



Management Discussion and Analysis
(Expressed in Canadian Dollars)

WAVERLEY PHARMA INC.

Three and nine months ended September 30, 2024

Prepared by Management without review from the Company's auditor

BACKGROUND

This Management's Discussion and Analysis ("**MD&A**") of Waverley Pharma Inc. ("**Waverley**" or the "**Company**") is dated November 27, 2024 and provides an analysis of the Company's operations for the three and nine months ended September 30, 2024. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2023 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, temozolomide, pemetrexed, and bortezomib in the United Kingdom (the "**UK**");
- the Company's intention to sell and market pemetrexed and bortezomib in the USA, and the EU;
- the Company's intention to sell and market pharmaceutical products in the state of Ohio through its U.S. subsidiary, C&R Pharmacy, LLC ("**C&R Pharmacy**");
- 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, pemetrexed and bortezomib;

FORWARD-LOOKING INFORMATION (continued)

- the Company's intention to increase sales through C&R Pharmacy
- 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
- 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 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. The Company has entered into a license, manufacture, supply, marketing and distribution agreement with Reliance Life Sciences Private Limited (“**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 has acquired exclusive territorial licenses from RLS to two oncologic drugs, pemetrexed and bortezomib in the USA, Canada, and the EU (the “**2017 Agreement**”). As part of the 2017 Agreement, the Company also obtained a non-exclusive license to sell both pemetrexed and bortezomib in the UK. These products are marketed in the EU and the UK through the Company’s wholly owned Irish subsidiary; Waverley Pharma Europe Limited (“**WPEL**”).

The Company strategically withdrew from its commercial agreements with the UK National Health Service (“**NHS**”) during the fiscal year ending December 31, 2023. This decision was prompted by an increasingly competitive market landscape, which significantly eroded the financial viability of these contracts. The intensified competition in the pharmaceutical sector necessitated a reevaluation of the Company’s market position, leading to the choice to discontinue these specific NHS engagements. By disengaging from underperforming contracts, the Company has positioned itself to reallocate resources, potentially exploring more lucrative opportunities or focusing on areas with stronger growth potential.

During the nine month period ended September 30, 2024, the Company entered into an amendment of the 2017 Agreement to transfer its previously acquired licenses for pemetrexed, bortezomib, capecitabine and temozolomide back to the Licensor for consideration of \$264,520. As a result, the intangible assets related to these products are classified as held-for-sale as of September 30, 2024.

PARP-1 Inhibitor Project

The Company has revived its focus on advancing its PARP-1 pre-clinical development program, currently in the lead optimization stage, in response to burgeoning interest in novel PARP-1 inhibitors that demonstrate selective activity against PARP-1 over PARP-2. The current lead compound exhibits single-digit nanomolar activity and significant selectivity for PARP-1 over PARP-2.

PARP-1 (Poly (ADP-Ribose) Polymerase-1) is a crucial DNA repair enzyme that potentially mitigates the efficacy of chemotherapy and radiation therapy. As a member of the PARP enzyme family, PARP-1 plays a vital role in detecting and repairing DNA damage. Inhibiting PARP-1 has emerged as a promising strategy in cancer treatment, particularly for high-grade ovarian cancers and triple-negative breast cancers. These cancer types often exhibit resistance to conventional treatments, making PARP-1 inhibition a valuable therapeutic approach.

PARP-1 inhibitors represent a class of anti-cancer agents that target DNA repair mechanisms. Their clinical importance spans various cancer types, offering two primary therapeutic strategies. As a monotherapy, these inhibitors can selectively eliminate cancer cells. Additionally, they show great promise in combination therapy, enhancing the efficacy of other cancer treatments. This dual approach underscores the versatility and potential of PARP-1 inhibitors in revolutionizing cancer treatment paradigms.

Acquisition of Retail Pharmacy

On September 18, 2024, the Company executed a strategic acquisition, securing full ownership of C&R Pharmacy, a well-established retail pharmacy located in West Liberty, Ohio for total cash consideration of \$611,650. This acquisition marks a significant milestone in the Company’s expansion into the retail pharmaceutical sector. C&R Pharmacy boasts a comprehensive insurance acceptance policy, accommodating all major insurance providers, which ensures accessibility to a broad customer base. The pharmacy’s location in rural Ohio is particularly advantageous, as it operates in a market characterized by limited local competition. This strategic positioning allows C&R Pharmacy to serve as a crucial healthcare resource for the local community while offering the Company a unique opportunity to establish a strong foothold in an underserved market. By leveraging C&R Pharmacy’s existing infrastructure and community presence, the Company is poised to deliver quality pharmaceutical services while potentially exploring synergies with its broader healthcare initiatives.

COMPANY OVERVIEW (continued)

The functional currencies of the Company's subsidiaries WPEL and C&R Pharmacy are the British Pound and the US dollar, respectively; and the Company's fiscal year end is December 31st.

OVERALL PERFORMANCE

The Company recorded a net loss of \$272,911 (\$0.01 per Common Share) for the three months ended September 30, 2024 compared to a net loss of \$309,961 (\$0.01 per Common Share) for the three months ended September 30, 2023. Factors contributing to the decreased net loss of \$37,050 during the three months ended September 30, 2024 compared to same period in the prior year included:

- Cost of goods sold decreased by \$63,609 for the three months ended September 30, 2024, in comparison to the same period in the prior year. The decrease in cost of goods sold is attributable to the decreased revenue during the current period.
- Selling, general and administration expenses decreased by \$173,700 for the three months ended September 30, 2024, in comparison to the same period in the prior year. The decrease in selling, general and administration expenses is primarily due to decreased amortization of the Company's pemetrexed and bortezomib intangible assets, as the Company has classified its intangible assets as held-for-sale, and is therefore no longer amortizing the intangible assets over their useful life. For more information regarding the changes in selling, general and administrative expenses, see the *Selling, General and Administration* section below.
- Foreign exchange loss decreased by \$5,965 during the three months ended September 30, 2024, in comparison to the same period in the prior year. The decreased foreign exchange loss incurred in the current period is a result of fluctuations in the Canadian dollar exchange rate, specifically in relation to the British pound sterling ("**GBP**") and the US dollar, which are the functional currencies of the Company's subsidiaries, WPEL and C&R Pharmacy, respectively.

Offset by:

- Revenue decreased by \$73,669 during the three months ended September 30, 2024 due to the Company terminating its contracts with the NHS due to increased pricing pressures from its competitors. As a result, the Company has elected to shift its focus back to its research and development projects, in addition to its recently acquired retail pharmacy, C&R Pharmacy.
- Research and development costs increased by \$111,187 for the three month period ended September 30, 2024 in comparison to the same period in the prior year. The increase in research and development expenses is attributable to an increase in the annual regulatory fees paid by the Company to the US Food and Drug Administration ("**FDA**"), in addition to an increase in research and development expenses incurred by the Company in relation to its PARP-1 development project.
- Finance expense, net increased by \$21,368 for the three months ended September 30, 2024, in comparison to the same period in the prior year. The increase in finance expense, net is primarily due to the Company incurring a higher interest expense on its bank indebtedness during the current period.

The following table provides an overview of the financial results for the three months ended September 30, 2024 compared to the three months ended September 30, 2023:

<i>For the three months ended September 30</i>	2024	2023	Change
Revenue	\$ 22,417	\$ 96,086	\$ (73,669)
Cost of goods sold	(7,835)	(71,444)	63,609
Selling, general and administration	(72,153)	(245,853)	173,700
Research and development	(171,320)	(60,133)	(111,187)
Finance expense, net	(41,815)	(20,447)	(21,368)
Foreign exchange loss	(2,205)	(8,170)	5,965
Net loss	\$ (272,911)	\$ (309,961)	\$ 37,050
Translation adjustment	1,196	-	1,196
Net loss and comprehensive loss	\$ (271,715)	\$ (309,961)	\$ 38,246

OVERALL PERFORMANCE (continued)

The Company recorded a net loss of \$881,871 (\$0.02 per Common Share) for the nine months ended September 30, 2024 compared to a net loss of \$890,476 (\$0.02 per Common Share) for the nine months ended September 30, 2023. Factors contributing to the decreased net loss of \$8,605 during the nine months ended September 30, 2024 compared to same period in the prior year included:

- Cost of goods sold decreased by \$226,912 during the nine months ended September 30, 2024, in comparison to the same period in the prior year. The decrease in cost of goods sold is attributable to the decreased revenue during the current period.
- Selling, general and administration expenses decreased by \$420,436 during the nine months ended September 30, 2024, in comparison to the same period in the prior year. The decrease in selling, general and administration expenses is primarily due to decreased amortization of the Company's pemetrexed and bortezomib intangible assets, as the Company has classified its intangible assets as held-for-sale, and is therefore no longer amortizing the intangible assets over their useful life. For more information regarding the changes in selling, general and administrative expenses, see the *Selling, General and Administration* section below.

Offset by:

- Revenue decreased by \$340,948 during the nine months ended September 30, 2024 due to the Company terminating its contracts with the NHS due to increased pricing pressures from its competitors. As a result, the Company has elected to shift its focus back to its research and development projects, in addition to its recently acquired retail pharmacy, C&R Pharmacy.
- Finance expense, net increased by \$63,386 during the nine months ended September 30, 2024, in comparison to the same period in the prior year. The increase in finance expense, net is primarily due to the Company incurring a higher interest expense on its bank indebtedness during the current period.
- Research and development costs increased by \$232,681 for the nine month period ended September 30, 2024 in comparison to the same period in the prior year. The increase in research and development expenses is attributable to an increase in the annual regulatory fees paid by the Company to the US Food and Drug Administration ("FDA"), in addition to an increase in research and development expenses incurred by the Company in relation to its PARP-1 development project.
- Foreign exchange loss increased by \$1,728 during the nine month period ended September 30, 2024, in comparison to the same period in the prior year. The increased foreign exchange loss incurred in the current period is a result of fluctuations in the Canadian dollar exchange rate specifically in relation to the GBP and the US dollar, which are the functional currencies of the Company's subsidiaries, WPEL and C&R Pharmacy, respectively.
- The following table provides an overview of the financial results for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023:

<i>For the nine months ended September 30</i>	2024	2023	Change
Revenue	\$ 22,417	\$ 363,365	\$ (340,948)
Cost of goods sold	(7,835)	(234,747)	226,912
Selling, general and administration	(370,112)	(790,548)	420,436
Research and development	(403,382)	(170,701)	(232,681)
Finance expense, net	(110,924)	(47,538)	(63,386)
Foreign exchange loss	(12,035)	(10,307)	(1,728)
Net loss	\$ (881,871)	\$ (890,476)	\$ 8,605
Translation adjustment	1,242	(8,307)	9,549
Net loss and comprehensive loss	\$ (880,629)	\$ (898,783)	\$ 18,154

REVENUE

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
capecitabine	\$ -	\$ 13,096	(13,096)	\$ -	\$ 86,926	(86,926)
temozolomide	-	25,292	(25,292)	-	177,819	(177,819)
pemetrexed	-	57,698	(57,698)	-	98,620	(98,620)
C&R Pharmacy	22,417	-	22,417	22,417	-	22,417
Total, revenue	\$ 22,417	\$ 96,086	(73,669)	\$ 22,417	\$ 363,365	(340,948)

The Company's acquisition of C&R pharmacy during the three month period ended September 30, 2024, resulted in the Company earning \$22,417 of revenue during the three and nine month period ended September 30, 2024.

Revenue earned during the three and nine month period ending September 30, 2023 period totaled \$96,086 and \$363,365, respectively. The revenue earned during the period ended September 30, 2023 was from NHS awarded contracts for capecitabine, temozolomide and pemetrexed.

The Company did not earn any revenue from capecitabine, temozolomide or pemetrexed during the three and nine month periods ending September 30, 2024. The Company elected to stop selling capecitabine, temozolomide and pemetrexed during the nine month period ended September 30, 2024, due to increased costs associated with selling within the UK, in addition to pricing pressures from competitors for NHS awarded tenders. As a result the Company intends to shut down its UK operations, as they are no longer commercially viable for the Company to operate in.

COST OF GOODS SOLD

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
capecitabine	\$ -	\$ 12,995	(12,995)	\$ -	\$ 81,693	(81,693)
temozolomide	-	8,132	(8,132)	-	55,821	(55,821)
pemetrexed	-	50,317	(50,317)	-	97,233	(97,233)
C&R Pharmacy	7,835	-	7,835	7,835	-	7,835
Total, cost of goods sold	\$ 7,835	\$ 71,444	(63,609)	\$ 7,835	\$ 234,747	(226,912)

Cost of goods sold during the three and nine month periods ending September 30, 2024, was \$7,835 and \$7,835 respectively. Cost of goods sold in the current period only related to prescription and over-the-counter products sold through C&R Pharmacy, the Company's newly acquired subsidiary. The Company did not record any cost of goods sold for capecitabine, temozolomide or pemetrexed during the three and nine months ended September 30, 2024, consistent with the nil revenue recorded for those products during the current period.

Cost of goods sold for the three and nine months ended September 30, 2023 totaled \$71,444 and \$234,747 respectively, and consisted of only capecitabine, temozolomide and pemetrexed sold to customers.

SELLING, GENERAL AND ADMINISTRATION

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Administrative and other	\$ 12,896	\$ 43,524	(30,628)	\$ 138,979	\$ 134,672	4,307
Professional fees	9,063	26,056	(16,993)	68,771	134,331	(65,560)
Salaries & benefits	12,985	51,840	(38,855)	72,963	146,995	(74,032)
Amortization	29,330	106,571	(77,241)	81,520	319,713	(238,193)
Selling expense	7,879	17,862	(9,983)	7,879	54,837	(46,958)
Total, selling, general and administration	\$ 72,153	\$ 245,853	(173,700)	\$ 370,112	\$ 790,548	(420,436)

SELLING, GENERAL AND ADMINISTRATION (continued)

Selling, general and administrative costs during the three and nine months ended September 30, 2024 were \$72,153 and \$370,112 respectively, compared to \$245,853 and \$790,548 during the three and nine months ended September 30, 2023. Significant differences during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 are as follows:

- Administrative and other expenses increased by \$4,307. These expenses include administrative expenses, office expenses, travel expenditures, rental costs and failure to supply penalties. The increase during the current period was a result of increased transfer agent fees, in addition to inflationary increases faced by the Company during the current year.
- Professional and consulting fees decreased by \$65,560 during the nine month period ended September 30, 2024, in comparison to the same period in the prior year. The Company incurred additional professional fees in the prior year in relation to the Company's anticipated launch of pemetrexed and bortezomib for the US market.
- Salaries & benefits decreased by \$74,032 during the nine month period ended September 30, 2024, in comparison to the same period in the prior year. The decrease in salaries & benefits during the current year is a result of the Company reducing its contract employee expenses, as part of cost savings measures implemented in the current year.
- Amortization decreased by \$238,193 during the nine month period ended September 30, 2024, in comparison to the same period in the prior year. The decrease is the result of the Company reclassifying its intangible assets to held-for-sale as the Company entered into an amendment to the August 30, 2017 agreement with the Licensor whereby Waverley Pharma agreed to transfer the ownership of the US Abbreviated New Drug Applications for both pemetrexed and bortezomib, back to the Licensor in exchange for consideration of \$264,520. As a result of the held-for-sale classification, the Company has not recorded any amortization pertaining to these assets during the nine month period ended September 30, 2024.
- Selling expenses decreased by \$46,958 during the nine month period ended September 30, 2024, in comparison to the same period in the prior year. The decrease in selling expenses is a result of the Company terminating its contracts with the NHS and correlates with the decrease in revenue noted during the current period.

RESEARCH AND DEVELOPMENT

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Licensing and Regulatory fees	\$ 72,320	\$ 60,133	12,187	\$ 205,382	\$ 170,701	34,681
Development fees – PARP 1	99,000	-	99,000	198,000	-	198,000
Total, research and development	\$ 171,320	\$ 60,133	111,187	\$ 403,382	\$ 170,701	232,681

Research and development costs for the three and nine months ended September 30, 2024 were \$171,320 and \$403,382 respectively, compared to \$60,133 and \$170,701 during the three and nine months ended September 30, 2023. The increase in research and development expenses in the current period relates to an increase in the annual fees paid to the FDA relating to the approvals of pemetrexed and bortezomib. In addition, the Company incurred additional research and development fees in the current period in relation to its PARP-1 inhibitor development project. Expenditures of this nature are expensed when incurred, the timing of which varies between the Company's reporting periods.

DISCUSSION OF OPERATIONS

On September 23, 2024, the Company announced that it had entered into a definitive agreement to acquire 100% membership interests of C&R Pharmacy., an independent pharmacy located in West Liberty Ohio. The total consideration paid for C&R Pharmacy was US\$450,000, with up to an additional US\$60,000 to be paid after one, year if certain performance metrics are met.

On June 20, 2024, the Company announced that James Kinley had been appointed as a director of the Company. Mr. Kinley is a Chartered Professional Accountant (CPA, CA) with more than 15 years of experience building, leading and advising companies through their daily operations as well as complex restructurings, mergers, acquisitions and capital market transactions. He is currently the Chief Financial Officer of Algernon Pharmaceuticals Inc. and a director of Medicare Inc. Both are publicly traded companies based in Canada.

On April 30, 2024, the Company provided a general update on its operations. As mentioned in the previous business update dated August 2, 2023, opportunities Waverley Pharma envisioned of marketing generic oncology drugs capecitabine, temozolomide, bortezomib and pemetrexed in the UK and recently approved bortezomib and pemetrexed in Europe and the United States have not come to fruition. This is a result of the unparalleled discounts currently taking place in generic drug pricing along with the large number of generic players vying for business in each of these markets. With this in mind, Waverley Pharma has agreed to transfer the US Abbreviated New Drug Applications (“ANDAs”) for bortezomib and pemetrexed back to the manufacturer, Reliance Life Sciences Private Limited, for an undisclosed fee.

As such, the Company will no longer hold commercial rights to these two products in the US. Moving forward, Waverley Pharma's resources will focus on the continued development of its novel PARP-1 inhibitor.

On November 22, 2023, the Company announced that Larry Thiessen has been appointed to the Company's Board of Directors. Mr. Thiessen replaces Hellen Siwanowicz, who has resigned from her board position. Mr. Thiessen is the current Chief Executive Officer of the Company and has extensive pharmaceutical experience having previously worked for Bausch Health Companies Inc. (formerly Biovail Corporation), for more than 25 years, working his way up from manager to site director of the manufacturing operation in Steinbach, Manitoba. He led a team of roughly 400 employees and provided overall leadership and strategic direction at the operation. Mr. Thiessen has a Bachelor of Science in Biology and an Executive M.B.A. from Athabasca University in Edmonton, Alberta.

On August 2, 2023, the Company provided a general update on its generic pharmaceutical business. The business opportunity Waverley Pharma envisioned of expanding its focus beyond the development of novel oncology drugs, to marketing recently off patent generic oncology drugs with significant brand sales, like bortezomib and pemetrexed, has not materialized as planned. The main reason has been the unprecedented discount in pricing relative to brand that is now occurring in the generic industry as soon as a brand comes off patent. This price erosion is a direct result of the significant increase of aggressive generic companies entering the market early on. Both pemetrexed and bortezomib had over 15 early generic entrants, as indicated in the FDA Orange Book Database, and the competition has been fierce, with prices dropping to as little as 5% of brand. Waverley Pharma has been awarded a few tenders in the United Kingdom, but the prices are so low that it is next to impossible to make a profit. Based on the current generic business environment as outlined above, Waverley Pharma is shifting focus back to the development of novel drugs, like the existing PARP-1 inhibitor project.

On March 20, 2023, the Company provided a general update on its current operations. Currently, Waverley Pharma has four generic products approved for sale in the United Kingdom and two generic products, pemetrexed and bortezomib, approved for sale in other parts of Europe and the United States. Similar to the situation in Europe, Waverley Pharma is experiencing significant price erosion on these products in the US due to fierce generic competition. The Company has won some contracts for its products in the United Kingdom, but in order to do so has had to be extremely aggressive with pricing resulting in very thin margins in an era of rising costs. Facing these realities in both the United States and Europe, Waverley Pharma is evaluating the best strategy for these products going forward. At the same time, the PARP-1 inhibitor program is showing promising early results and the Company is committing additional resources to this program in order to attract a development partner or buyer for its lead compound.

DISCUSSION OF OPERATIONS (continued)

On January 11, 2023, the Company provided updates on its PARP-1 inhibitor program. Based on growing interest in new PARP-1 inhibitors with selective activity against PARP-1 over PARP-2, the Company has renewed its focus on completing its PARP-1 pre-clinical development program, which is at the lead optimization stage. The current lead compound has single digit nanomolar activity and significant selectivity to PARP-1 over PARP-2.

It is postulated that the effect of chemotherapy and radiation therapy is dampened by DNA repair enzymes 1 Poly (ADP-Ribose) Polymerase-1 (PARP-1) which belongs to the PARP family of enzymes and is involved in the detection and repair of DNA damage. PARP-1 inhibitors are a class of anti-cancer agents targeting DNA repair mechanism. The inhibition of PARP-1 is of clinical importance in various types of cancer. PARP-1 inhibitors have shown great potential to target high-grade ovarian cancers and triple-negative breast cancers which are resistant to current treatment. PARP-1 inhibitors can be used as a monotherapy to selectively kill cancer cells and in combination with other therapies.

PRODUCT DEVELOPMENT

The Company's initial research project was the development of a novel PARP-1 inhibitor for cancer treatment. As announced on January 11, 2023, based on growing interest in new PARP-1 inhibitors with selective activity against PARP-1 over PARP-2, the Company has renewed its focus on completing its PARP-1 pre-clinical development program, which is at the lead optimization stage. The current lead compound has single digit nanomolar activity and significant selectivity to PARP-1 over PARP-2.

Previously, the Company had been focused 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 November 24, 2021, for its tentatively approved generic oncology product, bortezomib. The Company's other generic oncology product, pemetrexed, has completed development, and as of June 15, 2021, the Company began commercializing the product within the UK.

On November 12, 2020, the Company announced that it had obtained tentative approval of its ANDA for pemetrexed, the generic product which was previously referred to as WAV-101. The tentative ANDA approval indicates that the technical requirements for approval have been met but approval cannot be made effective or begin marketing until the patent on the reference listed drug has expired. On May 25, 2022, the Company obtained final approval for the product from the FDA. Similarly, the Company obtained tentative approval of its ANDA for bortezomib on May 21, 2021. On October 11, 2022, the Company obtained final approval of its ANDA for bortezomib.

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.

Pemetrexed: is an injectable generic chemotherapy drug, developed for the treatment of non-small cell lung cancer and pleural mesothelioma. Regulatory filings have been made in the USA, the EU and the UK, and the Company is currently seeking a sales and marketing partner for the EU.

Bortezomib: is also an injectable generic chemotherapy drug, developed for the treatment of multiple myeloma and mantle cell lymphoma. Regulatory filings have been made in the USA, the EU and the UK, and the Company is currently seeking a sales and marketing partner for the EU.

During the period ended September 30, 2024, the Company entered into an amendment to the 2017 Agreement with RLS whereby Waverley Pharma agreed to transfer the ownership of the US Abbreviated New Drug Applications for both pemetrexed and bortezomib, back to RLS in exchange for consideration of \$264,520. As a result, the Company has classified said assets as held-for-sale as at September 30, 2024.

Going forward, the Company plans on focusing its efforts and resources on its PARP-1 inhibitor project, in addition to growing the sales of its newly acquired retail pharmacy, C&R Pharmacy.

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 for each of the last eight quarters. These historic results may not be indicative of the Company's future performance.

	Three months ended			
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Revenue	\$ 22,417	\$ -	\$ -	\$ 48,725
Cost of goods sold	(7,835)	-	-	(97,542)
Selling, general and admin.	(72,153)	(137,133)	(160,826)	(337,512)
Research and development	(171,320)	(167,220)	(64,842)	(63,877)
Recovery under profit sharing arrangement	-	-	-	29,690
Recovery of value added tax	-	-	-	48,952
Impairment loss on intangible assets	-	-	-	(942,623)
Finance expense, net	(41,815)	(36,668)	(32,441)	(29,115)
Foreign exchange gain (loss)	(2,205)	(3,813)	(6,017)	9,730
Net loss	\$ (272,911)	\$ (344,834)	\$ (264,126)	\$ (1,333,572)
Other comprehensive income	1,196	1,147	1,291	4,538
Basic loss per share	(0.01)	(0.01)	(0.01)	(0.02)
Diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)

	Three Months Ended			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Revenue	\$ 96,086	\$ 148,593	\$ 118,686	\$ 179,244
Cost of goods sold	(71,444)	(46,434)	(116,869)	(146,426)
Selling, general and admin.	(245,853)	(271,688)	(273,006)	(223,167)
Research and development	(60,133)	(56,401)	(54,167)	(125,598)
Recovery of value added tax	-	-	-	63,327
Finance income (expense), net	(20,447)	(15,374)	(11,717)	(9,852)
Foreign exchange gain (loss)	(8,170)	347	(2,485)	55,140
Net (loss) income	\$ (309,961)	\$ (240,957)	\$ (339,558)	\$ (207,332)
Other comprehensive (loss) income	-	(3,973)	(4,334)	(117,445)
Basic loss per share	(0.01)	(0.00)	(0.01)	(0.00)
Diluted loss per share	(0.01)	(0.00)	(0.01)	(0.00)

SUMMARY OF QUARTERLY RESULTS (continued)

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

- Revenue: The decrease in revenue in the current quarter in comparison to prior periods is the result of the Company terminating its contracts with the NHS, as a result of increased competition within the region which made it no longer commercially viable for the Company to continue selling the products within its current product portfolio.
- Selling, general and administrative: Selling, general and administrative costs relate to administrative expenses, professional and consulting fees, staffing and stock-based compensation expense relating to options issued to directors, officers, and employees. In addition, regulatory fees are included within general and administrative expenses, which vary quarter over quarter based on the timing of variation filings. For additional commentary on the changes within selling, general and administrative expenses, see the *Selling, General and Administrative* section above.
- Research and development: The Company continues to develop additional products under its drug development programs, resulting in expenses relating to the filing of drug formulation dossiers. The timing of expenses of this nature fluctuate and are expensed as incurred. The primary focus of the Company's research and development activities is its PARP-1 inhibitor project. For more information regarding the nature of the expenses included with research and development, see the *Research and Development* section above.

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 condensed consolidated interim 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

The following is a summary of cash flows used in the nine months ended September 30, 2024 and 2023:

For the nine months ended September 30	2024	2023
Cash used in operating activities	\$ (315,750)	\$ (538,702)
Cash used in investing activities	(611,650)	-
Cash from financing activities	1,113,684	436,468
Net increase (decrease) in cash	\$ 239,299	\$ (102,234)

Cash used in operating activities for the nine months ended September 30, 2024 was \$315,750 compared to cash used in operating activities of \$538,702 for the nine months ended September 30, 2023. Cash used in operating activities during the current period primarily consisted of a net loss of \$881,871, offset by adjustments for amortization of the Company's intangible assts of \$2,302, other asset of \$78,284, and property and equipment of \$934. In addition, the Company paid \$111,062 in interest and had non-cash adjustments for finance expense and foreign exchange losses. In addition to these adjustments, the Company had changes in its working capital accounts, including a decrease in accounts receivable of \$80,029, a decrease in prepaid expenses of \$185,388 an increase in accounts payable of \$376,028; offsetting these working capital account adjustments was an increase in inventory of \$168,741.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Sources and Uses of Cash (continued)

Cash used in operating activities during the nine month period ended September 30, 2023 consisted of a net loss of \$890,476, offset by adjustments for amortization on the Company's intangible assets of \$241,429, amortization of the Company's other asset of \$78,284, and an adjustment for foreign exchange loss of \$8,307. In addition to these adjustments, there were changes in the Company's working capital accounts, including changes in accounts receivable of \$60,287, increase in inventory of \$ 28,880, changes in prepaid expenses and other current assets of \$177,689 and decrease in accounts payable and accrued liabilities of \$185,342.

Cash used in investing activities during the nine months ended September 30, 2024 was \$611,650 compared to nil during the nine month period ended September 30, 2023. Cash used in investing activities during the current period was a result of the Company acquiring C&R Pharmacy on September 18, 2024.

Cash flows from financing activities for the nine months ended September 30, 2024 was \$1,113,684 compared to cash flows from financing activities of \$436,468 for the nine months ended September 30, 2023. The cash flows from financing activities during both the nine months ended September 30, 2024 and 2023 related to the Company drawing on its bank indebtedness.

Funding Requirements

The Company has not been profitable through September 30, 2024, and as a result, it has financed its operating expenditures and capital costs. Operational activities during the three and nine months ended September 30, 2024 were financed by the line of credit obtained by the Company during 2021.

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 (\$3,111,466) at September 30, 2024, compared to working capital of (\$1,672,303) at December 31, 2023. The decrease in working capital of \$1,439,163 was a result of a decrease in accounts receivable of \$87,193, a decrease in prepaid expenses of \$210,144, an increase in accounts payable and accrued liabilities of \$351,311, an increase in the current portion of lease obligations of \$31,856 and an increase in bank indebtedness of \$1,113,684, offset by an increase in cash of \$186,284 and an increase in inventory of \$168,741.

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*" below. 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.

CONTRACTUAL OBLIGATIONS

June 7, 2018 agreement

On June 7, 2018, the Company 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 National Health Service. 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 nine month period ended September 30, 2024, the Company terminated its active contracts, and as a result, the Company did not record a recovery from the profit and/or loss arrangement. During the three month and nine month periods ended September 30, 2023, the Company did not record a recovery from the profit and/or loss arrangement due to delays in the completion of the assessment.

August 30, 2017 agreement

On August 30, 2017, the Company entered into a license, manufacture and supply agreement with RLS (the “**2017 Agreement**”) whereby it acquired exclusive licenses to sell and market two generic cancer drugs, pemetrexed and bortezomib from RLS, in the USA, Canada and Europe (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 2017 Agreement. Additional payments of US \$1,200,000 are payable upon certain development and approval based milestones being met and as at September 30, 2024, there are no amounts recorded as license fee payable pertaining to the 2017 Agreement (December 31, 2023 - nil). Additionally, the Company will purchase inventory and pay a royalty of 7.5% of its net sales from these two products to the Licensor. During the three month and nine month periods ended September 30, 2024, the Company did not record any royalty expense (2023 – nil and \$2,152) in relation to sales of pemetrexed within the UK as the Company did not sell any pemetrexed during the current period. The royalty expense recorded during the nine month period ended September 30, 2023 is recorded within cost of goods sold in the consolidated condensed interim statement of net loss and comprehensive loss. At September 30, 2024, nil (December 31, 2023 – nil) is recorded as royalties payable within accounts payable and accrued liabilities on the consolidated statement of financial position. The Company has not started the commercialization of bortezomib as at September 30, 2024, therefore, the Company has not accrued for or expensed any royalties pertaining to bortezomib as at September 30, 2024. The term of the 2017 Agreement is a period of ten (10) years, which began when regulatory approval was obtained in the USA.

During the nine month period ended September 30, 2024, the Company entered into an amendment to the 2017 Agreement with RLS whereby Waverley Pharma agreed to transfer the ownership of the US ANDAs for both pemetrexed and bortezomib back to RLS in exchange for consideration of \$264,520. As a result, the Company has classified said assets as held-for-sale as at September 30, 2024.

Commitments

As at September 30, 2024, 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 a subsidiary, WPEL, has committed to an office space lease at a rate of €1,251 (CAD \$1,886) per month for a term ending October 31, 2024. In addition, the Company has entered into an agreement with CanAm Bioresearch Inc. (“CanAm”) for organic and analytical chemistry services as of April 1, 2024 until September 30, 2024 at a monthly rate of \$33,000 per month. The agreement is in connection with the Company’s PARP-1 inhibitor development project. All commitments are current and expected to be settled within one year of September 30, 2024.

OUTSTANDING SHARE CAPITAL

As of November 27, 2024, 54,000,000 Common Shares were issued and outstanding. Other outstanding securities convertible into Common Shares are summarized in the following table:

	Common shares, options, and warrants outstanding as of November 27, 2024	Options and warrants exercisable into common shares as of November 27, 2024	Common shares, options and warrants outstanding as of September 30, 2024
Common shares outstanding ⁽¹⁾⁽²⁾	54,000,000	-	54,000,000
Options ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹²⁾	750,000	750,000	750,000
Warrants ⁽¹¹⁾	10,000,000	10,000,000	10,000,000

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.
- (9) During the year-ended December 31, 2020, 765,000 previously granted options were forfeited/expired as a result of certain officers and directors of the Company and its subsidiaries leaving their position and not exercising their options in the time frame stated within the stock option plan.
- (10) During the period ended June 30, 2021, 110,000 previously granted options were forfeited/expired because certain directors and consultants of the Company and its subsidiaries ceased to be involved with the Company and did not exercise their options in the time frame stated within the stock option plan.
- (11) On August 5, 2021, the Company announced that it had obtained a \$3,000,000 credit facility through its primary financial institution. The necessary collateral for the credit facility was provided by a related party to the Company. To compensate the related party for providing the necessary collateral for the credit facility, the Company elected to issue 10,000,000 stock warrants, each convertible into one (1) common share. The exercise price of each stock warrant is \$0.11, and each stock warrant has a contractual life of five years from the date of issuance.
- (12) During the period ended March 31, 2024, 325,000 previously granted options were forfeited/expired because certain directors of the Company ceased to be involved with the Company and did not exercise their options in the time frame stated within the stock option plan.

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 Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company are considered to be key management personnel. The CEO of the Company is a consultant through a consulting agreement which was signed on February 1, 2020.

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Salaries and fees	\$ 12,000	\$ 22,125	\$ 49,500	\$ 66,375
	\$ 12,000	\$ 22,125	\$ 49,500	\$ 66,375

Directors and key management personnel control 75% of the voting shares of the Company as at September 30, 2024 (December 31, 2023 - 75%).

During the three and nine months ended September 30, 2024, the Company paid GVI Clinical Development Solutions Inc. (“GVI CDS”), a company controlled by a director of the Company, a total of \$10,689 and \$52,520, respectively (2023 – \$10,326 and \$41,209) for regulatory affairs consulting.

During the three and nine months ended September 30, 2024, the Company paid CanAm, a company controlled by a director of the Company, \$33,000 and \$132,000, respectively (2023 – nil and nil) for research services in connection with the Company’s PARP-1 development project, as described in note 11(a).

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 September 30, 2024, included in accounts payable and accrued liabilities is \$32,625 (December 31, 2023 - \$36,803) payable to GVI CDS and \$34,650 payable to CanAm (December 31, 2023 – nil).

On January 1, 2021, the Company signed a services agreement with the CFO, through his consulting company, 10055098 Manitoba Ltd. Effective May 1, 2024, the Company amended the service agreement with its CFO by adjusting the fee to \$24,000 per year. The fee is reviewed annually on or about January 1. Either party can terminate the agreement with 30 days written notice, otherwise the agreement has an indefinite term.

As at September 30, 2024, there are no amounts payable to 10055098 Manitoba Ltd. in relation to the services agreement (December 31, 2023 - nil).

On August 05, 2021, the Company entered into an agreement with its primary financial institution, pursuant to which the financial institution provided the Company with a line of credit with maximum aggregate proceeds of \$3,000,000. The collateral necessary to secure the line of credit was provided by a director of the Company. To compensate the director for providing the collateral for the line of credit, the Company granted the director 10,000,000 warrants. Each warrant entitles the holder to purchase one (1) common share of the Company and is exercisable within five years of the date of grant at an exercise price of \$0.11 per common share.

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.

CRITICAL ACCOUNTING ESTIMATES (continued)

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 valuation of intangible assets

The condensed consolidated interim financial statements 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 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 use its available funding to improve its current operations, and increase revenue in order to fund future operations, however, the outcome of these matters cannot be predicted at this time. In addition, during the nine month period ended September 30, 2024, the company incurred a net loss of \$880,470 (2023 – \$890,476) , and, as at September 30, 2024 has a deficit of \$10,227,014 (December 31, 2023 - \$9,395,144).

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 September 30, 2024 and December 31, 2023 consist of the following:

	September 30, 2024	December 31, 2023
Financial Assets		
Cash	\$ 239,299	\$ 53,015
Accounts receivable	51,004	138,197
Financial Liabilities		
Accounts payable and accrued liabilities	(838,280)	(486,969)
Lease obligations	(244,795)	-
Bank Indebtedness	(2,715,743)	(1,602,059)

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.

FINANCIAL INSTRUMENTS AND RISKS (continued)

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; 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, except 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:

	September 30, 2024	December 31, 2023
<i>USD (Expressed in USD)</i>		
Cash	133,576	-
Accounts payable and accrued liabilities	(429,948)	(175,000)
Current portion of lease obligations	(23,599)	-
Lease obligations	(157,744)	-
	\$ (477,715)	\$ (175,000)
<i>GBP (Expressed in GBP)</i>		
Cash	£ 30,562	£ 29,326
Accounts receivable	2,025	80,371
Accounts payable and accrued liabilities	(67,452)	(74,756)
	£ (34,865)	£ 34,941

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 the 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.

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.

Financing Risks and Dilution to Shareholders

The Company has limited financial resources 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.

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 of directors, 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.

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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Waverley's expenses are provided in the Company's statement of net loss and comprehensive loss and note disclosures contained in its condensed consolidated financial statements for the three and nine month period ended September 30, 2024. These statements are available on Waverley's SEDAR page accessed through www.sedar.com.

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.

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 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: November 27, 2024