

WAVERLEY PHARMA INC.

MANAGEMENT PROXY CIRCULAR

and

NOTICE OF ANNUAL AND SPECIAL MEETING

May 2, 2024

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 Thursday, June 20, 2024 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, 2023 together with the auditors' report thereon;
2. to elect four (4) directors for the ensuing year, namely Dr. Albert D. Friesen, P. Marcus Enns, Larry Thiessen and James Kinley;
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.

Shareholders unable to attend the Meeting in person 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 2, 2024 will be entitled to vote at the Meeting.

DATED at Winnipeg, Manitoba, this 2nd day of May, 2024.

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 20, 2024 at 11:00 a.m. (Central Daylight Time) for the purposes set out in the notice of the Meeting (the "Notice of Meeting").

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 2, 2024.

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 2, 2024, 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 2, 2024 (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 2, 2024, 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	74.6%

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, 2023, 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 four 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 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 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 owner of GVI Clinical Development Solutions Inc., a consulting firm providing product development services to the life sciences industry.
P. Marcus Enns, ⁽¹⁾ Director, Winnipeg, Manitoba	100,000	Dec. 14/16	Mr. Enns is the President of CanAm Bioresearch Inc., a contract research organization that provides synthetic organic and medicinal chemistry services to pharma and biotech 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 also serves as Chair of the Board of Rosenort Credit Union, based in Rosenort, Manitoba.
Larry Thiessen, ⁽¹⁾ Chief Executive Officer and Director, Mitchell, Manitoba	Nil	Nov. 22/23	Mr. Thiessen is the Chief Executive Officer of the Corporation, a position held since February of 2020. Mr. Thiessen has extensive pharmaceutical experience, having worked for Bausch Health Companies Inc. (formerly Biovail Corporation), for 28 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.
James Kinley, ⁽²⁾ Director, Winnipeg, Manitoba	49,000	N/A	Mr. Kinley is a Chartered Professional Accountant with over 15 years of experience in building, leading, and advising corporations through their daily operations as well as on complex restructurings, mergers, acquisitions, and capital markets transactions. He is currently the Chief Financial Officer of Algernon Pharmaceuticals Inc. (CSE:AGN)

Note:

- (1) Member of the Audit Committee.
- (2) Will become member of the Audit Committee if elected.

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.

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 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 (the "**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 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.

Effective November 24, 2021, the Exchange adopted *Policy 4.4 Security Based Compensation* which has caused the Corporation to make changes to its Option Plan. These changes were made subsequent to the annual and special shareholders meeting held on June 15, 2022 and have been incorporated into the current Option Plan that was approved at a meeting of the Board on April 26, 2023 and at the previous annual and special meeting of shareholders on June 21, 2023. The current Option Plan is attached hereto as Schedule "A" and is subject to receipt of annual acceptance from the Exchange.

Summary of Current 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, and employees of a company which provides management services to the Corporation, or 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 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 current Option Plan. Management recommends a vote “For” the resolution to approve the current 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, 2023, 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 by 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, 2023, 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, 2023, no 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, 2023.

The directors of the Corporation are reimbursed for reasonable travel and other out-of-pocket expenses incurred to attend meetings of the Board, in person.

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, 2022 and December 31, 2023 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 (\$)
Larry Thiessen, Director, President and Chief Executive Officer ⁽¹⁾	2022	45,000	Nil	Nil	Nil	Nil	45,000
	2023	45,000	Nil	Nil	Nil	Nil	45,000
Haaris Uddin, CPA, Chief Financial Officer ⁽²⁾	2022	85,708	Nil	Nil	Nil	Nil	85,708
	2023	43,500	Nil	Nil	Nil	Nil	43,500
Albert D. Friesen, PhD, Director and Chairman	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2023	Nil	Nil	Nil	Nil	Nil	Nil
P. Marcus Enns Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2023	Nil	Nil	Nil	Nil	Nil	Nil
Hellen Siwanowicz ⁽³⁾ Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2023	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Larry Thiessen was appointed President and CEO of the Corporation on February 1, 2020 and a director of the Corporation on November 22, 2023.
- (2) Haaris Uddin was appointed Chief Financial Officer of the Corporation on January 1, 2020.
- (3) Hellen Siwanowicz resigned from the Board on November 22, 2023.

No compensation securities were granted or issued to any director or NEO by the Corporation in the most recently completed financial year for services provided or to be provided directly or indirectly, to the Corporation.

As at December 31, 2023, Albert D. Friesen held a total of 175,000 stock options representing 175,000 underlying common shares of the Corporation, Haaris Uddin held a total of 75,000 stock options representing 75,000 underlying common shares of the Corporation, P. Marcus Enns held a total of 400,000 stock options representing 400,000 underlying common shares of the Corporation, Hellen Siwanowicz held a total of 325,000 stock options representing 325,000 underlying common shares of the Corporation and Larry Thiessen held a total of 100,000 stock options representing 100,000 underlying common shares of the Corporation. All the stock options of the Corporation held by the directors and NEOs of the Corporation were vested as of December 31, 2023.

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 \$3,750 per month during the financial year ended December 31, 2023 based on providing a minimum of 37.5 hours of services per month. Effective May 1, 2024, the consulting agreement was amended such that Mr. Thiessen is now paid \$2,083 per month on providing a minimum of 20 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.

On January 1, 2021, the Corporation entered into a consulting agreement with 10055098 Manitoba Ltd. (Haaris Uddin's consulting company) under which Mr. Uddin agreed to perform the role of Chief Financial Officer of the Corporation (the "**CFO Agreement**"). He was paid \$43,500 per annum during the financial year ended December 31, 2023 under the CFO Agreement. Effective May 1, 2024, Mr. Uddin is paid \$24,000 per annum under the CFO Agreement. Either party may terminate the CFO Agreement without cause on thirty days' notice to the other party. 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, 2023.

Plan Category	Number of securities to be issued upon exercise of outstanding options (#)	Weighted-average exercise price of outstanding options (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by shareholders ⁽¹⁾	1,075,000 – options	0.34 for options	4,325,000 ⁽²⁾
Equity compensation plans not approved by shareholders	Not applicable	Not applicable	Not applicable
Total	1,075,000	0.34	4,325,000 ⁽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, 2023, 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

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. A copy of the Audit Committee Charter will be available for inspection at the Meeting.

Composition of Audit Committee

The Audit Committee is currently comprised of three directors, P. Marcus Enns (Chair), Albert D. Friesen and Larry Thiessen. All three members of the Audit Committee are "financially literate" as such term is defined in NI 52-110. P. Marcus Enns is an independent director 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. Larry Thiessen is an executive officer 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 \$750 million in assets and was previously on the audit committee. Mr. Enns holds a Bachelor of Commerce (Hons.) degree, with a major in Finance, 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.

Mr. Larry Thiessen is a life sciences senior executive with significant experience and expertise in using financial statements as a tool to operate and lead a large for-profit corporation. Mr. Thiessen holds a Bachelor of Science in Biology and an Executive M.B.A. from Athabasca University in Edmonton, Alberta.

Based on their varied business experience and education, each member of the Audit Committee understands 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 knowledge 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 any exemptions outlined in Form 52-110F2 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 EY for the years ended December 31, 2023 and December 31, 2022 are as follows:

EY <u>2023</u> \$70,000	EY <u>2022</u> \$70,500	Audit Fees
\$3,500	\$3,500	Tax Fees
\$73,500	\$74,000	Total Fees

Exemption

The Corporation is relying on the exemption in section 6.1 of NI 52-110.

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 Larry Thiessen. Mr. Enns is an independent director as defined in NI 58-101 and NI 52-110. Dr. Friesen is a majority shareholder of the Corporation and Larry Thiessen is CEO of the Corporation and both are deemed to be not independent of the Corporation.

As part of every regularly scheduled Board and committee meeting, the independent director is given the opportunity to meet separately from management and the non-independent directors. The Audit Committee is currently composed of a minority 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 fiduciary duty as a member of the Board, disclose the nature and extent of his interest to the Board and abstain from voting on such matter.

Directorships

Albert D. Friesen is a director of reporting issuer Medicure Inc.

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 diversity information disclosed in this Circular reflects the Corporation's situation as of December 31, 2023.

The Corporation has not adopted term limits for directors (either by age or tenure) or other specific mechanisms of board renewal.

The Corporation believes that ensuring diversity is fundamental to its future growth and an important part of all its business activities. The Corporation has not developed a written policy relating to the identification and nomination of directors from the four designated groups, being women, Indigenous peoples (First Nations, Inuit and Metis), persons with disabilities and 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. This selection process takes into consideration the current diversity of the Board and senior management when recruiting and hiring individuals to fill vacant positions.

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 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 its current representation of the Designated Groups is at or above the targets it would set if adopting a target and that setting higher targets than the current representation could potentially 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.

The Corporation has a total of three directors and two members of senior management. No director is a woman. One member of senior management (or 50% of senior management) is a visible minority. There are no Indigenous peoples or persons with disabilities on either the Board or in senior management.

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, 2023, 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 2nd day of May, 2024.

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

SCHEDULE "A"

STOCK OPTION PLAN OF WAVERELY PHARMA INC.

1. PURPOSE

The purpose of the Stock Option Plan (the "**Plan**") of Waverley Pharma Inc., a corporation amalgamated under the *Canada Business Corporations Act* (the "**Corporation**") is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the "**Shares**"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

2. ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the "**Board**"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

3. STOCK EXCHANGE RULES

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares are then listed and any other regulatory body having jurisdiction (hereinafter collectively referred to as, the "**Exchange**").

Without limiting the generality of the foregoing, during such period as the Shares are listed for trading on the Exchange:

- a) The Exchange Hold Period (as defined in the policies of the Exchange) will apply to all options granted to Insiders of the Corporation (as defined in the policies of the Exchange) and to all options granted at a discount to the Market Price (as defined in the policies of the Exchange); and
- b) Any acceleration or removal of required Exchange vesting provisions are subject to the prior written approval of the Exchange.

4. SHARES SUBJECT TO PLAN

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

5. MAINTENANCE OF SUFFICIENT CAPITAL

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. ELIGIBILITY AND PARTICIPATION

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “**Participants**”). Both the Corporation and an individual must confirm that the individual is a bona fide Participant in order for that individual to be eligible to participate in the Plan. Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to the subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. EXERCISE PRICE

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may only be reduced if at least 6 months have elapsed since the later of the date of the commencement of the term, the date the Corporation’s shares commenced trading or the date the exercise price was reduced. In the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced and the term of an option may be extended only if disinterested shareholder approval is obtained.

8. NUMBER OF OPTIONED SHARES

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange. The maximum aggregate number of Shares that are issuable pursuant to all Security Based Compensation (as defined in the policies of the Exchange) granted or issued to Insiders (as defined in the policies of the Exchange) as a group, must not exceed 10% of the Shares at any point in time. In addition, the maximum aggregate number of Shares that are issuable pursuant to all Security Based Compensation (as defined in the policies of the Exchange) granted or issued in any twelve month period to Insiders (as defined in the policies of the Exchange) as a group, must not exceed 10% of the Shares, calculated as at the date any Security Based Compensation is granted or issued to any Insider.

- (b) No single Participant may be granted options to purchase a number of Shares equaling more than 5% of the issued common shares of the Corporation in any twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to persons employed to provide investor relation activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than $\frac{1}{4}$ of the options vesting in any 3 month period.
- (e) The aggregate number of options granted and outstanding to Eligible Charitable Organizations (as defined in the policies of the Exchange) must not at any time exceed 1% of the issued Shares of the Corporation, as calculated immediately subsequent to the grant of any options to Eligible Charitable Organizations, and any such options must expire after the earlier of (i) ten years from the date of grant; and (ii) ninety days after the optionee ceases to be an Eligible Charitable Organization.

9. DURATION OF OPTION

- (a) Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange, being 10 years for the TSX Venture Exchange.
- (b) Subject to compliance with Exchange Policy 4.4, the expiry date of an option granted hereunder will be automatically extended if such expiry date falls within a blackout period during which the Corporation prohibits optionees from exercising their options. Such automatic extension shall in no event exceed 10 business days following the end of such blackout period.

10. OPTION PERIOD, CONSIDERATION AND PAYMENT

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee of Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation. Notwithstanding the foregoing, there can be no acceleration of the vesting requirements applicable to options granted to an Investor Relations Service Provider (as defined in the policies of the Exchange), without the prior written approval of the Exchange.

- (d) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

11. CEASING TO BE A DIRECTOR, OFFICER, CONSULTANT OR EMPLOYEE

- (a) Subject to subsection (b), if a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation.
- (b) If the Participant does not continue to be a director, officer, consultant, employee of the Resulting Issuer upon completion of the Corporation's Qualifying Transaction (as such terms are defined in the policies of the Exchange), the options granted hereunder must be exercised by the Participant within the later of 12 months after completion of the Qualifying Transaction and 90 days after the Participant ceases to become a director, officer, consultant or employee of the Resulting Issuer.
- (c) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

12. DEATH OF PARTICIPANT

Notwithstanding section 11, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

13. RIGHTS OF OPTIONEE

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

14. PROCEEDS FROM SALE OF SHARES

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general

funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

15. ADJUSTMENTS

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, any adjustments relating to the Shares optioned or issued on exercise of options and the exercise price per Share as set forth in the respective stock option agreements shall be made in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

Notwithstanding the foregoing, any adjustment to options granted or issued under the Plan (other than in connection with a consolidation or share split) is subject to the prior acceptance of the Exchange.

16. TRANSFERABILITY

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

17. AMENDMENT AND TERMINATION OF PLAN

Subject to the policies, rules and regulations of any lawful authority having jurisdiction (including any exchange on which the Shares are listed for trading), the Board may at any time, without further action by the shareholders, amend any option granted hereunder in such respects as it may consider advisable and/or terminate the Plan. The Board may not, however, without the consent of the option holder, alter or impair any of the rights or obligations under any option theretofore granted.

Any amendment to the Plan must be approved by the Corporation's shareholders as a condition of Exchange acceptance. Notwithstanding the foregoing, the Exchange will not require amendments to fix typographical errors or amendments to clarify existing provisions of the Plan that do not alter the scope, nature and intent of such provisions, to be subject to shareholder approval as a condition of Exchange acceptance.

18. NECESSARY APPROVALS

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

19. WITHHOLDING TAXES

The Corporation's obligation to deliver Shares issuable on the exercise of an option shall be subject to a Participant's satisfaction of all applicable income, employment and non-resident withholding tax obligations. Without limiting the generality of the foregoing, if the Corporation determines in its sole discretion that under the requirements of applicable taxation laws or regulations of any governmental authority whatsoever it is obliged to withhold for remittance to a taxing authority any amount upon exercise of an option, the

Corporation may take any steps it considers necessary or appropriate in the circumstances to withhold in connection with any option or other benefit under the Plan including, without limiting the generality of the foregoing:

- (a) requiring the Participant exercising the option to pay the Corporation, in the same manner as the exercise price for the Shares issuable on exercise of an option, such amount as the Corporation is obliged to remit to such taxing authority in respect of the exercise of the option, with any such additional payment, in any event, being due no later than the date as of which any amount with respect to the option exercised first becomes included in the gross income of the Participant for tax purposes; or
- (b) issuing the Shares issuable on the exercise of an option to an agent on behalf of the Participant and directing the agent to sell a sufficient number of such Shares on behalf of the Participant to satisfy the amount of any such withholding obligation, with the agent paying the proceeds of any such sale to the Corporation for this purpose;

to the extent permitted by law, deducting the amount of any such withholding obligation from any payment of any kind otherwise due to the Participant.

20. EFFECTIVE DATE OF PLAN

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

21. INTERPRETATION

The Plan will be governed by and construed in accordance with the federal laws of Canada.

Approved by the Board of Directors of the Corporation on April 26, 2023.