



ALGERNON ANNOUNCES PRICING AND FILING OF AMENDED AND RESTATED PROSPECTUS

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Vancouver, British Columbia – October 25, 2019, Algernon Pharmaceuticals Inc. (“**Algernon**” or “**Company**”) (CSE: **AGN**) (FRANKFURT: **AGW**) (OTCB: **BTHCF**), a clinical stage pharmaceutical development company, is pleased to announce it has filed and received a receipt for an amended and restated short form prospectus dated October 22, 2019 (the “**Prospectus**”) in connection with its marketed public offering, which was previously described in a press release dated September 6, 2019 (the “**Offering**”). The Company will offer a minimum of 23,529,412 units of the Company (each a “**Unit**”) and a maximum of 30,588,235 Units at the price of \$0.085 per Unit for minimum gross proceeds of approximately \$2,000,000 and maximum gross proceeds of approximately \$2,600,000 (the “**Offering**”).

Each Unit is comprised of one common share in the capital of the Company (a “**Unit Share**”) and one common share purchase warrant (a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Company (each, a “**Warrant Share**”) at the price of \$0.12 per Warrant Share for a period of 30 months after closing (the “**Expiry Date**”), subject to acceleration of the Expiry Date as described below.

If, at any time prior to the Expiry Date, the volume weighted average trading price of the common shares of the Company (the “**Common Shares**”) on the Canadian Securities Exchange (the “**Exchange**”), or other principal exchange on which the Common Shares are listed, is greater than \$0.35 for 20 consecutive trading days, the Company may, within 15 days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the Expiry Date to the date that is 30 days following the date of such notice (the “**Accelerated Exercise Period**”). Concurrent with the giving of such notice, the Company will also issue a press release disclosing the Accelerated Exercise Period. Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

The Offering is being led by Mackie Research Capital Corporation as the sole agent and sole bookrunner (the “**Agent**”),

The Offering is being undertaken on a commercially reasonable “best efforts” agency basis in the provinces of British Columbia, Alberta, Saskatchewan and Ontario (the “**Selling Provinces**”). The Units may also be offered on a private placement basis pursuant to an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) and applicable state securities laws, as well as other jurisdictions outside of Canada and the United States as the Company and Agent may agree, on an exempt basis in accordance with applicable securities laws.

The Company has granted the Agent an over-allotment option, exercisable in whole or in part, at the Agent’s sole discretion, at any time and from time to time for a period of 30 days from and including the date of closing of the maximum Offering, to offer and sell on the same terms as the Offering, such number of additional Units, Unit Shares, Warrants or any combination thereof, as

is equal to up to 15% of the number of Units issued under the maximum Offering to cover over-allotments and for market stabilization purposes.

The net proceeds raised under the Offering will be used to fund the NP-178 IBD Trial or NP-120 IPF Trial, additional Phase 2 study planning and research and development. The remaining funds will be used for working capital and general corporate purposes.

In consideration for the services to be rendered by the Agent in connection with the Offering, the Agent will receive a cash fee and compensation options as further detailed in the Prospectus.

The Offering is subject to certain conditions, including, without limitation, receipt of all regulatory approvals, including the approval of the Exchange. The Company will use commercially reasonable efforts to obtain the necessary approvals to list the Unit Shares, Warrants and Warrant Shares on the Exchange.

The closing under the Offering is expected to occur on or about October 30, 2019, or such other date as the Agent and Company may agree, and is subject to receipt of all necessary regulatory approvals including the approval of the Exchange.

This press release does not constitute an offer to sell or a solicitation of an offer to buy the Units in any jurisdiction, nor will there be any offer or sale of the Units in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Units have not and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and therefore will not be offered or sold within the United States except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

About Algernon Pharmaceuticals Inc.

The Company's business model is to repurpose safe, approved generic drugs that are not available in the US or Europe, screen them in globally accepted animal models for new diseases, file new intellectual property rights and then move them into an off label phase II trial in the country where they are currently approved. Once a signal is established in a human trial, the company will begin to advance the drug through a USFDA registration.

The Company is preparing multiple compounds for phase II trials for the disease areas of non-alcoholic steatohepatitis (NASH), inflammatory bowel disease (IBD), chronic kidney disease (CKD) and idiopathic pulmonary fibrosis (IPF).

CONTACT INFORMATION

Christopher J. Moreau

CEO

Algernon Pharmaceuticals Inc.

604.398.4175 ext 701

info@algernonpharmaceuticals.com

investors@algernonpharmaceuticals.com

www.algernonpharmaceuticals.com.

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

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

CAUTIONARY DISCLAIMER STATEMENT: No securities exchange has reviewed nor accepts responsibility for the adequacy or accuracy of the content of this news release. This news release contains forward-looking statements and forward-looking information (collectively, “**forward-looking statements**”) relating to the use of proceeds of the Offering, the timing for completion of the Offering, product development, licensing, commercialization and regulatory compliance issues and other statements that are not historical facts. Forward-looking statements are often identified by terms such as “will”, “may”, “should”, “anticipate”, “expects” and similar (including negative and grammatical) expressions. All statements other than statements of historical fact, included in this release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company’s expectations include the failure to satisfy the conditions of the relevant securities exchange(s) and other securities regulatory authorities, general economic and financial market conditions and other risks detailed from time to time in the filings made by the Company with securities regulations. The reader is cautioned that assumptions used in the preparation of any forward-looking statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking statement. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements as expressly required by applicable law.