

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

WAVERLEY PHARMA INC.

For the three and nine months ended September 30, 2017
(Unaudited)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the three and nine months ended September 30, 2017.

Waverley Pharma Inc.
Condensed Consolidated Interim Statements of Financial Position
(expressed in Canadian dollars)
(unaudited)

	Note	September 30, 2017	December 31, 2016
Assets			
Current assets:			
Cash		\$ 27,640	\$ 100
Amounts receivable		743	-
Prepaid expenses and other current assets		24,908	-
Total current assets		53,291	100
Non-current assets:			
Intangible assets	4	249,080	-
Total non-current assets		249,080	-
Total assets		\$ 302,371	\$ 100
Liabilities and Deficit			
Current liabilities:			
Accounts payable and accrued liabilities	6(b)	\$ 337,415	\$ 11,724
Total current liabilities		337,415	11,724
Total liabilities		337,415	11,724
Deficit:			
Share capital	5(b)	100	100
Accumulated other comprehensive loss		(1,886)	-
Deficit		(33,258)	(11,724)
Total deficit		(35,044)	(11,624)
Going concern	2(c)		
Commitments	7		
Subsequent events	8		
Total liabilities and equity		\$ 302,371	\$ 100

See accompanying notes to the condensed consolidated interim financial statements.

Waverley Pharma Inc.
Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
(expressed in Canadian dollars)
(unaudited)

	Note	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Expenses					
General and administrative		\$ 13,694	\$ (1,078)	\$ 28,887	\$ (1,078)
		13,694	(1,078)	28,887	(1,078)
Finance income (expense):					
Finance expense, net		(47)	-	(117)	-
Foreign exchange gain		7,303	-	7,470	-
		7,256	-	7,353	-
Net loss		\$ (6,438)	\$ (1,078)	\$ (21,534)	\$ (1,078)
Translation adjustment		(1,886)	-	(1,886)	-
Comprehensive loss		\$ (8,324)	\$ (1,078)	\$ (23,420)	\$ (1,078)
Loss per share attributable to shareholders					
Basic and diluted		\$ (64.38)	\$ (10.78)	\$ (215.34)	\$ (10.78)
Weighted average shares outstanding					
Basic and diluted		100	100	100	100

See accompanying notes to the condensed consolidated interim financial statements.

Waverley Pharma Inc.
Condensed Consolidated Interim Statements of Changes in Deficit
(expressed in Canadian dollars)
(unaudited)

	Note	Share Capital	(Deficit)	Accumulated Other Comprehensive (Loss)	Total
Balance, December 31, 2015		\$ 100	\$ (10,646)	\$ -	\$ (10,546)
Net loss for nine months ended September 30, 2016		-	(1,078)	-	(1,078)
Balance, September 30, 2016		\$ 100	\$ (11,724)	-	\$ (10,546)
Balance, December 31, 2016		\$ 100	\$ (11,724)	\$ -	\$ (11,624)
Net loss for nine months ended September 30, 2017		-	(21,534)	-	(23,420)
Other comprehensive loss for nine months ended September 30, 2017		-	-	(1,886)	(1,886)
Balance, September 30, 2017		\$ 100	\$ (33,258)	\$ (1,886)	\$ (35,044)

See accompanying notes to the condensed consolidated interim financial statements.

Waverley Pharma Inc.
Condensed Consolidated Interim Statements of Cash Flows
(expressed in Canadian dollars)
(unaudited)

	Note	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Cash (used in) provided by:			
Operating activities:			
Net loss for the period		\$ (21,534)	\$ (1,078)
Change in accounts receivable		(743)	-
Change in prepaid expenses and other current assets		(24,908)	-
Change in accounts payable and accrued liabilities		325,691	1,078
Cash flows from operating activities		278,506	-
Investing activities:			
Acquisition of intangible assets	4	(250,966)	-
Cash flows used in investing activities		(250,966)	-
Increase in cash		27,540	-
Cash, beginning of period		100	100
Cash, end of period		\$ 27,640	\$ 100

See accompanying notes to the condensed consolidated interim financial statements.

Waverley Pharma Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

1. Reporting entity:

Waverley Pharma Inc. (the "Company") was incorporated pursuant to the provisions of the Canada Business Corporations Act on February 26, 2014. The Company is a biopharmaceutical company engaged in the research, development and commercialization of human therapeutics focused on oncology. On June 21, 2017, the Company incorporated a wholly-owned subsidiary under the Companies Act of Barbados named Waverley Pharma International Inc. ("WPI").

The Company's head office and registered office is 4 – 1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

On August 9, 2017, the Company announced it had entered into an amalgamation agreement dated August 8, 2017 (the "Agreement") with Buffalo Capital Inc. ("Buffalo"). Buffalo was a Capital Pool Company as defined in TSX Venture Exchange (the "Exchange" or the "TSX-V") Policy 2.4. The principal business of Buffalo was the identification and evaluation of a Qualifying Transaction ("QT") and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

Subsequent to September 30, 2017 on October 25, 2017, Buffalo, now named Waverley Pharma Inc. ("Waverley" or the "Resulting Issuer") announced it had obtained a public listing for its securities on the TSX-V following the closing of the QT involving Buffalo and the Company (note 8). As a result, Waverley will be listed as a Tier 2 issuer on the Exchange. In conjunction with the QT, Waverley raised \$5,500,000 through a brokered private placement led by PI Financial Inc. ("PI" or the "Agent").

2. Basis of preparation:

(a) Statement of compliance

These condensed consolidated interim financial statements of the Company and its subsidiary, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 27, 2017.

(b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss are measured at fair value.

(c) Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company is a research and development stage company and as such is primarily dependent on the funding of new investors to continue as a going concern. Management intends to raise capital in order to fund its operations, however, the outcome of these matters cannot be predicted at this time. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern. In the future, the Company's ability to continue as a going concern will be dependent upon its ability to attain profitable operations and generate funds there from, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing liabilities. These condensed interim financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

(d) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

Waverley Pharma Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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2. Basis of preparation (continued):

(e) Use of estimates and judgments (continued)

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgements and estimates, actual results may differ from these estimates.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amount recognized in the financial statements:

- Research costs are recognized as an expense when incurred by development costs may be capitalized as intangible assets if certain conditions are met as described in IAS 38, *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38 and all research and development costs have been expensed.
- Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balances and future commitments of the Company

3. New standards and interpretations not yet adopted:

IFRS 9 *Financial Instruments: Classification and Measurement* ("IFRS 9")

IFRS 9 replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, on the classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

Under IFRS 9, for financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive loss, with the remainder of the change recognized in profit and loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with some exemptions. The Company is currently evaluating the impact of the above standard on its financial statements.

4. Intangible Assets:

On August 30, 2017, the Company acquired exclusive licenses to two generic cancer drugs, in the United States of America and its territories, Canada and Europe, excluding the United Kingdom, where a non-exclusive license was acquired. An up-front payment of US\$20,000 was made upon the signing of the term sheet on July 5, 2017 and a US\$180,000 payment was made upon the signing of definitive documentation on August 30, 2017. Additional payments of US\$1,200,000 are payable upon certain development and approval based milestones being met. Additionally, the Company will purchase inventory and pay a royalty of 7.5% of its net sales from these two products. As the intangible assets related to products under development, they are not currently available for use and as such, no amortization has been recorded during the period.

Cost		Licenses
Balance, December 31, 2016	\$	-
Acquisitions		250,966
Effects of movements in exchange rates		(1,886)
Balance, September 30, 2017	\$	249,080

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5. Capital stock:

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common Shares		Amount
Balance, December 31, 2015	100	\$	100
Balance, December 31, 2016	100	\$	100
Balance, September 30, 2017	100	\$	100

(c) Per share amounts

The weighted average number of common voting shares outstanding for the three and nine months ended September 30, 2017 and 2016 was 100. There were no dilutive securities issued and as a result no dilution reflected in the per share amounts.

6. Related party transactions:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and the President and Secretary of the Company are key management personnel. There was no compensation expense during the three and nine months ended September 30, 2017 and 2016 pertaining to key management personnel compensation.

Directors and key management personnel control 100% of the voting shares of the Company as at September 30, 2017 (December 31, 2016- 100%).

(b) Transactions with related parties

During the three months and nine ended September 30, 2017, Genesys Venture Inc. ("GVI"), a company controlled by the President and Secretary of the Company, paid expenses on behalf of the Company totaling nil and \$130 (three and nine months ended September 30, 2016 - nil) on behalf of the Company. As at September 30, 2017, included in accounts payable and accrued liabilities is \$611 (December 31, 2016 - \$481) payable to GVI, which is unsecured, payable on demand and does not bear interest.

During the three months and nine ended September 30, 2017, GVI Clinical Development Solutions Inc. ("GVI CDS"), a company controlled by the President and Secretary of the Company, advanced Canadian amounts totaling \$100,000 and \$106,000 (three and nine months ended September 30, 2016 - nil) and US amounts totaling \$nil and \$26,125 (three and nine months ended September 30, 2016 - nil) to fund the Company's operations. As at September 30, 2017, included in accounts payable and accrued liabilities is \$138,536 (December 31, 2016 - nil) payable to GVI CDS, which is unsecured, payable on demand and does not bear interest.

During the three months and nine ended September 30, 2017, CanAm Bioresearch Inc. ("CanAm"), a company controlled by a close family member of the President and Secretary, advanced \$182,805 and \$182,805 (three and nine months ended September 30, 2016 - nil) to fund the Company's operations. As at September 30, 2017, included in accounts payable and accrued liabilities is \$194,048 (December 31, 2016 - \$11,243) payable to CanAm, which is unsecured, payable on demand and does not bear interest.

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Notes to the Condensed Consolidated Interim Financial Statements
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7. Commitments

On August 30, 2017, the Company acquired exclusive licenses to two generic cancer drugs, in the United States of America and its territories, Canada and Europe, excluding the United Kingdom, where a non-exclusive license was acquired. An up-front payment of US\$20,000 was made upon the signing of the term sheet on July 5, 2017 and a US\$180,000 payment was made upon the signing of definitive documentation on August 30, 2017. Additional payments of US\$1,200,000 are payable upon certain development and approval based milestones being met. Additionally, the Company will purchase inventory and pay a royalty of 7.5% of its net sales from these two products.

8. Subsequent events:

Qualifying Transaction

Subsequent to September 30, 2017 on October 25, 2017, Waverley announced it had obtained a public listing for its securities on the TSX-V following the closing of the QT involving Buffalo and the Company. As a result, Waverley is now listed as a Tier 2 issuer on the Exchange. In conjunction with the QT, Buffalo raised \$5,500,000 through a brokered private placement led by PI.

Under the agreement the Company and Buffalo completed a non-arm's length business combination transaction (the "Amalgamation") by way of amalgamation pursuant to the CBCA to continue as a new company, Waverley Pharma Inc. (the "Resulting Issuer"). Each common share in the capital of Buffalo (the "Buffalo Shares") that was outstanding immediately prior to the Amalgamation (other than Buffalo Shares held by shareholders of Buffalo (the "Buffalo Shareholders") who exercised their dissent rights) was converted into one (1) issued and fully paid and non-assessable common shares in the share capital of the Resulting Issuer (the "Resulting Issuer Shares") at a deemed price of \$0.50 per Resulting Issuer Share. Each Class "A" common share in the capital of the Company (the "Waverley Shares") that was outstanding immediately prior to the Amalgamation (other than Waverley Shares held by shareholders of the Company (the "Waverley Shareholders") who exercised their dissent rights) was converted into 400,000 issued and fully paid and non-assessable Resulting Issuer Shares at a deemed price of \$0.50 per Resulting Issuer Share. As a result, the former holders of Buffalo Shares hold, in the aggregate 14,000,000 Resulting Issuer Shares representing approximately 25.9% of the outstanding Resulting Issuer Shares and the former holder of Waverley Shares hold, in the aggregate 40,000,000 Resulting Issuer Shares representing approximately 74.1% of the outstanding Resulting Issuer Shares.

A condition to the completion of the Amalgamation, was that Buffalo complete a financing for gross proceeds of up to \$5,000,000 (the "Concurrent Financing"). Immediately prior to the completion of the Amalgamation, Buffalo completed a brokered private placement of 11,000,000 Buffalo Shares at an issue price of \$0.50 per share for aggregate gross proceeds of \$5,500,000 (the "Financing") and representing an oversubscription of 1,000,000 Buffalo Shares (10%) over the amount of the Concurrent Financing previously announced. PI Financial Corp. ("PI") has been engaged to act as lead agent in connection with the Concurrent Financing and will be paid a cash commission of 7% of the gross proceeds of the Financing, as well as receiving 770,000 warrants which shall entitle PI to acquire one Resulting Issuer Share for each warrant at a price of \$0.50 for a period of 24 months following the completion of the Amalgamation.

Proceeds of the Financing are anticipated to be used for planning, preparation and execution of the Resulting Issuer's regulatory strategy and business development and partnering activities, to pay the costs associated with the Financing and for working capital and other corporate purposes.

Concurrent with the completion of the QT, the Resulting Issuer also issued an aggregate of 1,000,000 stock options to certain directors, and consultants of the Resulting Issuer. The options have an exercise price of \$0.50, vest over a period of three years and expire 10 years from the date of grant.

On October 27, 2017, the Resulting Issuer began trading on the TSX-V under the symbol "WAVE". As a result of the foregoing, the Resulting Issuer has an aggregate of 54,000,000 common shares issued and outstanding, and 1,300,000 stock options and 970,000 warrants to purchase common shares outstanding.