

**EARLY WARNING REPORT**  
**Relating to the Acquisition of Securities in the Capital of**  
**Waverley Pharma Inc.**

The undersigned hereby certifies:

**Item 1 – Security and Reporting Issuer**

- 1.1 This report relates to common share purchase warrants (the **“Warrants”**) in the capital of:

Waverley Pharma Inc. (the **“Issuer”**)  
4-1250 Waverley Street  
Winnipeg, Manitoba  
Canada, R3T 6C6

- 1.2 The Issuer’s common shares (the **“Common Shares”**) are listed for trading on TSX Venture Exchange under they symbol **“WAVE”**.

**Item 2 – Identity of the Acquiror**

- 2.1 The name and address of the acquiror is:

Dr. Albert D. Friesen (the **“Acquiror”**)  
77 Shorecrest Drive  
Winnipeg, MB R3P 1P4

- 2.2 On June 21, 2021, the Issuer entered into a \$3,000,000 Line of Credit facility (the **“Credit Facility”**) with Steinbach Credit Union Limited (the **“Transaction”**).

As part of the Transaction, the Acquiror personally, and through entities controlled by him, provided the collateral for the Credit Facility and guaranteed the Issuer’s obligations thereunder. In consideration for providing the collateral and guarantees, the Acquiror has been issued 10,000,000 non-transferable Warrants. Each Warrant entitles the holder to purchase one Common Share at an exercise price of \$0.11 for a period of five years from the date of issuance.

- 2.3 State the names of any joint actors.

Not applicable

**Item 3 – Interest in Securities of the Reporting Issuer**

- 3.1 See Item 2.2 above.

Prior to the acquisition of the Warrants, the Acquiror beneficially owned or exercised control or direction over 40,292,000 Common Shares and 175,000 stock options, representing approximately 74.61% and 74.70% of the issued and outstanding Common Shares on an undiluted and diluted basis, respectively. Following the acquisition of Warrants, the Acquiror beneficially owns or exercises control or direction over 40,292,000 common shares, 175,000 stock options and 10,000,000 Warrants, representing approximately 74.61% and 78.64% of the issued and outstanding Common Shares on an undiluted and diluted basis, respectively.

- 3.2 See Item 2.2 and 3.1 above.

- 3.3 Not applicable.
- 3.4 See Item 2.1 and 3.1 above.
- 3.5 (a) See Item 3.1 above.
- (b) Not applicable.
- (c) Not applicable.
- 3.6 The Acquiror has been granted stock options entitling him to acquire up to an additional 175,000 Common Shares at exercise prices ranging from \$0.10 to \$0.20 per Common Share with expiration of the stock options ranging from five to ten years from the date of grant. Should the Acquiror exercise all the stock options, he would own or exercise control or direction over 40,467,000 Common Shares of the Issuer (representing 74.70% of the issued and outstanding Common Shares on an undiluted basis).

The Acquiror has been issued 10,000,000 non-transferable Warrants, with each Warrant entitling him to purchase one Common Share at an exercise price of \$0.11 for a period of five years from the date of issuance. Should the Acquiror exercise all the Warrants, he would own or exercise control or direction over 50,292,000 Common Shares of the Issuer (representing 78.58% of the issued and outstanding Common Shares on an undiluted basis).

3.7 Not applicable.

3.8 Not applicable.

#### **Item 4 – Consideration Paid**

4.1 No cash consideration was paid for the Warrants. The Warrants were issued in consideration of the Acquiror directly and indirectly providing collateral to secure the Credit Facility and guaranteeing the Issuer's obligations thereunder.

4.2 See Item 4.1 above.

4.3 See Item 4.1 above.

#### **Item 5 – Purpose of the Transaction**

The Acquiror's purpose regarding the Transaction was to aid the Issuer in securing the Credit Facility so that the Issuer can expand into additional markets in Europe and the United States.

The Acquiror holds securities of the Issuer for investment purposes and does not have any current intentions to increase or decrease his beneficial ownership or control or direction over any additional securities of the Issuer. The Acquiror may, from time to time and depending on market and other conditions, acquire additional common shares and/or other equity, debt or other securities or instruments of the Issuer in the open market or otherwise, and reserves the right to dispose of any or all of the securities in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to the securities, the whole depending on market conditions, the business and prospects of the Issuer and other relevant factors.

#### **Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

Not applicable.

**Item 7 – Change in Material Fact**

Not applicable.

**Item 8 – Exemption**

Not applicable.

**Item 9 – Certification**

**Certificate**

The undersigned, as the Acquiror, certifies to the best of his knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 16th day of August, 2021.

**Dr. Albert D. Friesen**

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