that Portage may sell in one or more offerings from time to time, which became effective on March 8, 2021 (“Registration Statement” or “Prospectus”). The Registration Statement currently includes:

- a base prospectus, which covers the offering, issuance and sales by us of up to $200,000,000 in the aggregate of the securities identified above from time to time in one or more offerings;
- a sales agreement supplemental prospectus covering the offer, issuance and sale by us in an “at the market” offering of up to a maximum aggregate offering price of up to $50,000,000 of our ordinary shares that may be issued and sold from time to time under sales agreement, or sales agreement, with Cantor Fitzgerald & Co., or Cantor Fitzgerald, the sales agent;
- a prospectus supplement dated June 24, 2021, for the offer, issuance and sale by us of 1,150,000 ordinary shares for gross proceeds of approximately $26.5 million in a firm commitment underwriting with Cantor Fitzgerald; and
- a prospectus supplement dated August 19, 2022, for the offer, issuance and sale by us of up to $30,000,000 in ordinary shares from time to time to Lincoln Park Capital Fund, LLC and their resale of those shares and an additional resale of 94,508 shares.

NOTE 1. NATURE OF OPERATIONS *(Cont'd)*

The sales agreement with Cantor Fitzgerald permits the Company to sell in an at the market offering up to $50,000,000 of ordinary shares from time to time, the amount of which is included in the $200,000,000 of securities that may be offered, issued and sold by us under the base prospectus. The sales under the prospectus will be deemed to be made pursuant to an "at the market" offering as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933 (the Securities Act). Upon termination of the sales agreement, any portion of the $50,000,000 included in the sales agreement prospectus that is not sold pursuant to the sales agreement will be available for sale in other offerings pursuant to the base prospectus. See Note 2, "Liquidity" and Note 13, "Capital Stock" for a further discussion.

NOTE 2. LIQUIDITY

As of June 30, 2022, the Company had cash and cash equivalents of approximately $21.2 million and total current liabilities of approximately $2.0 million (inclusive of approximately $0.03 million warrant liability settleable on a non-cash basis). For the three months ended June 30, 2022, the Company is reporting a net loss of approximately $1.6 million and cash used in operating activities of approximately $2.2 million. As of July 31, 2022, the Company had approximately $18.8 million of cash on hand. The Company believes that its current cash resources are sufficient to fund operations for at least thirteen months from August 29, 2022, the date of this report.

The Company maintains its "at the market" facility with Cantor Fitzgerald. On July 6, 2022, the Company entered into a Purchase Agreement (the "Purchase Agreement") with Lincoln Park Capital Fund, LLC ("Lincoln"), under which it may require Lincoln to purchase ordinary shares of the Company having an aggregate value of up to $30 million (the "Purchase Shares") over a period of 36 months. Pursuant to the Purchase Agreement, Lincoln will be obligated to purchase the Purchase Shares in three different scenarios that are based on various market criteria and share amounts. The Company has the right to terminate the Purchase Agreement for any reason, effective upon one (1) business day prior written notice to Lincoln. Lincoln has no right to terminate the Purchase Agreement. The requirement that Lincoln must make a purchase will be suspended based on various criteria such as there not being an effective registration statement for Lincoln to be able to resell the ordinary shares it is committed to purchase and market criteria such as the Company continuing to be DTC eligible, among other things. The Purchase Agreement does not impose any financial or business covenants on the Company, and there are no limitations on the use of proceeds. The Company may raise capital from other sources in its sole discretion; provided, however, that Portage shall not enter into any similar agreement for the issuance of variable priced equity-like securities until the three (3) year anniversary of the date of the Purchase Agreement, excluding, however, an at-the-market transaction with a registered broker-dealer.

During the quarter ended June 30, 2021, the Company commenced an "at the market" offering, under which it sold 90,888 shares generating gross proceeds of approximately $2.6 million ($2.5 million, net of commissions).

On June 24, 2021, the Company completed a firm commitment underwritten public offering of 1,150,000 ordinary shares at a public offering price of $23.00 per share for gross proceeds of approximately $26.5 million and was settled June 28, 2021. The Company incurred aggregate offering expenses for the public offering of approximately $1.8 million, including approximately $1.6 million of management, underwriting and selling expenses. Management believes the funds generated, along with existing cash and cash equivalents, will be sufficient to fund the Company's research and development activities, as well as the expansion of its operating infrastructure and achievement of numerous developmental milestones.

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 result primarily from its conduct of research and development activities.

The Company historically has funded its operations principally from proceeds from issuances of equity and debt securities and would expect to enter the capital markets if additional funding is required.

NOTE 2. LIQUIDITY *(Cont'd)*

COVID-19 Effect

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 operations. 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.

NOTE 3. BASIS OF PRESENTATION

Statement of Compliance and Basis of Presentation

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), IAS 34 *Interim Financial Reporting* and interpretations of the International Financial Reporting Interpretations Committee. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended March 31, 2022.

These condensed consolidated interim financial statements have been prepared on an historical cost basis except for items disclosed herein at fair value (see Note 18, "Financial Instruments and Risk Management"). In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company has only one reportable operating segment.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Audit Committee and Board of Directors on August 29, 2022.

Consolidation

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

(a) SalvaRx Limited ("SalvaRx"), a wholly-owned subsidiary, incorporated on May 6, 2015 in the British Virgin Islands.

(b) iOx Therapeutics Ltd. ("iOx"), a United Kingdom ("U.K.") based immune-oncology company, a 60.49% subsidiary, incorporated in the U.K. on February 10, 2015. In September 2021, the Company, through SalvaRx, exchanged certain notes, accrued interest, warrants and receivables in exchange for shares of iOx. As a result of this exchange, the Company, through SalvaRx, increased its ownership up from 60.49% to 78.32%. See Note 21(c), "Events After the Balance Sheet Date – Share Exchange Agreement - iOx" for a further discussion.

(c) Saugatuck Therapeutics, Ltd. ("Saugatuck"), a 70% owned subsidiary incorporated in the British Virgin Islands. Saugatuck and subsidiary refers to Saugatuck and Saugatuck Rx LLC.

(d) Portage Developmental Services, a 100% owned subsidiary incorporated in Delaware, which provides human resources, and other services to each operating subsidiary via a shared services agreement.

(e) SalvaRx LLC, a 100% owned subsidiary through SalvaRx.

NOTE 3. BASIS OF PRESENTATION *(Cont'd)*

Consolidation (Cont'd)

(f) Saugatuck Rx LLC, a wholly-owned subsidiary of Saugatuck.

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

Non-controlling interest in the equity of a subsidiary is accounted for and reported as a component of stockholders' equity. Non-controlling interests represent the 21.68% shareholder ownership interest in iOx and the 30% shareholder ownership interest in Saugatuck, which are consolidated by the Company. See Note 10, "Unsecured Notes Payable – iOx Unsecured Notes Payable" for a discussion of the Company's settlement of loans with iOx and Note 21(c) " Events After the Balance Sheet Date – Share Exchange Agreement - iOx" for a discussion of the Company's purchase of the balance of the non-controlling interest in iOx.

Functional and Presentation Currency

The Company's functional and presentation currency is the U.S. Dollar.

Use of Estimates and Judgments

The preparation of the condensed consolidated interim 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, deferred tax assets, deferred tax liability, 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.

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are set out in Note 4 to the fiscal 2022 audited consolidated financial statements. These policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

Recent Accounting Pronouncements

IFRS Pronouncements Issued

Impact of Adoption of Significant New IFRS Standards in 2022

(a) Annual Improvements to IFRS Standards 2018-2020

The annual improvements process addresses issues in the 2018-2020 reporting cycles including changes to IFRS 9, “Financial Instruments,” IFRS 1, “First Time Adoption of IFRS,” IFRS 16, “Leases,” and IAS 41, “Biological Assets”.

i) The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities.

ii) The amendment to IFRS 1 allows a subsidiary adopting IFRS at a later date than its parent to also measure cumulative translation differences using the amounts reported by the parent based on the parent’s date of transition to IFRS.

iii) The amendment to IFRS 16’s illustrative example 13 removes the illustration of payments from the lessor related to leasehold improvements.

These amendments were effective for annual periods beginning on or after January 1, 2022. The adoption of these amendments did not have a material effect on the Company’s annual consolidated financial statements or the condensed consolidated interim financial statements for the three months ended June 30, 2022.

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(b) IAS 37: Onerous Contracts - Cost of Fulfilling a Contract

The amendment to IAS 37 clarifies the meaning of costs to fulfil a contract and that before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to the contract. This amendment is effective for annual periods beginning January 1, 2022. The Company's adoption of IAS 37 did not have a material effect on its consolidated financial statements.

(c) IAS 16: Proceeds Before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of Property, plant and equipment any proceeds received from selling items produced while the entity is preparing the assets for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). It also clarifies that an entity is testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The amendment also requires certain related disclosures. This amendment is effective for annual periods beginning January 1, 2022. The Company's adoption of IAS 16 did not have a material effect on its consolidated financial statements.

New Accounting Standards, Interpretations and Amendments

Standards issued but not yet effective up to the date of issuance of the Company's condensed consolidated interim 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.

(a) IAS 1: Presentation of Financial Statements

The amendment to IAS 1 clarifies how to classify debt and other liabilities as either current or non-current. The amendment will be effective for annual periods beginning on or after January 1, 2023. The Company is currently evaluating the new guidance and impacts on its consolidated financial statements.

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

The amendment addresses the conflict between IFRS 10, "Consolidated Financial Statements," and IAS 28, "Investments in Associates and Joint Ventures," 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, "Business Combinations," 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. On September 11, 2014, the IASB issued narrow-scope amendments to IFRS 10 and IAS 28. The amendments were to be effective for annual periods commencing on or after January 1, 2016. In December 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

NOTE 5. PREPAID EXPENSES AND OTHER RECEIVABLES

(In thousands)	As of June 30, 2022	As of March 31, 2022
Prepaid insurance	**$ 775**	$ 1,084
Prepaid clinical research organization	**607**	–
Research & development tax credits	**169**	169
Tax deposits	**142**	142
Other prepaid expenses	**155**	45
Other receivables	**84**	40
Total prepaid expenses and other receivables	**$ 1,932**	$ 1,480

NOTE 6. INVESTMENT IN ASSOCIATE

Details of the Company's associate as of June 30, 2022 and March 31, 2022 are as follows:

Name	Principal Activity	Place of Incorporation and Principal Place of Business	Voting Rights Held as of June 30, 2022	Voting Rights Held as of March 31, 2022
Associate: Stimunity S.A.	Biotechnology	Paris, France	44.0%	44.0%

The following table is a roll-forward of the Company's investment in Stimunity S.A. as of and for the three months ended June 30, 2022 and 2021:

(In thousands)	As of and for the Three Months Ended June 30, 2022	2021
Balance, beginning of period	**$ 1,673**	$ 1,735
Share of (loss)	**(60)**	(44)
Balance, end of period	**$ 1,613**	$ 1,691

On June 1, 2020, the Company made an additional investment of €0.9 million ($1.0 million) by executing its subscription for 2,479 Class A shares upon the achievement of certain Milestones, as provided in the Shareholders' Agreement, increasing its equity share in Stimunity to 44%. See Note 16, "Commitments and Contingent Liabilities" and Note 21(d), "Events After the Balance Sheet Date – Stimunity Convertible Note" for a further discussion.

The Company accounts for its investment in Stimunity under the equity method and accordingly, records its share of Stimunity's earnings or loss based on its ownership percentage. The Company recorded equity in loss in Stimunity of $60,000 and $44,000 for the three months ended June 30, 2022 and 2021, respectively

Under the Shareholders' Agreement, Portage 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.

NOTE 7. INVESTMENTS IN PRIVATE COMPANIES

The following is a discussion of our investments in private companies as of June 30, 2022 and March 31, 2022.

Intensity

In connection with the SalvaRx Acquisition in fiscal 2019, the Company acquired a $4.5 million interest in Intensity, a clinical stage biotechnology company, of 1.0 million shares, which represented a 7.5% equity interest in Intensity. 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 other comprehensive income. The fair value of the asset is determined by considering other comparable equity funding transactions by Intensity with unrelated investors.

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.

During the year ended March 31, 2020, the Company recorded an unrealized gain of $1.6 million with respect to its investment in Intensity based upon Intensity’s then most recent valuation. There was no unrealized gain or loss recognized during the three months ended June 30, 2022 and 2021.

As of each of June 30, 2022 and March 31, 2022, the Company owned approximately 7.35% of the outstanding shares of Intensity, on a fully diluted basis.

On October 28, 2021, Intensity Therapeutics, Inc. filed a Form S-1 Registration Statement with the SEC to register shares for a public offering. The offering was approved by the SEC, but subsequently withdrawn prior to closing. Intensity is still evaluating market conditions to determine the timing of an offering. As of June 30, 2022 and March 31, 2022, the Company has valued its investment in Intensity based on Intensity’s Series C Preferred Stock Offering completed in 2020. If the offering is successful, the Company will value its investment in Intensity based upon fair value (market price) and will record periodic changes in carrying value through OCI.

NOTE 8. GOODWILL

(In thousands)	As of June 30, 2022	As of March 31, 2022
Balance, beginning of period	**$ 43,324**	$ 43,324
Balance, end of period	**$ 43,324**	$ 43,324

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

As of June 30, 2022, the Company determined that it has only one cash-generating unit ("CGU"), the consolidated Portage Biotech Inc.

Impairment Review

On an annual basis, pursuant to IAS 36, "Impairment of Assets," the Company assesses its 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.

The Company performed its annual impairment test in each of fiscal 2022 and fiscal 2021 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.

NOTE 8. GOODWILL *(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% and 20.0% as of March 31, 2022 and 2021, respectively, based on the individual characteristics of the Company's CGU, the risk-free rate of return and other economic and operating factors.

As of June 30, 2022, management assessed whether any indications of impairment existed for the Company's CGU. As of June 30, 2022, the Company's market capitalization was less than its net assets, which is an external indicator of potential impairment. The Company evaluated this factor in conjunction with its assessment of the overall market environment and the progress made in developing the Company's assets. The Company determined that a test for impairment was not required and no impairment was recorded for the three months ended June 30, 2022.

NOTE 9. IN-PROCESS RESEARCH AND DEVELOPMENT AND DEFERRED TAX LIABILITY

In-process research and development ("IPR&D") consists of the following projects (in thousands):

Project #	Description	Value as of June 30, 2022	Value as of March 31, 2022
iOx:			
PORT 2 (IMM60)	Melanoma & Lung Cancers	**$ 84,213**	$ 84,213
PORT 3 (IMM65)	Ovarian/Prostate Cancers	**32,997**	32,997
		117,210	117,210
Oncomer/Saugatuck	DNA Aptamers	**178**	178
		$ 117,388	$ 117,388
Deferred tax liability		**$ 28,082**	$ 30,198

Additionally, at the end of each reporting period, the Company is required to assess whether there is any indication that an asset may be impaired. As indicated above, the Company did identify an external indicator of potential impairment as of June 30, 2022. Pursuant to IAS 36, the Company completed its review of underlying fundamentals, execution, advancement of assets and value creation activities and concluded that no provision for impairment was required during the three months ended June 30, 2022.

Deferred tax liability (DTL) represents iOx's estimated tax on the difference between book and tax basis of the IPR&D, which is taxable in the U.K and the effect of usable net operating loss carryforwards.

NOTE 9. IN-PROCESS RESEARCH AND DEVELOPMENT AND DEFERRED TAX LIABILITY *(Cont'd)*

As of June 30, 2022 and March 31, 2022, iOx had a net deferred tax liability of approximately $25.9 million and approximately $28.4 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 U.K., the deferred tax had been recorded at 17%, the rate applicable in the U.K. In fiscal 2022, the Company recorded $7.0 million increase in deferred income taxes to reflect a change in the U.K. income tax rate and recognized $0.7 million of current year losses and $0.8 million of prior year losses. The Company also recognized a $1.1 million decrease in deferred tax liability in fiscal 2022 to reflect the effect of the change in exchange rates on the liability settleable in Great British Pounds. For the three months ended June 30, 2022, the Company recognized the reduction in deferred tax liability of $2.2 million to reflect the effect of the change in exchange rates on the liability in the period and recognized $0.4 million of current period losses.

NOTE 10. UNSECURED NOTES PAYABLE

Following is a roll-forward of notes payable:

(In thousands)	CURRENT iOx	NON-CURRENT SalvaRx	Total
Balance, April 1, 2021	$ 150	$ –	$ 150
Exchange of notes payable and accrued interest for iOx shares	(150)	–	(150)
Balance, March 31, 2022	**$ –**	**$ –**	**$ –**
Balance, June 30, 2022	**$ –**	**$ –**	**$ –**

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 earlier upon a qualifying event), that bear interest at 7% per annum (the "SalvaRx Notes"). The fair value of the SalvaRx Notes was determined to be $3.4 million at January 2019. As the SalvaRx Acquisition was a qualifying event, the SalvaRx Notes became due upon the acquisition. In December 2019, the maturity date of the SalvaRx Notes was extended to June 2021.

The holders of the SalvaRx Notes received $7,500 of warrants in respect of each $10 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 Date, the fair value of the warrants, which are included in non-controlling interest, was determined to be $2.5 million using the Black-Scholes model.

During September 2020, the Company settled the SalvaRx Notes obligations originally due in June 2021 in an aggregate principal amount of approximately $3.7 million, plus accrued interest of $0.75 million in exchange for cash payments totaling $1.77 million and 397,604 of the associated SalvaRx warrants with an exercise price of $6.64 per share. The noteholders who accepted the offer exchanged their SalvaRx warrants for an equal number of Portage shares at the same price per share. The Company accounted for the contractual value of the exercised and outstanding warrants of $2.64 million (397,604 shares at $6.64 per share) as accrued equity issuable at September 30, 2020. The Company also recorded a loss of $1.26 million during the year ended March 31, 2021, to recognize the discount between the fair value of the underlying shares on October 13, 2020, the settlement date, ($9.80 per share) and the warrant exercise (contract) price of $6.64 per share.

NOTE 10. UNSECURED NOTES PAYABLE *(Cont'd)*

iOx Unsecured Notes Payable

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 became a subsidiary of the Company during the year ended March 31, 2019. In accordance with IFRS 3, the fair value, including interest receivable, of the Convertible Notes were effectively settled against the note receivable upon the business combination.

On September 8, 2021, the Company, through SalvaRx, completed a settlement of loans (including interest) to and receivables from iOx for services rendered in exchange for 23,772 ordinary shares of iOx at a price of £162. Simultaneously, the Company entered into an agreement with Oxford Sciences Innovation, Plc ("OSI"), the holder of $0.15 million notes plus accrued interest under which OSI exchanged the notes plus accrued interest for 820 shares of iOx. The Company followed the guidance provided by an IFRS Discussion Group Public Meeting dated November 29, 2016, following the general tenets of IAS 39, "Financial Instruments: Recognition and Measurement," and IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" and recorded the exchange at historical cost. Additionally, no profit or loss was recorded in connection with the exchange. As a result of these transactions, the Company, through SalvaRx, increased its ownership up from 60.49% to 78.32%. See Note 21(c), "Events After the Balance Sheet Date – Share Exchange Agreement - iOx" for a further discussion.

NOTE 11. INCOME TAXES

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

PDS is a U.S. corporation and is subject to U.S. federal, state and local income taxes, as applicable.

iOx is subject to U.K. taxes.

The benefit from income taxes consists of the following:

(In thousands)	For the Three Months Ended June 30, 2022	2021
Current:		
Federal	**$ –**	$ –
State and local	**–**	–
Foreign	**–**	200
	–	200
Deferred:		
Federal	**–**	–
State and local	**–**	–
Foreign	**2,552**	(121)
	2,552	(121)
Benefit from income taxes	**$ 2,552**	$ 79

NOTE 11. INCOME TAXES *(Cont'd)*

The following is a reconciliation of the U.S. taxes to the effective income tax rates for the three months ended June 30, 2022 and 2021 ($ in thousands):

	Three Months Ended June 30,	
	2022	**2021**
Income (loss) on ordinary activities before tax	**$ 34**	$ (2)
Statutory U.S. income tax rate	**21.0%**	21.0%
Income tax at statutory income tax rate	**7**	–
Losses recognized	**(7)**	–
Income tax benefit (expense)	**$ –**	$ –

The Company has $1.3 million of Federal net operating losses, which carryforward indefinitely but are limited to 80% of taxable income when utilized. As of each of June 30, 2022 and March 31, 2022, the Company had U.S. deferred tax assets of $0.3 million.

The following is a reconciliation of the U.K. taxes to the effective income tax rates for the three months ended June 30, 2022 and 2021 ($ in thousands):

	Three Months Ended June 30,	
	2022	**2021**
Loss on ordinary activities before tax	**$ 1,743**	$ 432
Statutory U.K. income tax rate	**19.0%**	19.0%
Loss at statutory income tax rate	**331**	82
Change (increase) in deferred income tax rate	**105**	–
Foreign currency effect	**2,116**	(121)
Research and development credit	**–**	200
Losses (unrecognized)	**–**	(82)
Income tax benefit	**$ 2,552**	$ 79

Research and development credit receivables of $0.2 million and $0.2 million were included in prepaid expenses and other receivables on the condensed consolidated interim statements of financial position as of June 30, 2022 and March 31, 2022, respectively.

The following is a reconciliation of financial statement income (loss) to tax basis income (loss) (in thousands):

	Three Months Ended June 30, 2022				Three Months Ended June 30, 2021			
	United States	**BVI**	**United Kingdom**	**Total**	**United States**	**BVI**	**Foreign**	**Total**
Pre-tax income (loss)	**$ 34**	**$ (2,468)**	**$ (1,743)**	**$ (4,177)**	$ (2)	$ (2,868)	$ (432)	$ (3,302)
Losses not subject to tax	**–**	**2,468**	**–**	**2,468**	–	2,868	–	2,868
Utilization of losses not previously benefitted	**(34)**	**–**	**–**	**(34)**	–	–	–	–
Taxable loss	**$ –**	**$ –**	**$ (1,743)**	**$ (1,743)**	$ (2)	$ –	$ (432)	$ (434)

NOTE 11. INCOME TAXES *(Cont'd)*

As of June 30, 2022 and March 31, 2022, the Company's deferred tax assets and liabilities in the U.K. consisted of the effects of temporary differences attributable to the following (in thousands):

	As of June 30, 2022	As of March 31, 2022
Deferred tax assets:		
Net operating loss	**$ (3,689)**	$ (3,253)
Deferred tax asset (unrecognized)	**1,500**	1,500
Deferred tax asset	**(2,189)**	(1,753)
Deferred tax liabilities:		
In-process research and development	**28,082**	30,198
Deferred tax liability	**28,082**	30,198
Net deferred tax liability	**$ 25,893**	$ 28,445

iOx generated research and development cash credits of approximately $0.2 million that have been recorded for the three months ended June 30, 2021. There were no research and development cash credits recorded for the three months ended June 30, 2022.

As of June 30, 2022 and March 31, 2022, iOx had a net deferred tax liability of approximately $25.9 million and approximately $28.4 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 U.K., the deferred tax had been recorded at 17%, the rate applicable in the U.K. During the year ended March 31, 2020, the Company recorded a tax expense of $2.2 million, including $2.3 million to increase the deferred tax liability due to the increase in the U.K. 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. In fiscal 2022, the Company recorded $7.0 million increase in deferred income taxes to reflect a change in the U.K. income tax rate and recognized $0.7 million of current year losses and $0.8 million of prior year losses. The Company also recognized a $1.1 million decrease in deferred tax liability in fiscal 2022 to reflect the effect of the change in exchange rates on the liability settleable in Great British Pounds. For the three months ended June 30, 2022, the Company recognized the reduction in deferred tax liability of $2.2 million to reflect the effect of the change in exchange rates on the liability in the period and recognized $0.4 million of current period losses.

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

NOTE 12. WARRANT LIABILITY

Below is the roll-forward of warrants issued by entity (see Note 10, "Unsecured Notes Payable"):

	PBI		
	Exercise Price	Warrants	Amount
			In 000'$
Warrants outstanding, April 1, 2022	**$ 6.64**	**33,888**	**$ 33**
Exercise of warrants as of June 30, 2022	**$ 6.64**	**–**	**–**
Fair value adjustment as of June 30, 2022 (1) (2)	**–**	**–**	**(1)**
Warrants outstanding, June 30, 2022	**$ 6.64**	**33,888**	**$ 32**

(1) Portage warrant liability valued at contract price, adjusted for fair value using the Black-Scholes model.
The Black-Scholes assumptions used in the fair value calculation of the warrants as of June 30, 2022 were:
Risk free rate: 1.72%
Expected Dividend: $0
Expected Life: 0.28 years
Volatility: 65.49%

(2) The Company recognized a gain of $0.1 million and $0.4 million in the three months ended June 30, 2022 and 2021, respectively, to reflect the change in fair value of the underlying warrants. The warrants expire in October 2022.

NOTE 13. CAPITAL STOCK

(a) Authorized ordinary shares**:** Unlimited number of common shares without par value.
(b) Following is a roll-forward of ordinary shares for the three months ended June 30, 2022 and 2021:

	Three Months Ended June 30,			
	2022		2021	
	Ordinary Shares	Amount	Ordinary Shares (c)	Amount
	In 000'	In 000'$	In 000'	In 000'$
Balance, beginning of period	**13,349**	**$ 158,324**	12,084	$ 130,649
Shares issued in public offering and ATM	**–**	**–**	1,241	27,216
Shares issued or accrued for services	**4**	**30**	1	30
Balance, end of period	**13,353**	**$ 158,354**	13,326	$ 157,895

On June 16, 2020, the Company completed a private placement of 698,145 restricted ordinary shares at a price of $10.00 per share for gross proceeds of $6.98 million to accredited investors. Directors of the Company subscribed for 215,000 shares, or approximately 30.8% of the private placement, for proceeds of $2.15 million. The Company incurred costs of approximately $0.25 million in connection with the offering, which was treated as contra-equity on the Company's balance sheet.

NOTE 13. CAPITAL STOCK *(Cont'd)*

During the quarter ended June 30, 2021, the Company commenced an "at the market" offering, under which it sold 90,888 shares generating gross proceeds of approximately $2.6 million ($2.5 million, net of commissions).

On June 24, 2021, the Company completed a firm commitment underwritten public offering of 1,150,000 ordinary shares at a public offering price of $23.00 per share for gross proceeds of approximately $26.5 million and was settled June 28, 2021. The Company incurred aggregate offering expenses for the public offering of approximately $1.8 million, including approximately $1.6 million of management, underwriting and selling expenses.

See Note 21, "Events After the Balance Sheet Date" for a discussion of additional ordinary shares issued.

NOTE 14. STOCK OPTION RESERVE

(a) The following table provides the activity for the Company's stock option reserve for the three months ended June 30, 2022 and 2021:

	Three Months Ended June 30,			
	2022		2021	
(In thousands)	Non-Controlling Interest	Stock Option Reserve	Non-Controlling Interest	Stock Option Reserve
Balance, beginning of period	**$ 11,659**	**$ 16,928**	$ 11,468	$ 7,977
Share-based compensation expense	**–**	**1,176**	98	2,082
Balance, end of period	**$ 11,659**	**$ 18,104**	$ 11,566	$ 10,059

Stock Options

On June 25, 2020, at the annual meeting of shareholders, the Company's new incentive stock option plan (the "2020 Stock Option Plan") was approved, which authorized the directors to fix the option exercise price and to issue stock options under the plan as they see fit. The Company's 2020 Stock Option Plan is a 10% rolling stock option plan under which the directors are authorized to grant up to a maximum of 10% of the issued and outstanding ordinary shares on the date of grant.

Effective January 13, 2021, the Company amended and restated its 2020 Stock Option Plan to permit the grant of additional types of equity compensation securities, including restricted stock units and dividend equivalent rights (the "2021 Equity Incentive Plan"). The aggregate number of equity securities, which may be issued under the 2021 Equity Incentive Plan has not been changed. Pursuant to the 2021 Equity Incentive Plan, on January 13, 2021, the Company granted an aggregate of 868,000 stock options exercisable at a price of US$17.75 per share, representing the closing price of the shares on the day immediately preceding the grant date, which expire on January 13, 2031 to various directors, officers and consultants of the Company. 350,000 options granted to members of the Board of Directors' vest 1/3 on grant date, 1/3 on the first anniversary of the grant and 1/3 on the second anniversary of the grant. 518,000 options granted to consultants (one of whom is also a director) vest 1/3 on each of the first three anniversaries of the date of grant.

NOTE 14. STOCK OPTION RESERVE *(Cont'd)*

Additionally, the Company granted 243,000 restricted stock units on January 13, 2021, with a fair value of $17.75 per share, which was the closing price on the day immediately preceding the grant date. The restricted stock units vested on the date of grant, but underlying shares cannot be sold until one of four conditions are met. In accordance with IFRS 2, "Share-based Payment," the Company recognized compensation expense of $4.3 million in the year ended March 31, 2021, in connection with the RSU grants.

Amended and Restated 2021 Equity Incentive Plan and Grants of Stock Options and Restricted Stock Units

On January 19, 2022, the Board of Directors unanimously approved the Amended and Restated 2021 Equity Incentive Plan (the "Amended and Restated 2021 Equity Incentive Plan"). The Amended and Restated 2021 Equity Incentive Plan provides for:

(1) An increase of aggregate number of shares available for awards to 2,001,812, which is equal to 15% of the issued and outstanding common shares in the capital of the Company as of January 19, 2022 subject to discretionary annual increases (on a cumulative basis) as may be approved by the Board in future years by a number of shares not to exceed an additional five percent (5%) of the aggregate number of shares then outstanding;

(2) The authorization of incentive stock options (should shareholder approval be sought and obtained) under the Amended and Restated 2021 Equity Incentive Plan; and

(3) The provision of dividend equivalent rights to be issued when authorized.

Pursuant to the Amended and Restated 2021 Equity Incentive Plan, on January 19, 2022, the Company granted an aggregate of 302,000 stock options exercisable at a price of US$10.22 per share, representing the average price of the shares on the day of grant (January 19, 2022), which expire on January 19, 2032 to various directors, officers and consultants of the Company. A total of 13,800 of the 302,000 stock options were granted to two members of the Board of Directors' and vest on the first anniversary of the date of the grant. The balance of 288,200 stock options were granted to employees (one of whom is also a director), and a consultant, which vest ratably on each of the first four annual anniversaries of the date of the grant.

Additionally, the Company granted 135,740 restricted stock units to employees (one of whom is also a director) on January 19, 2022, with a fair value of US$10.22 per share, representing the average price of the shares on the day of grant (January 19, 2022). The restricted stock units were fully vested and nonforfeitable as of the date of the grant and will expire on January 19, 2032.

(U.S. Dollars)

NOTE 14. STOCK OPTION RESERVE *(Cont'd)*

On February 15, 2022, James Mellon, Linda Kozick and Mark Simon were appointed to the Board of Directors. Mr. Mellon owned approximately 23.9% of the Company's outstanding shares at that date. Additionally, Mr. Mellon had previously served as a member of the Board of Directors from 2016 to August 14, 2020. On February 15, 2022, in connection with the appointments, each of these directors were granted 13,800 non-incentive stock options, which vest ratably monthly over a three-year period. The options have an exercise price of $8.59 per share, the average price of the stock on February 15, 2022, the day immediately preceding the grant date, and will expire, if unexercised, on February 15, 2032.

On June 8, 2022, the Company granted 50,000 options to purchase shares to an executive of the Company. The options have an exercise price of $11.00, the average price of the stock on that date, vest ratably on each of the first four anniversaries of the date of grant and will expire, if unexercised, on June 8, 2032.

Following are the weighted average assumptions used in connection with the June 8, 2022 option grant, with respect to the Company's Amended and Restated 2021 Equity Incentive Plan:

Assumption	Unvested Options
Risk free interest rate	3.05%
Expected dividend	Nil
Expected volatility	111%
Expected life	6.25 years
Fair value of Portage option	US$9.36

(b) The movements in the number of options issued for the three months ended June 30, 2022 and 2021 were:

	PBI Amended and Restated 2021 Equity Incentive Plan		iOx Option Plan (Subsidiary Plan)	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Balance, beginning of period	**1,151,400**	868,000	**1,275**	1,924
Granted	**50,000**	–	**–**	–
Expired or forfeited	**–**	–	**1,275**	–
Balance, end of period	**1,201,400**	868,000	**–**	1,924
Exercisable, end of period	**410,600**	116,666	**–**	1,764

(c) The following are the weighted average exercise price and the remaining contractual life for outstanding options by plan as of June 30, 2022 and 2021:

	PBI Amended and Restated 2021 Equity Incentive Plan		iOx Option Plan (Subsidiary Plan)	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Weighted average exercise price	**$ 15.26**	17.75	**$ –**	$ 165.20
Weighted average remaining contractual life (in years)	**8.90**	9.54	**–**	0.70

The vested options can be exercised at any time in accordance with the applicable option agreement. The exercise price was greater than the market price on the date of the grants for all options outstanding as of June 30, 2022 and March 31, 2022.

NOTE 14. STOCK OPTION RESERVE *(Cont'd)*

The Company recorded approximately $1.2 million and $2.1 million of share-based compensation expense with respect to the Amended and Restated 2021 Equity Incentive Plan in the three months ended June 30, 2022 and 2021, respectively. The Company expects to record additional share-based compensation expense of approximately $5.2 million through June 2026 with respect to the Amended and Restated 2021 Equity Incentive Plan. Additionally, the intrinsic value of the stock options granted under the Amended and Restated 2021 Equity Incentive Plan was nil at June 30, 2022 and was approximately $2.8 million at June 30, 2021, of which $0.4 million was associated with vested exercisable options.

The Company recorded approximately $0.1 million of share-based compensation expense related to the iOx stock option plan in the three months ended June 30, 2021. As of June 30, 2022, the Company's iOx stock option plan was fully vested. Additionally, the intrinsic value of the iOx stock options was approximately $0.1 million at June 30, 2021, substantially all of which was associated with vested exercisable options.

NOTE 15. (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 period.

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 period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Three Months Ended June 30,	
	2022	**2021**
Numerator (in 000'$)		
Net loss attributable to owners of the Company	**$ (1,729)**	$ (3,066)
Denominator (in 000')		
Weighted average number of shares – Basic and Diluted	**13,351**	12,213
Basic and diluted (loss) per share (Actual)	**$ (0.13)**	$ (0.25)

The inclusion of the Company's stock options, restricted stock units 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 for the three months ended June 30, 2022 and 2021. The following table reflects the outstanding securities by year that would have an anti-dilutive effect on loss per share, and accordingly, were excluded from the calculation.

	As of June 30,	
	2022	**2021**
Stock options	**1,201,400**	868,000
Restricted stock units	**378,740**	243,000
Warrants	**33,888**	49,701

Inclusion of outstanding options or other common stock equivalents in the computation of diluted loss per share would have an anti-dilutive effect on the loss per share and are therefore excluded from the computation. Consequently, there is no difference between loss per share and diluted loss per share.

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

Effective March 15, 2022, iOx entered into a Master Services Agreement ("MSA") with Parexel International (IRE) Limited ("Parexel") under which Parexel agrees to provide services as Contract Research Organization ("CRO") provided in a work order ("Work Order") effective June 1, 2022 under which Parexel will operate a Phase 2 study of IMM60 and pembrolizumab in advanced melanoma and NSCLC. The MSA provides for a five-year term, and the Work Order provides for a term to be ended upon the completion the services required. The budget provides for service fees and pass-through expenses and clinical sites totaling $11.5 million.

NOTE 17. RELATED PARTY TRANSACTIONS

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 following subsidiaries and associates are considered related parties:

(a) **Stimunity**. The CEO of Portage is one of three members of the Board of Directors of Stimunity (see Note 6, "Investment in Associate" and Note 21(d) "Events After the Balance Sheet Date – Stimunity Convertible Note").

(b) **iOx**. Two of the three directorships on the Board of Directors of iOx is controlled by Portage. Additionally, Portage has an observer on the Board of iOx. The CEO of Portage is also the CEO of iOx, and the management team of the Company comprise the management team of iOx. See Note 21(c), "Events After the Balance Sheet Date – Share Exchange Agreement – iOx" for a discussion of the Company's purchase of the non-controlling interest in iOx.

(c) **Saugatuck**. One of the three directorships on the Board of Directors of Saugatuck is controlled by Portage. Additionally, the CEO of the Company is also the CEO of Saugatuck and the management team of the Company comprise the management team of Saugatuck.

(d) **Intensity**. The CEO of Portage is an officer of Intensity and both he and the VP of Projects and Operations of the Company provide services to Intensity. The Company commenced invoicing Intensity for such services in February 2022 (see Note 7, "Investments in Private Companies"). Additionally, Intensity provides services (primarily rent) to Portage, which is billed monthly. Portage paid Intensity $18,003 and $20,285 for the three months ended June 30, 2022 and 2021, respectively.

NOTE 17. RELATED PARTY TRANSACTIONS *(Cont'd)*

(e) **Portage Development Services**. Portage Development Services is a 100% owned subsidiary incorporated in Delaware, which provides human resources, and other services to each operating subsidiary via a shared services agreement.

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

On September 8, 2021, the Company, through SalvaRx, completed a settlement of loans (including interest) to and receivables from iOx for services rendered in exchange for 23,772 ordinary shares of iOx at a price of £162. Simultaneously, the Company entered into an agreement with Oxford Sciences Innovation, Plc ("OSI"), the holder of $0.15 million notes plus accrued interest under which OSI exchanged the notes plus accrued interest for 820 shares of iOx. The Company followed the guidance provided by an IFRS Discussion Group Public Meeting dated November 29, 2016, following the general tenets of IAS 39, "Financial Instruments: Recognition and Measurement," and IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" and recorded the exchange at historical cost. Additionally, no profit or loss was recorded in connection with the exchange. As a result of these transactions, the Company, through SalvaRx, increased its ownership up from 60.49% to 78.32%. See Note 21(c), "Events After the Balance Sheet Date - Share Exchange Agreement - iOx" for a further discussion.

Employment Agreements

PDS entered into a Services Agreement with its CEO effective December 15, 2021. The Services Agreement provides that the CEO will receive a base salary of $618,000, plus cost-of-living increases. The Services Agreement provides for annual increases based upon the review of the base salary by the board of directors prior to the anniversary of the Services Agreement provided that the annual increase cannot be less than the cost-of-living increase. The Services Agreement also provides that the CEO is eligible to receive an annual performance-based bonus targeted at 59% of the applicable year's base salary, which bonus is earned based on the achievement of performance targets, as determined annually by the Board of Directors and communicated to the CEO in the first quarter of the year. Any annual bonus, to the extent earned, is to be paid no later than March 15 of the following year. The Services Agreement is for an initial term of three years, after which it will automatically renew annually unless terminated in accordance with the Services Agreement.

Under the Services Agreement, the CEO may terminate his employment at any time for Good Reason, as defined in the Services Agreement. We may terminate the CEO's employment immediately upon his death, upon a period of disability or without "Just Cause", as defined. In the event that the CEO's employment is terminated due to his death or Disability, for "Good Reason" or without "Just Cause," he will be entitled to Accrued Benefits (accrued unpaid portion of base salary, accrued unused vacation time and any unpaid expenses). Additionally, he may be entitled to Severance Benefits, which include his then current base salary and the average of his annual bonus for the prior two completed performance years, paid over 12 monthly installments. Additionally, the CEO will be entitled to life insurance benefits and medical and dental benefits for a period of 12 months at the same rate the CEO and the Company shared such costs during his period of employment.

Additionally, all stock options (and any other unvested equity incentive award) held by the CEO relating to shares of the Company will be deemed fully vested and exercisable on the Termination Date, as defined, and the exercise period for such stock options will be increased by a period of two years from the Termination Date.

NOTE 17. RELATED PARTY TRANSACTIONS *(Cont'd)*

If the CEO's employment by the Company is terminated by the Company or any successor entity without "Just Cause" (not including termination by virtue of the CEO's death or Disability) or by the CEO for Good Reason within twelve (12) months following the effective date of a "Change in Control" (as defined), then in addition to paying or providing Executive with the Accrued Obligations, the Company will provide the following "Change in Control Severance Benefits":

(1) The Company will pay the Base Salary continuation benefit for eighteen (18) months;

(2) The Company will pay the life insurance benefit for eighteen (18) months;

(3) The Company will pay an additional amount equivalent to the CEO's target annual bonus calculated using the Bonus Percentage for the performance year in which Executive's termination occurs. This bonus will be paid in twelve equal installments commencing on the first payroll date that is more than sixty (60) days following the date of termination of Executive's employment, with the remaining installments occurring on the first day of the month for the eleven (11) months thereafter;

(4) The Company will provide the CEO with continued medical and dental benefits, as described above, for eighteen (18) months; and

(5) All stock options (and any other unvested equity incentive award) held by the CEO relating to shares of the Company or its parent will be deemed fully vested and exercisable on the Termination Date, as defined, and the exercise period for such stock options will be increased by a period of two years from the Termination Date.

PDS entered into Services Agreements with each of our five other senior officers (individually, "Executive" and collectively, "Executives"), three of which are dated as of December 1, 2021 and one of which is dated December 15, 2021 and one of which is dated June 1, 2022. Each of the Services Agreements provides for an initial term of two years and are automatically renewed for one-year periods (except two, which provide for an initial term of one year and is automatically renewed for one-year periods). The Services Agreements initially provide for annual base salaries ranging from $175,000 to $348,000 (pro-rated for services rendered) and annual bonus targets ranging from 30% to 40%. They also provide for long-term incentives in the form of equity awards from time to time under the Portage Biotech Inc. Amended and Restated 2021 Equity Incentive Plan.

The Services Agreements can be terminated by the Company without "Just Cause", by death or Disability, or by the Executive (except one) for "Good Reason". In such instances, the Services Agreements provide for the payment of Accrued Obligations (accrued unpaid portion of base salary, accrued unused vacation time and any unpaid expenses). Additionally, Executives (except two) are entitled to 50% of base salary plus 50% of average annual bonus earned over the prior two performance years, as well as prevailing life insurance benefits for a period of six months and medical and dental benefits for a period of six months at the prevailing rate the Company and the Executive were sharing such expenses.

Additionally, all stock options (and any other unvested equity incentive award) held by the Executives relating to shares of the Company will be deemed fully vested and exercisable on the Termination Date, as defined, and the exercise period for such stock options will be increased by a period of two years from the Termination Date.

NOTE 17. RELATED PARTY TRANSACTIONS *(Cont'd)*

If Executive's employment by the Company is terminated by the Company or any successor entity without "Just Cause" (not including termination by virtue of Executive's death or Disability) or by the Executive (except one) for Good Reason within twelve (12) months following the effective date of a "Change in Control" (as defined), then in addition to paying or providing Executive with the Accrued Obligations, the Company will provide the following "Change in Control Severance Benefits" (except in two cases in which Executive is entitled to Item (5) and 50% of Items (1) and (3) below):

(1) The Company will pay the Base Salary continuation benefit for twelve (12) months;

(2) The Company will pay the life insurance benefit for twelve (12) months;

(3) The Company will pay an additional amount equivalent to Executive's target annual bonus calculated using the Bonus Percentage for the performance year in which Executive's termination occurs. This bonus will be payable in twelve equal installments commencing on the first payroll date that is more than sixty (60) days following the date of termination of Executive's employment, with the remaining installments occurring on the first day of the month for the eleven (11) months thereafter;

(4) The Company will provide the Executive with continued medical and dental benefits, as described above, for twelve (12) months; and

(5) All stock options (and any other unvested equity incentive award) held by the Executive relating to shares of the Company or its parent will be deemed fully vested and exercisable on the Termination Date and the exercise period for such stock options will be increased by a period of two years from the Termination Date.

The Services Agreements also include customary confidentiality, as well as provisions relating to assignment of inventions. The Services Agreements also includes non-competition and non-solicitation of employees and customers provision that run during the Executive's employment with the Company and for a period of one year after termination of employment.

Bonuses & Board Compensation Arrangements

In December 2021, the Compensation Committee approved performance bonuses payable to senior management totaling $0.7 million. The bonuses were paid in December 2021.

In addition, the Compensation Committee of the Board established board of director compensation. Effective January 1, 2022, each non-executive board member will be entitled to receive cash board fees of $40,000 per annum, payable quarterly in arrears. Additionally, each non-executive board member will be entitled to an annual grant of 6,900 options to purchase common shares, which would vest the first annual anniversary of the date of grant. The Company incurred board fees totaling $75,000 during the three months ended June 30, 2022. There were no board fees incurred during the three months ended June 30, 2021.

Non-executive Board chairpersons will be entitled to an annual cash fee of $30,000, payable quarterly in arrears. Additionally, the chairperson of each of the Audit Committee, Compensation Committee and Nomination Committee will be entitled to annual fees of $15,000, $12,000 and $8,000, respectively, payable quarterly in arrears. Members of those committees will be entitled to annual fees of $7,500, $6,000 and $4,000, respectively, payable quarterly in arrears.

NOTE 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments recognized in the Company's condensed consolidated interim statements of financial position 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, 2022 and March 31, 2022:

	As of June 30, 2022		As of March 31, 2022	
(In thousands)	Amortized Cost	Fair Value through Other Comprehensive Income (FVTOCI)	Amortized Cost	FVTOCI
Financial assets				
Cash and cash equivalents	**$ 21,176**	**$ –**	$ 23,352	$ –
Prepaid expenses and other receivables	**$ 1,932**	**$ –**	$ 1,480	$ –
Investments	**$ –**	**$ 9,022**	$ –	$ 9,082

	Amortized Cost	Fair Value through Profit or Loss (FVTPL)	Amortized Cost	FVTPL
Financial liabilities				
Accounts payable and accrued liabilities	**$ 1,938**	**$ –**	$ 750	$ –
Unsecured notes payable	**$ –**	**$ –**	$ –	$ –
Warrant liability	**$ –**	**$ 32**	$ –	$ 33

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 and cash equivalents, 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.

NOTE 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Cont'd)*

- 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. Investments are 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 Intensity: Fair value of the asset is determined by considering other comparable equity funding transactions by Intensity with unrelated investors (Level 3).

Accrued Equity Issuable: The fair value is estimated based on the average of the quoted market prices for the period in which the shares were earned (Level 1).

Unsecured Notes Payable: The fair value is estimated using a Black-Scholes model (Level 3) (see Note 10, "Unsecured Notes Payable").

Warrant Liability: The fair value is estimated using a Black-Scholes model (Level 3) (see Note 12, "Warrant Liability").

There have been no transfers between levels of the fair value hierarchy for the three months ended June 30, 2022 and the year ended March 31, 2022.

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 counterparty's inability to fulfil 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 in the Company's condensed consolidated interim statements of financial position.

***Cash and cash equivalents*.** Cash and cash equivalents comprise cash on 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. As of June 30, 2022 and March 31, 2022, cash equivalents was comprised of a money market account with maturities less than 90 days from the date of purchase. Cash and cash equivalents are held with major international financial institutions and therefore the risk of loss is minimal.

NOTE 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Cont'd)*

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 and cash equivalents 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. See Note 2, "Liquidity" and Note 13, "Capital Stock" for a discussion of the Company's share offering and Note 21(b) "Events After Balance Sheet Date – Purchase Agreement" for a discussion of a $30 million stock purchase commitment.

NOTE 19. CAPITAL DISCLOSURES

The Company considers the items included in shareholders' equity as capital. The Company had accounts payable and accrued expenses of approximately $1.9 million as of June 30, 2022 (approximately $0.8 million as of March 31, 2022) and current assets of approximately $23.1 million as of June 30, 2022 (approximately $24.8 million as of March 31, 2022). 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 June 30, 2022, shareholders' equity attributable to the owners of the company was approximately $120.7 million (approximately $121.2 million as of March 31, 2022).

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 three months ended June 30, 2022 and 2021.

NOTE 20. NON-CONTROLLING INTEREST

(In thousands)	iOx	Saugatuck and subsidiary	Total
Non-controlling interest as of April 1, 2022	**$ 44,701**	**$ (472)**	**$ 44,229**
Net income (loss) attributable to non-controlling interest	**175**	**(71)**	**104**
Non-controlling interest as of June 30, 2022	**$ 44,876**	**$ (543)**	**$ 44,333**

(In thousands)	iOx	Saugatuck	Total
Non-controlling interest as of April 1, 2021	$ 46,173	$ (20)	$ 46,153
Share-based compensation expense	98	–	98
Net (loss) attributable to non-controlling interest	(140)	(17)	(157)
Non-controlling interest as of June 30, 2021	$ 46,131	$ (37)	$ 46,094

On September 8, 2021, the Company, through SalvaRx, completed a settlement of loans (including interest) to and receivables from iOx for services rendered in exchange for 23,772 ordinary shares of iOx at a price of £162. See Note 10, “Unsecured Notes Payable – iOx Unsecured Notes Payable” and Note 21(c), “Events After the Balance Sheet Date – Share Exchange Agreement – iOx” for further discussions.

Saugatuck and subsidiary includes Saugatuck and its wholly-owned subsidiary, Saugatuck Rx LLC.

NOTE 21. EVENTS AFTER THE BALANCE SHEET DATE

(a) ***Tarus Therapeutics, Inc. Merger Agreement***

On July 1, 2022, the Company, its wholly-owned subsidiary, Tarus Acquisition Inc., and Tarus Therapeutics, Inc., a Delaware Corporation advancing adenosine receptor agonists for the treatment of solid tumors, entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”). Under the structure of the Merger Agreement, Tarus Therapeutics, Inc. was ultimately merged into a wholly-owned subsidiary of the Company with the surviving entity renamed Tarus Therapeutics, LLC. The Tarus merger entitles the Company to the rights, know-how and/or ownership related to the assets developed by Tarus (the “Adenosine Compounds”), including:

1. All rights and obligations related to the License Agreement between Tarus and Impetis, dated October 29, 2019, and the Call Option under the License Agreement, which was exercised on November 5, 2020.

2. All intellectual property and related documents owned or controlled by Tarus, including issued or pending patents, patent applications and trade secrets. Additionally, any draft submissions and/or correspondence with patent authorities.

3. All documents and supplies related to Adenosine Compounds including inventory, reagents, data, assays, reports, vendor agreements and other information related to the preclinical development.

4. All clinical supplies, manufacturing know-how, batch records, regulatory documents pertaining to the Adenosine Compounds, certain reservations for manufacturing campaigns and any related agreements.

NOTE 21. EVENTS AFTER THE BALANCE SHEET DATE *(Cont'd)*

5. All regulatory documents and correspondence pertaining to the Adenosine Compounds.

6. All CRO agreements and protocol related documents for Adenosine Compounds.

7. All current documents related to market research, forecasting, budgets and competitive intelligence.

8. Rights to the use of Tarus Therapeutics name for regulatory purposes.

As consideration for Tarus, the Company issued to Tarus shareholders an aggregate of 2,425,999 ordinary shares of Portage, calculated on the basis of $18M divided by the 60-day Volume Weighted Average Price per share. The shares are unregistered and subject to lock-ups for terms ranging from six to twelve months. Additionally, milestone payments of up to $32 million in cash or Portage ordinary shares would be triggered upon achievement of future development and sales milestones. As a result of the transaction:

- The Company also assumed $2M short-term debt held by Tarus and deferred license milestones obligations ($1M plus interest). The short-term debt was repaid by the Company in July 2022.

- Upon enrolling the first patient in a Phase 2 clinical trial, Portage will pay an additional one-time milestone payment of $15M. Payment will be in the form of cash or PRTG stock (at the discretion of Portage). The remaining $17 million milestone is based on targeted commercial sales.

(b) *Purchase Agreement*

On July 6, 2022 (the "Signing Date"), the Company entered into a Purchase Agreement (the "Purchase Agreement") with Lincoln Park Capital Fund, LLC ("Lincoln"), pursuant to which the Company may require Lincoln to purchase ordinary shares having an aggregate value of up to $30 million over a period of 36 months. Pursuant to the Purchase Agreement, Lincoln will be obligated to purchase ordinary shares in three different scenarios.

Upon execution of the Purchase Agreement, The Company issued to Lincoln 94,508 ordinary shares, representing a 3% commitment fee valued at $0.9 million The Company has the right to terminate the Purchase Agreement for any reason, effective upon one (1) business day prior written notice to Lincoln. Lincoln has no right to terminate the Purchase Agreement.

The Purchase Agreement does not impose any financial or business covenants on the Company and there are no limitations on the use of proceeds received by the Company from Lincoln. The Company may raise capital from other sources in its sole discretion; provided, however, that the Company shall not enter into any similar agreement for the issuance of variable priced equity-like securities until the three (3) year anniversary of the Signing Date, excluding, however, an at-the-market transaction with a registered broker-dealer.

In connection with the Purchase Agreement, the Company and Lincoln entered into a Registration Rights Agreement (the "Registration Rights Agreement"), dated July 6, 2022. Pursuant to the Registration Rights Agreement, the Company agreed, that it will file with the SEC the prospectus supplement to the Company's shelf registration statement pursuant to Rule 424(b) for the purpose of registering for resale the ordinary shares to be issued to Lincoln under the Purchase Agreement. The prospectus supplement was filed August 18, 2022. All reasonable expenses of the Company incurred through the registration of the ordinary shares under the Purchase Agreement shall be paid by the Company.

NOTE 21. EVENTS AFTER THE BALANCE SHEET DATE *(Cont'd)*

(c) ***Share Exchange Agreement - iOx***

On July 18, 2022, the Company entered into a Share Exchange Agreement with each of the minority shareholders of iOx (Sellers) resulting in the acquisition of the outstanding non-controlling ownership interest (approximately 22%) of iOx, which is developing the invariant natural killer T cell (iNKT agonist) platform. The Company now owns the worldwide rights to its small molecule iNKT agonists, including lead programs PORT-2 and PORT-3. Under the terms of the Share Exchange Agreement, each Seller shall sell to Company, and Company shall acquire from each Seller, legal and beneficial ownership of the number of iOx Shares held by each Seller, free and clear of any Share Encumbrances, in exchange for the issuance in an aggregate of 1,070,000 Portage Shares to be allocated among the Sellers based upon their relative ownership. Upon the completion of the Share Exchange, Portage owns 100% of the issued and outstanding shares of iOx.

As additional consideration for the sale of the iOx Exchange Shares to the Company, the Sellers shall have the contingent right to receive additional shares ("Earnout Shares") from the Company having an aggregate value equal to $25M calculated at the Per Share Earnout Price, as defined, upon the achievement of certain milestones defined as the dosing of the first patient in a Phase 3 clinical trial for either PORT-2 (IMM60 iNKT cell activator/agonist) or PORT-3 (PLGA-nanoparticle formulation of IMM60 combined with a NY-ESO-1 peptide vaccine). The Company shall have the option, in its sole and absolute discretion, to pay the Sellers up to USD $25M in cash.

(d) ***Stimunity Convertible Note***

On July 13, 2022, the Company entered into a commitment with Stimunity to provide €600,000 under a Convertible Note with a maturity date of September 1, 2023 (the "Maturity Date"). The Convertible Note provides for interest at 7% per annum. The Convertible Note is automatically converted upon Stimunity commencing a Series A subscription round for €20 million. If such Subscription round is completed prior to the Maturity Date, the Company will be entitled to convert the Convertible Note at the subscription share price less 15%. Additionally, if subscribers create a new category of shares with additional rights of less than €5 million (the "Minimum Raise"), the Company will have the right to convert the Convertible Note and historical shares owned into the new category of shares. In the event that Stimunity does not close a subscription prior to the Maturity Date or raises less than the Minimum Raise, the Company will have the right to convert at €363.00 per share or the raise price less 15%, whichever is lower. The Convertible Note is expected to be funded by the end of September 2022.

It is anticipated that such Convertible Note will be funded by existing cash and cash provided under the Purchase Agreement described above.

PORTAGE BIOTECH INC.

THREE MONTHS ENDED JUNE 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Prepared as of August 29, 2022

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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, 2022, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended June 30, 2022, together with the related Management's Discussion and Analysis and audited consolidated financial statements for the year ended March 31, 2022, and Annual Report on 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 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; and
- 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" in the Company's Annual Report on Form 20-F for the year ended March 31, 2022.

Our business focus is that of being primarily a pharmaceutical development business subject to all of the risks of a pharmaceutical development business. We do not anticipate directly engaging in the post pharmaceutical development endeavors of manufacturing, marketing and distribution of our development products.

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

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

Nature of Operations and Overview

Portage is a clinical stage immune-oncology company focused on improving outcomes for cancer patients. Including the Tarus Therapeutics acquisition, it currently manages 14 immuno-oncology assets at various development stages, four of which are clinical stage. We source, nurture and develop the creation of early- to mid-stage, first- and best-in-class therapies for a variety of cancers, by funding, implementing viable, cost effective product development strategies, clinical counsel/trial design, shared services, financial and project management to enable efficient, turnkey execution of commercially informed development plans. Our drug development pipeline portfolio encompasses products or technologies based on biology addressing known resistance pathways/mechanisms of current check point inhibitors with established scientific rationales, including intratumoral delivery, nanoparticles, liposomes, aptamers, and virus-like particles.

The Portage Approach

Our mission is to advance and grow a portfolio of innovative, early-stage oncology assets based on the latest scientific breakthroughs focused on overcoming immune resistance. Given these foundations, we manage capital allocation and risk as much as we oversee drug development. By focusing our efforts on translational medicine and pipeline diversification, we seek to mitigate overall exposure to many of the inherent risks of drug development.

Our approach is guided by the following core elements:

- Portfolio diversification to mitigate risk and maximize optionality;
- Capital allocation based on risk-adjusted potential, including staged funding to pre-specified scientific and clinical results;
- Virtual infrastructure and key external relationships to maintain a lean operating base;
- Internal development capabilities complemented by external business development;
- Rigorous asset selection with disciplined ongoing evaluation; and
- Focus on translational medicine and therapeutic candidates with single agent activity.

Our execution is achieved, in part, through our internal core team and utilizing our large network of experts, contract labs, and academic partners.

The Company believes it is not subject to the regulation of the Investment Company Act of 1940, as amended (“40 Act”), based on the definition of investment companies. Notwithstanding that, as the Company primarily operates within the biomedical industry as a research and development business, the Company believes that it is also able to take advantage of the non-exclusive safe harbor of Rule 3a-8 promulgated under the 40 Act so as not to be characterized as an investment company. The Company has adopted a capital preservation policy referenced in that rule.

Our Science Strategy

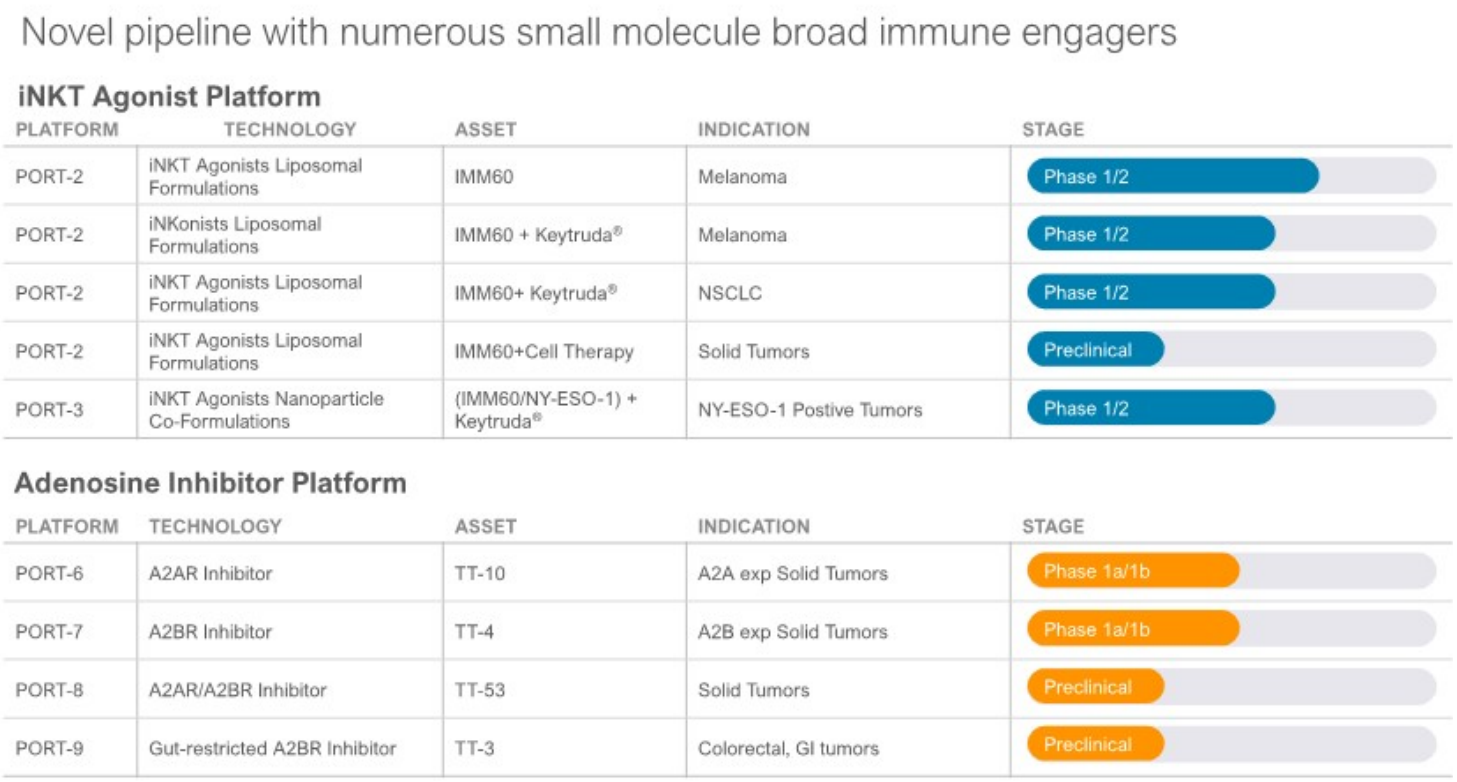
Our goal is to develop immuno-oncology therapeutics that will dramatically improve the standard-of-care for patients with cancer. The key elements of our scientific strategy are to:

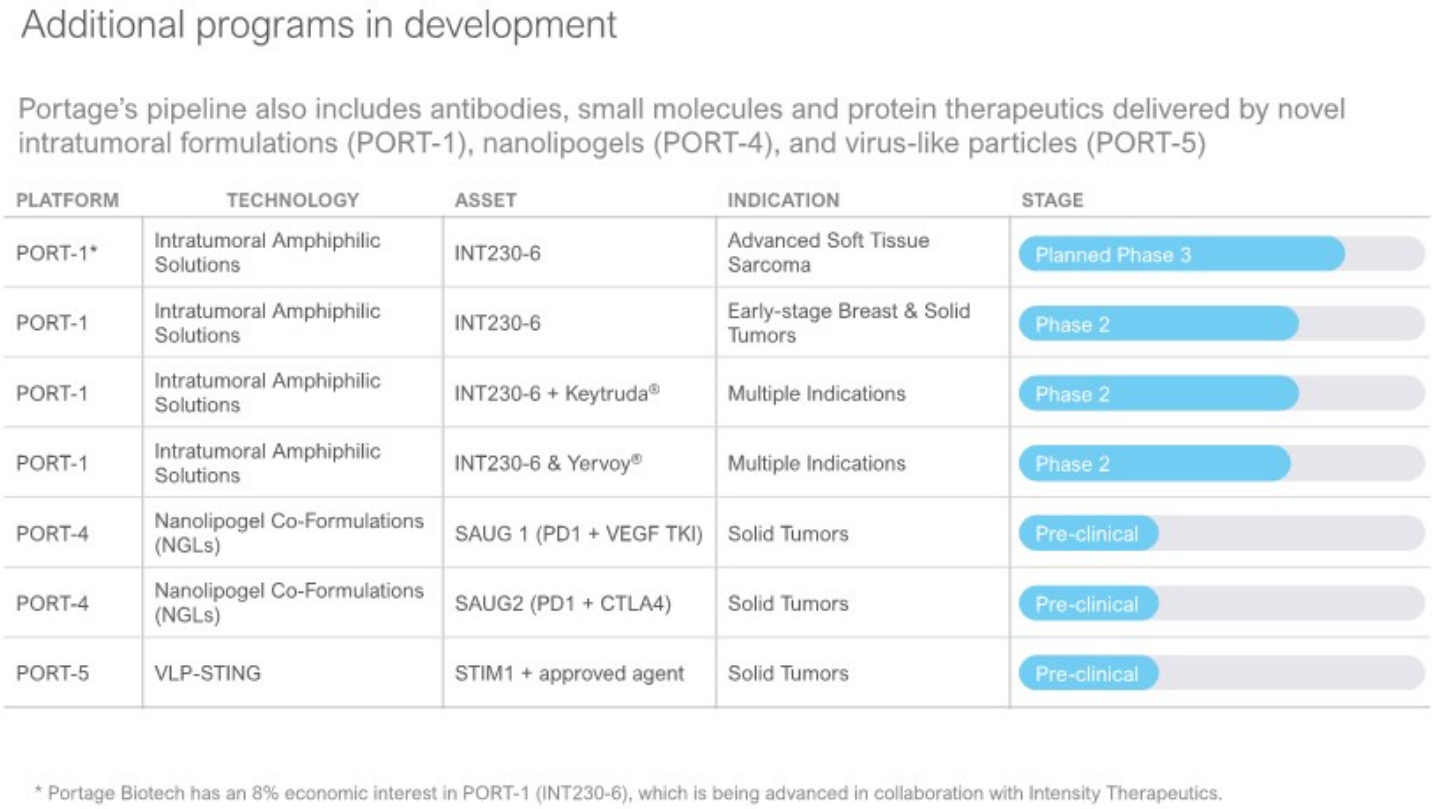
- Build a pipeline of differentiated oncology therapeutic candidates that are diversified by mechanism, therapeutic approach, modality, stage of development, leading to a variety of deal types that can be executed with partners;
- Expand our pipeline through research collaborations, business development, and internally designed programs;
- Continue to advance and evolve our pipeline with a goal of advancing one therapeutic candidate into the clinic and one program into IND-enabling studies each year; and
- Evaluate strategic opportunities to accelerate development timelines and maximize the value of our portfolio.

Our Pipeline

We have built a pipeline of immuno-oncology therapeutic candidates and programs that are diversified by mechanism, therapeutic approach, modality, and stage of development. On an ongoing basis, we rigorously assess each of our programs using internally defined success criteria to justify continued investment and determine proper capital allocation. When certain programs do not meet our de-risking criteria for advancement, we look to monetize or terminate those programs and preserve our capital and resources to invest in programs with greater potential. As a result, our pipeline will continue to be dynamic.

The charts below sets forth, as of August 1, 2022, the current state of our immuno-oncology therapeutic candidates and programs. The chart contains forward looking information and projections based on management's current estimates. The chart information is based on and subject to many assumptions, as determined by management and not verified by any independent third party, which may change or may not occur as modeled. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Before you make an investment decision regarding the company, you should make your own analysis of forward-looking statements and our projections about candidate and program development and results.





Our Business Model

Portage is a development organization that is structured to facilitate flexibility in financing and ease of partnering, licensing, and merger/acquisition of individual assets and or technology platforms. The IP for each platform is held in separate private entities. The people work across the pipeline and we believe that this can (i) enhance operational efficiency, (ii) maintain an optimal cost structure, (iii) attract leading collaborators, and (iv) promote asset flexibility, as further described below.

- *Enhance operational efficiency*: We resource allocate resources while empowering managers to make program-level decisions in order to increase productivity and speed. We believe this model enables a flexible organizational structure that can achieve scale through the addition of programs without increasing burdensome bureaucracy or redundant infrastructure.

- *Maintain an optimal cost structure*: We have a relatively small number of employees and have built a network of trusted external service providers, choosing to leverage their infrastructure and expertise as needed instead of embarking on capital-intensive lab, manufacturing, and equipment expenditures. By reducing overhead costs, we believe we can increase the likelihood that we can generate a return on invested capital.

- *Attract leading collaborators and licensors*: Our pipeline is comprised of first- and best-in-class therapies for a variety of cancers sourced via our extensive industry contacts and relationships (e.g., academia and Pharma execs). On preclinical programs/technology, we initially established development structures enabling us to keep licensors economically incentivized at the program level. We believe that the experienced drug development leadership team and approach to resource allocation differentiate us from other potential licensees.

- Leverage unique commoditized checkpoint marketplace: Presently there are multiple approved checkpoint therapeutics which lack differentiation, resulting in a competitive market dynamic, that will favor combination tharapy. There is substantial opportunity for potential expansion in the PD-1 market with PORT-2 and PORT-3. 70-80% of patients do not respond or have a limited response to existing monotherapies, such as PD-1 checkpoint inhibitors. Combinations can improve this but often come at the cost of significant additional toxicity. The market is saturated with 14 approved PD-1 antibodies, and every major pharma company competes in this space. With iNKT agonists upregulating expression of PD-L1, patient populations who are typically not good candidates for PD-1 antibodies due to their lack of or low expression of PD-L1 may be able to utilize PORT 2 or PORT-3 to sensitize tumors to PD-1 agents. Extending the use of PD-1 antibodies represents a significant upside for one of these companies competing for market share, should they choose to partner with Portage.

- *Promote asset flexibility*: Each operating subsidiary is a separate legal entity that holds the relevant intellectual property of its therapeutic candidates or programs. This allows us to efficiently pursue various subsidiary-level transactions, such as stock or asset sales, licensing transactions, strategic partnerships and/or co-development arrangements. It also provides us with the flexibility to terminate programs with minimal costs if results do not meet our de-risking criteria for advancement.

We incubate internal programs, leveraging internal resources and network of service providers as needed to support our discovery, lead optimization, and IND-enabling efforts. When we decide to license from or collaborate with external parties, we establish distinct operating entities, to hold and advance those programs. This structure enables us to keep licensors economically incentivized at the program level through our ability to offer equity and access to potential cash milestones and royalty payments.

The Company now continues as a BVI business company incorporated under the BVI Act with its registered office located at Clarence Thomas Building, P.O. Box 4649, Road Town, Tortola, BVI. Its USA agent, Portage Development Services, is located at 61 Wilton Road, Westport, CT 06880.

The Company currently is a foreign private issuer under the United States Securities and Exchange Commission (“SEC”) rules. It is also a reporting issuer under the securities legislation of the provinces of Ontario and British Columbia. Its ordinary shares were listed on the Canadian Securities Exchange (“CSE”) under the symbol "PBT.U". On February 25, 2021, the ordinary shares of the Company began trading on the NASDAQ Capital Market (“NASDAQ”) under the symbol “PRTG”. As the principal market for the Company’s ordinary shares is NASDAQ, the Company voluntarily delisted from the CSE on April 23, 2021.

Summary of Results

The following table summarizes financial information for the quarter ended June 30, 2022, 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, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020
Net (loss) attributable to owners of the Company	**(1,729)**	**(7,317)**	**(3,512)**	**(2,975)**	**(3,066)**	**(11,498)**	**(1,184)**	**(2,455)**	**(696)**
Working capital (1) to (8)	**21,138**	**24,049**	**25,639**	**27,301**	**28,106**	**1,738**	**2,875**	**25**	**6,293**
Equity attributable to owners of the Company	**120,682**	**121,205**	**125,789**	**127,140**	**127,711**	**101,449**	**104,945**	**102,233**	**102,646**
Net (loss) per share - Basic	**(0.13)**	**(0.55)**	**(0.26)**	**(0.22)**	**(0.25)**	**(0.95)**	**(0.10)**	**(0.21)**	**(0.06)**
Net (loss) per share - Diluted	**(0.13)**	**(0.55)**	**(0.26)**	**(0.22)**	**(0.25)**	**(0.95)**	**(0.10)**	**(0.21)**	**(0.06)**

(1) June 30, 2022 working capital is net of warrant liability of $32 settleable on a non-cash basis.

(2) March 31, 2022 working capital is net of warrant liability of $33 settleable on a non-cash basis.

(3) December 31, 2021 working capital is net of warrant liability of $159 settleable on a non-cash basis.

(4) September 30, 2021 working capital is net of warrant liability of $535 settleable on a non-cash basis.

(5) June 30, 2021 working capital is net of warrant liability of $751 settleable on a non-cash basis.

(6) March 31, 2021 working capital is net of warrant liability of $1,120 settleable on a non-cash basis.

(7) December 31, 2020 working capital is net of warrant liability of $771 settleable on a non-cash basis.

(8) September 30, 2020 working capital is net of accrued equity issuable of $3,972 and warrant liability of $271 settled or settleable on a non-cash basis.

Number of Ordinary Shares and Warrants

These are as follows:

As of,	June 30, 2022	August 29, 2022
Shares issued and outstanding (a) (b)	13,348,943	16,943,672
Warrants (c)	33,888	33,888

(a) This amount excludes an aggregate 243,000 restricted stock units granted to a director and a consultant on January 13, 2021, which vested immediately on the date of grant and are subject to certain restrictions and 135,740 restricted stock units granted to employees (one of whom is also a director) on January 19, 2022, which vested immediately on the date of grant and are subject to certain restrictions.

(b) June 30, 2022 amount excluded 4,222 shares earned for services rendered from April 1, 2022 to June 30, 2022, accrued at June 30, 2022 for financial statement purposes and issued in July 2022. August 29, 2022 amount excludes 1,111 for services rendered in July 2022 accrued but not issued.

(c) Warrants are exercisable into equal number of ordinary shares at an average exercise prise of $6.64 and have a remaining contractual life of approximately 0.28 years as of June 30, 2022.

Business Environment - Risk Factors

Please refer to the Annual Report on Form 20-F for the year ended March 31, 2022 for detailed information as the economic and industry factors that are substantially unchanged as of the date hereof.

Our Programs and Technology – Recent Developments

Invariant Natural Killer T-cells (iNKT cells) Platform

iNKT cells play an important role in anti-tumour immune responses and are a distinct class of T lymphocyte displaying a limited diversity of T-cell receptors. They recognize lipid antigens on the surface of tumour cells and produce large amounts of cytokines within hours of stimulation without the need for clonal expansion. Furthermore, iNKT cells activate multiple immune system components, including dendritic cells, T-cells and B-cells and stimulate an antigen-specific expansion of these cells. An operating subsidiary holds an exclusive license (with the right to sub-license) from the Ludwig Institute to use, research, develop and commercialize iNKT cell agonists, for the treatment of various forms of human disease, including cancer, under the Ludwig Institute's intellectual property and know-how.

PORT-2 (IMM60)

PORT-2 is an iNKT cell activator/agonist formulated in a liposome with a 6-member carbon head structure that has been shown to activate both human and murine iNKT cells, resulting in dendritic cell (DC) maturation and the priming of Ag-specific T and B cells.

In animal models, PORT-2 enhanced the frequency of tumour specific immune responses (Jukes 2016). iNKT cells are unique lymphocytes defined by their co-expression of surface markers associated with NK cells along with a T-cell antigen receptor (Schmieg 2005). They recognise amphipathic ligands such as glycolipids or phospholipids presented in the context of the non-polymorphic, MHC class I-like molecule CD1d. Activated iNKT cells rapidly produce IFN-gamma and IL-4 and induce dendritic cell (DC) maturation and IL-12 production (Cerundolo 2009, Salio 2009, Speak 2008, Fujii 2013).

In August 2021, we dosed the first patient in the IMP-MEL PORT-2 clinical trial, a Phase ½ dose escalation and randomized expansion trial. The PORT-2 study is expected to enroll up to 100 patients with melanoma or non-small cell lung carcinoma (NSCLC) in order to evaluate safety and efficacy.

Preliminary Phase 1 data presented at the American Society of Clinical Oncology Annual Meeting (ASCO) in June 2022, suggests PORT-2 was well tolerated when administered as a monotherapy, with no severe or serious related adverse events. All possibly related adverse events were mild to moderate and did not limit dosing. This has enabled a plan to accelerate opening of the combination safety cohort with Keytruda, in parallel with the ongoing high dose monotherapy cohort. Biomarker data presented at the ASCO meeting in 2022 confirmed the mechanism of action, i.e., both activation of the innate and adaptive arms of the immune system. One of the 2 patients treated at the $3mg/m^2$ dose had a mixed response with several tumors showing >50% reduction in diameter indicating single agent activity. Detailed data will be submitted to congresses later this year.

With the enhanced management team, efficient organization, and financial resources obtained in 2021, Portage has decided to expand the PORT-2 study beyond the U.K. to accelerate clinical studies while addressing COVID-19 headwinds. The Company has hired a global clinical research organization (CRO-Parexel) and is preparing for regulatory submissions in other countries. By expanding the regions and sites contributing to the study, Portage will be enabled to accelerate enrollment in the planned Phase 2 portions of this trial.

PORT-3 (IMM65)

PORT-3 is a PLGA-nanoparticle formulation of IMM60 combined with a NY-ESO-1 peptide vaccine. Biodegradable PLGA-nanoparticles function as a delivery platform for immunomodulators and tumor antigens to induce a specific anti-tumor immune response. PLGA has minimal (systemic) toxicity and is used in various drug-carrying platforms as an encapsulating agent. Furthermore, co-formulating an iNKT inhibitor with a peptide vaccine in a particle has shown to be approximately 5 times more potent in killing cancer cells and generating an antigen specific CD8 T-cell response than giving the 2 agents individually (ref Dolen et al Oncoimmunology paper).

NY-ESO-1 is a cancer-testis antigen expressed during embryogenesis and in the testis, an immune privileged site. Furthermore, NY-ESO-1 expression is observed in several advanced cancers: lung (2-32%), melanoma (40%), bladder (32-35%), prostate (38%), ovarian (30%), esophageal (24-33%), and gastric cancers (8-12%). Clinical trials have shown the safety and tolerability of Good Manufacturing Practices (GMP)-grade NY-ESO-1 peptides in patients with cancer.

The first patient was dosed in 2021 and is continuing to enroll patients in the PRECIOUS Phase 1 study of PORT-3 in patients with solid tumors. The Horizon 2020 grant support ended in April 2022. The Phase 1 portion of the trial is expected to enroll 15 patients. The trial was having difficulty identifying tumors that expressed NY-ESO-1, so it was amended to include all solid tumors regardless of expression to facilitate assessment of safety. This platform is designed to demonstrate proof of concept. The combination product has the ability to prime and boost an anti-tumor immune response. Our patent position extends to other known tumor antigens, and we are prepared to rapidly launch other assets into the clinic if we see strong activity of this formulation. Notably, Portage received additional grant support from the Horizon 2020 program to explore next generation targeted nanoparticles. Preliminary safety data for repeat dosing of PORT-3, a nanoparticle co-formulation of PORT-2 and NY-ESO-1 immunogenic peptides developed for the treatment of NY-ESO-1 positive solid tumors, is also favorable.

Adenosine Receptor Antagonist Platform

A critical mechanism of cancer immune evasion is the generation of high levels of immunosuppressive adenosine within the tumor microenvironment (TME). Research suggests that the TME has significantly elevated concentrations (100-500 fold) of extracellular adenosine. Engagement with adenosine receptors A2A and A2B triggers a dampening effect on the immune response, suppressing effector cell function and stabilizing immunosuppressive regulatory cells. Over-expression of the A2A and A2B receptors leads to poor prognosis in multiple cancers, including prostate cancer, colorectal cancer and lung adenocarcinoma, driven by a reduced ability to generate an immune response against the tumor.

These findings have made A2A and A2B high-priority targets for immunotherapeutic intervention. Portage is advancing four first-in-class adenosine inhibitors, which together represent a broad suite of adenosine-targeting approaches and will enable a comprehensive exploration of how targeting the adenosine pathway could improve response in multiple cancer and non-cancer indications:

PORT-6 (TT-10)

Adenosine receptor type 2A (A2A) inhibitor to treat A2A expressing solid tumors; PORT-6 is more potent, more durable and more selective than other clinical stage A2A agents.

PORT-7 (TT-4)

Adenosine receptor type 2B (A2B) inhibitor to treat solid tumors; PORT-7 has a very selective profile that focuses on A2B.

PORT-8 (TT-53)

Dual inhibitor of adenosine receptors 2A and 2B (A2A/A2B) to treat solid tumors; Portage has the ability to combine these 2 individually to titrate the levels of A2A and A2B or has the ability to give the dual inhibitor (PORT-08).

PORT-9 (TT-3)

An A2B inhibitor to treat colorectal and gastrointestinal cancers.

In preparation for entering clinical trials for the adenosine programs, Portage will conduct an examination of which solid tumor types have a high expression of receptors A2A and A2B and enrich for patients that have high expression and therefore have potential to benefit most from treatment. Portage has designed the TOAST-01 trial to evaluate the activity and safety of PORT-6 and PORT-7 alone and in combination. This trial will adapt over time and also include safety cohorts for these two agents with other immune activating agents including others from the Portage internal pipeline. Depending on the data, it can be expanded to evaluate either agent as monotherapy or a randomized comparison of either agent plus standard of care versus standard of care alone.

Other Programs in Development

Amphiphilic platform

DfuseRx SM, identifies combinations of anti cancer agents with amphiphilic diffuse enhancers that can passively enter into cancer cells. These novel formulations with unique IP can be directly injected into any solid tumours, and the payloads will diffuse across the membrane and disperse throughout the tumor, while sparing healthy cells. Once inside the cells, the technology is diluted away and the payloads are stuck inside the cell. The payloads are able to disperse to areas of the tumor that do not have blood supply and hence oral or IV drugs will not reach.

PORT-1 (INT230-6)

Intensity is developing INT230-6 (we refer to as PORT-1) as a fixed dose formulation of cisplatin, vinblastine and a penetration enhancer being developed by our affiliate, Intensity Therapeutics, Inc. In animal models, the drug is able to cure the majority of the animals, by a combination of direct killing of the cancer, and also a CD4 and CD8 T-cell response (Bloom et al). Newly released interim safety and survival data from the Phase ½ IT-01 study presented at ASCO 2021 demonstrated that both INT230-6 (PORT-1) monotherapy and combination therapy with immune checkpoint drugs are well-tolerated. The proven mechanism of action includes direct tumor-killing effects, as well as responses generated in non-injected tumors (abscopal responses) resulting from antigen presentation and immune activation. PORT-1 is the first of Portage's assets that entered the clinic and has demonstrated proof-of-concept in humans. The specific rapid local killing in the normal 3-dimensional environment inside the body we believe is critical for robust antigen presentation and immune activation. Animal studies also showed synergy when combined with checkpoint inhibition (Bender et al, Bloom et al). The product has been dosed into 80 subjects in a Phase 1 and Phase 2 trial. This has shown proof of concept that the vast majority of the drug stays in the tumor, and a dose equivalent to 3x the approved dose of the cytotoxic agent was very well tolerated without the typical chemo side effects. The most common adverse event related to the treatment was pain at the injection site. As a result, PORT-1 has launched 9 phase 2 studies including 7 clinical collaborations with the two largest immuno-oncology drug manufacturers, BMS and Merck in combination with their respective checkpoints in high unmet need medical types (pancreatic, gall bladder, sarcoma, non-microsatellite unstable colorectal, etc.). Intensity has also launched a randomized Phase 2 study of INT230-6 vs no treatment in early stage breast cancer (the INVINCIBLE Trial) and has expanded its collaboration efforts with the INVINCIBLE study, conducted by the Ottawa Hospital and the Ontario Institute for Cancer Research. Intensity made three presentations on INT230-6 at the American Society of Clinical Oncology Annual Meeting (ASCO) in June 2022 with clinical data suggesting INT230-6 has potential to prolong survival when compared to historical results. An innovative window of opportunity trial in pre-surgical early stage breast cancer confirmed that one treatment with PORT-1, can result in near complete necrosis of breast tumors with an influx of key immune cells to process the dying tumor. It was remarkably safe and well tolerated. As a result of exciting preliminary data, Intensity has secured fast track regulatory status from the FDA for triple negative breast cancer.

As of June 30, 2022, the Company owned approximately 7.35% of Intensity's outstanding shares on a fully diluted basis.

PORT-4, Nanolipogel (NLG) co-formulation Platform

Scientists are interested in novel ways to deliver multiple signals to the immune system in order to better activate an anti-tumor response. We have been impressed with a platform from Yale University that allows different types of agents to be packaged together and will concentrate them in tumors. We have licensed the platform for delivery of DNA aptamers and certain aptamer-small molecule-based combination products. In order to have multiple proprietary agents with known mechanisms of action, we have licensed rights to create DNA aptamers for immune-oncology targets and the first one developed is a proprietary PD1 aptamer, which has been placed in the NLG formulation. Early testing has shown the formulation properly modulates PD1 signaling in vitro similar to a PD1 antibody I. In non-clinical, in vivo experiments, the NLG-PD1 performed favorably compared to a mouse PD1 antibody. The current level of funding is expected to support exploration of multiple PD1 based co-formulations with small molecules and other DNA aptamers. The Company has conducted further research with the technology licensed from Yale University to co-deliver a PD1 blocking signal with a small molecule vascular endothelial growth factor inhibitor. We are looking to accelerate preclinical development of our PORT-4 platform, which may potentially increase the potency and improve the safety of numerous anti-cancer drugs through co-delivery of combination treatments to the tumor.

As of June 30, 2022, the Company owned approximately 70% of the outstanding shares of Saugatuck, the subsidiary on which the PORT-4 Platform is managed.

PORT-5, STING Agonist Platform

Proprietary immune priming and boosting technology (using a STING agonist delivered in a virus-like particle) have shown proof of concept in animal models and are beginning to progress the lead asset towards the clinic. This platform offers multiple ways to target immune stimulation towards the cancer, as well as to co-deliver multiple signals in a single product. Our researchers have developed a way to administer the product systemically and does not require direct tumor injections. PORT-5 STING platform provides distinct advantages over chemical intratumoral approaches by offering a potent immune priming and boosting pathway within a virus-like particle (VLP) to enable convenient systemic administration and traffic to the correct targets. This technology preferentially targets dendritic cells, which is differentiated from other chemical STING approaches. The Company is progressing this project towards clinical trials as well as developing next generation compounds. Given that this is a simple way to boost the immune response to any target, we are also pursuing a project to boost immune response to COVID and other pathogens. To that end, the team has received grant funding to study this technology with any COVID-19 vaccine to evaluate if it is possible to boost the immune response for immunocompromised or elderly patients. During April 2022, AACR show-cased PORT-5 preclinical data at a late-breaking session that shows that one or more targeted immunotherapy agents could be packaged within a virus-like particle to increase potency, while enabling a selective immune activation. Given the progress to date, the Company is preparing the product to be able to file an IND.

As of June 30, 2022, the Company owned approximately 44% of the outstanding shares of Stimunity, the subsidiary on which the PORT-5 platform is managed.

Early-Stage R&D Collaborations

We continue to evaluate and test new antibody targets. Our interest here lies in the suppressive tumor micro-environment, and how we can down regulate or remove MDSC, TAMs, Tregs and other signals that impede the immune response from clearing cancer cells. One new effort that we have initiated is collaborations with two leading artificial intelligence/machine learning companies in order to screen for agents with specific attributes in this area. This may allow us a fast track an asset to the clinic with a re-purposed product.

- Portage is also initiating a collaboration with Dr. Robert Negrin and his team at Stanford University to evaluate the use of PORT-2 with iNKT cell therapies in animals. This work will evaluate if an agonist co-administered with expanded or transformed iNKT cells can further activate the transplanted and endogenous cells inside the patient. The Stanford collaboration will also study the impact iNKT agonists have on driving an adaptive immune response and correcting the suppressive tumor microenvironment.

- Portage entered into a Cooperative Research and Development Agreement (“CRADA”) with the U.S. National Cancer Institute (“NCI”). Collaboration will advance preclinical and potential clinical development of STING agonists and anti-RAGE agents for cancer vaccines. The Company and NCI will develop agents to enhance the efficacy of proprietary cancer vaccines and mouse model cancer vaccines developed by the NCI. After the Tarus acquisition, the company has amended the CRADA to include exploration of the different adenosine compounds.

Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021
(All Amounts in 000'$)

Results of Operations

The following details major expenses for the three months ended June 30, 2022, compared to the three months ended June 30, 2021.

Three months ended June 30,	**2022**	**2021**
	In 000'$	In 000'$
Operating expenses	**$ (4,087)**	$ (3,593)
Share of loss in associate accounted for using equity method	**(60)**	(44)
Change in fair value of warrant liability	**1**	369
Foreign exchange transaction loss	**(52)**	–
Interest income (expense), net	**21**	(34)
Loss before provision for income taxes	**(4,177)**	(3,302)
Income tax benefit	**2,552**	79
Net loss and other comprehensive loss	**$ (1,625)**	$ (3,223)
Comprehensive (loss) income attributable to:		
Owners of the Company	**$ (1,729)**	$ (3,066)
Non-controlling interest	**104**	(157)
Total comprehensive loss for period	**$ (1,625)**	$ (3,223)

Results of Operations for the Three Months Ended June 30, 2022, Compared to the Three Months Ended June 30, 2021

The Company generated a net loss and other comprehensive loss of approximately $1.6 million during the three months ended June 30, 2022 (the "Fiscal 2023 Quarter"), compared to a net loss and other comprehensive loss of approximately $3.2 million during the three months ended June 30, 2021 (the "Fiscal 2022 Quarter"), a decrease in loss of $1.6 million year over year. Operating expenses, which include research and development and general and administrative expenses, were $4.1 million in the Fiscal 2023 Quarter, compared to $3.6 million in the Fiscal 2022 Quarter, an increase of $0.5 million, which is discussed more fully below. Operating expenses included $1.2 million of non-cash share-based compensation expense in the Fiscal 2023 Quarter, compared to $2.2 million in the Fiscal 2022 Quarter.

The Company's other items of income and expense were substantially non-cash in nature and aggregated approximately $0.1 million net loss in the Fiscal 2023 Quarter, compared to approximately $0.3 million net income in the Fiscal 2022 Quarter, a change in other items of income and expense of approximately $0.4 million, year over year. The primary reason for the year over year difference in other items of income and expense was the change in the fair value of warrants outstanding in the year over year periods.

Additionally, the Company reflected a net deferred income tax benefit of $2.6 million in the Fiscal 2023 Quarter, compared to a net deferred income tax benefit of $0.1 million in the Fiscal 2022 Quarter. The Fiscal 2023 Quarter includes the foreign currency effect on deferred tax liability balance settleable in Great British pounds of $2.2 million and the recognition of current period losses in the U.K. of $0.4 million. The Fiscal 2022 Quarter reflected recoverable research and development tax credits generated in the U.K., partially offset by the foreign currency effect on deferred tax liability balance settleable in Great British pounds.

Operating Expenses

The overall analysis of the operating expenses is as follows:

Three months ended June 30,	**2022**	**2021**
	In 000'$	In 000'$
Research and development	**$ 1,876**	$ 1,546
General and administrative expenses	**2,211**	2,047
Total operating expenses	**$ 4,087**	$ 3,593

Research and Development Costs

These costs comprised the following:

Three months ended June 30,	**2022**	2021
	In 000'$	In 000'$
Share-based compensation expense	**$ 552**	$ 1,095
Research and development - Clinical	**642**	–
Payroll-related expenses	**406**	210
Research and development services and storage	**119**	169
Research and development - CRADA	**69**	–
Legal regarding Patents' registration	**40**	42
Consulting fees	**24**	24
Other outside services - lab testing, peptide handling, etc.	**24**	6
Total research and development costs	**$ 1,876**	$ 1,546

Research & development ("R&D") costs increased by approximately $0.3 million, or approximately 21%, from approximately $1.6 million in the Fiscal 2022 Quarter, to approximately $1.9 million in the Fiscal 2023 Quarter. The increase was primarily attributable to costs associated with the iNKT clinical studies in the Fiscal 2023 Quarter of $0.6 million. There were no such costs incurred in the Fiscal 2022 Quarter. Additionally, the Company incurred payroll-related expenses of $0.4 million in Fiscal 2023 Quarter, compared to $0.2 million in the Fiscal 2022 Quarter. The increase was attributable to increases in staff, as well as the formalization of a compensation program designed at attracting and retaining strong management. Additionally, the Company funded a contract to participate in a National Cancer Institute study (CRADA program) in the Fiscal 2023 Quarter. These increases were partially offset by a reduction in non-cash share-based compensation expense with respect to options to purchase ordinary shares granted to employees, which was attributable to (a) the vesting over time of a portion of prior year grants; and (b) the decrease in the fair value of grants made in fiscal 2022.

General and Administrative Expenses

Key components of general and administrative expenses are:

Three months ended June 30,	**2022**	2021
	In 000'$	In 000'$
Share-based compensation expense	**$ 624**	$ 1,087
Professional fees	**903**	351
D&O insurance	**307**	413
Payroll-related expenses	**251**	147
Directors fees	**75**	–
Office and general expenses	**51**	49
Total general and administrative expenses	**$ 2,211**	$ 2,047

General and administrative ("G&A") expenses increased by approximately $0.2 million, or approximately 8%, from approximately $2.0 million in the Fiscal 2022 Quarter, to approximately $2.2 million in the Fiscal 2023 Quarter. The principal reason for the increase was the $0.6 million increase in professional fees, of which approximately $0.4 million was attributable to legal fees associated with the Tarus merger. Additionally, payroll-related expenses increased by $0.1 million due to the formalization of a compensation program adopted in the Fiscal 2023 Quarter. These increases were partially offset by a decrease in non-cash share-based compensation expense of $0.4 million attributable to the vesting of certain options granted in prior years and lower fair value associated with more recent grants, the decrease of $0.1 million associated with D&O insurance attributable to lower premiums under the current policy.

Liquidity and Capital Resources

Capital Resources

Portage filed a shelf registration statement and prospectus with the Securities and Exchange Commission ("SEC") under which it may sell ordinary shares, debt securities, warrants and units in one or more offerings from time to time, which became effective on March 8, 2021 ("Registration Statement" or "Prospectus"). The Registration Statement currently includes:

- a base prospectus, which covers the offering, issuance and sales by us of up to $200,000,000 in the aggregate of the securities identified above from time to time in one or more offerings;
- a sales agreement supplemental prospectus covering the offer, issuance and sale by us in an "at the market" offering of up to a maximum aggregate offering price of $50,000,000 of our ordinary shares that may be issued and sold from time to time under sales agreement, or sales agreement, with Cantor Fitzgerald & Co., or Cantor Fitzgerald, the sales agent;
- a prospectus supplement dated June 24, 2021, for the offer, issuance and sale by us of 1,150,000 ordinary shares for gross proceeds of approximately $26.5 million in a firm commitment underwriting with Cantor Fitzgerald; and
- a prospectus supplement dated August 19, 2022, for the offer, issuance and sale by us of up to $30,000,000 in ordinary shares from time to time to Lincoln Park Capital Fund, LLC and their resale of those shares and an additional resale of 94,508 shares.

The sales agreement with Cantor Fitzgerald permits the Company to sell in an at the market offering up to $50,000,000 of ordinary shares from time to time, the amount of which is included in the $200,000,000 of securities that may be offered, issued and sold by us under the base prospectus. The sales under the prospectus will be deemed to be made pursuant to an "at the market" offering as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933 (the Securities Act). Upon termination of the sales agreement, any portion of the $50,000,000 included in the sales agreement prospectus that is not sold pursuant to the sales agreement will be available for sale in other offerings pursuant to the base prospectus.

During the quarter ended June 30, 2021, the Company commenced an "at the market" offering, under which it sold 90,888 shares generating gross proceeds of approximately $2.6 million ($2.5 million, net of commissions).

On June 24, 2021, the Company completed the sale of 1,150,000 ordinary shares, including the underwriters' overallotment, at a price of $23.00 per share, which generated gross proceeds of approximately $26.5 million and net proceeds of approximately $25.0 million, and was settled June 28, 2021. Management believes the funds generated, along with existing cash and cash equivalents, will be sufficient to fund the Company's research and development activities, as well as the expansion of its operating infrastructure and achievement of numerous developmental milestones.

On July 6, 2022, the Company entered into a Purchase Agreement (the "Purchase Agreement") with Lincoln Park Capital Fund, LLC ("Lincoln"), under which it may require Lincoln to purchase ordinary shares of the Company having an aggregate value of up to $30 million (the " Purchase Shares") over a period of 36 months. Pursuant to the Purchase Agreement, Lincoln will be obligated to purchase the Purchase Shares in three different scenarios that are based on various market criteria and share amounts. The Company has the right to terminate the Purchase Agreement for any reason, effective upon one (1) business day prior written notice to Lincoln. Lincoln has no right to terminate the Purchase Agreement. The requirement that Lincoln must make a purchase will be suspended based on various criteria such as there not being an effective registration statement for Lincoln to be able to resell the ordinary shares it is committed to purchase and market criteria such as the Company continuing to be DTC eligible, among other things. The Purchase Agreement does not impose any financial or business covenants on the Company, and there are no limitations on the use of proceeds. The Company may raise capital from other sources in its sole discretion; provided, however, that Portage shall not enter into any similar agreement for the issuance of variable priced equity-like securities until the three (3) year anniversary of the date of the Purchase Agreement, excluding, however, an at-the-market transaction with a registered broker-dealer.

Upon execution of the Purchase Agreement, The Company issued to Lincoln 94,508 ordinary shares, representing a 3% commitment fee.

Liquidity

The accompanying condensed consolidated interim financial statements have been prepared on a basis that assumes that the Company will continue as a going concern and that contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Accordingly, the accompanying condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might result from the outcome of this uncertainty.

As of June 30, 2022, the Company had cash and cash equivalents of approximately $21.2 million and total current liabilities of approximately $2.0 million (inclusive of approximately $0.03 million warrant liability settleable on a non-cash basis). For the three months ended June 30, 2022, the Company is reporting a net loss of approximately $1.6 million, and cash used in operating activities of approximately $2.2 million. As of July 31, 2022, the Company had approximately $18.8 million of cash and cash equivalents on hand. The Company believes it current cash resources are sufficient to fund operations for at least thirteen months from August 29, 2022, the date of this report.

During the quarter ended June 30, 2021, the Company made an “at the market” offering, under which it sold 90,888 shares generating gross proceeds of approximately $2.6 million ($2.5 million, net of commissions). On June 24, 2021, the Company completed a firm commitment underwritten public offering of 1,150,000 ordinary shares at a public offering price of $23.00 per share for gross proceeds of approximately $26.5 million and was settled June 28, 2021. The Company incurred aggregate offering expenses for the public offering of approximately $1.8 million, including approximately $1.6 million of management, underwriting and selling expenses.

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 result primarily from its conduct of research and development activities.

The Company historically has funded its operations principally from proceeds from issuances of equity and debt securities and would expect to enter the capital markets when additional funding is required.

Cash Flows Used In Operating Activities

During the Fiscal 2023 Quarter, the Company used cash of approximately $2.2 million to fund operating activities, compared to $1.6 million used during the Fiscal 2022 Quarter. Operations in both the Fiscal 2023 Quarter and the Fiscal 2022 Quarter were funded by existing cash, which was provided by the Company’s existing cash from the “at the market” offering and the public offering in 2021.

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

1. the development and identification of economically recoverable therapeutic 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, 2022, the Company had cash of approximately $21.2 million, working capital of approximately $21.1 million (including prepaid expenses of $1.9 million) and an accumulated deficit of approximately $120.7 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.

It is anticipated that such Convertible Note will be funded by existing cash and cash provided under the Purchase Agreement described above.

Cash Flows Provided By (Used In) Investing Activities

During both the Fiscal 2023 Quarter and the Fiscal 2022 Quarter, there were no investing cash flow activities.

Cash Flows Provided By Financing Activities

During the Fiscal 2023 Quarter, there were no financing cash flow activities. During the Fiscal 2022 Quarter, the Company generated net cash from financing activities of $27.4 million.

During the quarter ended June 30, 2021, the Company commenced an “at the market” offering, under which it sold 90,888 shares generating gross proceeds of approximately $2.6 million ($2.5 million, net of commissions). Further, the Company initiated an offering pursuant to the Prospectus. On June 24, 2021, the Company completed a firm commitment underwritten public offering of 1,150,000 ordinary shares at a public offering price of $23.00 per share for gross proceeds of approximately $26.5 million and was settled June 28, 2021. The Company incurred aggregate offering expenses for the public offering of approximately $1.8 million, including approximately $1.6 million of management, underwriting and selling expenses.

On July 6, 2022, the Company entered into a Purchase Agreement with Lincoln Park Capital, pursuant to which the Company may require Lincoln to purchase ordinary shares having an aggregate value of up to $30 million over a period of 36 months. Pursuant to the Purchase Agreement, Lincoln will be obligated to purchase ordinary shares in three different scenarios, as described above.

Key Contractual Obligations

Details of contractual obligations, commitments and contingent liabilities are provided in Note 17, “Commitments and Contingent Liabilities,” to the unaudited condensed consolidated interim financial statements for the three months ended June 30, 2022.

On July 1, 2022, the Company, its wholly-owned subsidiary, Tarus Acquisition Inc., and Tarus Therapeutics, Inc., a Delaware Corporation advancing adenosine receptor agonists for the treatment of solid tumors, entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”). Under the structure of the Merger Agreement, Tarus Therapeutics, Inc. was ultimately merged into a wholly-owned subsidiary of the Company with the surviving entity renamed Tarus Therapeutics, LLC.

As consideration for Tarus, the Company issued to Tarus shareholders an aggregate of 2,425,999 ordinary shares of Portage, calculated on the basis of $18M divided by the 60-day Volume Weighted Average Price per share. The shares are unregistered and subject to lock-ups for terms ranging from six to twelve months. Additionally, payments of up to $32 million in cash or Portage ordinary shares would be triggered upon achievement of future development and sales milestones. As a result of the transaction:

- The Company also assumed $2M short-term debt held by Tarus and deferred license milestones obligations ($1M plus interest), for an aggregate of $3M in liabilities. The Company repaid the short-term debt in July 2022.

- Upon enrolling the first patient in a Phase 2 clinical trial, Portage will pay an additional one-time payment of $15M. Payment will be in the form of cash or PRTG stock (at the discretion of Portage).

On July 13, 2022, the Company entered into a commitment with Stimunity to provide €600,000 under a Convertible Note with a maturity date of September 1, 2023 (the "Maturity Date"). The Convertible Note provides for interest at 7% per annum. The Convertible Note is automatically converted upon Stimunity commencing a Series A subscription round for €20 million. If such Subscription round is completed prior to the Maturity Date, the Company will be entitled to convert the Convertible Note at the subscription share price less 15%. Additionally, if subscribers create a new category of shares with additional rights of less than €5 million (the "Minimum Raise"), the Company will have the right to convert the Convertible Note and historical shares owned into the new category of shares. In the event that Stimunity does not close a subscription prior to the Maturity Date or raises less than the Minimum Raise, the Company will have the right to convert at €363.00 per share or the raise price less 15%, whichever is lower. The Convertible Note is expected to be funded by the end of September 2022.

Off-balance Sheet Arrangements

As of June 30, 2022 and March 31, 2022, 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 18, "Related Party Transactions," and Note 21, "Events After the Balance Sheet Date" to the unaudited condensed consolidated interim financial statements for the three months ended June 30, 2022.

Financial and Derivative Instruments

The Company's financial instruments recognized in the Company's condensed consolidated interim statements of financial position 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, 2022 and March 31, 2022:

	As of June 30, 2022		As of March 31, 2022	
(In thousands)	Amortized Cost	Fair Value through Other Comprehensive Income (FVTOCI)	Amortized Cost	FVTOCI
Financial assets				
Cash and cash equivalents	**$ 21,176**	**$ —**	$ 23,352	$ —
Prepaid expenses and other receivables	**$ 1,932**	**$ —**	$ 1,480	$ —
Investments	**$ —**	**$ 9,022**	$ —	$ 9,082
	Amortized Cost	**Fair Value through Profit or Loss (FVTPL)**	**Amortized Cost**	**FVTPL**
Financial liabilities				
Accounts payable and accrued liabilities	**$ 1,938**	**$ —**	$ 750	$ —
Unsecured notes payable	**$ —**	**$ —**	$ —	$ —
Warrant liability	**$ —**	**$ 32**	$ —	$ 33

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 and cash equivalents, 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. Investments are 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 Intensity: Fair value of the asset is determined by considering other comparable equity funding transactions by Intensity with unrelated investors (Level 3).

Accrued Equity Issuable: The fair value is estimated based on the average of the quoted market prices for the period in which the shares were earned (Level 1).

Unsecured Notes Payable: The fair value is estimated using a Black-Scholes model (Level 3).

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, 2022 and the year ended March 31, 2022.

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 counterparty's inability to fulfil 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 in the Company's condensed consolidated interim statements of financial position.

***Cash and cash equivalents*.** Cash and cash equivalents comprise cash on 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. As of June 30, 2022 and March 31, 2022, cash equivalents was comprised of a money market account with maturities less than 90 days from the date of purchase. Cash and cash equivalents are held with major international financial institutions and therefore the risk of loss is minimal.

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 and cash equivalents 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 the condensed consolidated interim financial statements in conformity with International Financial Reporting Standards ("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, deferred tax assets, deferred tax liability, 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.

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

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

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

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

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2022. 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, 2022.

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; and

- 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 in the Annual Report on Form 20-F, is filed with the Canadian Securities Administrators at www.sedar.com and with the United States Securities and Exchange Commission at www.edgar.com.