

Form 51–102F3

MATERIAL CHANGE REPORT

**Item 1. Name and Address of Company**

Algernon Pharmaceuticals Inc. (the “Company”)  
Suite 915 – 700 West Pender Street  
Vancouver, BC Canada V6C 1G8

**Item 2. Date of Material Change**

November 1, 2019

**Item 3. News Release**

The news release with respect to the material change referred to in this report was issued by the Company on November 1, 2019 and distributed through the facilities of Stockwatch. The news release was filed on SEDAR and is available at [www.sedar.com](http://www.sedar.com).

**Item 4. Summary of Material Change**

The Company announced that it has closed its previously announced marketed short form prospectus offering (the “Offering”) for gross proceeds of \$2,074,110.50.

**Item 5.1. Full Description of Material Change**

The Company announced that it has closed the Offering pursuant to which the Company issued 24,401,300 units of the Company (the “Units”) at a price of \$0.085 per Unit (the “Issue Price”) for gross proceeds of \$2,074,110.50 (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 until May 1, 2022 (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 “CSE”), 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 was led by Mackie Research Capital Corporation as the sole agent and sole bookrunner (the “Agent”).

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.

It is anticipated that the Warrants will commence trading on the CSE under the symbol "AGN.WT" on or about November 4, 2019.

The Units have not and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and therefore were not 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.

**Item 5.2. Disclosure for Restructuring Transactions**

Not applicable.

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7. Omitted Information**

None.

**Item 8. Executive Officers**

The following senior officer of the Company is knowledgeable about the material change and this material change report and may be contacted:

Christopher J. Moreau, Chief Executive Officer  
604.398.4175 ext 701

**Item 9. Date of Report**

November 1, 2019.