No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions.

*The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons unless exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the securities offered hereby within the United States or to, or for the benefit of, U.S. persons. See "Plan of Distribution".*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Algernon Pharmaceuticals Inc., Suite 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8, Telephone: 604-646-1553, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue September 30, 2019

ALGERNON PHARMACEUTICALS INC.

Minimum Public Offering: $2,500,000/ 22,727,272 Units
Maximum Public Offering: $5,000,000/ 45,454,545 Units

Price: $0.11 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution of a minimum of 22,727,272 units (the "**Units**") of Algernon Pharmaceuticals Inc. (the "**Company**" or "**Algernon**") (the "**Minimum Offering**") and a maximum of 45,454,545 Units of the Company (the "**Maximum Offering**" and collectively with the Minimum Offering, the "**Offering**") at a price of $0.11 per Unit (the "**Offering Price**"). Each Unit is comprised of one Class A common share in the capital of the Company (a "**Unit Share**") and one Class A common share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Class A common share in the capital of the Company (each, a "**Warrant Share**") at an exercise price of $0.13 per Warrant Share until 4:00 p.m. (Pacific time) on the date that is the earlier of: (i) 30 months following the Closing Date (as defined herein); and (ii) the date specified in any Warrant Acceleration Notice (as defined herein). The Warrants will be issued under and subject to the terms of a warrant indenture (the "**Warrant Indenture**") to be dated as of the Closing Date between the Company and AST Trust Company (the "**Warrant Agent**"), as warrant agent.

The Offering is made on a commercially reasonable "best efforts" agency basis pursuant to the terms and conditions of an agency agreement (the "**Agency Agreement**") dated September 30, 2019 between the Company and Mackie Research Capital Corporation (the "**Agent**"), The Offering Price was determined by negotiation between the Company and the Agent in accordance with the applicable policies of the Canadian Securities Exchange (the "**CSE**") and in the context of the market. See "Plan of Distribution".

The Company's Class A common shares (the "**Common Shares**") are listed and posted for trading on the CSE under the symbol "AGN", the OTCQB under the symbol "BTHCF" and on the Frankfurt Exchange under the symbol "AGW". On September 27, 2019, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the CSE, the QTCQB and the Frankfurt Exchange was $0.105, US$0.08 and €0.06, respectively.

	Price to the Public	Agent's Fee[1]	Net Proceeds to the Company[2]
Per Unit	$0.11	$0.0099	$0.1001
Minimum Offering	$2,500,000	$225,000	$2,275,000
Maximum Offering[3]	$5,000,000	$450,000	$4,550,000

(1) Pursuant to the Agency Agreement, the Company has agreed to pay to the Agent a fee equal to 9% of the gross proceeds of the Offering (the "**Agent's Fee**"). As additional compensation, the Company has agreed to issue compensation options (the "**Compensation Options**") to the Agent on the Closing Date. The Compensation Options will entitle the Agent to purchase that number of Units as is equal to 9% of the total number of Units (including any Additional Units (as defined below) issued upon exercise of the Over-Allotment Option (as defined below)) sold under the Offering (the "**Agent's Units**"), at an exercise price per Agent's Unit equal to the Offering Price for a period of 30 months from the Closing Date. This Prospectus qualifies the distribution of the Compensation Options. See "Plan of Distribution".

(2) After deducting the Agent's Fee, but before deducting the expenses of the Offering, which are estimated to be $300,000, which, together with the Agent's Fee, will be paid out of the gross proceeds of the Offering.

(3) The Agent has been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Agent, at any time and from time to time, not later than the 30th day after the Closing Date when the Maximum Offering is achieved, to purchase from the Company up to an additional 6,818,181 Units of the Company (the "**Additional Units**") at the Offering Price and/or up to 6,818,181 additional Unit Shares ("**Additional Unit Shares"**) and/or up to 6,818,181 additional Warrants ("**Additional Warrants**"), or any combination thereof, to cover the Agent's over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option"**). The Over-Allotment Option may be exercised by the Agent: (i) to acquire Additional Units at the Offering Price; or (ii) to acquire Additional Unit Shares at a price of $0.0939 per Additional Unit Share, or (iii) to acquire Additional Warrants at a price of $0.0161 per Additional Warrant; or (iv) to acquire any combination of Additional Units, Additional Unit Shares and Additional Warrants, so long as the aggregate number of Additional Unit Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 6,818,181 Additional Unit Shares and 6,818,181 Additional Warrants, respectively. If the Over-Allotment Option is exercised in full for Additional Units, the total "Price to the Public", "Agent's Fee" and "Net Proceeds to the Company" will be $5,750,000, $517,500 and $5,232,500, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units, Additional Unit Shares and Additional Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agent's over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The following table sets out the number of Compensation Options that may be issued by the Company to the Agent:

Agent's Position	Maximum Size or Number of Securities Available	Exercise Period or Acquisition Date	Exercise Price or Average Acquisition Price
Over-Allotment Option	6,818,181 Units	Not later than the 30th day after the Closing Date	$0.11 per Additional Unit ($0.0939 per Additional Unit Share and $0.0161 per Additional Warrant)
Compensation Options	4,090,909 Agent's Units[1]	Exercisable for a period of 30 months following the Closing Date	$0.11 per Agent's Unit

(1) If the Over-Allotment Option is exercised in full for Additional Units, the total number of Agent's Units will be 4,704,545.

Unless the context otherwise requires, when used herein, all references to "Units", "Unit Shares" and "Warrants" include the Additional Units, Additional Unit Shares and Additional Warrants, respectively, issuable upon exercise of the Over-Allotment Option.

An investment in the Units involves a high degree of risk. Prospective investors should consider the risk factors described under "Risk Factors" in this Prospectus and in the Company's Annual Information Form (as defined herein), which is incorporated herein and can be found on SEDAR at www.sedar.com, before purchasing the Units.

The Offering is being conducted on a commercially reasonable "best efforts" agency basis without underwriter liability by the Agent who conditionally offer the Units for sale, if, as and when issued by the Company and accepted by the Agent, in accordance with the terms and conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by McMillan LLP and on behalf of the Agent by Fasken Martineau DuMoulin LLP.

Subject to applicable laws and in connection with the Offering, the Agent may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Provided the Minimum Offering is achieved, the closing of the Offering is expected to occur on or about October 16, 2019 or such later date as may be agreed upon by the Company and the Agent (the "**Closing Date**"). Notwithstanding the foregoing, if the Minimum Offering has not been completed within 90 days of the issuance of a receipt for this Prospectus or such other time as may be consented to by the Agent within that period, all subscription proceeds received will be returned to subscribers without interest thereon or deduction therefrom, unless the subscribers have otherwise instructed the Agent and subject also to regulatory approval. See "Plan of Distribution".

Other than Units sold to certain purchasers in the United States and to, or for the account or benefit of, certain U.S. persons or certain persons in the United States, which will be represented by individual certificates, and other than pursuant to certain exceptions, the Units will be available for delivery in the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and will be deposited with CDS on the Closing Date in electronic form. A purchaser of Units will receive only a customer confirmation from the Agent or other registered dealer who is a CDS participant (a "**CDS Participant**") through which the Units are purchased. CDS will record the CDS Participants who hold Units on behalf of purchasers who have purchased Units in accordance with the book-based system. Purchasers who are not issued certificates evidencing the Unit Shares and Warrants comprising the Units which are subscribed for by them at closing are entitled, under the *Business Corporations Act* (British Columbia), to request that certificates be issued in their name. Such a request will need to be made through the CDS Participant through whom the beneficial interest in the securities is held at the time of the request.

The individual certificates evidencing Unit Shares, Additional Unit Shares, Warrants and Additional Warrants issued to, or for the account or benefit of, certain persons within the United States who are acquiring Units pursuant to the registration exemption provided by Rule 506(b) of Regulation D under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), will contain legends to the effect that the securities represented thereby have not been registered under the U.S. Securities Act and may only be resold or transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws of the United States.

Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus. The Company and the Agent have not authorized anyone to provide prospective investors with information different from that contained or incorporated by reference in this Prospectus. The Agent is offering to sell and seeking offers to buy the Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.

Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Units, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Units.

Unless otherwise indicated, all references to dollar amounts in this Prospectus are to Canadian dollars.

The Company's head office is located at Suite 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8. The Company's registered office is located at Suite 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking information and forward-looking statements (collectively, "**forward-looking statements**") that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative or grammatical variations of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business, prospects and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company's expectations regarding its revenue, expenses and research and development operations;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow its business and operations;
- expectations with respect to future production costs and capacity;
- expectations regarding the Company's growth rates and growth plans and strategies;
- expectations with respect to the approval of the Company's license applications;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's business objectives for the next twelve months;
- the Company's plans with respect to the payment of dividends;
- the Company's ability to obtain additional funds through the sale of equity or debt instruments;
- the ability of the Company's products to access markets;
- the Company's ability to expand into international markets; and
- the Company's relationship with its distribution partners.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to (i) the Company obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) the maintenance of the Company's current good relationships with its suppliers, service providers and other third parties; (x) financial results, future financial position and expected growth of cash flows; (xi) business strategy, including budgets, projected costs, projected capital expenditures, taxes, plans, objectives, potential synergies and industry trends; (xii) research and development; (xiii) expectations concerning the size and growth of the global medical technology market; and (xiv) the effectiveness of the Company's products compared to its competitors' products. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include:

- the Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability;
- the Company is subject to changes in Canadian laws regulations and guidelines which could adversely affect the Company's future business and financial performance;
- the Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business;

- the Company may be unable to obtain additional financing on acceptable terms or not at all;
- the effectiveness Company's technology and the Company's ability to bring its technology into commercial production cannot be assured;
- the continued growth of the global medical technology market cannot be assured;
- the Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company faces competition from other companies where it will conduct business and those companies may have a higher capitalization, more experienced management or may be more mature as a business;
- the Company is reliant on management. If the Company is unable to attract and retain key personnel, it may not be able to compete effectively;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company expects to sell additional equity securities or secure debt facilities to fund operations, for capital expansion, and for mergers and acquisitions, which would have the effect of diluting the ownership positions of the Company's current shareholders;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital;
- the Company cannot assure you that a market will continue to develop or exist for the Common Shares and, if such market continues to develop, what the market price of the Common Shares will be;
- the market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control;
- the Company does not anticipate paying cash dividends; and
- future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

The above list is not exhaustive of the factors that may affect any of the forward-looking statements of the Company. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "*Risk Factors*" should be considered carefully by readers.

Certain of the forward-looking statements and other information contained herein concerning the pharmaceutical industry and the general expectations of the Company concerning the pharmaceutical industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the pharmaceutical industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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 does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management of the Company 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 "Risk Factors". All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements.

ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Agent, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") and any proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Tax Proposals**"), the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be a "qualified investment" under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans ("**RESPs**"), registered disability savings plans ("**RDSPs**") and tax-free savings accounts ("**TFSAs**"), all as defined in the Tax Act (collectively "**Deferred Income Plans**"), provided that (i) the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE), and (ii) in the case of the Warrants, the Company is not a "connected person" (as defined in the Tax Act) with respect to the particular Deferred Income Plan.

Notwithstanding that a Unit Share, Warrant or Warrant Share may be a qualified investment as discussed above, if the Unit Share, Warrant or Warrant Share is a "prohibited investment" for the purposes of the Tax Act, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF, or the subscriber of an RESP which holds such Unit Share, Warrant or Warrant Share will be subject to penalty taxes as set out in the Tax Act. The Unit Share, Warrant or Warrant Share will be a prohibited investment for a relevant Deferred Income Plan if the relevant holder, annuitant or subscriber of the relevant Deferred Income Plan does not deal at arm's length with the Company for the purposes of the Tax Act or has a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in the Company. However, a Unit Share or Warrant Share will not be a "prohibited investment" if such securities are "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by such RRSP, RRIF, RDSP, RESP or TFSA.

Purchasers who intend to hold Unit Shares, Warrants or Warrant Shares within a Deferred Income Plan should consult their own tax advisors in respect of the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in the provinces of British Columbia, Alberta, Saskatchewan and Ontario, are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company for the year ended August 31, 2018 dated April 11, 2019 (the "**Annual Information Form**");
- the audited consolidated financial statements of the Company, for the years ended August 31, 2018 and 2017, together with the auditors' report thereon and the notes thereto (the "**Annual Financial Statements**");
- the management's discussion and analysis of financial condition and results of operations for the year ended August 31, 2018 (the "**Annual MD&A**");
- the condensed interim consolidated financial statements of the Company for the three months ended May 31, 2019 and 2018, and the notes thereto, except the notice provided under subparagraph 4.3(3)(a) of National Instrument 52-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") (the "**Interim Financial Statements**");

- the management's discussion and analysis of financial condition and results of operations for the three month period ended May 31, 2019 (the "**Interim MD&A**");

- the management information circular of the Company dated March 25, 2019 distributed in connection with the Company's annual general meeting of shareholders held on May 6, 2019;

- the term sheet related to the Offering dated July 2, 2019 (the "**Term Sheet**");

- the amended investor presentation "Algernon Pharmaceuticals" dated August 7, 2019, as filed on August 8, 2019 (the "**Investor Presentation**");

- the amended template version of the term sheet relating to the Offering as filed on September 6, 2019 (the "**Final Term Sheet**");

- the material change report dated September 9, 2019 announcing the pricing of the Offering;

- the material change report dated July 22, 2019 announcing results of one of the Company's lead candidates for the treatment of IPF (as defined below) in an *in vivo* animal model study;

- the material change report dated February 20, 2019 announcing the change of the Company's name from "Breathtec Biomedical Inc." to "Algernon Pharmaceuticals Inc.";

- the material change report dated October 26, 2018 announcing the acquisition of Nash Pharmaceuticals Inc. ("**Nash Pharma**") and the consolidation of the Common Shares; and

- the business acquisition report dated September 13, 2019 relating to the acquisition of Nash Pharma.

Material change reports (other than confidential material change reports), annual information forms, management information circulars, business acquisition reports, annual financial statements, interim financial statements, the associated management's discussion and analysis of financial condition and results of operations and all other documents of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and before completion or withdrawal of the Offering, will be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the statement or document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated herein by reference may also be obtained on request without charge from the Corporate Secretary of Algernon Pharmaceuticals Inc., Suite 915 – 700 West Pender Street, Vancouver, BC V6C 1G8, Telephone: (604) 646-1553.

MARKETING MATERIALS

The Term Sheet, Investor Presentation and the Final Term Sheet (collectively, the "**Marketing Materials**") are not part of this Prospectus to the extent that the contents of the Marketing Materials are modified or superseded by a statement contained in this Prospectus.

The Term Sheet has been revised to include the pricing of the Units, the number of Units offered, the exercise term of the Warrants, the addition of an acceleration clause for the Warrants and the exercise term of the Compensation Options, and is superseded by the Final Term Sheet.

Pursuant to subsection 7.6(7) of National Instrument 44-101 - *Short Form Prospectus Distributions*, the Company prepared the Final Term Sheet reflecting the final Offering terms discussed above and a blackline has been prepared to show the modified disclosure. A copy of the Final Term Sheet and the blackline can be found under the Company's profile on SEDAR at www.sedar.com.

Any "template version" of any "marketing materials" (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed under the Company's profile on SEDAR at www.sedar.com after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) will be deemed to be incorporated by reference into this Prospectus.

THE COMPANY

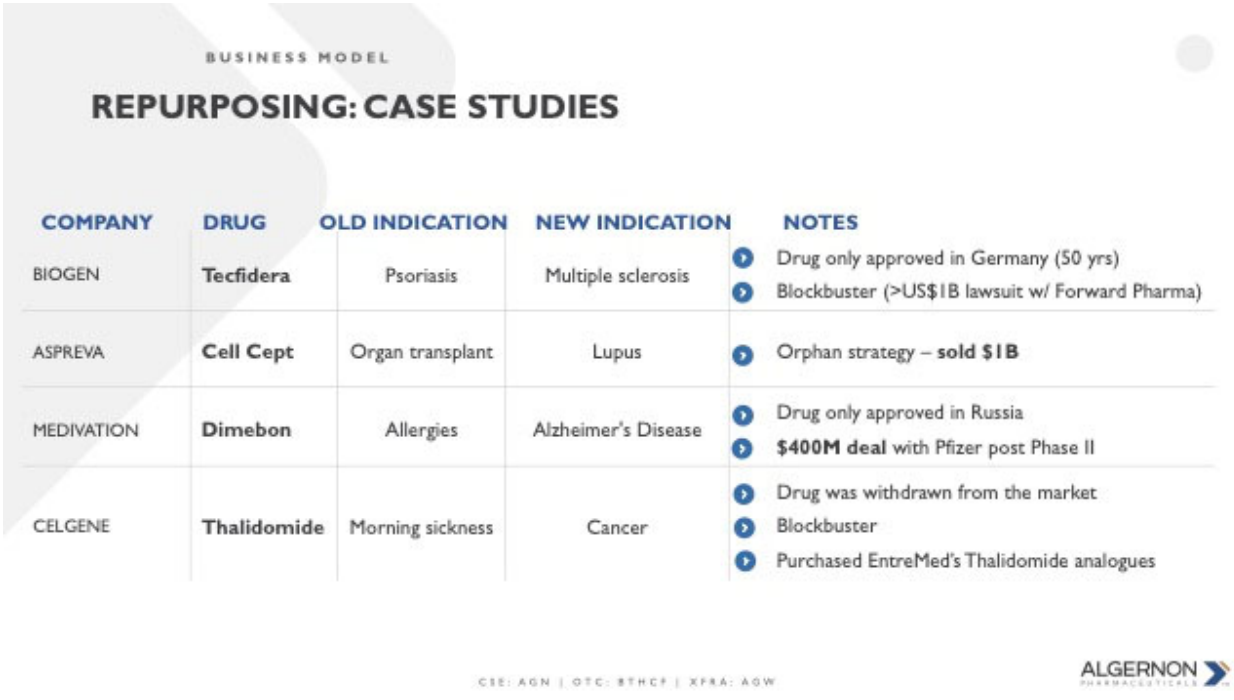
The Company is a clinical stage pharmaceutical development company focused on advancing its lead compounds for of non–alcoholic steatohepatitis ("**NASH**"), chronic kidney disease ("**CKD**") and inflammatory bowel disease ("**IBD**"). The Company is also working to advance a hand held breath testing and analysis device for the early detection of certain diseases.

On October 19, 2018, the Company acquired Nash Pharma pursuant to a share exchange agreement dated October 5, 2018. The Company issued 15,800,000 Common Shares to the shareholders of Nash Pharma at the deemed price of $0.24 per Common Share in exchange for 100% of the issued and outstanding shares of Nash Pharma. The Company also issued 14,800,000 replacement warrants to holders of Nash Pharma warrants in exchange for their existing warrants.

The Company is focusing on developing repurposed therapeutic drugs. Drug repurposing (also known as re-profiling, re-tasking or therapeutic switching) is the application of approved drugs and compounds to treat a different disease than what it was originally developed for. The Company is seeking to minimize investment and drug development risk by taking advantage of regulatory approved drugs and discovering alternative clinical uses by accelerating entry into phase II clinical trials (humans).

The Company's early research identified a number of drug candidates that had already been approved for other diseases. Only drugs that were approved in Russia, Ukraine, South Korea and Japan were chosen to avoid off-label prescription writing in United States and Europe. Off label prescription writing can often interfere with the normal economic pricing models of newly approved drug treatments. Eleven drug candidates were initially screened in globally accepted in vivo animal models for three new disease areas: NASH, CKD and IBD. The Company has also screened a number of candidates for idiopathic pulmonary fibrosis in an *in vivo* animal model study and based on the results is conducting additional research.

There have been numerous successful drug repurposing success stories as outlined below:



History of Company Prior to Acquisition of Nash Pharma

The Company was formed to undertake innovative research in the area of breath analysis as a medical diagnostic tool. The principal goal of the Company prior to the acquisition of Nash Pharma was to develop and commercialize a non-invasive, affordable, breath analysis devices for early detection of infections and life-threatening diseases such as cancers, liver disease, kidney failure, diabetes, asthma and tuberculosis.

The Company was focused on innovation and advances in the field of specialized mass spectrometry. It was working to advance its field asymmetric ion mobility sensor ("**FAIMS**") for the point of care ("**POC**") medical device market and to develop a working prototype device. FAIMS is a new form of atmospheric pressure ion separation technology that exploits differences in ion mobility at very high electric fields to separate ions in the millisecond timescale thus allowing continuous sample introduction. Medical testing based on FAIMS technology could allow for the miniaturization of breath testing devices enabling real-time, point of care POC non-invasive and accurate clinical screening of human breath.

Research had shown that human breath contains biomarkers that may be differentially expressed in people who have specific disease conditions compared to healthy individuals. Real time, accurate POC screening of human breath could provide the medical community with a new tool to help screen and possibly diagnose a wide range of human diseases.

The Company had signed a research agreement shortly after its inception with the University of Florida to help provide key direction on the development of a working prototype of the FAIMS POC device. The Company had a full time VP of R&D and had a laboratory operating in Florida. However, the Company experienced significant technical challenges in the development of the working prototype and some of its key components. Prior to the Nash Pharma acquisition, the Company had not yet completed a working prototype. On November 5, 2018, the Company amended its research agreement with the University of Florida's Analytical Chemistry Department, wherein Dr. Richard Yost, the Principal Investigator, has agreed to take on the task of producing a fully working prototype. Dr. Yost is an expert on FAIMS technology and has been a scientific advisor with the Company since 2016.

Despite the best efforts by the Company and Dr. Yost, the Company continues to face delays and challenges in the completion of a working FAIMS prototype POC device. After the completion of the Nash Pharma acquisition and upon receiving positive data from the Company's second animal in vivo research studies, the Company began to shift its primary focus to the advancement of its lead repurposed drug compounds into phase II clinical trials.

Lead Disease Programs

Non–Alcoholic Steatohepatitis (NASH)

NASH is a serious condition in which fat accumulates in liver tissue in people who consume little or no alcohol. It is the most severe form of non-alcoholic fatty liver disease ("**NAFLD**"), which in some individuals can progress to fibrosis (scarring) and ultimately hepatocellular carcinoma (liver cancer).

According to a report published by Allied Market Research, "Global Opportunity Analysis and Industry Forecast, 2021-2025," the global NASH market was valued at US$1.17 billion in 2017, and is expected to reach US$21.4 billion by 2025, growing at a compound annual growth rate ("**CAGR**") of 58.4% from 2021 to 2025. Currently, there are no United States Food and Drug Administration ("**FDA**") approved treatments for NAFLD or NASH.

Chronic Kidney Disease (CKD)

CKD is a condition in which the kidneys are damaged or cannot filter blood as well as healthy kidneys, often as a result of fibrosis. Because of this, excess fluid and waste from the blood remain in the body and may cause other health problems.

The global market for CKD drugs continues to expand, driven by the increasing number of CKD patients and the growing need of novel treatments to improve patients' quality of life. According to Research and Markets, the global CKD Drugs market was valued at US$12.4 billion in 2016, and is expected to reach US$17.4 billion by 2025, assuming the market continues to expand at a CAGR of 3.9% from 2017 to 2025.

Inflammatory Bowel Disease (IBD)

IBD is an umbrella term used to describe disorders that involve chronic inflammation of the digestive tract. This condition causes long-lasting inflammation and sores (ulcers) in the innermost lining of the large intestine (colon) and rectum.

According to Transparency Market Research, the global IBD treatment market was valued at US$10.52 billion in 2016. Assuming the market continues to rise at a steady 2.6% CAGR between 2017 and 2025, the market would be valued at US$14.8 billion by the end of 2025. In 2016, the United States and Canada led the global IBD market, which is attributable to the rising incidence of ulcerative colitis and Crohn's disease among men and women alike in the region.

Lead Candidates

The Company screened 11 drug candidates in well-accepted *in vivo* animal research models. Initial studies showed that a number of the drug candidates screened either performed equal to or better than the positive controls in each of the animal studies. The positive controls in the studies were widely accepted current standard of care treatments for each disease except for NASH where there is currently no approved treatment.

Subsequent *in vivo* studies have confirmed the efficacy of these candidates, the results of these studies are presented below. As a result of the positive performance of the candidates in the animal studies, Algernon is now in the planning stages to move a number of lead compounds into Phase II clinical trials. These compounds have the potential to be the first-in-class with unique structures.

Since all of the lead compounds are older than 20 years, and are genericized, all of the original composition of matter patents have expired. In order to build an intellectual property position around its discoveries, Algernon has filed new method of use patents as well as Markush structure pharmacophore patients for each of its lead compounds in the above-stated three disease areas.

Additional Research Program

Idiopathic Pulmonary Fibrosis ("**IPF**"), an orphan disease, is a type of chronic lung condition characterized by a progressive and irreversible decline in lung function and scarring (fibrosis) of the lungs. There is no cure for IPF and there are currently no procedures or medications that can remove the scarring from the lungs. According to research and consulting firm Global Data's latest report, the IPF market will rise substantially from just over US$900 million in 2015 to US$3.2 billion by 2025, representing a CAGR of 13.6%.

On February 25, 2019 the Company announced that based on positive preliminary data from its first IPF research study, the Company has elected to conduct further research on compound NP-251 and NP-120. Both compounds are orally administered small molecules. No serious adverse events were noted.

As fibrosis is a major underlying condition for many serious diseases, and as a result of the success of several of the Company's compounds previously demonstrating anti-fibrotic activity in CKD and NASH, the Company screened a number of its lead compounds for IPF. Out of the eight compounds screened by the Company during the early research phase, NP-251 and NP-120 showed the most promise.

The positive results from a second animal *in vivo* IPF study showed that NP-120, demonstrated superiority in reducing fibrosis over two globally approved therapies for IPF, Pirfenidone and Nintedanib, in a well-established *in vivo* animal model study of IPF.

Data from this recent study demonstrated a statistically significant improvement in established fibrosis in a 21-day bleomycin mouse model (treatment began on Day 7) as follows:

- Pirfenidone (100 mg/kg, twice a day) both a positive control and comparator arm in the study showed a 44% reduction in fibrosis versus untreated controls (not statistically significant) as measured by Trichrome staining and modified Ashcroft scoring.

- Nintedanib (40 mg/kg, four times a day) a second positive control and comparator arm, and NP-251 (30 mg/kg, three times a day) both showed a 51% reduction in fibrosis versus untreated controls ($p<0.05$).

- NP-120 (20 mg/kg, three times a day) showed a 56.0% reduction in fibrosis versus untreated controls ($p=0.015$).

- In an earlier experiment, NP-121, which shares the same target and similar pharmacology as NP-120, also reduced fibrosis to a similar level as NP-120 at the same dose, suggesting a class effect of the pharmacophore.

- NP-120 is a drug currently used for neurological indications in Japan, and was originally developed by a global pharmaceutical company. NP-121 is a repositioned drug that has undergone Phase II and III testing.

Based on the positive data the Company will begin working towards conducting an IPF phase II clinical trial using NP-120.

In Vivo Animal Study Data

Prior to human testing, all drug compounds are tested in animals. Research scientists are able to recreate the human illness that is being studied in mice so that drugs can be tested for efficacy. The Company has been screening its compounds in a number of animal studies. In the IBD and CKD studies, the Company's compounds were tested against and compared to the leading approved drug treatments for the human population. In the NASH studies, the Company used a leading drug in a phase III for NASH as its positive control. The following diagrams show the various studies and highlight the key performance indicators for the Company's lead compounds

IBD – Ulcerative Colitis

The following two diagrams describe the results of the Company's animal research study for ulcerative colitis. The data was positive and provides justifcation to move the lead compound NP-178 into phase II clinical trials.

Data from this study demonstrated statistically significant improvements in multiple measurements over multiple time points relevant to ulcerative colitis including:

- body weight, stool consistency, colon length and weight ratios and occult positivity ($p<0.001$ to $p<0.05$);

- the drug compared very favourably to the control, 5-ASA, the current standard of care for IBD; and

- no negative side effects were observed.

Details of the study results can be viewed below.

PRE-CLINICAL PROGRAMS - OVERVIEW

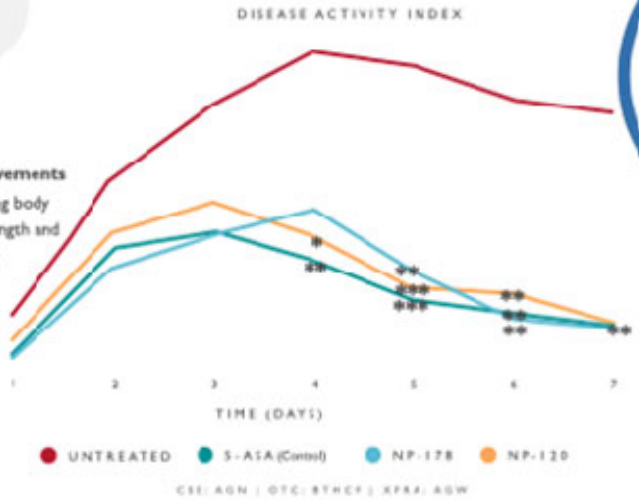
IBD – ULCERATIVE COLITIS

OXAZOLONE MODEL

- N=15 / arm
- Treatment Day 0-7
- Post Bonferroni corrected
- Once a day (OID) treatment
- Clinically relevant doses

Statistically significant improvements in multiple measurements including body weight, stool consistency, colon length and weight ratios and occult positivity

Up to 8% of UC patients can develop **fibrostenosis** which requires surgery and is a large unmet medical need



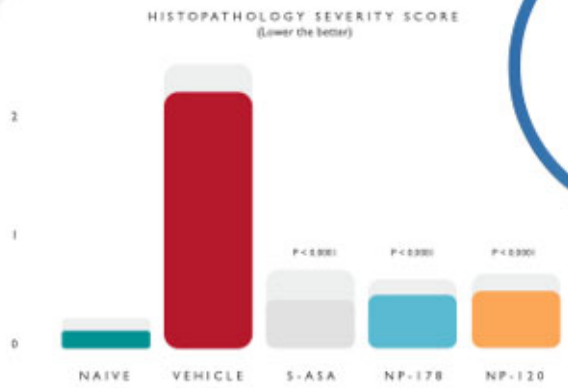
REDUCED SEVERITY

OF DISEASE AS WELL AS THE STANDARD OF CARE

CSE: AGN | OTC: BTHCF | XFRA: AGW

CLINICAL PROGRAMS – OVERVIEW

IBD – ULCERATIVE COLITIS



REDUCED SEVERITY

OF DISEASE AS WELL AS THE STANDARD OF CARE

CSE: AGN | OTC: BTHCF | XFRA: AGW

IBD – Crohn's Disease

The following two diagrams describe the results of the Company's animal research study for Crohn's disease. The data was positive and provides justifcation to move the lead compound NP-178 into phase II clinical trials.

Data from this study demonstrated statistically significant improvements in multiple measurements over multiple time points relevant to CD including:

NP-178

- body weight ($p<0.001$), occult positivity ($p<0.05$), colon weight ($p<0.05$), colon length ($p<0.001$) and the colon weight/length ratio ($p<0.001$);
- the drug compared very favourably to the control, 5-ASA, the current standard of care for IBD; and
- no negative side effects were observed.

NP-120

- body weight ($p<0.01$), colon length ($p<0.001$) and colon weight/length ratios ($p<0.01$);
- the drug compared very favourably to the control, 5-ASA, the current standard of care for IBD in both the CD and an earlier UC study; and
- no negative side effects were observed.

Details of the study results can be viewed below.

CLINICAL PROGRAMS – OVERVIEW

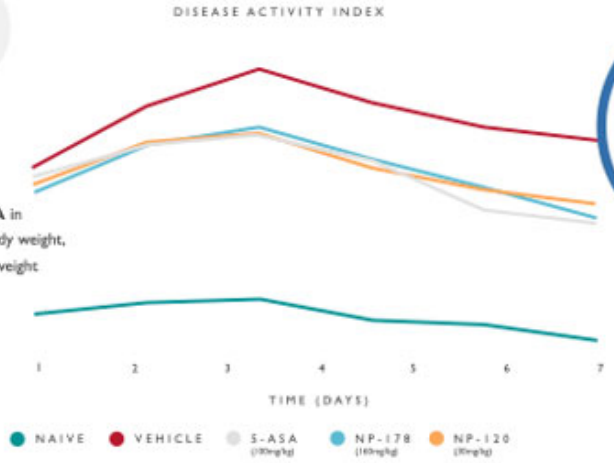
IBD – CROHN'S

TNBS MODEL

- N=15 / arm
- Treatment Day 0-7
- Post Bonferroni corrected
- Once a day (QID) treatment
- Clinically relevant doses

Similar improvements to 5-ASA in multiple measurements including body weight, stool consistency, colon length and weight ratios and occult positivity

Up to 50% of Crohn's patients can develop **fibrostenosis** which blocks the GI tract and requires surgery



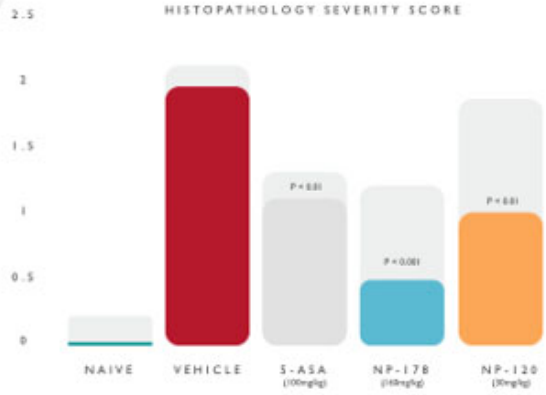
REDUCED SEVERITY
OF DISEASE AS WELL AS THE STANDARD OF CARE

CSE: AGN | OTC: BTHCF | XFRA: AGW

ALGERNON

CLINICAL PROGRAMS – OVERVIEW

IBD – CROHN'S



REDUCED SEVERITY
OF DISEASE AS WELL AS THE STANDARD OF CARE

CSE: AGN | OTC: BTHCF | XFRA: AGW

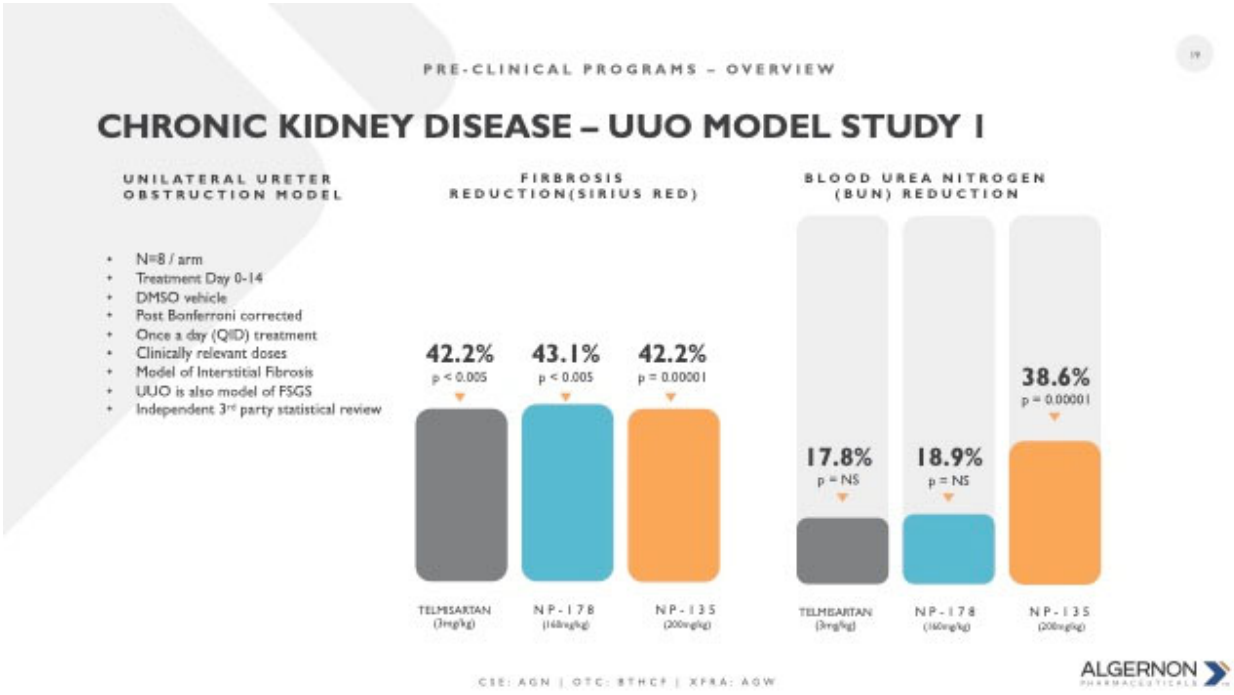
ALGERNON

CKD Model Study 1

The following two diagrams describe the results of the Company's first animal research study for CKD. The data was positive and provides justifcation to move the lead compound NP-135 into phase II clinical tirlals.

Data from this study demonstrated statistically significant improvements in multiple measurements over untreated controls relevant to chronic kidney disease including:

- 43.1% (p=0.003) reduction in fibrosis as measured by Sirius red staining;
- reduction of blood urea nitrogen (BUN), a marker of kidney function (p=0.000047);
- telmisartan, a positive control in the study and a current standard of care for CKD, reduced fibrosis by 42.2% (p=0.004);
- Telmisartan also reduced BUN but was not statistically significant; and
- NP-135 is a repurposed, orally delivered drug with no known anti-hypertensive effect.



CKD Model Study 2

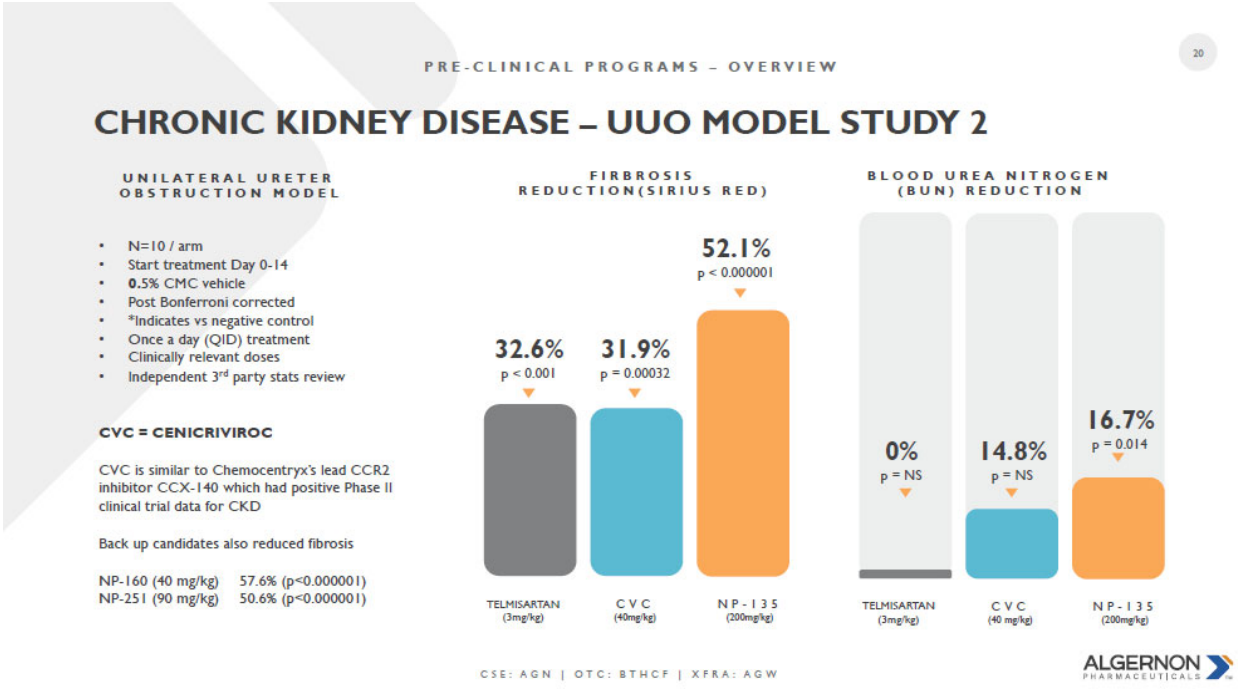
The following diagrams describe the results of the Company's second animal research study for CKD. The Company's lead compound is NP-135. The data was positive and provides justifcation to move the lead compound NP-135 into phase II clinical trials.

Data from this study demonstrated that clinically relevant doses resulted in statistically significant improvements in the reduction in fibrosis in the unilateral urinary obstruction ("**UUO**") animal model as measured by Sirius Red staining over untreated controls:

- Telmisartan (3mg/kg), a positive control, reduced fibrosis by 32.6% (p<0.001);
- Cenicriviroc (40 mg/kg) a CCR2/5 chemokine receptor antagonist with reported anti-fibrotic activity, reduced fibrosis by 31.9% (p=0.00032);
- NP-135 (200 mg/kg) reduced fibrosis by 52.1% (p<0.000001). In addition, the mass of the fibrotic kidney was lower than the negative control (i.e. closer to normal, p=0.016);

- NP-160 (40 mg/kg) reduced fibrosis by 57.6% (p <0.000001). NP-160 was also previously reported to be anti-fibrotic in a mouse model of NASH;
- NP-251 (90 mg/kg) reduced fibrosis by 50.6% (p<0.000001) with evidence of slight synergy (54.2% reduction in fibrosis, p<0.000001) when a low dose (30 mg/kg, 20.8% reduction in fibrosis, p>0.05) was combined with the same dose of Telmisartan (3mg/kg). In addition, the mass of the fibrotic kidney was lower than the negative control (p<0.001).

Details of the study results can be viewed below.



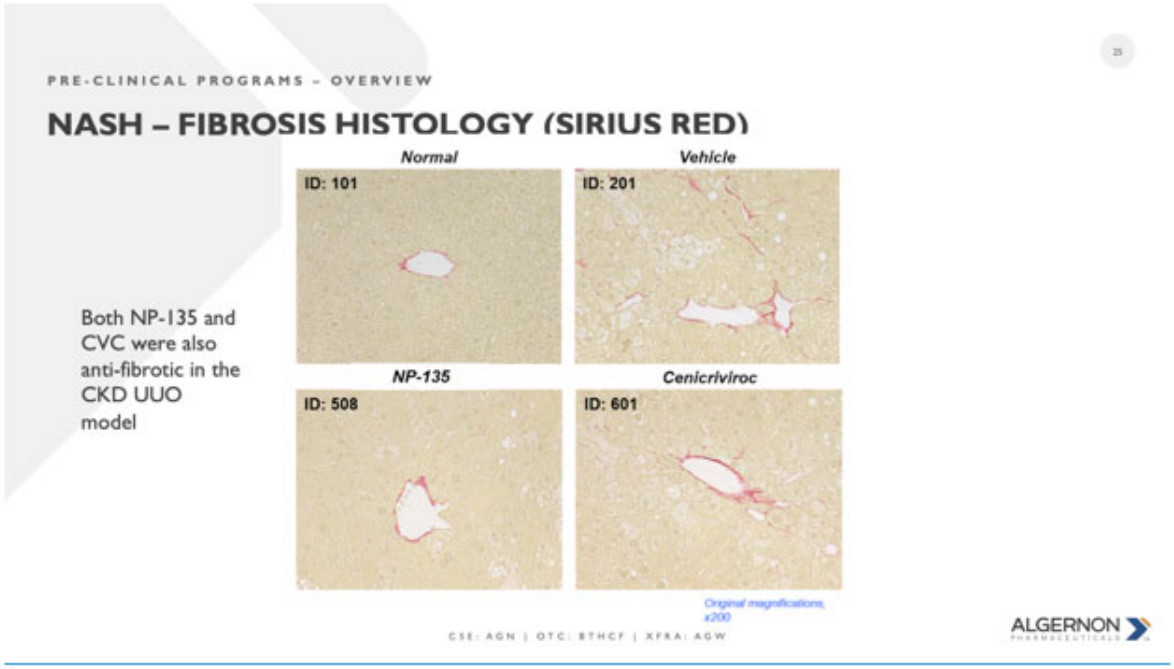
NASH

The following two diagrams describe the results of the Company's second animal research study for NASH disease. The Company's lead compound is NP-135. The data was positive and provides justification to move the lead compound NP-135 into phase II clinical trials.

Data from this study demonstrated statistically significant improvements in several key measures relevant to the development and progression of NASH including:

- Cenicriviroc (40 mg/kg, four times a day) both a positive control and comparator arm in the study showed a 1.5 point drop in the NAFLD/NAS score vs controls ($p<0.01$) and 54.1% ($p<0.0001$) reduction in fibrosis area compared to controls as measured by Sirius Red staining;
- NP-160 (40 mg/kg, four times a day) showed a 1.25 point drop in the NAFLD/NAS score vs controls ($p<0.05$) and a 59.9% reduction ($p<0.0001$) in fibrosis area;
- NP-135 (200 mg/kg, four times a day) showed a 1.1 point drop in the NAFLD/NAS score vs controls ($p>0.05$) and a 84.4% reduction ($p<0.0001$) in fibrosis area; and
- as previously reported, both NP-160 and NP-135 at the same doses recently showed significant anti-fibrotic activity in a UUO model of CKD, reducing fibrosis by 57.6% ($p <0.000001$) and 52.1% ($p<0.000001$) respectively. Cenicriviroc reduced fibrosis in the same study by only 31.9% ($p=0.00032$).

Details of the study results can be viewed below.



The Company also has a medical device division and is working to advance its FAIMS technology for the medical device market. FAIMS is a form of atmospheric pressure ion separation technology.

The Company believes that medical testing based on FAIMS technology, could allow for the miniaturization of breath testing devices enabling real time, POC non-invasive and accurate clinical screening of human breath.

Research shows that human breath contains biomarkers that may be differentially expressed in people who have a specific disease conditions compared to healthy individuals. Real time, accurate POC screening of human

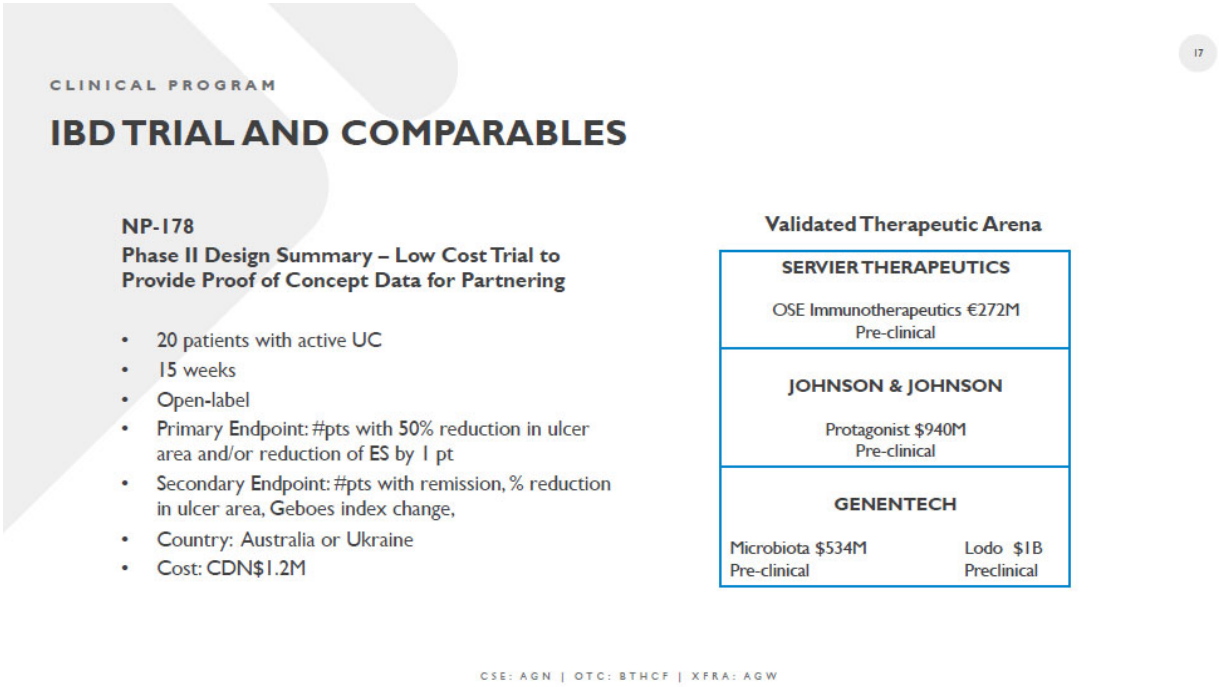
breath could provide the medical community with a new tool to help screen and possibly diagnose a wide range of human diseases.

The Company's current plan is to move the development of its FAIMS device into a finished working prototype phase. The next step is to look for a licensing or development partner for the technology who would then seek to move the device though the research use only phase ("**RUO**") and, ultimately, provide it to researchers for breath test development.

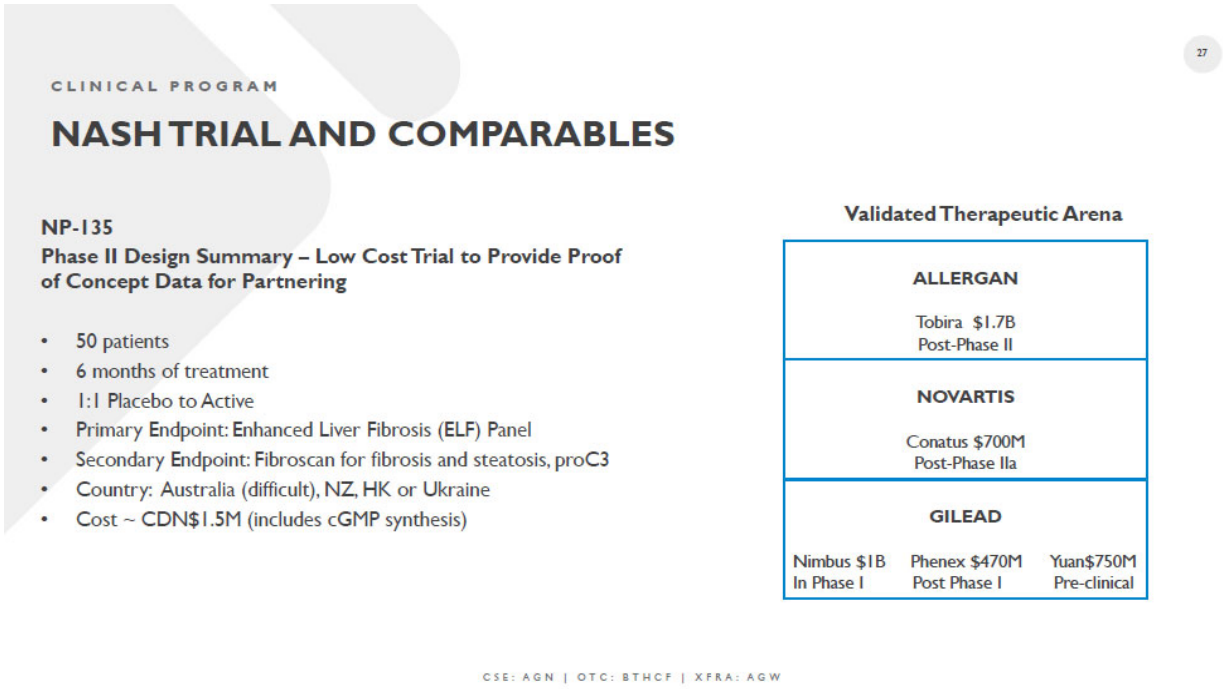
Planned Phase II Trials and Comparables

Presented below are the details of the Company's planned phase II trials as well as comparisons of other companies that are involved in the same therapeutic area.

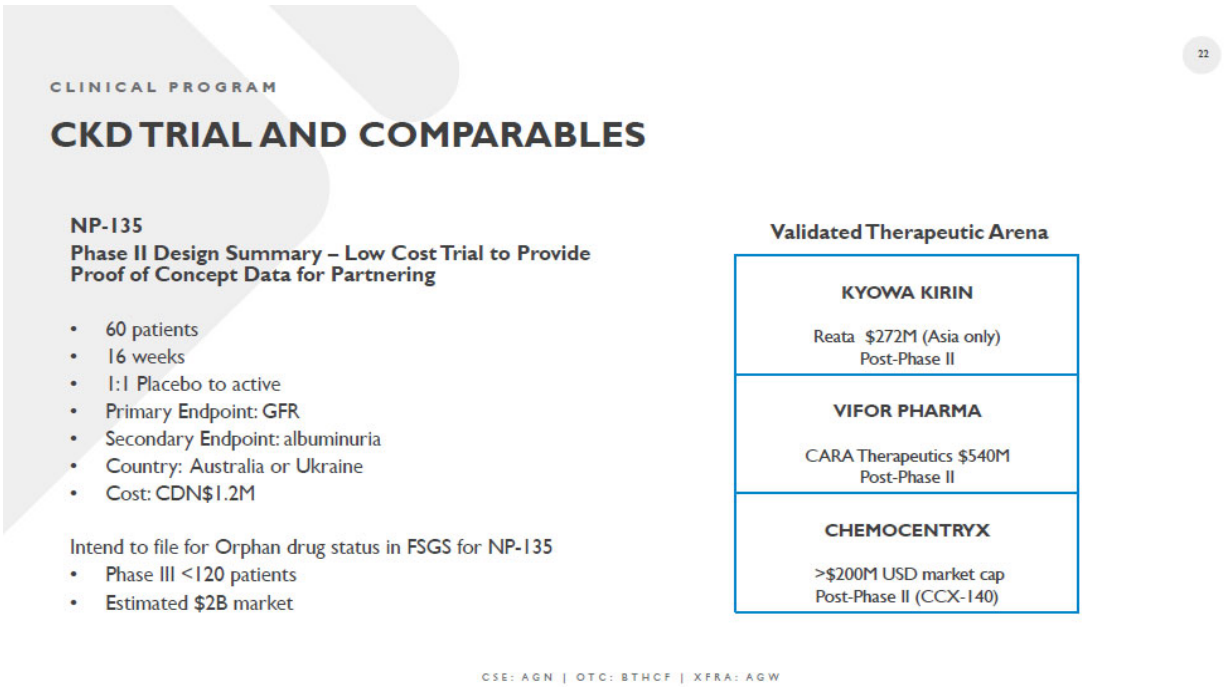
IBD



NASH



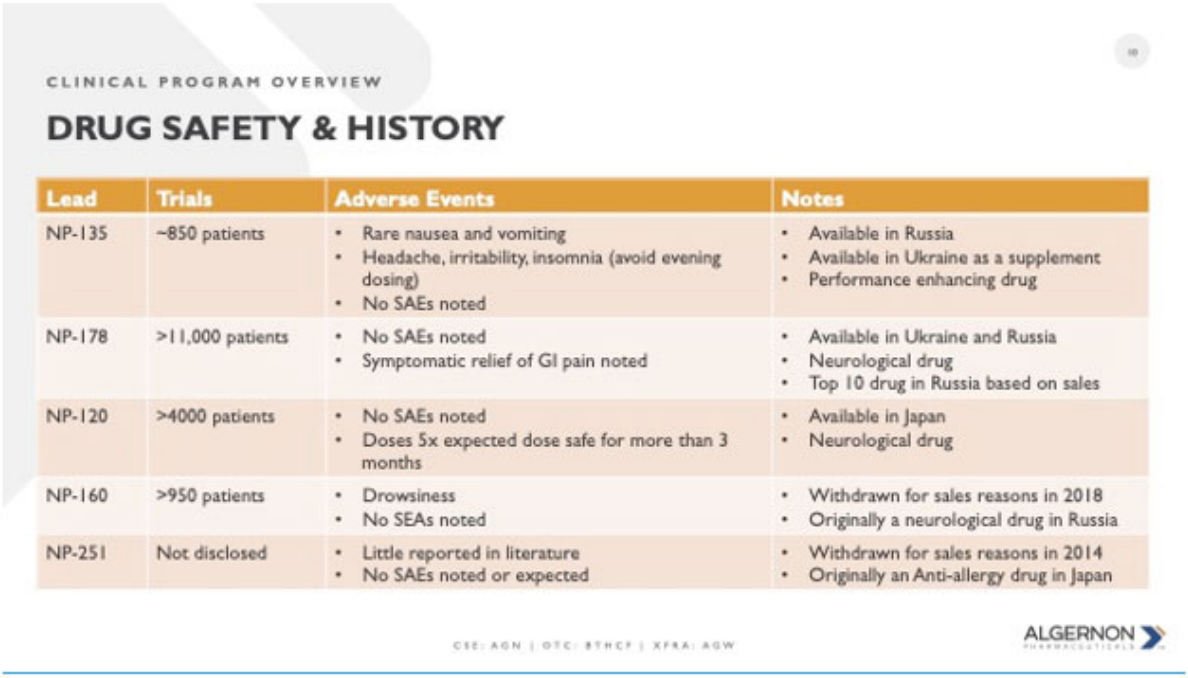
CKD



Lead Compounds – Safety & History

The Company's lead compounds are drugs that have all been approved over 20 years ago for a variety of different indications. The Company's lead compounds are all small molecules and are administered orally. The

Company has done extensive research on the safety history of its lead compounds and has identified a number of human trials that each of its lead compounds have been tested in. The following diagram provides additional details. Based on the data available, the Company's lead compounds are thought to be safe and have not caused any significant adverse effects in use for their current indication or in any published clinical trials.



Business Strategy

The Company is engaged in advancing a number of repurposed genericized drugs into phase II clinical trials for the global disease areas of NASH, CKD and IBD.

The compounds being advanced by the Company have all performed equal to or better than the positive controls used in the Company's widely accepted pre-clinical *in vivo* animal research studies.

Algernon's business strategy is to fast track a number of its lead compounds into phase II clinical trials as quickly and as inexpensively as possible by leveraging the currently existing regulatory approval and finished product supply in the country of origin where the drugs were originally approved. Conducting off label phase II trials in the drugs' currently approved market would save the Company from having to synthesize the compounds and conduct all of the preclinical toxicology work, thereby enabling the Company to save significant time and costs in the Company's development timeline and budget.

Based on the results of some of the feasibility studies in progress, the Company believes that conditions exist that could allow the Company to conduct up to four off label phase II trials without having to do any additional pre-clinical work. This would include conducting multiple trials for different diseases with the same lead compound. A final decision will be made by the Company regarding the compounds, the diseases and the locations of the phase II trials once all of the Company's feasibility studies are completed.

The Company is planning to conduct a multiple two phase II clinical trials simultaneously in order to significantly improve the Company's potential of success**.** Since historically up to 50% of phase II trials achieve positive results and up to 33% of successful phase II drugs end up being approved, ensuring the Company is not conducting and relying on a single phase II clinical trial is key part of the Company's current strategy.

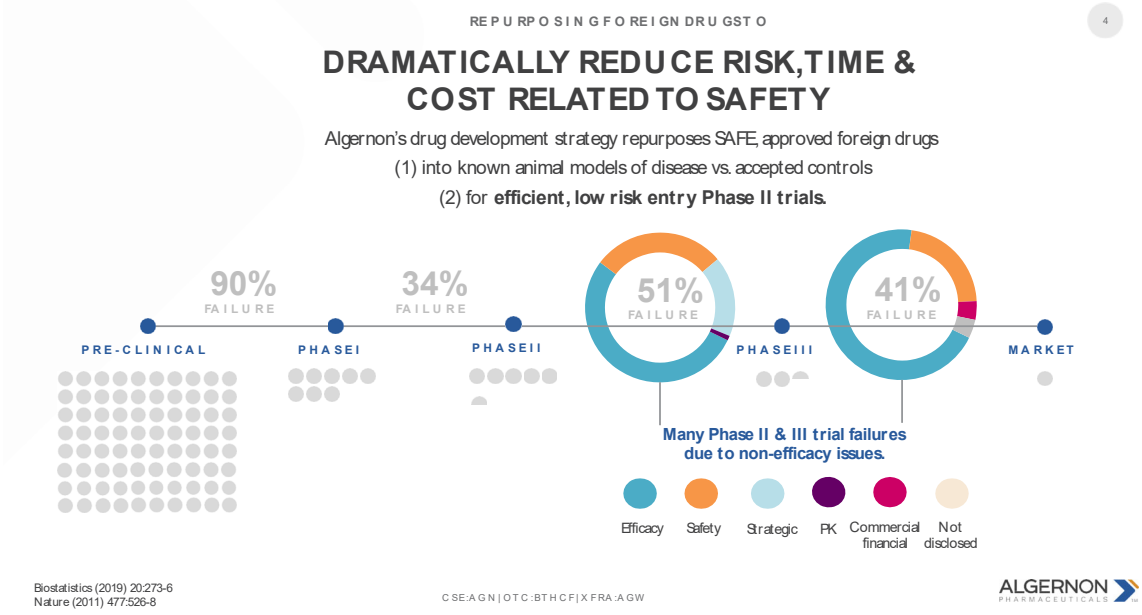
If the phase II trials are successful, the Company plans to engage in licensing, partnership and or acquisition discussions with a number of large pharmaceutical partners. If for whatever reason, a partnership, license or other business relationship does not materialize or otherwise is not achieved by the Company, the Company will explore moving all successful phase II compounds forward into phase III clinical trials. The Company understands that public companies that have had successful phase II trials in widespread (global) disease areas have generally achieved significant valuations.

At present, it is not the Company's plan to develop a sales team to advance the marketing sales and distribution of any of its lead compounds if they achieve regulatory approval in any given market. The Company's strategy is to look for moments of inflection where the potential exists to be able to consummate the best possible licensing or partnering deal or disposition (target) transaction.

The Company is also advancing the development of a POC breathalyzer device that could ultimately be instrumental in the research and development of regulatory approved test(s) that can screen or diagnose various human diseases using breath. The Company is not currently planning to advance this technology beyond the development of a working prototype but will look to license to or partner with a third party to advance the technology to the next development stage.

Drug Development – Costs/Risks/Timelines

The classic drug development pathway is expensive, time consuming and risky. The typical costs to successfully develop a drug and receive FDA regulatory approval are approximately US$2.5 billion, which is increasing at the rate of 8.5% per year, with an average timeline to regulatory approval and to reach market of 15 years. It is estimated that 90% of drugs fail before phase II trials, with most drugs failing to reach market (J. Health Economics (2016) 47:20-33). This is illustrated in the diagram below.

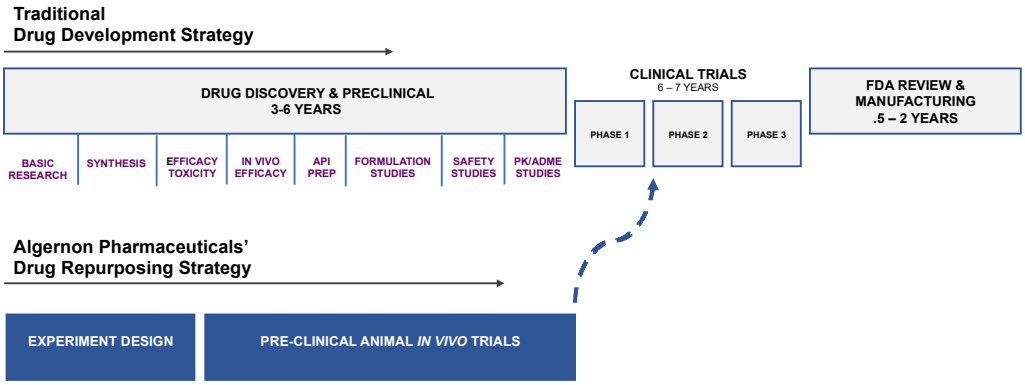


Drug Development - Regulatory

The regulatory pathway for drug development is well established in most major world markets. The most familiar in terms of stages and timing is the FDA pathway which has been estimated and illustrated in the below diagram. The various stages are well known and documented in terms of timing, cost and the rate of success in each stage. Drug discovery and pre-clinical describes all of the work and stages prior to testing the compound in humans.

A phase I study is the first point in which the compound begins testing in humans. All new chemical entities (NCE's) must successfully follow the below pathway in order to achieve regulatory approval and in order to begin sales to the public.

REGULATORY PATHWAY



Algernon's drug discovery program is based on repurposing drugs that have already been approved. Successful drug repurposing is based on finding new uses for known and safe drugs in order to treat and manage new diseases. Since Algernon's lead compounds already have a well established safety history and have already undergone pre-clinical testing when they were originally developed, the compounds are eligible in the market(s) where they were first approved, to be moved directly into phase II clinical studies.

Typically, in order for the Company to be able to move its lead compounds into phase II clinical trials, the finished drug product needs to be available for purchase and the drug needs have an active registration in a market where clinical testing can be successfully executed. The next step is for the Company to conduct what is known as an off label phase II clinical study confirming that the drug shows efficacy in human beings for the new disease.

It should be noted, that since Algernon chose to screen only compounds that were from Russia, South Korea, Ukraine and Japan, none of the currently identified finished product manufacturers meet the current Good Manufacturing Practice ("**cGMP**") standard of production for entry into an FDA study. This means that the data form the phase II study would not likely be able to be used in a future phase III trial application. However, if any of the Company's lead compounds are successful in their respective phase II studies, the Company would then begin the process of synthesizing and conducting all of the toxicology and safety studies under cGMP and Good Laboratory Practice conditions in order to move forward to a phase III study in the US.

The Company's business model is to seek out a favourable licensing, partnership or disposition transaction after a successful phase II trial before contemplating moving the compound(s) into phase III trials.

Regulatory – Medical Devices

Once the Company completes the development of a fully functional prototype device, the device would be ready to move into the RUO phase. Once the RUO phase is concluded, the device would be ready for researchers who could begin using the device to see if biomarkers can be discovered and validated that would support a screening or diagnostic test for a known medical disease or condition.

Once a new medical test has been developed and validated using the Company's RUO device, an application would then be made to the FDA in order to determine the best regulatory pathway forward. The device will be assessed by the FDA and will receive a classification of either a class II or class III device. Class I devices are reserved for only the simplest of devices (tongue depressor). There is also a class II de-novo application whereby the device is considered as an improvement over a similar device that is already approved and on the market.

The preference is always to receive a class II designation because class a III designation typically means a large and costly human trial and requires a cGMP level of device manufacturing that adds a great deal of cost and time to the development process.

As at the date of this Prospectus, the Company has no plans to develop the FAIMS technology into an RUO device or to conduct any discovery research for new breath-based biomarkers.

Scientific Management Team

Christopher Moreau – Chief Executive Officer

Mr. Moreau, the Company's Chief Executive Offering, has over 25 years of senior management experience in publicly traded and private companies, has a background biotechnology research and business development and was the chief executive officer and director of a TSX Venture Exchange listed life sciences company for over nine years. He is experienced with start-up companies, licensing, acquisitions and integration of acquired entities.

Dr. Mark Williams – Chief Science Officer

Dr. Williams, the Company's Chief Science Officer, has an MBA from the University of Manitoba and a PhD from the University of Alberta. Dr. Williams has 15 years of experience in drug and medical device development having repurposed three drugs from preclinical studies directly to positive phase II data. Dr. Williams is also an inventor of DM199 (a recombinant protein) in phase II trials for stoke and kidney disease. Dr. Williams is also involved in the financing side of life science companies, having assisted in securing coverage by analysts and key opinion leaders for Diamedica Therapeutics, Inc., increasing that company's valuation to greater than $125 million.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at the dates indicated, adjusted to give effect to the Offering, on the share and loan capital of the Company since May 31, 2019, the date of the Company's most recently filed financial statements. This table should be read in conjunction with the Annual Financial Statements and the Interim Financial Statements, and the respective related Annual MD&A and Interim MD&A, that are incorporated by reference in this Prospectus.

	As at May 31, 2019 before giving effect to the Offering	As at May 31, 2019 after giving effect to the Minimum Offering (assuming no exercise of the Over-Allotment Option)	As at May 31, 2019 after giving effect to the Maximum Offering (assuming no exercise of the Over-Allotment Option)	As at May 31, 2019 after giving effect to the Maximum Offering (assuming exercise of the Over-Allotment Option in full for Additional Units)
Share Capital (Common Shares – Authorized: unlimited)	$12,587,435 47,344,512 common shares	$14,496,526 70,071,784 common shares	$16,405,617 92,799,057 common shares	$16,978,344 99,617,238 common shares
Warrants	22,115,266	44,842,538	67,569,811	74,387,992
Stock Options	1,387,500	1,387,500	1,387,500	1,387,500
Compensation Options	Nil	2,045,454	4,090,909	4,704,545
Deficit	($9,844,028)	($9,844,028)	($9,844,028)	($9,844,028)
Equity Reserves	$2,517,347	$2,883,256	$3,249,165	$3,358,938
Total Shareholder's Equity	$5,397,331	$7,672,331	$9,947,331	$10,629,831

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since May 31, 2019.

USE OF PROCEEDS

The estimated net proceeds to be received by the Company from the Offering (before giving effect to any exercise of the Over-Allotment Option) will be $1,975,000 in the case of the Minimum Offering and $4,250,000 in the case of the Maximum Offering, after deducting the Agent's Fee of $225,000 in the case of the Minimum Offering and $450,000 in the case of the Maximum Offering and estimated expenses of the Offering of $300,000.

Use of Proceeds	Minimum Offering	Maximum Offering
Two Phase II Clinical Trials (22 Months)		
NP-178 IBD Trial/or NP-120 IPF Trial	$1,200,000	$1,200,000
NP-135 NASH Trial	Nil	$1,500,000
NP- 135 CKD Trial	Nil	$1,200,000
Working Capital	$775,000	$350,000
Total	$1,975,000	$4,250,000

If the Over-Allotment is exercised in full for Additional Units, the net proceeds to the Company from the Maximum Offering, after deducting the Agent's Fee of $517,500 and estimated expenses of the Offering of $300,000, will be $4,932,500. Any additional proceeds received from the exercise of the Over-Allotment Option will be used as working capital. Prior to the completion of the Offering, the Company has sufficient cash and working capital to cover general and administrative expenses and operating expenses for a period of six months, after which time the Company would need to seek additional financing or reduce expenditures.

Although the Company intends to use the proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary depending on future developments or unforeseen events. See "Risk Factors".

Pending the use of proceeds outlined above, the Company intends to invest the net proceeds of the Offering in investment grade, short-term, interest bearing securities. The Chief Financial Officer of the Company is responsible for executing the Company's investment policies.

The Company has no history of revenue from its operating activities. During the three months ended May 31, 2019 the Company had negative cash flow from operating activities, reported a net comprehensive loss of $532,446 and net loss per share of $0.01. The Company anticipates it will continue to have negative cash flow from operating activities and net losses in future periods unless and until commercial sales are achieved for the Company's products. A portion of the proceeds from the Offering will be used to fund negative cash flow from operating activities in future periods.

Business Objectives and Milestones

The Company's business plan is to fast track two of its lead compounds into Phase II clinical trials, leveraging available finished product and the regulatory approval in the country the drugs were originally registered. The use of proceeds to accomplish this goal will include costs related to all aspects of conducting and managing two Phase II clinical trials as well as the operating costs for the Company during that time period until the studies are concluded and the data is known. The estimated time required to complete each clinical trial is 22 months from commencement of the clinical trial, which is expected to start as soon as practicable after the closing of the Offering.

The Company's plan is to conduct two Phase II Clinical trials, which have different durations, concurrently starting within a short time period of each other's start date. Once the Company decides which trial to pursue, it is expected that the IBD Trial or IPF trial will take 19 months and the NASH trial will take 22 months and, accordingly, the budget includes operating costs for the company for the full 22 months.

The following table outlines the key milestones for the Phase II clinical trials for each of the NASH trial and the IBD/IPF trial and the expected general timeline. The Company estimates that the Phase II NASH clinical trial will cost approximately $2 million and the Phase II IBD/IPF clinical trial will cost approximately $1.2 million. Actual costs for each milestone noted below cannot be separated from the total cost of the Phase II trial as the costs of each step are closely linked.

Key Milestones	Expected Timing from Start of Trial
General Phase II Clinical Trial Start Up	Month 1-4
Recruitment of Patients for Phase II Clinical Trials	Month 5-16
Treatment of Patients and Follow-Up	Month 16-19
Phase II Clinical Trial Close Out	Month 19-22
Total time for each Phase II Clinical Trial	Approximately 22 months

In the fourth quarter of 2019, the Company expects to begin cGMP synthesis of NP-135 and initiate additional pre-clinical research. In the first quarter of 2020, the Company expects to seek approval for the IBD or IPF trial in Australia, complete its idiopathic pulmonary fibrosis research, complete pre-clinical studies and publish related research papers with respect to all the Company's animal *in vivo* studies and begin the IBD or IPF trial. In the second quarter of 2020, the Company expects to complete the cGMP synthesis of NP-135 and submit for ethics evaluation the NASH NP-135 and the NP-135 CKD study in Australia, New Zealand and the Ukraine, assuming completion of the Maximum Offering. In the third quarter of 2020, the Company expects to begin the NASH NP-135 and the NP-135 CKD study. The Company anticipates receiving data from the IBD or IPF phase II study by the fourth quarter of 2021 and from the NASH and CKD studies by the first quarter of 2022.

The major third party costs associated with a Phase II clinical trial are related to the management of the trial from a contract research organization that will act as the "general contractor" and manage all aspects of the trial. This includes but is not limited to the following general tasks and duties:

- retention of principal investigator and study sites;
- management all regulatory issues, travel, logistics, local storage and distribution for investigation medical product;
- data management and statistics; and
- full clinical services including preparation of study documents, regulatory approval, logistics, project and site management, monitoring, pharmacovigilance work, preparation of clinical study report.

The remainder of the proceeds will be used for working capital, salaries, operating costs and other general administrative costs.

Upon completion of the Phase II clinical trials, if the trials are successful and the compounds demonstrate efficacy treating NASH and/or IBD/IPF in humans, the Company will make a decision whether to undertake Phase III clinical trials or enter into a licensing or partnership arrangement with a larger pharmaceutical company.

PLAN OF DISTRIBUTION

Agency Agreement

Pursuant to the Agency Agreement the Company has appointed the Agent to act as its agent to conduct the Offering on a commercially reasonable "best efforts" agency basis, of a Minimum Offering of 22,727,272 Units at the Offering Price per Unit for gross proceeds of $2,500,000 and Maximum Offering of 45,454,545 Units at the Offering Price for gross proceeds of $5,000,000. The Agent has agreed to assist with the Offering on an agency basis and are not obligated to purchase any of the Units for their own accounts.

Each Unit is comprised of one Unit Share and one Warrant. Each Warrant will entitle the holder to acquire, subject to acceleration and adjustment in certain circumstances, one Warrant Share at an exercise price of $0.13 until 4:00 p.m. (Pacific Time) on the date that is the earlier of: (i) 30 months following the Closing Date; and (ii) the date specified in any Warrant Acceleration Notice, after which time the Warrants will be void and of no value. This Prospectus qualifies the distribution of the Unit Shares and the Warrants included in the Units.

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events. See "Description of Securities Being Distributed".

The Company has also granted the Agent the Over-Allotment Option, exercisable in whole or in part and from time to time in the sole discretion of the Agent for a period of 30 days from and including the Closing Date when the Maximum Offering is achieved, to purchase up to 6,818,181 Additional Units and/or up to 6,818,181 Additional Unit Shares and/or up to 6,818,181 Additional Warrants, or any combination thereof, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agent: (i) to acquire Additional Units at the Offering Price; or (ii) to acquire Additional Unit Shares at the price of $0.0939 per Additional Unit Share; or (iii) to acquire Additional Warrants at a price of $0.0161per Additional Warrant; or (iv) to acquire any combination of Additional Units, Additional Unit Shares and Additional Warrants, so long as the aggregate number of Additional Unit Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 6,818,181 Additional Unit Shares and 6,818,181 Additional Warrants, respectively for the Maximum Offering. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units and/or Additional Unit Shares and/or Additional Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agent's over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Pursuant to the Agency Agreement, the Company has agreed to pay to the Agent the Agent's Fee which is equal to 9% of the gross proceeds from the issue and sale of the Units (including in respect of any exercise of the Over-Allotment Option). As additional compensation, the Company has also agreed to issue to the Agent the Compensation Options on the Closing Date. The Compensation Options will entitle the Agent to acquire that number of Agent's Units equal to 9% of the number of Units sold under the Offering, including 9% of the number of Additional Units sold upon exercise of the Over-Allotment Option. The Compensation Options will be exercisable for a period of 30 months from the Closing Date at an exercise price equal to the Offering Price.

The Company has also agreed to reimburse the Agent for their reasonable out-of-pocket fees and expenses, including the fees and expenses of their legal counsel whether or not the Offering is completed.

The Company will give notice to the CSE to list the Unit Shares, Warrants and Warrant Shares, including securities issuable pursuant to the exercise of the Over-Allotment Option, on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

The Company has agreed that, during the period commencing on February 12, 2019 and ending 120 days after the Closing Date, it will not, directly or indirectly, without the prior written consent of the Lead Agent, such consent not to be unreasonably withheld or delayed, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or enter into any derivative transaction that has the effect of the foregoing, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or enter into any derivative transaction that has the effect of the foregoing, any additional Common Shares or any securities convertible into or exchangeable for such shares, other than in conjunction with: (i) any equity securities which may be issued from time to time as agreed in employee compensation agreements (ii) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Company; (iii) the exercise of outstanding warrants or options; and (iv) any normal course transactions with an arm's length third party whereby the Company directly or indirectly acquires shares or assets of a business.

If the Minimum Offering is not completed within 90 days of the issuance of a receipt for this Prospectus, the Offering will cease. The Agent, pending closing of the Offering, will hold in trust all subscription funds received pursuant to the provisions of the Agency Agreement. If the Minimum Offering is not completed, the subscription proceeds received by the Agent in connection with the Offering will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

The Units will be offered in the provinces of British Columbia, Alberta, Saskatchewan and Ontario through the Agent or its affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Agent. Subject to applicable law, the Agent may offer the Units in the United States or to U.S. Persons (as defined in Rule 902 of Regulation S under the U.S. Securities Act) and in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Agent. Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Agent reserves the right to close the subscription books at any time without notice. Assuming the Minimum Offering is subscribed for, closing of the Offering is expected to take place on or about October 16, 2019, or such other date as may be agreed upon by the Company and the Agent. The Offering will be conducted under the book-based system. Subject to certain exceptions, a purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS Participant. CDS will record the CDS Participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system.

Pursuant to policies of certain Canadian securities regulatory authorities, the Agent may not, throughout the period of distribution under the Offering, bid for or purchase Common Shares for its own account or for accounts over which it exercises control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under Universal Market Integrity Rules for Canadian marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, the Agent may effect transactions which stabilize or maintain the market price of the Common Shares at levels other

than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

These stabilizing transactions and syndicate covering transactions may have the effect of preventing or mitigating a decline in the market price of the Common Shares, and may cause the price of the Units to be higher than would otherwise exist in the open market absent such stabilizing activities. As a result, the price of the Common Shares may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

The Company has agreed, pursuant to the Agency Agreement, to indemnify the Agent and its affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents and each other person, if any, controlling the Agent or its affiliates against certain liabilities, including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Agent may have to make because of such liabilities.

The Unit Shares and the Warrants comprising the Units offered hereby and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, a person in the United States or a U.S. Person.

The Agent has agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable United States federal and state securities laws, it will not offer or sell the Units at any time to, or for the account or benefit of, any person in the United States or any U.S. Person as part of its distribution. The Agency Agreement permits the Agent to offer and sell the Units that it has acquired pursuant to the Agency Agreement to "accredited investors" (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act) ("**Accredited Investors**") that are, or are acting for the account or benefit of, persons in the United States or U.S. Persons in compliance with Rule 506(b) of Regulation D under the U.S. Securities Act. Moreover, the Agency Agreement provides that the Agent will offer and sell the Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Units, and the Unit Shares and the Warrants comprising the Units, that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Warrant Shares issued upon the exercise of such Warrants, have not been registered under the U.S. Securities Act or any applicable state securities laws and will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. Unit Shares and Warrants sold to certain purchasers in the United States and to, or for the account or benefit of, certain U.S. Persons or certain persons in the United States, will be represented by individual certificates which will contain legends to such effect.

The Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares, if any, be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Company has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Company; provided, however, that a holder who is an Accredited Investor at the time of exercise of the Warrants who purchased Units in the Offering to, or for the account or benefit of, persons in the United States or U.S. Persons will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units to, or for the account or benefit of, a person in the United States or a U.S. Person. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units, Unit Shares or Warrants within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

CERTAIN CANADIAN FEDERAL TAX CONSIDERATIONS

The following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investor who acquires Units pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm's length with the Company and the Agent, (ii) is not affiliated with the Company, the Agent or a subsequent purchaser of the Unit Shares, Warrants or Warrant Shares, and (iii) acquires and holds the Units, Unit Shares, Warrants and Warrant Shares (the Unit Shares and Warrant Shares hereinafter sometimes collectively referred to as "**Shares**") as capital property. Investors who meet all of the foregoing requirements are referred to as a "**Holder**" or "**Holders**" in this summary, and this summary only addresses such Holders.

This summary does not apply to (i) a Holder that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act; (ii) a Holder that is a "specified financial institution" as defined in the Tax Act; (iii), a Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iv) a Holder that has made a functional currency reporting election under the Tax Act; (v) a Holder that has entered into or will enter into a "derivative forward agreement" or "synthetic disposition arrangement", as those terms are defined in the Tax Act, with respect to the Shares or Warrants; or (vi) a Holder that is otherwise of special status or in special circumstances. All such Holders should consult their own tax advisors with respect to an investment in Units.

This summary is based on the current provisions of the Tax Act in force as of the date hereof and our understanding of the current published administrative and assessing practice of the Canada Revenue Agency (the "**CRA**"). Except as specifically referenced below, this summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practice of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors with respect to their particular circumstances. The discussion below is qualified accordingly.

Allocation of Cost

The purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the Warrant comprising a Unit to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate $0.0939 of the Offering Price of each Unit as consideration for the issue of each Unit Share and $0.0161 of the Offering Price of each Unit for the Warrant comprising part of the Unit. Although the Company believes its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Shares owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by

averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Shares owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

The following section of this summary applies to Holders (as defined above) who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times ("**Resident Holders**"). Certain Resident Holders whose Common Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares, and every other "Canadian security" as defined in the Tax Act, held by such persons, in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Capital Gains and Capital Losses*".

Dividends

Dividends received or deemed to be received on the Shares, if any, will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced dividend tax credit in respect of "eligible dividends", if any, so designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act. There may be restrictions on the Company's ability to so designate any dividends as "eligible dividends", and the Company has made no commitments in this regard.

Dividends received or deemed to be received by Resident Holder that is a corporation must be included in computing its income but may be deductible in computing its taxable income, subject to all restrictions and special rules under the Tax Act. A Resident Holder that is a "private corporation" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a special tax under Part IV of the Tax Act (refundable in certain circumstances) on dividends received or deemed to be received on the Shares to the extent such dividends are deductible in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, and Resident Holders that are corporations should consult their own tax advisors in this regard.

Dispositions of Shares and Warrants

Upon a disposition (or a deemed disposition) of a Share or a Warrant (other than on the exercise thereof), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Capital Gains and Capital Losses*".

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the

three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances specified by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a special additional tax (refundable in certain circumstances) on its "aggregate investment income" (as defined in the Tax Act) for the year which will include taxable capital gains.

Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the application of the minimum tax.

Holders Not Resident in Canada

The following section of this summary is generally applicable to Holders (as defined above) who, for the purposes of the Tax Act, (i) are not, and will not be deemed to be, resident in Canada at any time while they hold Units, Unit Shares, Warrants or Warrant Shares, and (ii) do not use or hold, and are not deemed to use or hold, Units, Unit Shares, Warrants or Warrant Shares in carrying on a business in Canada at any relevant time ("**Non-Resident Holders**").

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. Under the Canada-United States Income Tax Convention (1980) as amended (the "**Treaty**"), for example, the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and who is entitled to the full benefits under the Treaty (a "**U.S. Holder**") is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company that beneficially owns at least 10% of the Company's voting shares). Affected Non-Resident Holders should consult their own tax advisors in this regard.

Dispositions of Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share or Warrant constitutes "taxable Canadian property" to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE) at the time of disposition, the Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time during the 60 month period immediately preceding the disposition, the following two conditions are met: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or such non-

arm's length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company, AND (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option in respect of, or an interest or right in, such property, whether or not such property exists. Notwithstanding the foregoing, a Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder under certain other provisions of the Tax Act.

A Non-Resident Holder's capital gain (or capital loss) in respect of Shares or Warrants that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described above under the subheading "*Holders Resident in Canada – Dispositions of Shares and Warrants*".

Non-Resident Holders who may hold Shares or Warrants as taxable Canadian property should consult their own tax advisors in this regard.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Warrants

The Warrants will be governed by the terms of the Warrant Indenture. The following summary of certain anticipated provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which will be filed by the Company under its corporate profile on SEDAR following the closing of the Offering. A register of holders will be maintained at the principal offices of the Warrant Agent in Vancouver, BC.

The Unit Shares and the Warrants comprising the Units will separate upon the closing of the Offering. Each Warrant will entitle the holder to acquire, subject to acceleration and adjustment in certain circumstances, one Warrant Share at an exercise price of $0.13 until 4:00 p.m. (Pacific time) on the date that is the earlier of: (i) 30 months following the Closing Date; and (ii) the date specified in any Warrant Acceleration Notice, subject to certain exceptions and the terms of the Warrants, after which time the Warrants will be void and of no value.

If, at any time, the volume-weighted average trading price of the Common Shares on the CSE, or other principal exchange on which the Common Shares are listed, is greater than $0.39 for any 20 consecutive trading day period, the Company may, within 15 days of the occurrence of such event, provide written notice to the Warrant Agent and the registered holders of Warrants (a "**Warrant Acceleration Notice**") and issue a press release that the expiry time of the Warrants shall be accelerated to the date that is 30 days following the date of such Warrant Acceleration Notice.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

(i) the issuance of Common Shares or securities exchangeable or exercisable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of warrants or options of the Company);

(ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;

(iii) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;

(iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable or exercisable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange, exercise or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and

(v) the issuance or distribution to all or substantially all of the holders of Common Shares of (i) securities, including rights, options or warrants to acquire shares of any class or securities exchangeable, exercisable or convertible into any such shares or property or assets or (ii) any property or assets, including evidences of indebtedness.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares or exchange or change of the Common Shares into other shares, or capital reorganization of the Company (other than as described in clauses (ii) or (iii) above), (b) consolidations, amalgamations, arrangements, mergers or other business combinations of the Company and/or any of its subsidiaries with or into another entity (other than a consolidation, amalgamation, arrangement, merger or other business combination which does not result in any reclassification of the Company's outstanding Common Shares or an exchange or change of the Common Shares into other shares), or (c) any sale, lease, exchange or transfer of the undertakings or assets of the Company and/or any of its subsidiaries as an entirety or substantially as an entirety to another corporation or entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Common Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, a prescribed number of days prior to the record date or effective date, as the case may be, of such events.

No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on the opinion of legal counsel, the rights of the holders of Warrants, as a group, are not prejudiced thereby.

The Warrant Indenture will contain provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by

holders of Warrants holding a specified percentage of the Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, and certain other amendments or other actions, will be subject to approval by an "Extraordinary Resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than $66^{2/3}$% of the aggregate number of Warrants represented at the meeting in person or by proxy and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than $66^{2/3}$% of the number of all of the then outstanding Warrants.

The principal transfer office of the Warrant Agent in Vancouver, British Columbia is the location at which Warrants may be surrendered for exercise or transfer.

PRIOR SALES

For the 12-month period before the date of this Prospectus, the Company issued the following Common Shares and securities exercisable or convertible into Common Shares:

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security
October 23, 2018	Common Shares	2,083,334[1]	$0.24
October 23, 2018	Warrants	2,083,334[1]	$0.50
October 23, 2018	Common Shares	15,800,000[2]	$0.24
October 23, 2018	Warrants	14,800,000[2]	$0.15 to $0.40
February 6, 2019	Common Shares	12,500[3]	$0.30
February 28, 2019	Common Shares	500,000[3]	$0.30

Notes:

1 Issued in connection with the closing of a non-brokered private placement of 2,083,334 units at a price of $0.24 per unit. Each unit consists of one Common Share and one warrant. Each warrant entitles the holder to purchase one Common Share until October 23, 2020 at the exercise price of $0.50 per Common Share.

2 Issued in connection with the acquisition of Nash Pharma. Warrants issued as replacement warrants to vendors on the same terms as previously issued warrants.

3 Issued upon the exercise of certain share purchase warrants.

TRADING PRICE AND VOLUME

The Common Shares are listed on the CSE under the trading symbol "AGN". The following tables set forth information relating to the trading of the Common Shares on the CSE for the months indicated. On September 27, 2019, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was $0.105.

	CSE Price Range ($)		
Month	High	Low	Total Volume
September 2018	0.13	0.10	2,066,785
October 2018	0.35	0.20	1,731,370
November 2018	0.28	0.155	1,056,393
December 2018	0.17	0.10	934,197

	CSE Price Range ($)		
Month	**High**	**Low**	**Total Volume**
January 2019	0.45	0.125	4,598,865
February 2019	0.55	0.24	6,025,455
March 2019	0.36	0.225	1,883,552
April 2019	0.33	0.21	1,833,659
May 2019	0.28	0.195	730,795
June 2019	0.25	0.20	767,474
July 2019	0.225	0.185	1,344,914
August, 2019	0.19	0.125	499,195
September 3 - 27, 2019	0.16	0.105	1,223,096

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or results of operations of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the Annual Information Form, which is incorporated by reference in this Prospectus and which may be accessed on the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Information", before deciding to purchase the Units. Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

A positive return in an investment in the Units is not guaranteed

There is no guarantee that an investment in the Units will earn any positive return in the short-term or long-term. A purchase of Units under the Offering 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 and who have no need for immediate liquidity in their investment. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

The Company has discretion in the use of net proceeds

The Company intends to use the net proceeds from this Offering as set forth under "Use of Proceeds"; however, the Company maintains broad discretion concerning the use of the net proceeds from the Offering, as well as the timing of its expenditures in ways that it deems most efficient, and there can be no assurance as to how the funds will be allocated, especially if the Company determines to revise its business plan and growth strategy. The application of the proceeds to various items may not necessarily enhance the value of the Units. The failure to apply the net proceeds as set forth under "Use of Proceeds" and other financings could adversely affect the Company's business and, consequently, could adversely affect the price of the Units on the open market.

Until utilized, the net proceeds of the Offering will be held in cash balances in the Company's bank account or invested at the discretion of the Board. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the net proceeds of the Offering. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, the Company's business, prospects, financial condition and results of operations may suffer, which could have material and adverse effect on the trading price of the Common Shares and the Warrants in the market.

Negative Cash Flow from Operations

During the three and nine months ended May 31, 2019, the Company had negative cash flow from operating activities, reported a net comprehensive loss of $532,446 and net loss per share of $0.01 for the three months ended May 31, 2019. The Company anticipates it will have negative cash flow from operating activities in future periods. To the extent that the Company has negative cash flow in any future period, certain of the net proceeds from the Offering may be used to fund such negative cash flow from operating activities, if any.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved, see "*Risk Factors – Negative Cash Flow from Operations*" above.

Risk Factors Related to Dilution

While the net proceeds of the Offering are expected to enhance the Company's liquidity, to the extent that a portion of the net proceeds of the Offering remains as cash, the Offering may dilute the interest of holders of Common Shares. The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants.

Market Price of Common Shares

The trading prices of CSE-listed companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada, North America and globally, and market perceptions of the attractiveness of particular industries. The trading price of the Common Shares is also likely to be significantly affected by changes from time to time in the Company's operating results, financial condition, liquidity and other internal factors.

No Market for Warrants

There is currently no market through which the Warrants may be sold. Accordingly, the purchasers may not be able to resell the securities purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Holders of Warrants Have no Rights as a Shareholder

Until a holder of Warrants acquires Warrant Shares upon the due exercise of Warrants, such holder will have no rights with respect to the Warrant Shares underlying such Warrants. Upon due exercise of such Warrants, such holder will be entitled to exercise the rights of a holder of Common Shares only as to matters for which the record date occurs after the exercise date.

AUDITORS, TRANSFER AGENT, REGISTRAR AND WARRANT AGENT

The auditors of the Company are Smythe LLP, Chartered Professional Accountants, Vancouver, British Columbia. Smythe LLP is independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar for the Common Shares and the warrant agent for the Warrants is AST Trust Company (Canada) at its principal offices in Vancouver, British Columbia.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by McMillan LLP, on behalf of the Company and by Fasken Martineau DuMoulin LLP, on behalf of the Agent.

INTEREST OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this Prospectus either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

- Smythe LLP, the Company's independent auditors, has prepared an independent audit report dated December 12, 2018 in respect of the Company's audited consolidated financial statements for the years ended August 31, 2018 and 2017;
- McMillan LLP, as the Company's counsel with respect to certain legal matters; and
- Fasken Martineau DuMoulin LLP, as the Agent's counsel with respect to certain legal matters.

Interests of Experts

As at the date hereof, the partners and associates of McMillan LLP, as a group, and the partners and associates of Fasken Martineau DuMoulin LLP, as a group, each beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

Smythe LLP has confirmed that they are independent of the Company within the meaning of the 'Rules of Professional Conduct' of the Chartered Professional Accountants of British Columbia.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some provinces, revisions of the price or damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit

prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

Under the Warrant Indenture, original purchasers of Warrants pursuant to the Offering will have a non-assignable contractual right of rescission if this Prospectus (including documents incorporated herein by reference) or any amendment hereto contains a misrepresentation (within the meaning of the *Securities Act* (British Columbia)), provided such remedy for rescission is exercised within 180 days of the closing of the Offering, following which such contractual right of rescission will be null and void. The contractual right of rescission shall be subject to the defences, limitations and other provisions described under part 16.1 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law. For greater certainty, this contractual right of rescission under the Warrant Indenture is only available in connection with a misrepresentation (within the meaning of the *Securities Act* (British Columbia)) and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces and territories of Canada.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a short form prospectus is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF THE COMPANY

Dated: September 30, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

(Signed) Christopher J. Moreau
Chief Executive Officer

(Signed) Michael Sadhra
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) Raj Attariwala
Director

(Signed) David Levine
Director

CERTIFICATE OF THE AGENT

Dated: September 30, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

MACKIE RESEARCH CAPITAL CORPORATION

(Signed) *David Keating*
Managing Director