Management Discussion and Analysis
(Expressed in Canadian Dollars)

WAVERLEY PHARMA INC.

Year ended December 31, 2019

BACKGROUND

This Management's Discussion and Analysis ("**MD&A**") of Waverley Pharma Inc. ("**Waverley**" or the "**Company**") is dated May 11, 2020 and provides an analysis of the Company's operations for the year ended December 31, 2019. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2019 which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are in Canadian dollars unless otherwise specified. The audited consolidated financial statements are available on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com under the Company's profile. As of October 27, 2017, the common shares have been listed on Tier 2 of the TSX Venture Exchange (the "**Exchange**" or the "**TSX-V**") under the symbol "WAVE". The address of the Company's registered office and head office is 4-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A are forward-looking statements or information (collectively, forward-looking statements). The Company 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 the Company, that could influence actual results include, but are not limited to: a limited 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 the Company.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company 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 the Company 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 the "*Risks and Uncertainties*" section for more information.

Forward looking statements are based on estimates and assumptions made by management in light of their experience of historical trends, current conditions and expected future developments, as well as factors that are believed to be appropriate. Forward looking statements in this MD&A include, but are not limited to, statements relating to:

- the Company's intention to sell and market its oncological products, Capecitabine and Temozolomide in the United Kingdom (the "**UK**");
- the intention, cost, progress and success of the Company's product development program for WAV-101 and WAV-102;
- the timing of and ability to achieve regulatory approval for marketing authorization ("**MA**") of WAV-101 and WAV-102 in the United States and its territories (the "**USA**") and the European Union (the "**EU**") and applicable milestones payable to Reliance Life Sciences Private Limited ("**RLS**" or the "**Licensor**");
- the Company's intention to sell and market WAV-101 and WAV-102 in the USA and the EU;
- the ability to achieve profitability;
- the Company's ability to establish and maintain relations with collaborators with acceptable development, regulatory and commercialization expertise, and the benefits to be derived from such collaborative efforts;
- the implementation of the Company's business model and strategic plans;
- estimates of the size of the potential markets for Capecitabine, Temozolomide, WAV-101 and WAV-102;
- expectations regarding market risk, including changes in interest rate and foreign currency movements;
- estimates of expenses, future revenue, capital requirements and availability of future financing;
- the Company's intentions regarding the protection of its intellectual property;
- the Company's intention to identify, negotiate and complete business development transactions (e.g. the sale, purchase or license of pharmaceutical products or services); and

FORWARD-LOOKING INFORMATION (continued)

- the Company's business strategy and the expectations that it will not pay dividends for the foreseeable future.

Inherent in forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to predict or control that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such risk factors include, among others, the Company's future product revenues, stage of development, additional capital requirements, risks associated with the completion and timing of clinical trials and obtaining regulatory approval to market the Company's products, the ability to protect its intellectual property, dependence upon collaborative partners, changes in government regulation or regulatory approval processes and rapid technological change in the industry. These factors should be considered carefully and readers are cautioned to not place undue reliance on such forward-looking statements.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the extent and impact of the COVID-19 outbreak on the Company's business including any impact on its customers, suppliers and other third-party service providers;
- the impact of changes between the Canadian dollar and the US dollar, European Euro, British Pound and other foreign exchange rates on the Company's revenues, costs and results;
- the timing of the receipt of regulatory and government approvals for the Company's product development projects;
- the availability of financing for the Company's commercial operations and/or product development projects, or the availability of financing on reasonable terms;
- results of future clinical trials;
- the uncertainties associated with the acceptance and demand for new products;
- government regulation not imposing requirements that significantly increase expenses or that delay or impede the Company's ability to bring new products to market;
- the Company's ability to attract and retain skilled management and employees;
- the Company's ability, amid circumstances and decisions that are out of the Company's control, to maintain adequate supply of product for commercial sale;
- inaccuracies and deficiencies in the scientific understanding of the interaction and effects of pharmaceutical treatments when administered to humans;
- market competition;
- tax benefits and tax rates; and
- the Company's ongoing relations with its employees and with its business partners.

COMPANY OVERVIEW

The Company was incorporated as Buffalo Capital Inc. ("**Buffalo**") pursuant to the provisions of the Canada Business Corporations Act ("**CBCA**") on December 14, 2016, and was classified as a Capital Pool Corporation ("**CPC**") as defined by Policy 2.4 of the Exchange. On October 24, 2017, Buffalo completed a Qualifying Transaction ("**QT**") by entering into a non-arm's length business combination transaction by way of amalgamation (the "**Amalgamation**") with Waverley Pharma Inc. ("**Old Waverley**") pursuant to the CBCA to continue as the Company (the "**Resulting Issuer**").

The Company is a biopharmaceutical company engaged in the research, development and commercialization of human therapeutics focused on oncology. Through its wholly owned Barbadian subsidiary, Waverley Pharma International Inc. ("**WPII**"), the Company entered into a license, manufacture, supply, marketing and distribution agreement with RLS or the Licensor, by which the Licensor granted the Company an exclusive territorial license to market and sell Capecitabine in the UK and Germany as well as a non-exclusive territorial license to market and sell Temozolomide in the UK. Additionally, the Company acquired exclusive territorial licenses from RLS to two oncologic drugs currently under development, WAV-101 and WAV-102 in the USA, Canada, and the EU, excluding the UK, where a non-exclusive territorial license has been acquired. These products are marketed in the EU through the Company's wholly owned Irish subsidiary, Waverley Pharma Europe Limited ("**WPEL**"). The Company's fiscal year end is December 31st.

FOURTH QUARTER

The Company recorded a net loss of $357,596 ($0.00 per Common Share) for the three months ended December 31, 2019 compared to a net loss of $250,025 ($0.00 per Common Share) during the three months ended December 31, 2018. Factors contributing to the increased net loss of $107,571 during the three months ended December 31, 2019 compared to the same period in the prior year included:

- Increase in cost of goods sold of $144,424 for the three months ended December 31, 2019 in comparison to the same period in the prior year. The increased cost of goods sold during the fourth quarter of 2019 is directly attributable to the higher revenue in the current quarter.
- Increase in selling, general and administrative expenses of $98,126 as result of an increase in bad debt expense due to delays in collections on accounts as a result of COVID-19, higher professional fees paid during the quarter as a result of distribution and planning activities, and higher salaries, wages and benefits in the current quarter, which is the direct result of the Company increasing its staffing headcount in the current fiscal year.

Offset by:

- Net revenue of $272,422 for the three months ended December 31, 2019 in comparison to net revenue of $223,401 during the same period in the prior year. The increase in revenue in the current quarter is related to the Company selling its products, Capecitabine and Temozolomide, for the entire quarter, compared to the prior year where the commencement of the sales of Temozolomide and Capecitabine began in November 2018.
- Decrease in stock-based compensation expense of $30,676, due to the timing of vesting of previously granted options. The Company did not issue any options during the 2019 fiscal year.
- Increase in loss recovery under the profit share agreement of $119,380. The increase can be attributed to the Company recording higher sales in the current quarter and subsequently recovering more losses through the profit share agreement.

The following table provides an overview of the financial results for the three months ended December 31, 2019 compared to the three months ended December 31, 2018:

For the three months ended December 31	**2019**	2018	Change
Revenue	**$ 272,422**	$ 223,401	$ 49,021
Cost of goods sold	**(335,067)**	(190,643)	(144,424)
Selling, general and administration	**(379,815)**	(281,689)	(98,126)
Research and development	**(33,821)**	(17,055)	(16,766)
Loss recovery under profit sharing arrangement	**125,032**	5,652	119,380
Finance income, net	**6,346**	16,894	(10,548)
Foreign exchange loss	**(12,693)**	(6,585)	(6,108)
Net loss	**$ (357,596)**	$ (250,025)	$ (107,571)
Translation adjustment	**(4,342)**	56,726	(61,068)
Comprehensive loss	**$ (361,938)**	$ (193,299)	$ (168,639)

OVERALL PERFORMANCE

The Company recorded a net loss of $1,214,778 ($0.02 per Common Share) for the year ended December 31, 2019 compared to a net loss of $1,420,708 ($0.03 per Common Share) during the year ended December 31, 2018. Factors contributing to the decreased net loss of $205,930 during the year ended December 31, 2019 compared to the prior year included:

- Net revenue increased by $933,873 for the year ended December 31, 2019 in comparison to the prior year. The increase in net revenue can be attributable to the Company selling its product, Temozolomide and Capecitabine for the entire year in comparison to only the fourth quarter in the prior year.
- Increase in the loss recovery under the profit share agreement of $147,140 attributable to the Company selling its products throughout all of fiscal 2019, compared to only the fourth quarter in the prior year.
- Decrease in research and development cost of $637,684 related to fees paid to various agencies in the EU and USA during the prior year; as it seeks approval for Company's products under development, WAV-101 and WAV-102.

Offset by:

- Cost of goods sold increased by $917,696 for the year ended December 31, 2019 directly attributable to the increase in revenue in the current period in comparison to the prior year.
- Increase in selling, general and administrative expenses of $582,792 as result of an increase in bad debt expense due to delays in collections on accounts as a result of COVID-19; higher professional fees paid during the year as a result of distribution and planning activities; higher salaries, wages and benefits in the current quarter, which is the direct result of the Company increasing its staffing headcount in the current fiscal year; and increased selling expenses relating to third party logistics and commissions, which is attributable to the higher revenue in the current year.

The following table provides an overview of the financial results for the year ended December 31, 2019 compared to the year ended December 31, 2018:

For the year ended December 31	**2019**	2018	Change
Revenue	**$ 1,157,274**	$ 223,401	$ 933,873
Cost of goods sold	**(1,108,339)**	(190,643)	(917,696)
Selling, general and administration	**(1,375,375)**	(792,583)	(582,792)
Research and development	**(87,204)**	(724,888)	637,684
Loss recovery under profit sharing arrangement	**152,792**	5,652	147,140
Finance income, net	**45,993**	65,755	(19,762)
Foreign exchange loss	**81**	(7,402)	7,483
Net loss	**$ (1,214,778)**	$ (1,420,708)	$ 205,930
Translation adjustment	**(59,027)**	83,912	(142,939)
Net loss and comprehensive loss	**$ (1,273,805)**	$ (1,336,796)	$ 62,991

NET REVENUE

For the year ended December 31		**2019**		2018		Change
Capecitabine	**$**	**948,538**	$	204,890	$	819,389
Temozolomide		**208,736**		18,511		206,893
Total, net revenue	**$**	**1,157,274**	$	223,401	$	1,026,282

Net revenue for the year ended December 31, 2019 totaled $1,157,274 compared to $223,401 for the year ended December 31, 2018. Commercial sales began in November 2018, following the approval of the transfer of MA of Capecitabine and Temozolomide in the UK from RLS. As a result, the Company only recorded revenue from sales of Capecitabine and Temozolomide in the fourth quarter of 2018 in the prior year.

The Company currently sells Capecitabine and Temozolomide through its third-party distributor to the UK National Health Service (the "**UK NHS**") through tenders awarded by the UK NHS.

COST OF GOODS SOLD

For the year ended December 31		**2019**		2018		Change
Capecitabine	**$**	**930,347**	$	173,737	$	756,610
Temozolomide		**177,992**		16,906		161,086
Total, cost of goods sold	**$**	**1,108,339**	$	190,643	$	917,696

Cost of goods sold for the year ended December 31, 2019 totaled $1,108,339 compared to 190,643 for the year ended December 31, 2018. Cost of goods sold for the years ended December 31, 2019 and 2018 include the cost of products available for sale and bringing the inventory to its present location immediately prior to sale.

SELLING, GENERAL AND ADMINISTRATION

For the year ended December 31		**2019**		2018		Change
Administrative and other	**$**	**575,485**	$	150,870	$	424,615
Professional and consulting fees		**267,209**		165,541		101,668
Salaries, wages & benefits		**227,653**		209,964		17,689
Selling expenses		**-**		13,825		(13,825)
Stock-based compensation		**146,816**		252,383		(105,567)
Bad debt expense		**158,212**		-		158,212
Total, selling, general and administration	**$**	**1,375,375**	$	792,583	$	582,792

Selling, general and administrative costs during the year ended December 31, 2019 were $1,375,375 compared to $792,583 during the year ended December 31, 2018, an increase of $582,792. Significant differences during the year ended December 31, 2019 compared to the year ended December 31, 2018 are as follows:

- Administrative and other expenses were $575,485 for the year ended December 31, 2019 (2018 - $150,870). The increase of $424,615 during the year ended December 31, 2019 was the result of a full year of commercialization of Capecitabine and Temozolomide during the year ended December 31, 2019, compared to the Company only recording sales in the fourth quarter of the prior year. The Company classifies such expenditures related to the Company's transfer agent, insurance, rent and regulatory fees incurred relating to currently marketed products in this category.
- Professional and consulting fees were $267,209 for the year ended December 31, 2019 (2018 – $165,541). The increase of $101,668 during the year ended December 31, 2019 was the result of the Company incurring additional expenditures relating to accounting and audit as well as increased professional fees as the result of engagements commenced relating to pharmacovigilance and development of procedures for the Company's commercial operations.
- Salaries, wages & benefits were $227,653 for the year ended December 31, 2019 (2018 – $209,964). The increased expenditures of $17,689 during the year ended December 31, 2019 were the result of the Company increasing its staff headcount during the year, as the Company only started the commercial sales of its products during the fourth quarter of the prior year. Expenditures for both periods includes the salary of the Company's employees and compensation of the then current Chief Executive Officer ("**CEO**").
- Stock-based compensation was $146,816 for the year ended December 31, 2019 (2018 – $252,383). The decrease in expense of $105,567 during the year ended December 31, 2019 was the result of the service expense of the options granted during 2018, as well as the 2017 options vesting over time during the year ended December 31, 2018. The Company's expense during the year ended December 31, 2019 was lower due to a shorter period of service expense in the current year, due to the grant of the options occurring in early 2018 in the prior year. During 2019, there were no options granted.
- Bad debt expense was $158,212 for the year ended December 31, 2019 (2018 – nil). The increase in bad debt expense in the current year was a result of unforeseen delays in collections of payments as a result of COVID-19.

RESEARCH AND DEVELOPMENT

For the year ended December 31		**2019**		2018		Change
Licensing fees	**$**	**85,851**	$	679,645	$	(593,794)
Professional and consulting fees		**1,353**		45,243		(43,890)
Total, research and development	**$**	**87,204**	$	724,888	$	(637,684)

Research and development costs for the year ended December 31, 2019 were $87,204 compared to $724,888 during the year ended December 31, 2018. The decrease of $637,684 was the result of the Company commencing the commercialization of its products during 2018 and thus the expenditures relating to payments to regulatory authorities for various filings were considerably higher in the prior year. 2019 expenditures included payments to regulatory authorities for the filings of WAV – 101 and WAV – 102.

DISCUSSION OF OPERATIONS

On February 3, 2020, subsequent to year-end, the Company announced the appointment, by the board of directors, of Mr. Larry Thiessen as the new President and CEO, effective February 1, 2020. Mr. Thiessen has extensive

pharmaceutical experience having worked for Bausch Health Companies Inc. (formerly Biovail Corporation), for the past 28 years, working his way up from manager to site director of the manufacturing operation in Steinbach, Manitoba. In addition, the Company announced that it has authorized the grant of an aggregate of 250,000 options (each an "**option**") to certain directors and officers of the Company, including Mr. Thiessen, in accordance with the Company's stock option plan. Each option is exercisable into one common share of the Company at the exercise price of $0.10, for a period of five years from the date of grant.

On January 8, 2020, subsequent to year-end, the Company announced the resignations of both Dr. Theron (Ted) Odlaug as CEO and Pieter de Visser as Chief Financial Officer ("**CFO**") and a member of the board of directors, effective December 31, 2019. On January 8, 2020, the Company appointed Mr. Haaris Uddin to the position of CFO.

On December 17, 2019, the Company announced that it has been granted MA in the UK by the Medicines & Healthcare products Regulatory Agency ("**MHRA**") for three different strengths of generic Erlotinib (25 mg, 100 mg and150 mg tablets). Erlotinib is an oral oncology medication used to treat non-small cell lung cancer and pancreatic cancer.

On December 19, 2018, the Company announced that WPEL has entered into a storage and distribution agreement with Mawdsley-Brooks & Co. Ltd. ("**Mawdsleys**") to distribute various strengths of Capecitabine and Temozolomide on WPEL's behalf to hospitals in the UK under binding contracts that WPEL has secured with the UK NHS. These two generic oncology products were originally developed by RLS, and the contracts with the UK NHS for the supply of these products were previously transferred to WPEL. The Company's sales from these products began in November 2018.

On June 27, 2018, the Company announced that WPII had submitted two abbreviated new drug applications (the "**ANDAs**") with the United States Food and Drug Administration (the "**FDA**") for two high value anti-cancer drugs. These ANDA filings are the result of an exclusive product supply and development agreement executed with RLS on August 30, 2017.

On June 25, 2018, the Company announced that WPII had acquired two generic oncology products, Temozolomide and Capecitabine, currently marketed in the UK, from RLS. In addition to the products, the Company acquired binding contracts with the UK NHS for the supply of the Temozolomide and Capecitabine. The products will be manufactured by RLS at its MHRA approved facility in Mumbai, India and supplied to the Company. The Company anticipates modest profit margins relating to the sale of these two products following the payment of transfer prices to RLS and subsequent to distributor and analytical testing charges in the UK.

On April 17, 2018, the Company announced that WPEL had submitted its second marketing authorization application in select EU countries through the EU's De-Centralized Procedure for an anti-cancer generic drug.

On March 12, 2018, the Company announced that WPEL had submitted a marketing authorization application in select EU countries through the EU's De-Centralized Procedure for an anti-cancer generic drug.

PRODUCT DEVELOPMENT

The Company's initial research project was the development of a novel PARP-1 inhibitor for cancer treatment. In an effort to augment the product pipeline and vastly reduce the time to revenue and profitability, the Company's current focus is on the generic oncology injectable market in the EU, UK and North America.

The Company commenced filing applications in certain member states of the EU in late 2017 and has continued to file and incur related costs through May 11, 2020, for the approval of its two generic oncology products, WAV-101 and WAV-102. Additionally, the Company has completed filings for WAV-101 and WAV-102 with the FDA and has incurred related regulatory costs during the year ended December 31, 2019.

Increasing incidences of cancer, patent expiry of a number of blockbuster oncology drugs and the high cost of cancer treatment, has led to a robust growth in the market for generic oncology drugs. In addition to their strong growth, these drugs also enjoy high product differentiation and entry barriers.

WAV-101 is an injectable generic chemotherapy drug, developed for the treatment of non-small cell lung cancer and pleural mesothelioma. Currently the brand generates annual revenue of over USD $1 billion. Regulatory filings have been made in the USA and the EU and the Company is currently seeking a sales and marketing partner for the EU.

WAV-102 is also an injectable generic chemotherapy drug, developed for the treatment of multiple myeloma and mantle cell lymphoma. Currently the brand generates annual revenue of over USD $800 million. Regulatory filings have been made in the USA and the EU and the Company is currently seeking a sales and marketing partner for the EU.

As the drug substance and drug product patents for the branded version of these two drugs near expiry, several generics are expected to compete in these therapeutic segments.

Through its extensive contacts and marketing relationships, the Company plans to commercialize WAV-101 and WAV-102. In addition to its presence in Canada, Waverley has wholly-owned subsidiaries in Barbados and Ireland to help the Company navigate the regulatory process and realize the commercial potential of Waverley's innovative products in the region.

HISTORIC USE OF PROCEEDS

Concurrent to the completion of the Company's QT, the Company completed a brokered private placement financing in which it issued 11,000,000 Buffalo Shares at an issue price of $0.50 per share for aggregate gross proceeds of $5,500,000 (the "**Concurrent Financing**") and representing an oversubscription of 1,000,000 Buffalo Shares (10%) over the amount of the Concurrent Financing that had previously been announced. Upon completion of the QT, these 11,000,000 Buffalo Shares were converted into 11,000,000 Resulting Issuer shares. PI Financial Corp. ("**PI**") acted as lead agent in connection with the Concurrent Financing and was paid a cash commission of 7% of the gross proceeds of the Concurrent Financing, as well as receiving 770,000 warrants (converted into Resulting Issuer warrants upon the Amalgamation) which 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. On October 24, 2019, the remaining 770,000 warrants issued as part of the Concurrent Financing expired without being exercised.

The following table sets out a comparison of the stated use of proceeds for the Concurrent Financing and how the Company actually used the proceeds from the Concurrent Financing.

Intended Use of Proceeds	Actual Use of Proceeds
To fund development costs associated with the Company's two generic drugs and for working capital and general corporate purposes.	The proceeds have been used as intended, to further the Company's product development activities while meeting the Company's general administrative requirements. As at December 31, 2019, the Company had not fully-expended the funds raised in the Concurrent Financing.

SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated financial information for the periods indicated. Other selected financial information provided below is derived from the Company's audited financial statements for the years ended December 31, 2019, 2018 and 2017. These historic results may not be indicative of the Company's future performance.

For the year ended December 31	**2019**	2018	2017
Revenue	**$ 1,157,274**	$ 223,401	$ -
Net loss	**(1,214,778)**	(1,420,708)	(2,357,540)
Total assets	**4,393,722**	5,236,565	6,657,868
Total non-current financial liabilities	**-**	-	(940,875)

Variations in the Company's net losses and expenses for the periods above resulted primarily from the following factors:

- Revenue: The Company began to earn revenue during the fourth quarter of the prior year ended December 31, 2018 from the sales of Capecitabine and Temozolomide, for which a license was acquired from RLS in June 2018. Therefore, 2019 represented the first full year the Company earned revenue from the commercialization of its products. The Company did not have any revenue during the year ended December 31, 2017.
- Net loss: Subsequent to the completion of the Company's QT and Concurrent Financing in Q4 2017, the Company commenced operations and has since incurred costs related to administrative expenses, professional and consulting fees, staffing and stock-based compensation expense relating to options issued to directors and a consultant. The Company's decreasing net loss from the two prior years of operations was the result of increased revenue from the sale of products (as discussed above), increased finance income from interest earned on cash held from the proceeds of the QT for a full year compared to only a portion of 2017 following the QT, and the absence of the listing costs incurred during the year ended December 31, 2017 as a result of the QT. In addition, the Company realized a decrease in research and development costs, which is discussed in greater detail in the "*Research and Development"* section. Offsetting the decreases in net loss during the year ended December 31, 2019 was the Company's increased selling, general and administrative expenditures discussed in greater detail in the "*Selling, General and Administration"* section.
- Total assets: Total assets at December 31, 2019 totaled $4,393,722 compared to $5,236,565 at December 31, 2018. The contributing factors in the decreases in total assets at December 31, 2019 from the prior year was primarily the result of a net loss of $1,214,778, offset by $146,826 for stock-based compensation, a non-cash item, incurred during the year ended December 31, 2019. At December 31, 2017, the Company had assets of $6,657,868, mainly the result of the completion of the Concurrent Financing in October 2017.
- Non-current financial liabilities: Non-current liabilities were nil at December 31, 2019 compared to nil at December 31, 2018, and $940,875 at December 31, 2017. Non-current liabilities at December 31, 2017 represent amounts payable upon the achievement of certain milestones in the Company's development programs of WAV-101 and WAV-102.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited consolidated financial information for the periods indicated. The financial information provided below is derived from the Company's unaudited quarterly condensed consolidated interim financial statements in the 2019 and 2018 year ends for each of the last eight quarters. These historic results may not be indicative of the Company's future performance.

	Three months ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Revenue	**$ 272,422**	$264,290	$ 378,190	$ 242,372
Cost of goods sold	**(335,067)**	(243,809)	(317,754)	(211,709)
Selling, general and administration	**(379,815)**	(514,451)	(288,199)	(192,909)
Research and development	**(33,821)**	(3,282)	(4,772)	(45,329)
Loss recovery under profit sharing arrangement	**125,032**	11,301	4,096	12,363
Finance income, net	**6,346**	10,533	11,537	17,577
Foreign exchange gain (loss)	**(12,693)**	4,890	(13,297)	5,565
Net loss	**(357,596)**	(480,298)	(230,199)	(172,070)
Other comprehensive income (loss)	**(4,342)**	5,941	(33,265)	(26,911)
Basic loss per share	**(0.00)**	(0.01)	(0.00)	(0.00)
Diluted loss per share	**(0.00)**	(0.01)	(0.00)	(0.00)

	Three Months Ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Revenue	$ 223,401	$ -	$ -	$ -
Selling, general and administration	(190,643)	-	-	-
Research and development	(281,689)	(218,620)	(157,614)	(134,660)
Listing costs	(17,055)	(9,189)	(468,335)	(230,309)
Finance income (expense), net	5,652	-	-	-
Foreign exchange (loss) gain	16,894	16,820	14,756	17,285
Net loss	(6,585)	(1,120)	258	45
Other comprehensive (loss) income	(250,025)	(212,109)	(610,935)	(347,639)
Basic loss per share	56,726	(17,166)	22,545	21,807
Diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)

SUMMARY OF QUARTERLY RESULTS (continued)

Variations in the Company's net losses and expenses for the periods above resulted primarily from the following factors:

- Revenue: During Q4 2019, the Company continued to earn revenue from the sales of Capecitabine and Temozolomide, for which a license was acquired from RLS in June of the prior year. The Company continued selling its products through its third-party distributor, based on tenders awarded by the UK NHS. In the prior year, the Company only began selling its products in November of the fourth quarter of 2018, therefore, 2019 represents the first full year of sales recognized by the Company.
- Selling, general and administrative: As mentioned above, given 2019 was the first full year of earning revenue, the Company incurred higher expenses relating to selling costs, professional fees, and regulatory expenses which resulted in selling, general and administrative costs increasing in the current year. These amounts were off-set by the lower stock-based compensation expense in the current year, as there were no options granted during fiscal 2019.
- Research and development: Subsequent to the completion of the Company's QT and Concurrent Financing in Q4 2017, the Company commenced operations and incurred fees relating to the filing of drug formulation dossiers related to the Company's current drug development programs. Therefore, research and development expenses are lower in the current year based on the timing and nature of expenses incurred.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared in accordance with 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 consolidated financial statements do not include any adjustments to assets or liabilities should the Company be unable to continue in existence.

Sources and Uses of Cash

As at December 31, 2019, the Company had cash resources of $1,477,417 compared to $2,942,968 as at December 31, 2018. As at December 31, 2019, the Company had working capital of $990,818 compared to working capital of $2,062,436 at December 31, 2018. The decrease in cash of $1,465,551 during the year ended December 31, 2019 is primarily the result of the net loss of $1,214,778 incurred by the Company during the year ended December 31, 2019.

The following is a summary of cash flows from the years ended December 31, 2019 and 2018:

For the year ended December 31	**2019**	2018
Cash used in operating activities	**$ (1,412,845)**	$ (1,452,211)
Cash used in financing activities	**-**	(488,798)
Effect of exchange rates differences on cash	**(52,706)**	27,735
Net increase in cash and cash equivalents	**$ (1,465,551)**	$ (1,913,274)

Cash used in operating activities for year ended December 31, 2019 was $1,412,845 compared to $1,452,211 for the year ended December 31, 2018, a decrease of $39,366. Cash used in operating for the year ended December 31, 2019 was the result of a net loss incurred by the Company of $1,214,788 and working capital adjustments for an increase in accounts receivable of $598,595, inventory of $58,255 and prepaid expenses of $21,229; offset by an adjustment for stock-based compensation of $146,816 and a working capital adjustment for an increase in accounts payable and accrued liabilities of $333,196. Cash used in operating activities for the year ended December 31, 2018 was the result of a net loss incurred by the Company of $1,420,708, and working capital adjustments of an increase in accounts receivable of $292,615, inventory of $28,796 and prepaid expenses of $8,891; offset by an adjustment for stock-based compensation totaling $252,383 and a working capital adjustment for an increase in accounts payable and accrued liabilities of $46,616.

Cash used in financing activities for the year ended December 31, 2019 was nil compared to cash used in financing activities for the year ended December 31, 2018 totaling $488,798. The decrease in cash flows used in financing activities was the result of milestone payments made to the Licensor in fiscal 2018 upon the occurrence of the achievement of specific activities relating to the Company's drug development.

Funding requirements

The Company has not been profitable through December 31, 2019, and as a result, it has financed its operating expenditures and capital costs. Operational activities during the year ended December 31, 2019 were financed by the proceeds from the Concurrent Financing.

The Company will consider investments through public or private financings. The Company's development programs are modular and can be scaled to accommodate the Company's financing strategy and timing.

Working Capital

The Company had working capital of $990,818 at December 31, 2019, compared to working capital of $2,062,436 at December 31, 2018. The decrease in working capital of $1,071,618 was a result of a decrease in cash of $1,465,551 increases in accounts payable and accrued liabilities of $333,196 offset by increases in accounts receivable of $598,595, inventory of $58,255, and prepaids of $21,229.

CONTRACTUAL OBLIGATIONS

On June 7, 2018, the Company through WPII entered into a license, manufacture, supply, marketing and distribution agreement with RLS by which the Licensor granted the Company an exclusive territorial license to market and sell Capecitabine in the UK and Germany and non-exclusive territorial license to market and sell Temozolomide in the UK. Additionally, the Company has assumed the obligations associated with binding contracts held by the Licensor for the supply of these products to the UK NHS. All inventory purchased for resale will be purchased from RLS, in accordance with the June 7, 2018 agreement.

In connection with the signing of the June 7, 2018 agreement, the Company entered into a profit and/or loss sharing arrangement resulting in a portion of the net profits, after a margin deduction to the Company on the sales of Capecitabine and Temozolomide, to be paid to RLS. During the year ended December 31, 2019, the Company recorded a recovery of $152,792 (2018 - $5,652) in its statement of loss. At December 31, 2019, the Company elected to allow for the entire amount owed from the profit share agreement due to significant unforeseen delays caused by COVID-19.

On August 30, 2017, the Company acquired exclusive licenses to sell and market two generic cancer drugs from RLS, in the USA, Canada and EU (excluding the UK where a non-exclusive license was acquired). An up-front payment of US $20,000 was made upon signing of the term sheet on July 5, 2017 and a US $180,000 payment was made upon signing of the definitive documentation on August 30, 2017. Additional payments of US $1,200,000 are payable upon certain development and approval based milestones being met and as at December 31, 2019, the Company has paid US $650,000 of this amount with US $750,000 ($974,100 CAD) recorded as license fee payable. The amount recorded as license fee payable represents the remaining portion of the milestones which have not been met, the remaining milestone payments are recorded as current liabilities as they are expected to be met within one year of December 31, 2019. Additionally, the Company will purchase inventory and pay a royalty of 7.5% of its net sales from these two products to the Licensor. The term of the August 30, 2017 agreement is a period of ten (10) years, which begins when regulatory approval is obtained in the USA.

As at December 31, 2019, and in the normal course of business, the Company has obligations to make future payments representing contracts and other commitments that are known and committed. The Company, through WPEL**,** has committed to purchase inventory totaling £107,527($184,667 CAD), has entered into a lease of office space at a rate of €1,095 ($1,597 CAD) per month for a term ending October 31, 2020, and has a commitment of US $7,630 ($9,910 CAD) for professional services to be provided to the Company.

LIQUIDITY RISK

The Company manages liquidity risk through maintaining sufficient cash to finance its operations and seeking financing from existing shareholders and outside investors as required. The Company may have a working capital deficiency in the next twelve months if it is unable to raise enough cash to finance its planned business operations. If the Company does have a working capital deficiency, it may not be able to pay continuing obligations as they become due such as the commitments listed in *"Contractual Obligations"* above. The Company intends to satisfy its continuing operating expenditures through existing cash on hand and through future equity offerings. Using the proceeds from future equity offerings, the Company will work toward the commercialization of current and future generic drugs in which it holds a license, and may acquire additional products or licenses or fund additional developments internally. If financing is not available on reasonable terms as a result of external factors, such as disruptions in the capital markets, the Company's liquidity may be affected.

OUTSTANDING SHARE CAPITAL

As of May 11, 2020, 54,000,000 Common Shares were issued and outstanding. Other outstanding securities convertible into Common Shares are summarized in the following table:

	Number of Common Shares and Options Outstanding as of May 11, 2020	Number of Options exercisable into Common Shares as of May 11, 2020	Number of Common Shares and Options Outstanding as of December 31, 2019
Common shares issued and outstanding[(1)(2)]	54,000,000	-	54,000,000
Options[(3)(4)(5)(6)(7)(8)]	2,025,000	1,428,332	1,750,000

Notes:

(1) On October 24, 2017, pursuant to the Amalgamation, 14,000,000 Buffalo Shares converted into 14,000,000 Resulting Issuer Shares at the Buffalo Exchange Ratio at a deemed price of $0.50 per Resulting Issuer Share.
(2) On October 24, 2017, pursuant to the Amalgamation, 100 Old Waverley Shares converted into 40,000,000 Resulting Issuer Shares at the Waverley Exchange Ratio at a deemed price of $0.50 per Resulting Issuer Share
(3) On October 24, 2017, pursuant to the Amalgamation, 300,000 Buffalo options to purchase one (1) Buffalo Share were converted into Resulting Issuer options at a 1:1 exchange ratio entitling the holder to purchase one (1) Resulting Issuer Share per Resulting Issuer option at an exercise price of $0.20 per Resulting Issuer Share.
(4) On October 24, 2017, the Company granted 1,000,000 options to certain directors and a consultant of the Company with each option entitling the holder to purchase one (1) Resulting Issuer Share at an exercise price of $0.50 per Resulting Issuer Share and expiring October 24, 2027.
(5) On August 1, 2018 the Company granted 400,000 options to certain directors and an officer of the Company and its subsidiaries with each option entitling the holder to purchase one (1) common share of the Company at an exercise price of $0.26 per common share and expiring August 1, 2023.
(6) On December 1, 2018, the Company granted 50,000 options to an employee of the Company with each option entitling the holder to purchase one (1) common share of the Company at an exercise price of $0.285 per common share and expiring December 1, 2023.
(7) On February 1, 2020, the Company granted 250,000 options to certain directors and officers of the Company with each option entitling the holder to purchase one (1) common share of the Company at an exercise price of $0.10 per common share and expiring February 1, 2025.
(8) On March 2, 2020, the Company granted 25,000 options to an employee of the Company, with each option entitling the holder to purchase one (1) common share of the Company at an exercise price of $0.10 per common share and expiring March 2, 2025.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, Chief Financial Officer and Chief Executive Officer who held the positions until the end of the year were key management personnel during fiscal 2019. The former Chief Executive Officer (the "**Former CEO**") was considered key management during the year ended December 31, 2018, until his resignation, effective July 26, 2018. Compensation paid to CanAm (as defined below) for the services provided by the Former CEO was included within the compensation paid to key management personnel for the year ended December 31, 2018.

The following table details the compensation paid to key management personnel:

For the year ended December 31		**2019**		2018
Salaries, fees and short-term benefits	**$**	**136,035**	$	149,511
Stock-based compensation		**128,356**		228,877
	$	**264,391**	$	378,388

Directors and key management personnel control 75% of the voting shares of the Company as at December 31, 2019 (2018 - 75%).

During the year ended December 31, 2019, the Company paid CanAm BioResearch Inc. ("**CanAm**"), a company controlled by a director of the Company, a total of nil (2018 – $79,743) for CEO services provided by the Former CEO.

During the year ended December 31, 2019, the Company paid Genesys Venture Inc. ("**GVI**"), a company controlled by a director of the Company, a total of $3,500 (2018 – $9,450) for rental of office space and $11,608 (2018 - $11,018) for business administration services.

During the year ended December 31, 2019, the Company paid GVI Clinical Development Solutions ("**GVI CDS**"), a company controlled by a director of the Company, $1,444 (2018 – $12,645) for regulatory affairs consulting.

These transactions were in the normal course of business and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at December 31, 2019, included in accounts payable and accrued liabilities is $2,351 (2018 - $2,987) payable to GVI and nil (2018 - $282) to GVI CDS, which are unsecured, payable on demand and non-interest bearing.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

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.

Areas in which management has made critical judgments in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the determination of the Company's and its subsidiaries' functional currencies.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

- Estimates of variable consideration receivable from revenue from contracts with customers
- Estimates of the measurement and valuation of inventory
- Estimates of the measurement and period of use of intangible assets
- Estimates of accruals for research and development costs
- Estimates and assessment of the recoverability of unused tax losses and deductible temporary differences

- Estimates regarding assumptions used to estimate the value of share-based payment transactions and warrants

CRITICAL ACCOUNTING ESTIMATES (continued)

The consolidated financial statements for the year ended December 31, 2019, 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 financing provided from external sources to continue as a going concern. Management intends to raise capital in order to fund its operations, however, the outcome of any financing activities cannot be predicted at this time. In addition, there is uncertainty surrounding the potential impacts of COVID-19 and BREXIT on the Company and its subsidiaries. The COVID-19 pandemic has resulted in subsequent closures in an effort to combat the spread of the virus. Due to the preventive measures taken by the UK, the EU and Canada with respect to preventing the spread of the virus, the Company is unable at this time, to assess the impact of both COVID-19 and BREXIT on the Company and its subsidiaries operations. 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 therefrom, raise capital and obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing liabilities. The consolidated 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.

OFF BALANCE SHEET ITEMS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments at December 31, 2019 and 2018 consist of the following:

As at December 31		**2019**		2018
Financial Assets				
Cash	**$**	**1,477,417**	$	2,942,968
Amounts receivable		**926,579**		327,984
Financial Liabilities				
Accounts payable and accrued liabilities		**(574,295)**		(241,099)
Current portion of license fee payable		**(974,100)**		(1,023,150)

The Company initially recognizes a financial asset on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has classified all of its non-derivative financial assets as financial assets measured at amortized cost. The Company has not classified any assets financial assets measured at fair value through profit or loss or fair value through other comprehensive income.

A non-derivative financial asset is measured at amortized cost when both of the following conditions are met: (i) the

asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows;

FINANCIAL INSTRUMENTS AND RISKS (continued)

and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost. Financial assets measured at amortized cost are comprised of cash and amounts receivable.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. All financial liabilities are measured at amortized cost, expect for financial liabilities measured at fair value through profit or loss. A financial liability may no longer be reclassified subsequent to initial recognition. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The Company has the following non-derivative financial liabilities which are classified as financial liabilities measured at amortized cost: accounts payable and accrued liabilities and license fee payable.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or when they expire.

The Company is exposed to currency risks through the following USD and GBP denominated financial assets and liabilities:

		December 31, 2019		December 31, 2018
USD (Expressed in USD)				
Cash	**$**	**78,818**	$	96,748
Accounts receivable		**1,575**		24,062
Accounts payable and accrued liabilities		**(28,561)**		(9,830)
Current portion of license fee payable		**(750,000)**		(750,000)
	$	**(698,168)**	$	(639,020)
GBP (Expressed in GBP)				
Cash	**£**	**10,959**	£	-
Accounts receivable		**534,194**		160,268
Accounts payable and accrued liabilities		**(249,910)**		(87,060)
	£	**295,243**	£	73,208

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.

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.

RISKS AND UNCERTAINTIES (continued)

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 is not currently profitable. 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. Specifically, the Company is unable to measure the impacts of Brexit and COVID-19 on its operations at this time.

Disease Outbreak

Disease outbreaks may negatively impact the performance of the Company. A local, regional, national or international outbreak of a contagious disease, including the COVID 19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could interrupt supplies and other services from third parties upon which the Company relies (including contract manufacturers, marketing and transportation and logistics providers), decrease demand for the Company's products, decrease the willingness of the general population to travel, cause staff shortages, reduce customer demand, and increase government regulation, all of which may materially and negatively impact the business, financial condition and results of operations of the Company. In particular, if the current outbreak of the COVID 19 coronavirus continues or increases in severity, the Company could experience difficulty in executing it strategic plans and the marketing, sales, production, logistics and distribution of its products could be severely disrupted. These events could materially and adversely affect the Company's business and could have a material adverse effect on the Company's liquidity and its financial results.

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 of, 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 Waverley's expenses are provided in the Company's statement of loss and note disclosures contained in its financial statements for the year ended December 31, 2019. These statements are available on Waverley'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 and business development activities. 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 Company 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.

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: May 11, 2020