

WAVERLEY PHARMA INC.

MANAGEMENT PROXY CIRCULAR

and

NOTICE OF ANNUAL AND SPECIAL MEETING

May 10, 2021

WAVERLEY PHARMA INC.
4-1250 Waverley Street
Winnipeg, Manitoba R3T 6C6

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the annual and special meeting (the "Meeting") of the shareholders of Waverley Pharma Inc. (the "Corporation") will be held in **Winnipeg, Manitoba, at 4-1250 Waverley Street**, on Wednesday, June 23, 2021 at 11:00 a.m. (**Central Daylight time**) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the period ended December 31, 2020 together with the auditors' report thereon;
2. to elect three (3) directors for the ensuing year, namely Dr. Albert D. Friesen, Hellen Siwanowicz, and P. Marcus Enns;
3. to appoint auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
4. to re-approve the Corporation's 10% rolling Stock Option Plan; and
5. to transact such further or other business as may properly come before the Meeting or any adjournment thereof.

As a result of heightened health and safety concerns related to the COVID-19 pandemic, in person attendance at the Meeting will be limited to registered shareholders, duly appointed proxyholders, and essential personnel. The Corporation strongly encourages shareholders not to attend the Meeting in person and to consult the recommendations of the Public Health Agency of Canada, Manitoba Health and local public health authorities for preventing the spread of COVID-19 through the practice of physical distancing. The Corporation encourages shareholders to vote their common shares prior to the Meeting following the instructions set out in the enclosed Management Proxy Circular and Proxy.

Shareholders unable to attend the Meeting by teleconference are requested to read the enclosed Management Proxy Circular and Proxy, and then complete and deposit the Proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof with the Corporation's transfer agent, Computershare Trust Company of Canada, of 100 University Avenue, Toronto, Ontario, M5J 2Y1 at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting. Unregistered shareholders who received the Proxy through an intermediary must deliver the Proxy in accordance with the instructions given by such intermediary.

NOTES:

1. Holders of common shares of the Corporation are requested to sign and return, in the envelope provided for that purpose, the accompanying Proxy for use at the Meeting.
2. Only holders of common shares of the Corporation of record at the close of business on May 10, 2021 will be entitled to vote at the Meeting.

DATED at Winnipeg, Manitoba, this 10th day of May, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Albert D. Friesen*"

Dr. Albert D. Friesen
Chairman

WAVERLEY PHARMA INC.

MANAGEMENT PROXY CIRCULAR

MANAGEMENT SOLICITATION

This management proxy circular ("Circular") is furnished to the shareholders of Waverley Pharma Inc. (the "Corporation") in connection with the solicitation of proxies by management of the Corporation ("Management") for use at the annual and special meeting (the "Meeting") of the shareholders of the Corporation to be held at the Corporation's offices located at 4-1250 Waverley Street, Winnipeg, Manitoba on Wednesday, June 23, 2021 at 11:00 a.m. (Central Daylight Time) for the purposes set out in the notice of the Meeting (the "Notice of Meeting").

As a result of heightened health and safety concerns related to the COVID-19 pandemic, in person attendance at the Meeting will be limited to registered shareholders, duly appointed proxyholders, and essential personnel. The Corporation strongly encourages shareholders not to attend the Meeting in person and to consult the recommendations of the Public Health Agency of Canada, Manitoba Health and local public health authorities for preventing the spread of COVID-19 through the practice of physical distancing. The Corporation encourages shareholders to vote their common shares prior to the Meeting following the instructions set out in this Circular and the enclosed Proxy.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, telegraph or personal interview by employees of the Corporation, at a nominal cost. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares of the Corporation held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs of soliciting proxies will be borne by the Corporation.

Except as otherwise stated, the information contained herein is given as of May 10, 2021.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed instrument of proxy, Dr. Albert D. Friesen, Chairman and a director of the Corporation, and P. Marcus Enns, a director of the Corporation (the "**Management Designees**"), have been selected by the directors of the Corporation and have indicated their willingness to represent as proxies the shareholders who appoint them.

A shareholder has the right to designate a person or company (who need not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the enclosed instrument of proxy the name of the person or company to be designated and striking out the names of the Management Designees, or by completing another proper instrument of proxy and delivering the instrument of proxy. In any case, an instrument of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached where an attorney has executed the instrument of proxy.

An instrument of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1 at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof.

A proxy given by a shareholder for use at the Meeting may be revoked at any time prior to its use. In accordance with section 148(4) of the *Canada Business Corporations Act* (the "**CBCA**"), in addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing

executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked. The registered office of the Corporation is located at 4-1250 Waverley Street, Winnipeg, Manitoba R3T 6C6.

VOTING OF PROXIES

The common shares represented by proxy will be voted or withheld from voting on any ballot that may be called for in accordance with your instructions in the instrument of proxy and where a choice with respect to any matter to be acted upon has been specified in the proxy, the common shares will be voted in accordance with the specification so made. **If a choice is not specified, it is intended that the persons designated by Management in the accompanying proxy will vote the common shares represented by the proxy in favour of each matter identified in the proxy.**

The proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to any matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, Management knows of no such amendments, variations or other matters to come before the Meeting.

NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders due to the fact that the common shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares. **More particularly, a person (the “Non-Registered Holder”) is not a registered shareholder in respect of common shares which are held on behalf of that person but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the common shares (Intermediaries include, among others: banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the Notice of Meeting, this Circular and the proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.**

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which indicates the number of common shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In such instance, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with Computershare Trust Company of Canada** as provided above; or
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. The proxy authorization form typically consists of a one page pre-printed form. However, on occasion, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a

page of instructions which contains a removable label containing a bar-code and other information. In order for that form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions, affix it to the form of proxy, properly complete and return the signed form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Holders to effectively direct the voting of the common shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting, the Non-Registered Holder should strike out the names of the Management Proxyholders named in the form and insert the Non-Registered Holder's name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at May 10, 2021, the Corporation had 54,000,000 common shares issued and outstanding, each carrying the right to one vote per share. Each person who is a holder of record of common shares of the Corporation at the close of business on May 10, 2021 (the "**Record Date**") will be entitled to notice of and to attend the Meeting and to vote at the Meeting the number of common shares held by such holder on the Record Date.

Except as disclosed below, as at May 10, 2021, no person or company, to the knowledge of the directors or the executive officers of the Corporation, beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting rights attached to any class of voting securities of the Corporation.

Name	Number of Common Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Common Shares
Albert D. Friesen	40,292,000	74.61%

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (i) any person who was a director or executive officer of the Corporation at any time since the beginning of its last completed financial year; (ii) any proposed nominee for election as a director of the Corporation; or (iii) any associate or affiliate of every person referred to in (i) and (ii), in any matter to be acted upon at the Meeting, other than the election of directors.

PARTICULARS OF MATTERS TO BE ACTED UPON

A. Financial Statements

The Board of Directors of the Corporation (the "**Board**") has approved the financial statements for the year ended December 31, 2020, and the auditors' report thereon.

B. Election of Directors

The present term of office of each director will expire immediately prior to the election of directors at the Meeting. It is proposed that each of the three nominees whose name appears hereunder be elected as a director of the Corporation to serve until the close of the next annual meeting of shareholders or until his/her successor is elected or appointed. In the event that any vacancies occur in the slate of such nominees, it is intended that discretionary authority shall be exercised to vote the shares represented by proxies for the election of such other person or persons as directors as may be nominated in accordance with the best judgement of Management.

Information in the table below as to shares beneficially owned, or controlled or directed, directly or

indirectly, by each nominee, as of the date of this Circular, not being within the knowledge of the Corporation, has been furnished by each of the respective nominees.

Name and Present Position with the Corporation	Common Shares Beneficially Owned, Controlled or Directed	Director Since	Principal Occupation During the Last Five Years
Dr. Albert D. Friesen, ⁽¹⁾ Chairman and Director, Winnipeg, Manitoba	40,292,000	Dec. 14/16	Dr. Friesen is Chief Executive Officer, President, and a director of Medicare Inc. (TSXV:MPH), a specialty pharmaceutical company focused on the development and commercialization of cardiovascular products for the United States market. Dr. Friesen is also currently the President and Chairman of Genesys Venture Inc., a biotech incubator, based in Winnipeg, that he founded in 1997.
P. Marcus Enns, ⁽¹⁾ Director, Winnipeg, Manitoba	100,000	Dec. 14/16	Mr. Enns is the Vice President, Corporate Affairs of Genesys Venture Inc. (GVI), overseeing treasury activities and contract administration for the company and assisting in both private and public fundraising activities for GVI's client companies. Mr. Enns has previously held executive officer positions with two publicly traded life sciences companies and was involved with bringing both companies public. Mr. Enns is currently the Chair of the Board of the Rosenort Credit Union, based in Rosenort, Manitoba.
Hellen Siwanowicz, ⁽¹⁾ Director, Toronto, Ontario,	Nil	Oct. 24/17	Ms. Siwanowicz is a lawyer with over 25 years of business law experience. From 1991 to 2016, she practiced law at McMillan LLP and its predecessor, Lang Michener LLP, with an emphasis on securities law. Ms. Siwanowicz holds Bachelor of Science and LL.B degrees from the University of Toronto.

Note:

(1) Member of the Audit Committee.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote “For” the election of the above nominees as directors of the Corporation. Management recommends a vote “For” the resolution electing the above nominees.

C. Appointment and Remuneration of Auditors

Management proposes to appoint Ernst & Young LLP (“EY”), Chartered Accountants, of Winnipeg, Manitoba, the present auditor of the Corporation, as auditor of the Corporation to hold office until the close of the next annual meeting of shareholders. EY was first appointed by the Board of Directors as auditor of the Corporation on August 28, 2020.

EY is being proposed for appointment as auditor of the Corporation to replace MNP LLP (“MNP”), Chartered Accountants, which resigned as auditor of the Corporation effective August 28, 2020. MNP resigned as auditor at the request of the Audit and Finance Committee of the Corporation. MNP had been the Corporation’s auditor since December 19, 2016. There were no reportable events, as defined in National Instrument 51-102, between the Corporation and MNP. A copy of the notice of change of auditor relating to the resignation of MNP and the appointment of EY, along with response letters from both audit firms, are attached hereto as Schedule “A”.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote “For” the appointment of EY as auditor of the Corporation and the authorization of the directors to fix the remuneration of the auditor. Management recommends a vote “For” the resolution appointing EY as auditor of the Corporation and authorizing the directors to fix the remuneration of the auditor.

D. Approval of Stock Option Plan

On October 6, 2017, the shareholders of the Corporation (then known as Buffalo Capital Inc.) approved the existing 10% rolling stock option plan (the "**Option Plan**") of the Corporation, which provides that the Board may from time to time, in its discretion, and in accordance with the requirements of the TSX Venture Exchange, grant to directors, officers and employees of, and consultants to, the Corporation, non-transferable options to purchase common shares. In accordance with the policies of the TSX Venture Exchange, a stock option plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting. At the Meeting, shareholders will be asked to consider, and if thought fit, to approve an ordinary resolution ratifying and approving the Corporation's existing Option Plan. The resolution must be passed by a majority of the votes cast by shareholders at the Meeting, present in person or by proxy. There have been no changes to the Option Plan since it was adopted. The Option Plan is also subject to receipt of annual TSX Venture Exchange acceptance to its filing. A copy of the Option Plan will be available for inspection at the Meeting.

Summary of Option Plan

The number of common shares reserved for issuance under the Option Plan at any time is equal to 10% of the number of common shares issued and outstanding at any time. Directors, officers, employees and consultants of the Corporation and its subsidiaries are eligible to participate in the Option Plan. Options granted to these participants shall have an expiry date not exceeding ten years from the date of grant, after which they cease to be exercisable. Subject to the conditions disclosed herein, the Board determines the manner in which an option shall vest and become exercisable. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any three month period. The Option Plan provides that the number of common shares reserved for issuance:

- (a) to any one person, within any 12 month period, will not exceed 5% of the issued and outstanding common shares at the time of the grant;
- (b) to any one consultant, within any 12 month period, will not exceed 2% of the issued and outstanding common shares at the time of the grant;
- (c) in aggregate to persons conducting investor relations activities, within any 12 month period, will not exceed 2% of the issued and outstanding common shares at the time of the grant; and
- (d) in aggregate to insiders will not exceed 10% of the issued and outstanding common shares at the time of the grant and in aggregate will not exceed, within any 12 month period, 10% of the issued and outstanding common shares at the time of the grant.

Options are exercisable only by the participant to whom they are granted and may not be assigned or transferred. Notwithstanding this restriction, upon the death of a participant, the participant's legal representatives, heirs, executors and administrators may exercise the participant's options for a period ending no later than the earlier of the option expiry date and 12 months after the participant's death. Subject to the discretion of the Board, where a person ceases to be an eligible participant under the Option Plan, other than by reason of death or in the event of termination for cause, options granted to participants shall cease to be exercisable on the earlier of the expiry date and 90 days after the date of termination or, if the participant was involved in investor relations activities, the options shall cease to be exercisable on the earlier of the expiry date and 30 days after the date of termination. Subject to the discretion of the Board, if

a participant is terminated for cause, all options received shall terminate and cease to be exercisable upon such termination. Subject to obtaining any required approval from the TSX Venture Exchange, shareholders or participants, as the case may be, the Corporation may amend the Option Plan or the terms of any option granted thereunder in accordance with the terms of the Option Plan. Disinterested shareholder approval is required for certain amendments, including any reduction in the exercise price of an option held by a participant.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote “For” the ordinary resolution to approve the Option Plan. Management recommends a vote “For” the resolution to approve the Option Plan.

E. Other Business

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not now known to Management should properly come before the Meeting, the shares represented by proxies in favour of Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of this Circular, a Named Executive Officer (“NEO”) of the Corporation means each of the following individuals:

- (a) anyone who served as Chief Executive Officer (“CEO”) of the Corporation during any part of the most recently completed financial year;
- (b) anyone who served as Chief Financial Officer (“CFO”) of the Corporation during any part of the most recently completed financial year;
- (c) the Corporation’s, including any of its subsidiaries, most highly compensated executive officer other than those individuals identified in paragraphs (a) and (b), at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation and was not acting in a similar capacity, at the end of that financial year.

The Corporation had two NEOs during the year ended December 31, 2020, Larry Thiessen and Haaris Uddin.

A. Compensation Description and Analysis

The Corporation does not currently have a nominating, governance or compensation committee. All tasks and responsibilities related to developing and monitoring the Corporation’s approach to the compensation of the NEOs and its approach to the nomination of directors to the Board are performed by the members of the Board. The compensation of the NEOs is reviewed and approved by the Board on an annual basis or more frequently if required, without reference to any specific formula or criteria. Two of the three Board members have held senior executive positions with publicly traded life sciences companies of various size and complexity. This experience allows them to bring a relevant perspective grounded in the life sciences industry to the issues and processes involved with determining compensation at the executive level. The Corporation has not retained any compensation consultants or advisors to assist the Board in determining compensation for the directors or executive officers of the Corporation.

The Board decides the appropriate compensation of the Corporation’s NEOs based primarily on internal discussion and historical compensation levels. The Board generally keeps informed of the

compensation paid by other public companies that it feels are similarly placed within the life sciences industry. The Corporation's executive compensation program consists of an annual base salary, longer term incentives (stock options) and discretionary performance bonuses.

Named Executive Officer Compensation

The Corporation's executive compensation program is based on a "pay-for-performance" philosophy. The program is designed to encourage, compensate and reward executives on the basis of individual performance and the achievement of corporate objectives. Base salaries are set at levels which are intended to be competitive with the base salaries paid by companies of a comparable size within the life sciences industry, thereby enabling the Corporation to compete for and retain executives critical to the Corporation's long term success. Incentive compensation is directly tied to corporate and individual performance. Share ownership opportunities are provided to align the interests of the executives and senior managers with the longer term interests of shareholders. The Corporation's corporate goals and objectives are established at regular intervals by the Board. The degree to which the corporate objectives have been achieved will be considered by the Board along with the individual performance of each executive. Recommendations will then be made to the Board with respect to the cash-based annual incentives of the senior executives, thereby establishing a direct link between senior executive compensation and the Corporation's financial and non-financial performance. For the year ended December 31, 2020, the Corporation did not set any specific corporate objectives for the NEOs and no cash-based performance bonuses were paid to the NEOs.

The Board has not formally considered the implications of or analyzed the risks associated with the Corporation's compensation policies and practices.

The NEOs and directors of the Corporation are permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by them.

The Corporation's Option Plan allows for compensation of participants while providing additional incentive to work toward strengthening long term corporate performance. Options to purchase common shares of the Corporation may be granted to an executive under the Option Plan following consideration by the Board of the level of responsibility of the executive, as well as his/her impact and/or contribution to the longer term operating performance of the Corporation. In determining the number of options to be granted to the NEOs, the Board takes into account the number of options, if any, previously granted to each NEO and the exercise price of any outstanding options. During the year ended December 31, 2020, 175,000 stock options were granted to NEOs.

The Corporation has not granted any share-based awards to NEOs.

Director Compensation

The Corporation did not provide any cash compensation to its directors for attendance at Board meetings in person or via telephone or for participation on the audit committee (the "**Audit Committee**") during the year ended December 31, 2020.

The directors of the Corporation are reimbursed for reasonable travel and other out-of-pocket expenses incurred in connection with in person attendance at meetings of the Board, if required.

B. Director and Named Executive Officer Compensation

The following table provides a summary of all compensation earned by the directors and NEOs of the Corporation (excluding compensation securities) for the financial years ended December 31, 2019 and December 31, 2020 for services rendered to the Corporation.

Name and Principal Position	Year	Salary, Fee, Retainer (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	All other compensation (\$)	Total compensation (\$)
Theron Odlaug, PhD, President & Chief Executive Officer ⁽¹⁾	2019	136,035 ⁽²⁾	Nil	Nil	Nil	Nil	136,035 ⁽²⁾
Pieter de Visser, CPA, Chief Financial Officer and Director ⁽³⁾	2019	Nil	Nil	Nil	Nil	Nil	Nil
Larry Thiessen, President and Chief Executive Officer ⁽⁴⁾	2020	33,000	Nil	Nil	Nil	Nil	33,000
Haaris Uddin, CPA, Chief Financial Officer ⁽⁵⁾	2020	95,000	Nil	Nil	Nil	Nil	95,000
Albert D. Friesen, PhD, Director and Chairman	2019 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
P. Marcus Enns Director	2019 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Hellen Siwanowicz Director	2019 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) Dr. Theron Odlaug was appointed President and CEO of the Corporation on August 1, 2018 and resigned from both positions effective December 31, 2019.
- (2) The consulting fees for the year 2019 are stated in the Canadian dollar equivalent of the US dollar amount actually paid.
- (3) Pieter de Visser was appointed Chief Financial Officer of the Corporation on December 14, 2016 and resigned from the position effective December 31, 2019.
- (4) Larry Thiessen was appointed President and CEO of the Corporation on February 1, 2020.
- (5) Haaris Uddin was appointed Chief Financial Officer of the Corporation on January 1, 2020.

The following table discloses all compensation securities granted or issued to each director and NEO by the Corporation in the most recently completed financial year for services provided or to be provided directly or indirectly, to the Corporation.

Name and Principal Position	Type of Security	Number of Underlying Securities	Date of Issue or Grant	Issue or Exercise Price (\$)	Closing Price of Security or Underlying Security on Grant Date (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Albert D. Friesen, PhD, Director and Chairman ⁽¹⁾	Stock Options	25,000	Feb. 1/20	0.10	0.10	0.125	Feb. 1/25
Haaris Uddin, CPA, Chief Financial Officer ⁽²⁾	Stock Options	75,000	Feb. 1/20	0.10	0.10	0.125	Feb. 1/25
P. Marcus Enns Director ⁽³⁾	Stock Options	25,000	Feb. 1/20	0.10	0.10	0.125	Feb. 1/25
Hellen Siwanowicz Director ⁽⁴⁾	Stock Options	25,000	Feb. 1/20	0.10	0.10	0.125	Feb. 1/25
Larry Thiessen, President and Chief Executive Officer ⁽⁵⁾	Stock Options	100,000	Feb. 1/20	0.10	0.10	0.125	Feb. 1/25

Notes:

- (1) As at December 31, 2020 Albert D. Friesen held a total of 175,000 stock options representing 175,000 underlying common shares. All 175,000 stock options were vested as of December 31, 2020.
- (2) As at December 31, 2020 Haaris Uddin held a total of 75,000 stock options representing 75,000 underlying common shares. No stock options were vested as of December 31, 2020.
- (3) As at December 31, 2020 P. Marcus Enns held a total of 400,000 stock options representing 400,000 underlying common shares. All 400,000 stock options were vested as of December 31, 2020.
- (4) As at December 31, 2020 Hellen Siwanowicz held a total of 325,000 stock options representing 325,000 underlying common shares. All 325,000 stock options were vested as of December 31, 2020.
- (5) As at December 31, 2020 Larry Thiessen held a total of 100,000 stock options representing 100,000 underlying common shares. No stock options were vested as of December 31, 2020.

No director or NEO exercised any compensation securities during the most recently completed financial year.

Stock Option Plan

Refer to the section titled “Particulars of Matters to be Acted Upon” for a description of Corporation’s Option Plan.

Employment, Consulting and Management Agreements

Larry Thiessen entered into a consulting agreement with the Corporation effective February 1, 2020 to provide services in the role of President and Chief Executive Officer of the Corporation. He was paid \$3,000 per month during the financial year ended December 31, 2020 based on providing a minimum of 30 hours of services per month. Any amount of time beyond that is charged to the Corporation at a rate of \$100 per hour. Either party may terminate the consulting agreement at any time without cause upon thirty days prior written notice to the other party. Mr. Thiessen is eligible for longer term incentives (stock options) and performance-based bonuses at the discretion of the Board.

Haaris Uddin, CPA, entered into an employment agreement with the Corporation on August 26, 2019 in the role of Senior Financial Analyst. On January 1, 2020, Mr. Uddin was appointed as CFO of the Corporation. Under the terms of his employment agreement, Mr. Uddin was paid an annual salary of

\$95,000 during the financial year ended December 31, 2020. Mr. Uddin is eligible for longer term incentives (stock options) and performance-based bonuses at the discretion of the Board.

C. Pension Disclosure

The Corporation does not have a pension plan for directors or NEOs.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides a summary of outstanding stock options and securities authorized for issuance under the Option Plan as at December 31, 2020.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by shareholders ⁽¹⁾	1,260,000 – options	0.35 for options	4,140,000 ⁽²⁾
Equity compensation plans not approved by shareholders	Not applicable	Not applicable	Not applicable
Total	1,260,000	0.35	4,140,000 ⁽²⁾

Notes:

- (1) The only equity compensation plan of the Corporation is the Option Plan.
- (2) The maximum number of common shares of the Corporation to be issued pursuant to the Option Plan is 5,400,000.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the directors, executive officers or employees of the Corporation or persons who were directors or executive officers of the Corporation at any time during the year ended December 31, 2020, none of the proposed nominees for election as directors of the Corporation and none of the associates of such persons, are or have been indebted to the Corporation at any time during such period. Furthermore, none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During the year ended December 31, 2020, the Company paid Genesys Venture Inc., a company controlled by Dr. Albert Friesen, a total of \$6,000 for rental of office space. See “Employment, Consulting and Management Agreements” section of more information.

AUDIT COMMITTEE

Pursuant to National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), the Corporation is required to have an audit committee composed of not less than three directors of the Corporation, a majority of whom are not executive officers, employees or control persons of the Corporation or any of its affiliates. The Corporation must also, pursuant to NI 52-110, provide the following information regarding the Audit Committee to its shareholders in the Circular.

Audit Committee Charter

The Corporation has a written charter (the “**Audit Committee Charter**”) which sets out the role and responsibilities of the Audit Committee. The text of the Audit Committee Charter is attached as Schedule “B”.

Composition of Audit Committee

The Audit Committee is comprised of three directors, P. Marcus Enns (Chair), Albert D. Friesen and Hellen Siwanowicz. All three members of the Audit Committee are “financially literate” as such term is defined in NI 52-110. P. Marcus Enns and Hellen Siwanowicz are independent directors as defined in NI 52-110. Albert D. Friesen is a majority shareholder of the Corporation and therefore is not deemed to be an independent director.

Relevant Education and Experience

Mr. P. Marcus Enns is an experienced life sciences executive that has held senior executive officer positions in a number of publicly traded life sciences companies. He is currently the chair of the Rosenort Credit Union, a Manitoba based Credit Union with approximately \$600 million in assets and was previously on the audit committee. Mr. Enns holds a Bachelor of Commerce (Hons.) degree from the University of Manitoba.

Dr. Albert D. Friesen is a well-known life sciences executive with over 40 years of leadership experience in the industry. He has been an executive officer and director of numerous publicly traded life sciences companies providing business oversight and working closely with financial auditors for most of those years.

Ms. Hellen Siwanowicz is a business lawyer with significant experience and expertise in advising public companies on corporate finance, mergers and acquisitions and corporate governance. Ms. Siwanowicz holds Bachelor of Science and LL.B degrees from the University of Toronto.

Based on their varied business experience and education, each member of the Audit Committee has an understanding of accounting principles used by the Corporation, has experience analyzing and examining financial statements with similar breadth and complexity to the Corporation’s financial statements and has an understanding of internal controls and procedures used in financial reporting.

Audit Committee Oversight

At no time since the beginning of the most recently completed financial year, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the beginning of the most recently completed financial year, has the Corporation relied on the exemption in Section 2.4 of NI 52-110 or an exemption granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

EY is the auditor of the Corporation and provides financial advisory and other non-audit services to the Corporation and its subsidiaries. The Audit Committee has concluded that the provision of these non-audit services by EY is compatible with EY maintaining its independence.

The total fees paid or accrued by the Corporation for audit and other services provided by MNP for the year ended December 31, 2019 and by EY for the year ended December 31, 2020 are as follows:

MNP 2019	EY 2020	
\$45,000	\$54,000	Audit Fees
\$3,150	nil	Audit-related Fees
\$6,250	\$3,500	Tax Fees
\$54,400	\$57,500	Total Fees

CORPORATE GOVERNANCE

The following disclosure regarding corporate governance matters and the Corporation's approach to corporate governance is provided pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), National Policy 58-201 – *Corporate Governance Guidelines* and in accordance with Form 58-101F2.

Board of Directors

The Board currently consists of three members: Dr. Albert D. Friesen (Chair), P. Marcus Enns and Hellen Siwanowicz. Mr. Enns and Ms. Siwanowicz are independent directors as defined in NI 58-101 and NI 52-110. Dr. Friesen is a majority shareholder of the Corporation and is deemed to be not independent of the Corporation.

As part of every regularly scheduled Board and committee meeting, the independent directors are given the opportunity to meet separately from management and the non-independent directors. Board committees are entirely composed of a majority of independent directors who meet without management when required.

In the event of a conflict of interest that arises at a meeting of the Board, the conflicted director will in accordance with corporate law and his or her fiduciary duty as a member of the Board, disclose the nature and extent of his or her interest to the Board and abstain from voting on such matter.

Directorships

Albert D. Friesen is a director of reporting issuer Medicure Inc. Hellen Siwanowicz is a director of reporting issuer Gold Terra Resource Corp.

Orientation and Continuing Education

Currently, the Board does not provide a formal orientation and education program for new directors. Prior to joining the Board, prospective members are invited and encouraged to meet with management of the Corporation to familiarize themselves with the business affairs of the Corporation. Upon joining the Board, management and the Chair of the Board provide orientation and guidance as required. The Corporation does not presently have a specific policy regarding continuing education for directors. Requests for education are encouraged and dealt with on an ad hoc basis.

Ethical Business Conduct

The primary means by which the Corporation encourages and promotes a culture of ethical business conduct is to undertake appropriate due diligence on prospective directors to confirm those individuals exhibit the highest ethical standards in their current and past business careers. The Board does not currently have a written code of ethics.

Nomination of Directors

The purpose of the Board is, amongst other things, to identify and recommend individuals for nomination to the Board. For purposes of filling vacancies on the Board, the Board members recommend nominees to the Board, review the qualifications of prospective members, and determine the relevance of those qualifications taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board.

Compensation

The Board as a whole is tasked with reviewing the compensation of the CEO and directors in an effort to attract, retain and motivate quality individuals while being mindful of the Corporation's financial position. In determining compensation, the Board compares the remuneration paid by the Corporation with publicly available information on remuneration paid by other companies that are at a similar stage in development within the same general industry as the Corporation.

Other Board Committees

The Corporation does not have any standing committees other than the Audit Committee.

Assessments

Currently, the Board does not have a formal process for assessing itself, its members and its committees in terms of effectiveness. The Chair of the Board keeps track of Board member attendance and on an ongoing basis takes note of each Board member's preparedness for meetings and engagement during meetings.

Diversity on Board and among Senior Management

The Corporation believes that ensuring diversity is not only fundamental to its future growth and progress but is an integral part of all its business activities. The Corporation recognizes and appreciates the benefits of having diversity on its Board and in its senior management. At the same time, the Corporation also recognizes that Board and senior management appointments must be based on performance, ability and potential. The Board has not adopted a formal policy regarding the identification and nomination of directors who are women, Aboriginal peoples, persons with disabilities or members of visible minorities (collectively, the "**Designated Groups**"). The Corporation recognizes the benefits of diversity within its Board, at the executive level and at all levels of the organization, but does not believe that a formal policy would enhance the representation of Designated Groups on the Board beyond the current recruitment and selection process.

The Board as a whole is responsible for assessing the effectiveness of the process for identifying, evaluating and recommending director nominees. Similarly, with respect to senior management appointments, the Board is responsible for assessing the effectiveness of the process for identifying, evaluating and appointing senior management.

As of the date of this Circular, the Corporation has not adopted a target number or percentage, or a range of target numbers or percentages, for the members of any Designated Group to hold positions on the Board or to be members of senior management by a specific date, as it believes that imposing targets based on specific selection criteria would limit the Corporation's ability to ensure that the overall composition of the Board and senior management meets the needs of the Corporation and its shareholders.

As of the date of this Circular, the Corporation has a total of three directors and two members of senior management. One director (or 33% of the Board) is a woman. One member of senior management (or 50% of senior management) is a visible minority.

ADDITIONAL INFORMATION

Additional information regarding the Corporation can be obtained on SEDAR (www.sedar.com). Financial information regarding the Corporation is contained in the Corporation's consolidated financial statements for the year ended December 31, 2020, as well as in the Corporation's most recent Management's Discussion and Analysis ("**MD&A**"). Shareholders requesting copies of the Corporation's most recent financial statements and MD&A can contact the Corporate Secretary of the Corporation at 4-1250 Waverley Street, Winnipeg, Manitoba, R3T 6C6.

CERTIFICATE

The contents and the distribution of this Circular have been approved by the Board of Directors of the Corporation.

DATED at the City of Winnipeg, in the Province of Manitoba this 10th day of May, 2021.

(Signed) "Albert D. Friesen"
Dr. Albert D. Friesen, Chairman

SCHEDULE "A"



4-1250 Waverley Street
Winnipeg, Manitoba, Canada R3T 6C6
Phone: 204-478-5609

September 10, 2020

British Columbia Securities Commission
Alberta Securities Commission
Manitoba Securities Commission
Ontario Securities Commission

EY LLP
Commodity Exchange Tower
2700 – 360 Main Street
Winnipeg, MB R3C 4G9

MNP LLP
True North Square
1200 – 242 Hargrave Street
Winnipeg, MB R3C 0T8

RE: Notice of Change in Auditor

This notice is made pursuant to National Instrument 51-102 (“NI 51-102”).

Waverley Pharma Inc. (“Waverley” or the “Corporation”) 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 as defined by Policy 2.4 of the TSX Venture Exchange. On October 24, 2017, the Company completed a qualifying transaction with Waverley Pharma Inc. and resumed as Waverley Pharma Inc. in accordance with the CBCA.

MNP LLP (“MNP”) were appointed the auditors of Buffalo Capital Inc. on December 19, 2016. Subsequent to the qualifying transaction with Waverley Pharma Inc., MNP continued to serve as the auditors of the Corporation. The Corporations’ shareholders approved at the last annual meeting of the shareholders of the Corporation held June 25, 2020 that MNP be reappointed auditors of the Corporation until the next annual meeting.

The Board of Directors, upon the recommendation of the Audit Committee, has decided not to renew MNP’s appointment as auditor. The audit committee has reviewed the situation and determined that the appointment of Ernst & Young LLP (“EY”) as auditors of the Corporation would be in the best interests of the Corporation. As such, the Company’s audit committee has recommended that EY be appointed as the successor auditor and the Board of Directors have approved the same on August 28, 2020.

There have been no reservations in the auditor’s reports for the audits of the three most recently completed fiscal years.

There have been, in the opinion of the Corporation, no reportable events, as that term is defined in NI 51-102.

The board of directors of the Corporation has reviewed and approved the reporting package as that term is defined in NI 51-102.

Sincerely,

Waverley Pharma Inc.

Per:

/s/ Haaris Uddin

Haaris Uddin, CPA
Chief Financial Officer



Ernst & Young LLP
2700-360 Main Street
Winnipeg, MB R3C 4G9

Tel: +1 204 947 6519
Fax: +1 204 956 0138
ey.com/ca

September 10, 2020

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

**Re: Waverley Pharma Inc.
Change of Auditor Notice dated 2020/08/28**

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Change of Auditor Notice and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours sincerely,

Ernst & Young LLP

cc: The Board of Directors, Waverley Pharma Inc.

September 10, 2020

Alberta Securities Commission
British Columbia Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission

Dear Sirs/Madams:

Re: Waverley Pharma Inc. (the "Company")

Pursuant to National Instrument 51-102 Continuous Disclosure Obligations, we have reviewed the information contained in the Notice of Change of Auditor of the Company dated September 10, 2020 ("the Notice") and, based on our knowledge of such information at this time, we agree with the statements made in the Notice pertaining to our firm.

Yours very truly,



Chartered Professional Accountants

Winnipeg, Manitoba

SCHEDULE “B”

WAVERLEY PHARMA INC.

AUDIT COMMITTEE CHARTER

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee is a committee of the Board of Directors (the “Board”) of Waverley Pharma Inc. (“Waverley”). The Audit Committee shall:

- Assist the Board in its oversight role with respect to:
 - the quality and integrity of financial information prepared by management of Waverley;
 - the independent auditor’s performance, qualifications and independence;
 - the performance of the Corporation’s internal audit function, if applicable;
 - the Corporation’s compliance with legal and regulatory requirements;
- Prepare such reports of the Audit Committee required to be included in the information circular of Waverley in accordance with applicable laws or the rules of applicable securities regulatory authorities; and
- Facilitate effective communication between the Board and external auditors.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three (3) or more directors appointed by the Board. The Audit Committee members shall satisfy the applicable independence and experience requirements of the laws governing Waverley, and applicable securities regulatory authorities.

The Board shall designate one (1) member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board in its business judgment. The Board shall determine how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall report to the Board on its activities after each of its meetings.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

SPECIFIC DUTIES

Oversight of the Independent Auditor

- Make recommendations to the Board for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting)

for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor. Evaluate the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with Waverley, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

Financial Reporting

- Review and discuss with management and the independent auditor as applicable:
 - prior to the annual audit the scope, planning and staffing of the annual audit,
 - the annual audited financial statements,
 - Waverley's quarterly financial statements, including the results of the independent auditor's review, if applicable, of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards,
 - any significant changes in Waverley's selection or application of accounting principles,
 - any major issues as to the adequacy of Waverley's internal controls and any special steps adopted in light of material control deficiencies, and
 - other material written communications between the independent auditor and management.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. Management, the Board, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring Waverley's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of Waverley in accordance with current applicable accounting standards.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

Waverley shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by Waverley.

APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise. Any proposed audit and permitted non-audit services to be provided by the External Auditor to Waverley or its subsidiaries must receive approval from the Audit Committee, in accordance with this protocol. The CFO shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair or delegated member will then inform the Audit Committee of any approvals granted at the next scheduled meeting.