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## ALGERNON PHARMACEUTICALS ANNOUNCES SHORT FORM PROSPECTUS UNIT OFFERING

VANCOUVER, BC – (July 4, 2019) – Algernon Pharmaceuticals Inc. (CSE: AGN) (FRANKFURT: AGW) (OTCB: BTHCF) (“**Algernon**” or the “**Company**”), a clinical stage pharmaceutical development company, is pleased to announce that it has filed a preliminary short form prospectus in connection with a fully marketed public offering (the “**Offering**”) of units of the Company (“**Units**”) for minimum gross proceeds of \$2,500,000 and maximum gross proceeds of \$5,000,000. Mackie Research Capital Corporation is acting as lead agent and sole bookrunner for the Offering (the “**Agent**”).

Each Unit is comprised of one common share in the capital of the Company (a “**Unit Share**”) and one common share purchase warrant (a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Company (each, a “**Warrant Share**”). Final pricing of the Units (the “**Offering Price**”), the Warrant exercise price and term, and the determination of the number of Units to be sold pursuant to the Offering will be determined in the context of the market prior to the filing of the final short form prospectus in respect of the Offering.

The Company has granted to the Agent an option (the “**Over-Allotment Option**”), exercisable from time to time, in whole or in part, in the sole discretion of the Agent, up to 30 days from the closing, when the maximum offering is achieved to purchase up to an additional 15% of the number of Units, Unit Shares and/or Warrants sold pursuant to the Offering on the same terms as the Offering to cover over-allotments, if any, and for market stabilization purposes.

The net proceeds raised under the Offering will be used to fund up to three Phase II clinical trials, which will include the disease areas of non-alcoholic steatohepatitis (NASH), chronic kidney disease (CKD), or inflammatory bowel disease (IBD). The remaining funds will be used for working capital and general corporate purposes.

The Agent will receive an aggregate cash fee equal to 7% of the gross proceeds from the Offering, including in respect of any exercise of the Over-Allotment Option. In addition, the Company will grant the Agent, on date of Closing, non-transferable compensation options (the “**Compensation Options**”) equal to 7% of the total number of Units under the Offering (including in respect of any exercise of the Over-Allotment Option). Each Compensation Option will entitle the holder thereof to purchase one Unit (a “**Compensation Option Unit**”) at an exercise price per Compensation Option Unit equal to the Offering Price for a period to be determined.

The common shares of the Company are listed on the Canadian Securities Exchange (“**CSE**”). The Company will use commercially reasonable efforts to obtain the necessary approvals to list the Warrants on the CSE. There is no guarantee that the Warrants will be listed on the CSE or any other market.

The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and stock exchange approvals and the entering into of an agency agreement between the Company and the Agents.

This press release is not an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification or registration under the securities laws of such jurisdiction. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from U.S. registration requirements and applicable U.S. state securities laws.

### **About Algernon Pharmaceuticals Inc.**

Algernon Pharmaceuticals is a clinical stage pharmaceutical development company focused on advancing its lead compounds for non-alcoholic steatohepatitis (NASH), chronic kidney disease (CKD) and inflammatory bowel disease (IBD).

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**The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.**

**Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release. The Canadian Securities Exchange has not in any way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.**

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This news release contains forward-looking statements relating to the proposed offering including the terms of the offering, expected timing of the offering, and anticipated use of proceeds from the offering, and other statements that are not historical facts. Forward-looking statements are often identified by terms such as “will”, “may”, “should”, “anticipate”, “expects” and similar expressions. All statements other than statements of historical fact, included in this release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company’s expectations include the failure to satisfy the conditions of the relevant securities exchange(s) and other risks detailed from time to time in the filings made by the Company with securities regulations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are

beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements as expressly required by applicable law.