

BUFFALO CAPITAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2017

BACKGROUND

This Management's Discussion and Analysis ("MD&A") of Buffalo Capital Inc. ("Buffalo" or the "Company") is dated August 29, 2017 and provides an analysis of the Company's operations for the three and six months ended June 30, 2017. This MD&A should be read in conjunction with the unaudited condensed financial statements and accompanying notes for the three and six months ended June 30, 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars unless otherwise specified. The financial statements are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under the Company's profile. The common shares of Buffalo are traded on the TSX Venture Exchange (the "Exchange" or the "TSX-V") under the symbol "BUFF.P".

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A are forward-looking statements or information (collectively – forward-looking statements). Buffalo is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors many of which are beyond the control of Buffalo, that could influence actual results include, but are not limited to: lack of operating history; regulatory risks; substantial capital and liquidity requirements; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; conflicts of interest of management; exposure to potential litigation, and other factors beyond the control of Buffalo.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, Buffalo undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of Buffalo or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk and Uncertainties".

CORPORATION OVERVIEW

Buffalo was incorporated pursuant to the Canada Business Corporations Act ("CBCA") on December 14, 2016 and is classified as a Capital Pool Company as defined in TSX-V Policy 2.4 – Capital Pool Companies. The Company's head office is located at 4 – 1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6 and the Company's registered office is 301 – 1665 Ellis Street, Kelowna, British Columbia, Canada, V1Y 2B3.

On April 27, 2017, the Company completed its initial public offering (the "Offering") of 2,000,000 common shares at a price of \$0.20 per common share for gross proceeds to the Company of \$400,000. The net proceeds of the Offering will be used to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction". The Company's common shares have been approved for listing on the TSX-V and the common shares commenced trading on the Exchange on April 28, 2017 under the symbol "BUFF.P".

PI Financial Corp. (the "Agent") acted as the sole lead agent for the Offering. The Agent received a cash commission equal to 10% of the gross proceeds of the Offering and warrants to purchase 200,000 common shares at a price of \$0.20 per common share for a period of 24 months from the date of listing of the common shares on the Exchange. The Agent also received a corporate finance fee of \$10,000, plus taxes.

Upon closing of the Offering and as disclosed in the Prospectus, the Company granted 300,000 incentive stock options to its directors and officers which are exercisable within ten years from the date of the grant at an exercise price of \$0.20 per Share. As a result of the closing of its initial public offering the Company now has 3,000,000 common shares issued and outstanding (1,000,000 of which are subject to escrow restrictions).

The principal business of the Company is the identification and evaluation of a "Qualifying Transaction" 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. Qualifying Transaction means a transaction where a CPC acquires significant assets, other than cash, by way of purchase, amalgamation merger or arrangement with another company or by other means. Any Qualifying Transaction must be approved by the Exchange, and in the case of a Non-Arm's Length Qualifying Transaction, must also receive Majority of the Minority Approval, in accordance with the CPC Policy. The Company is currently investigating prospective acquisitions and is devoting all of its present efforts to securing and establishing a new business and its planned principal operations have not commenced. Accordingly, no revenue has been derived during the period from December 14, 2016, date of incorporation, to June 30, 2017. The Corporation's fiscal year end is December 31st.

RESULTS OF OPERATIONS

<i>(in CDN \$)</i>	Three months ended June 30, 2017	Six months ended June 30, 2016
Stock-based compensation	\$ 63,900	\$ 63,900
Professional fees	2,775	12,986
Other	3,081	3,081
General and administrative expenses	69,756	79,967
Finance expense, net	28	28
Net loss and comprehensive loss	\$ 69,784	\$ 79,995

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. The Company's condensed interim financial statements do not include any adjustments to assets or liabilities should the Company be unable to continue in existence.

As at June 30, 2017, the Company has working capital of \$367,237, which consisted of cash of \$369,458, other current assets of \$1,029 and accounts payable and accrued liabilities of \$3,250. The Company has not completed a Qualifying Transaction and may not be able to finance day to day activities through operations. 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.

The Corporation's future revenues, if any, are expected to be from a health based business.

TRANSACTIONS WITH RELATED PARTIES

During the three and six months ended June 30, 2017, the Company recorded stock-based compensation relating to stock options granted to key management personnel during the period of \$63,900 and \$63,900, respectively.

OFF BALANCE SHEET ITEMS

The Corporation has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

Authorized capital stock consists of an unlimited number of common voting shares. As at June 30, 2017, there were 3,000,000 common shares of the Corporation issued and outstanding, 300,000 stock options to purchase common shares of the Company and 200,000 warrants to purchase common shares of the Company.

OUTSTANDING STOCK OPTIONS AS AT AUGUST 29, 2017

The Board of Directors of the Company has adopted an incentive stock option plan ("Option Plan"). Under the Option Plan, the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements and applicable securities legislation, grant to directors, officers, employees, consultants and management or employees of the Company, non-transferable options to purchase Common Shares, exercisable for a period of up to 10 years from the date of grant. The number of Common Shares reserved for issuance under the Stock Option Plan will not exceed 10% of the issued and outstanding Common Shares of the Company from time to time. The number of Common Shares reserved for issuance to any one individual director, officer or employee of the Company may not exceed 5% of the issued and outstanding Common Shares and the aggregate number of Common Shares reserved for issuance to any one consultant will not exceed 2% of the issued and outstanding Common Shares. Vesting terms are determined by the Board of Directors at the time of grant.

On April 27, 2017, the Company granted 300,000 incentive stock options to its directors and officers which are exercisable within ten years from the date of the grant at an exercise price of \$0.20 per common share.

In connection with the Company's Offering, the Agent received warrants to purchase 200,000 common shares at a price of \$0.20 per share for a period of 24 months from the date of listing of the shares on the Exchange.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its plans could be adversely affected.

Lack of Operating History

- i. the Company has not commenced commercial operations, has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after completion of a Qualifying Transaction;
- ii. until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions; and
- iii. the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

Substantial Capital Requirements

Substantial additional funds for the establishment of the Company's planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Competition

The health care industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources. Competition could adversely affect the Company's ability to acquire suitable prospects in the future.

Financing Risks and Dilution to Shareholders

The Company has limited financial resources, no operations and no revenues. If the Company's business plan is successful, additional funds will be required. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Price Volatility of Public Stock

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on a stock exchange may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of Interest

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the CBCA in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must at a meeting of the board, disclose his interest and refrain from voting on the matter unless otherwise permitted by the CBCA. In accordance with the laws of Canada, the directors and officers of the Company are required to act honestly, in good faith and in the best interest of the Company.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Buffalo's expenses are provided in the Company's statement of loss and note disclosures contained in its financial statements for the three and six months ended June 30, 2017. These statements are available on Buffalo's SEDAR page accessed through www.sedar.com.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for corporate development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Proposed Transactions

Subsequent to June 30, 2017 on August 9, 2017, the Company announced it has entered into an amalgamation agreement dated August 8, 2017 (the "Agreement") with Waverley Pharma Inc. ("Waverley"). Waverley is a specialty pharmaceutical company that is dedicated to the development and commercialization of safe, effective and affordable oncology drugs. Pursuant to the Agreement, The Company and Waverley will amalgamate (the "Amalgamation") under the *Canada Business Corporations Act* (the "CBCA"). The Company intends that the Amalgamation will constitute its QT, as such term is defined in the policies of the TSX-V.

The Agreement contemplates the Company and Waverley completing a non-arm's length business combination transaction 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 the Company (the "Buffalo Shares") that is outstanding immediately prior to the Amalgamation (other than Buffalo Shares held by shareholders of the Company (the "Buffalo Shareholders") who exercise their dissent rights) shall be 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 Waverley (the "Waverley Shares") that is outstanding immediately prior to the Amalgamation (other than Waverley Shares held by shareholders of Waverley (the "Waverley Shareholders") who exercise their dissent rights) shall be 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. Upon completion of the Amalgamation and assuming the Concurrent Financing, described below, is fully-subscribed, former holders of Buffalo Shares will hold, in the aggregate 13,000,000 Resulting Issuer Shares representing approximately 24.5% of the outstanding Resulting Issuer Shares and the former holder of Waverley Shares will hold, in the aggregate 40,000,000 Resulting Issuer Shares representing approximately 75.5% of the outstanding Resulting Issuer Shares.

The Company expects that the Amalgamation will result in the Resulting Issuer being a Tier 2 Life Sciences Issuer on the TSX-V. An officer and director of the Company, indirectly owns and controls Waverley. As a result, the Amalgamation is a Non-Arm's Length QT (as defined by the policies of the TSX-V). The Amalgamation must be approved by not less than 66^{2/3}% of the votes cast at the meeting (the "Buffalo Meeting") of Buffalo Shareholders. In addition, "Majority of the Minority" approval will be required from disinterested Buffalo Shareholders. It is expected that the Buffalo Meeting will be held on or about October 6, 2017 and a management information circular will be provided to Buffalo Shareholders in due course.

The completion of the Amalgamation is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to (i) the completion of the Concurrent Financing; (ii) the approval by the shareholders of the Company to complete the Amalgamation; (iii) the absence of any material adverse change, material litigation, claims, investigations or other matters affecting the Company and Waverley, including any subsidiary of Waverley; (iv) the closing of the acquisition by Waverley of a marketing rights for two generic oncology products; and (v) receipt of all requisite regulatory, stock exchange, court or governmental authorizations and consents, including the TSX-V. There can be no assurance that the Amalgamation will be completed on the terms proposed above or at all.

A condition to the completion of the Amalgamation, is that the Company complete a financing for gross proceeds of up to \$5,000,000 (the "Concurrent Financing"). It is anticipated that this financing will be undertaken as a "best efforts" brokered private placement of up to 10,000,000 Buffalo Shares at a price of \$0.50 per share and that it will close immediately prior to the closing of the Amalgamation. 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 Concurrent Financing, as well as being entitled to receive up to 700,000 warrants which shall entitle PI to acquire one Buffalo Share at a price of \$0.50 for a period of 24 months following the completion of the Amalgamation.

Proceeds of the Concurrent Financing are currently expected to be used to file applications in the European Union and North America for the approval of its generic oncology products, and for general corporate purposes.

It is estimated that there will be approximately 53,000,000 common shares of the Resulting Issuer issued and outstanding immediately following closing of the Amalgamation and the Concurrent Financing (57,200,000 on a fully-diluted basis), with former shareholders of the Company holding approximately 5.7% of such common shares, former Waverley shareholders holding approximately 75.5% of such common shares and subscribers under the Concurrent Financing holding approximately 18.8% of such common shares.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee intends to meet periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Dated: August 29, 2017