



## **ALGERNON ANNOUNCES CLOSING OF \$6.8 MILLION PRIVATE PLACEMENT OFFERING, INCLUDING EXERCISE OF THE OVER-ALLOTMENT OPTION**

**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES  
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VANCOUVER, British Columbia, May 13, 2020 (GLOBE NEWSWIRE) -- Algernon Pharmaceuticals Inc. ("**Algernon**" or the "**Company**") (CSE: **AGN**) (FRANKFURT: **AGW**) (OTCQB: **AGNPF**), a clinical stage pharmaceutical development company, is pleased to announce that it has closed its previously announced private placement offering of special warrants of the Company (the "**Special Warrants**"), which included the exercise of the over-allotment option, pursuant to which the Company issued 19,605,285 Special Warrants at a price of \$0.35 per Special Warrant, for aggregate gross proceeds of approximately \$6,861,849 (the "**Offering**"). The Offering was led by Mackie Research Capital Corporation (the "**Agent**"), as sole agent and bookrunner.

Each Special Warrant is exercisable, for no additional consideration at the option of the holder, into one unit of the Company (each, a "**Unit**"), with each Unit consisting of one Class A common share of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one Common Share (each, a "**Warrant Share**") at an exercise price of \$0.55 per Warrant Share for a period of 24 months after the Closing Date (the "**Expiry Date**"), subject to acceleration of the Expiry Date as described below.

All unexercised Special Warrants will be automatically exercised on the date (the "**Qualification Date**") that is the earlier of: (i) four months and a day following May 13, 2020 (the "**Closing Date**"); and (ii) three business days following the date on which receipt is issued by the British Columbia Securities Commission for a final short form prospectus (the "**Qualifying Prospectus**") qualifying the distribution of the Units underlying the Special Warrants and the Units underlying the compensation options granted to the Agent (the "**Compensation Option Units**").

The Company will use its commercially reasonable efforts to prepare and file, with each of the securities regulatory authorities in each of the provinces of Canada (other than Quebec) in which the Special Warrants are sold, and obtain a receipt for the Qualifying Prospectus, in compliance with applicable securities law, on or before the date that is 35 days from the Closing Date (the "**Qualification Deadline**"). In the event the Qualification Date has not occurred prior to 5:00 p.m. (Vancouver time) on the Qualification Deadline, each unexercised Special Warrant will thereafter entitle holders thereof to receive upon the exercise or deemed exercise thereof, for no additional

consideration, 1.10 Units in lieu of one (1) Unit and thereafter at the end of each additional 30 day period prior to the Qualification Date, each Special Warrant will be exercisable for an additional 0.02 of a Unit.

If, at any time after the Qualification Date and prior to the Expiry Date, the volume weighted average trading price of the Common Shares on the Canadian Securities Exchange (the “Exchange”), or other principal exchange on which the Common Shares are listed, is greater than \$1.00 for 10 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 will automatically expire at the end of the Accelerated Exercise Period.

The net proceeds raised under the Offering will be used for ongoing research, clinical trials, working capital and general corporate purposes.

The Company will use commercially reasonable efforts to obtain the necessary approvals to list the Common Shares, Warrant Shares, and Common Shares issuable on the exercise of the Compensation Option Units on the Exchange on the Closing Date and the date of the issuance of the underlying Warrant Shares, respectively.

In connection with the Offering, the Company has agreed with the Agent not to deliver any notice to the holders of its outstanding warrants exercisable at \$0.12 per share which expire in August 2022 accelerating the expiry date of such warrants, until after the day that is six months following the closing date of the Offering.

The Company has also agreed that, until after the Qualification Date, it will not deliver any notice to the holders of any of its other outstanding common share purchase warrants (including the outstanding warrants issued pursuant to the Company’s previously completed public offering dated November 1, 2019 exercisable at \$0.12 per common share) that the Company is accelerating the expiry date of such warrants.

### **Appointment of New Board Member**

The Company is also pleased to announce that Christopher J. Moreau, the Company’s Chief Executive Officer, has been appointed to the board of the directors of the Company effective today.

**This press release is not an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification or registration under the securities laws of such jurisdiction. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States**

**or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from U.S. registration requirements and applicable U.S. state securities laws.**

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

Algernon is a drug re-purposing company that investigates safe, already approved drugs for new disease applications, moving them efficiently and safely into new human trials, developing new formulations and seeking new regulatory approvals in global markets. Algernon specifically investigates compounds that have never been approved in the U.S. or Europe to avoid off label prescription writing.

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

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

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

No securities regulatory authority of stock 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 relating to closing of the Offering, the filing and receipt for the Final Prospectus, 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 expressions. All statements other than statements of historical fact, included in this release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company’s expectations include the failure to satisfy the conditions of the relevant securities exchange(s) and other risks detailed from time to time in the

filings made by the Company with securities regulations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements as expressly required by applicable law.