

EARLY WARNING REPORT

Made Pursuant To
**Multilateral Instrument 62-104 – Take-Over Bids and Issuer Bids and
National Instrument 62-103 – The Early Warning System and Related Take-Over bid and
Insider Reporting Issues**

**RELATING TO THE ACQUISITION OF SECURITIES IN THE CAPITAL OF
WAVERLEY PHARMA INC.**

The undersigned hereby certifies:

1. Security and Reporting Issuer:

1.1 Common Shares

Waverley Pharma Inc. (formerly Buffalo Capital Inc.) (the “**Issuer**”)
Suite 4 - 1250 Waverley St.
Winnipeg, MB R3T 6C6

- 1.2 Prior to the effective date of the Amalgamation (as defined below), the Issuer’s common shares (the “**Issuer Shares**”) were listed for trading on the TSX Venture Exchange.

2. Identity of the Acquiror

- 2.1 ADF Family Holding Corp. (“**ADF**”), a holding corporation existing under the laws of Manitoba and controlled by Dr. Albert D. Friesen (“**Friesen**” and together with ADF, the “**Acquiror**”)

77 Shorecrest Drive
Winnipeg, MB R3P 1P4

- 2.2 On August 8, 2017 the Issuer entered into an amalgamation agreement, with Waverley Pharma Inc. (“**Pre-Amalgamation Waverley**”), as amended on September 19, 2017, pursuant to which the Issuer and Pre-Amalgamation Waverley agreed to amalgamate (the “**Amalgamation**”) pursuant to Section 181 of the *Canada Business Corporations Act*. The Amalgamation (the “**Amalgamation**”) was completed on October 18, 2017.

In connection with the Amalgamation, ADF, a corporation controlled by Friesen and the sole holder of common shares in the capital of Pre-Amalgamation Waverley (the “**Waverley Shares**”), received 400,000 shares of the post-Amalgamation issuer (the “**Resulting Issuer Shares**”) for each Waverley Share they held.

Prior to completion of the Amalgamation: (i) ADF had beneficial ownership of 100 Waverley Shares (representing owned 100% of the total issued Waverley Shares) and (ii) Friesen had beneficial ownership of 700,000 Issuer Shares. Upon completion of the Amalgamation, the Acquiror has beneficial ownership of, and control and direction over

an aggregate of 40,700,000 Resulting Issuer Shares (representing 75.37% of the total Resulting Issuer Shares on an undiluted basis).

3. Interest in Securities of the Reporting Issuer

- 3.1 See Item 2.2.
- 3.2 See Item 2.2.
- 3.3 N/A
- 3.4 See Item 2.2.
- 3.5 See Item 2.2.
- 3.6 Friesen has been granted incentive stock options entitling him to acquire an additional 150,000 Resulting Issuer Shares upon the occurrence of certain events. Should Friesen exercise all of these options, the Acquiror would hold an aggregate of 40,850,000 Resulting Issuer Shares (representing 70.10% of the total Resulting Issuer Shares on a fully diluted basis).
- 3.7 N/A
- 3.8 N/A.

4. Consideration Paid

- 4.1 Pursuant to the Amalgamation, ADF acquired 40,000,000 Resulting Issuer Shares in exchange for 100 Waverley Shares and Friesen acquired 700,000 Resulting Issuer Shares as a result of the 700,000 Issuer Shares he previously held.

5. Purpose of the Transaction

The Acquiror acquired the Resulting Issuer Shares for investment purposes.

The Acquiror intends to review its investment in the Issuer on a continuing basis. Presently, the Acquiror has no intention of acquiring any further securities of the Issuer or disposing of any of his Resulting Issuer Shares. The Acquiror may acquire or dispose of Resulting Issuer Shares in the future depending upon market circumstances and other considerations.

6. Agreements, Arrangements, Commitments or Understandings with Respect to Securities of the Reporting Issuer

N/A

7. Change in Material Fact

N/A

8. Exemption

N/A

9. Certification

I, as the acquirer, certify, or I, as the agent filing this report on behalf of an acquirer, certify to the best of the knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: October 24, 2017

Signature: "Albert D. Friesen" (signed)

Name/Title: Albert D. Friesen, Director