

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

This preliminary short form prospectus is a base shelf prospectus. This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permit certain information about these securities to be determined after the short form base shelf prospectus has become final and that permit the omission of that information from this prospectus. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements has been obtained.

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

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”). They may not be offered or sold in the United States of America or to or for the account or benefit of a “U.S. person” as defined in Regulation S under the U.S. Securities Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy these securities in the United States or to any “U.S. person”.

Information has been incorporated by reference in this short form base shelf 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.

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

February 4, 2021



ALGERNON PHARMACEUTICALS INC.

\$50,000,000

**Common Shares
Warrants
Subscription Receipts
Units**

This preliminary short form base shelf prospectus (this “**Prospectus**”) relates to the offering for sale of class A common shares (the “**Common Shares**”), warrants (the “**Warrants**”) and subscription receipts (the “**Subscription Receipts**”) or any combination of such securities (the “**Units**”) (all of the foregoing, collectively, the “**Securities**”) by Algernon Pharmaceuticals Inc. (“**Algernon**” or the “**Company**”) from time to time, during the 25-month period that the Prospectus, including any amendments hereto, remains effective, in one or more series or issuances, with a total offering price of the Securities in the aggregate, of up to \$50,000,000. The Securities may be offered for sale separately or in combination

with one or more other Securities and may be sold from time to time in one or more transactions at a fixed price or prices (which may be changed) or at market prices prevailing at the time of sale, at prices determined by reference to such prevailing market prices or at negotiated prices.

The specific terms of any Securities offered will be described in one or more shelf prospectus supplements (collectively or individually, as the case may be, a “**Prospectus Supplement**”), including, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price and any other specific terms; (ii) in the case of Warrants, the number of Warrants offered, the offering price, the designation, number and terms of the Common Shares issuable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; (iii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Common Shares or Warrants, as the case may be, and any other specific terms; and (iv) in the case of Units, the designation, number and terms of the Common Shares, Warrants or Subscription Receipts comprising the Units. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the Securities will be included in the Prospectus Supplement describing the Securities. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference to this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. Investors should read the Prospectus and any applicable Prospectus Supplement carefully before investing in the Securities.

The Company and/or any selling securityholders may sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell the Securities directly to one or more purchasers pursuant to applicable statutory exemptions or through agents. See “Plan of Distribution”. This Prospectus may qualify an “at-the-market” distribution (as such term is defined in National Instrument 44-102 – *Shelf Distributions* (“**NI 44-102**”). The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Company and/or the selling securityholder in connection with such offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the proceeds that the Company and/or selling securityholder will receive and any other material terms of the plan of distribution. The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to such prevailing market prices or at negotiated prices, which prices may vary as between purchasers and during the period of distribution of the Securities.

In connection with any offering of the Securities, other than an at-the-market offering, the underwriters, dealers or agents, as the case may be, may over allot or effect transactions which stabilize or maintain the market price of the Securities at a level above that which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

The Company’s outstanding Common Shares are listed and posted for trading on the Canadian Securities Exchange (the “**CSE**”) under the symbol “AGN”, on the QTCQB under the symbol “AGNPF”

and on the Frankfurt Stock Exchange under the symbol “AGW”. 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.

The Company has a negative operating cash flow for the year ended August 31, 2020 and for the three months ended November 30, 2020. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

No underwriter has been involved in the preparation of the Prospectus or performed any review of the contents of the Prospectus.

Unless otherwise disclosed in any applicable Prospectus Supplement, the Warrants, Subscription Receipts and the Units will not be listed on any securities exchange. Unless the Securities are disclosed to be listed, there will be no market through which these Securities may be sold and purchasers may not be able to resell these Securities purchaser under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities, and the extent of issuer regulation. See “Risk Factors”.

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GENERAL MATTERS

In this Prospectus, references to “Algernon”, the “Company”, “we”, “us” and “our” refers, collectively, to Algernon Pharmaceuticals Inc. and our subsidiaries.

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, although not all forward-looking statements include such words. 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:

- uncertainties with respect to the effects of the novel coronavirus known as COVID-19 (“**COVID-19**”) will directly and indirectly have on the Company;
- 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 , the following: (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 effect of COVID-19 outbreak on the ability of the Company to carry on business, including the ability to conduct clinical trials;
- 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 and 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 materially vary 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. Investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, and other risk factors, and other aspects, of their investment

CURRENCY PRESENTATION

Unless stated otherwise or as the context otherwise requires, all references to dollar amounts in this Prospectus, any Prospectus Supplement, and any other document that are incorporated by reference into this Prospectus are references to Canadian dollars, unless otherwise indicated.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions in each of the Provinces of Canada (the “Securities Commissions”) or any similar authorities in the provinces and territories of Canada. 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. In addition, copies of the documents incorporated by reference herein may be obtained from the Securities Commissions electronically on SEDAR, at www.sedar.com.

The following documents or portions of documents filed with the Securities Commissions 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, 2020, dated February 4, 2021 (the “AIF”);
- the audited consolidated financial statements of the Company, for the years ended August 31, 2020 and 2019, together with the auditors’ report thereon and the notes thereto;
- the management’s discussion and analysis of financial condition and results of operations of the Company for the year ended August 31, 2020;
- the unaudited condensed interim consolidated financial statements for the three months ended November 30, 2020, together with the notes thereto;
- the management’s discussion and analysis of financial condition and results of operations of the Company for the three months ended November 30, 2020; and
- the management information circular dated July 3, 2020 with respect to the Company’s annual general meeting held on August 18, 2020.

Any documents of the type referred to above or in Section 11.1 of Form 44-101F1, including any material change reports (excluding confidential reports), annual and interim financial statements (including management’s discussion and analysis filed in connection with such annual and interim financial statements), updated disclosure of earnings interest coverage ratios, and information circulars or annual filings that are filed by the Company with the Securities Commissions or any similar authorities in the provinces and territories of Canada after the date of this Prospectus and prior to the termination of the offering under any Prospectus Supplement shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. 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 document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes 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 was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Upon a new annual information form and the related annual financial statements being filed by the Company with, and, where required, accepted by the Securities Commissions and similar authorities in the provinces and territories of Canada during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and all interim financial statements, material change reports and annual filings or information circulars filed before the commencement of the Company's fiscal year in which the new annual information form is filed will be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific terms in respect of any Securities, updated disclosure of earnings interest coverage ratios (if applicable) and any additional or updated information that the Company may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to purchasers of such Securities, together with this Prospectus, and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the offering of such Securities.

Any template version of any "marketing materials" (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators) filed after the date of a Prospectus Supplement and before the termination of the distribution of the Securities offered pursuant to such Prospectus Supplement (together with this Prospectus) is deemed to be incorporated by reference in such Prospectus Supplement.

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"), inflammatory bowel disease ("IBD"), idiopathic pulmonary fibrosis ("IPF"), chronic cough, and acute lung injury ("ALI") (including ALI related to COVID-19).

The Company's outstanding Common Shares are listed and posted for trading on the CSE under the symbol "AGN", on the QTCQB under the symbol "AGNPF" and on the Frankfurt Stock Exchange under the symbol "AGW". 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.

SUMMARY DESCRIPTION OF THE BUSINESS

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, which can interfere with the normal economic pricing models of newly approved drug treatments.

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 the United States and Europe. Eleven drug candidates were initially screened in globally accepted *in vivo* animal models for three new disease areas: NASH, CKD, IBD. The Company has also screened a number of candidates for IPF and chronic cough in an *in vivo* animal model study and based on the results is conducting additional research. In addition the Company is also developing a research program for ALI (specifically in relation to COVID-19).

The Company's lead candidate is NP-120 (Ifenprodil) ("**NP-120**"), which is the key compound for multiple research studies and disease indications. NP-120 is an N-methyl-D-aspartate ("**NMDA**") receptor antagonist specifically targeting the NMDA-type subunit 2B (Glu2NB). NP-120 (Ifenprodil) prevents glutamate signalling. The NMDA receptor is found on many tissues including lung cells and T-cells, neutrophils. NP-120 (brand name Cerocal) was initially developed by Sanofi in the 1990s in the French and Japanese markets for the treatment of circulatory disorders. Although no longer available in France, the drug is highly genericized and still sold in Japan and South Korea.

The Company is investigating NP-120 for IPF and chronic cough and is planning a Phase 2 study in Australia and New Zealand. The purpose of this proof-of-concept trial is to determine the efficacy of NP-120 in the preservation of lung function in IPF patients (including biomarkers of fibrosis) and its associated cough. On May 6, 2020, the Company received ethics approval from the Royal Brisbane & Women's Hospital, Human Research Ethics Committee and is expecting to receive ethics and regulatory approval for the remaining 4 study sites shortly. The Phase 2 trial is expected to begin in late June 2020. The Phase 2 study is for IPF and chronic cough. The Company has received regulatory approval in New Zealand for the Phase 2 study for IPF and chronic cough, but has not yet received ethics approval. Costs related to the IPF and chronic cough study in Australia and New Zealand, estimated to be approximately \$1.2 million, will be paid for by the Company with cash on hand.

The Company is also investigating NP-120 for ALI and specifically COVID-19. A recent independent study, published by the American Society of Microbiology in *mSystems*, found that NP-120 significantly reduced ALI and improved survivability in an animal study with H5N1 infected mice. H5N1 is the most lethal form of influenza known to date with an over 50% mortality rate.¹ In light of these findings, the Company believes that NP-120 has the potential to be a front-line treatment for the most severe cases of COVID-19, and may also reduce morbidity in patients.

As part of the Company's ALI COVID-19 research program, the Company received approval on April 23, 2020 from the Ministry of Food and Drug Safety in South Korea, as well as ethics approval, for an investigator-led, Phase 2 COVID-19 clinical study of its re-purposed drug NP-120, an NMDA receptor antagonist. The 40-patient, 4-week trial is designed to test the effect of NP-120 in COVID-19 infected patients with severe pneumonia. Patients are randomized in a 1:1 fashion to receive either standard of care with NP-120. The primary endpoint will be the rate at which their lung function improves by measuring oxygen levels in the blood (PaO₂/FiO₂). Secondary endpoints will include mortality, rate of mechanical ventilation, and patient reported effects on cough and breathlessness (dyspnea).

In addition, on April 29, 2020, the Company received a "No Objection" letter from Health Canada to proceed with a NP-120 COVID-19 Phase 2b/3 multinational clinical trial. The study is an adaptive pilot to pivotal trial design based on guidance documents from the World Health Organization to determine if NP-120 can improve clinical symptoms of COVID-19 by reducing the number of COVID-19 diagnosed patients from progressing to mechanical ventilation with intubation and death. The trial will begin as a Phase 2b study and after an interim analysis is performed on the first 100 patients, the data will determine

¹ American Society of Microbiology, December 2019 issue of *mSystems*

the number of expected patients needed to reach statistical significance in a Phase 3 trial. With positive preliminary data, the clinical trial will be able to move directly from a Phase 2b into a Phase 3. As of the date of this Prospectus, the Company does not have enough funds to commence a Phase 3 clinical trial. The Company intends to seek additional funding in order to commence the Phase 3 clinical trial should the results of the Phase 2b trial prove positive. No assurance can be given that the Company will be able to raise additional funding to move forward with the Phase 3 clinical trial.

As part of the planned multinational Phase 2 COVID-19 trial, the Company has also filed for ethics approval in Australia and has also filed an investigational new drug (“IND”) application with the United States Food and Drug Administration (the “FDA”). On June 3, 2020, the Company received clearance from FDA for the IND application for the planned multinational Phase 2b/3 study of NP-120 as a potential therapeutic treatment for patients with COVID-19. The clinical study for Ifenprodil is entitled, “A Randomized Open Label Phase 2b/3 Study of the Safety and Efficacy of NP-120 (Ifenprodil) for the Treatment of Confirmed COVID-19 Infected Hospitalized Patients.”

The Company has also retained Organic Consultants, Inc. (dba Cascade Chemistry) to produce the active pharmaceutical ingredient (“API”) of NP-120. Algernon made the decision to scale-up cGMP manufacturing of NP-120 (Ifenprodil) to support its quickly evolving clinical programs for ALI and its urgent clinical focus on COVID-19 as well as its IPF clinical program. The Company is in the process of having the first multi-kilogram batch of cGMP material produced, at which point toxicology studies can begin. The Company filed a pre-IND application with the U.S. FDA to seek guidance on the use of Algernon’s planned new proprietary injectable and slow release formulation. The FDA advised that for the toxicology program of the new intravenous NP-120 formulation, a single animal 30-day study would be acceptable. The Company estimates that the toxicology studies will cost approximately \$500,000, which will be funded by the Company with cash on hand.

The Company cautions that while it is preparing to begin Phase 2 clinical trials, it is not making any express or implied claims that NP-120 is an effective treatment for ALI, COVID-19 or any other medical condition at this time.

On February 1, 2020, Algernon has launched a clinical research program for stroke focused on N,N-Dimethyltryptamine, (“DMT”) a known psychedelic compound that is part of the tryptamine family. (other drugs in the tryptamine family include psilocybin and psilocin.). Algernon plans to be the first company globally to pursue DMT for ischemic stroke in humans and is planning to begin a clinical trial during 2021.

The Company’s decision to investigate DMT and move it into human trials for stroke is based on multiple independent, positive pre-clinical studies demonstrating that DMT helps promote neurogenesis as well as structural and functional neural plasticity. These are key factors involved in the brain’s ability to form and reorganize synaptic connections, which are needed following a brain injury.

A recently published pre-clinical study² in an animal model for stroke, showed that rats treated with DMT recovered motor function more quickly and to a greater extent and also exhibited lower lesion volumes when compared to control group animals that did not receive DMT. Key data from the study achieved statistical significance.

Unlike other companies recently researching psychedelic drugs, Algernon will be focusing on a sub-hallucinogenic, or microdose of DMT provided by continuous intravenous administration. By pursuing a continuous active microdose, the goal will be to provide patients with the therapeutic benefits of DMT, without having a psychedelic experience. This is an important element when considering treating a patient

² <https://www.sciencedirect.com/science/article/abs/pii/S0014488620300765?via%3Dihub>

who has just suffered a stroke, wherein medications that cause a hallucinogenic response would not be preferred.

The Company also believes that a microdosing approach to developing a DMT treatment may enable a much wider review and acceptance of its data, including garnering the early interest of research investigators, the interest of clinical trial patients and ultimately clinical acceptance. Algernon's approach may also allow for a quicker pathway to regulatory approval including a Breakthrough Therapy designation from the FDA.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company's share and loan capitalization, on a consolidated basis, since November 30, 2020, being the date of the Company's most recently filed unaudited condensed interim consolidated financial statements incorporated by reference in this Prospectus other than:

- the issuance of an aggregate of 12,423,509 Common Shares pursuant to the exercise of common share purchase warrants at the exercise price of \$0.12 per Common Share for proceeds to the Company of \$1,487,217;
- the issuance of an aggregate of 102,985 units upon the exercise of 102,985 compensation options at an exercise price of \$0.085 per compensation option for proceeds to the Company of \$8,754. Each unit consists of one Common Share and one Common Share purchase warrant with each Common Share purchase warrant being exercisable into one Common Share at the exercise price of \$0.12;
- the issuance of an aggregate of 1,114,001 Common Shares pursuant to the conversion of Restricted Share Units ("RSUs") at a deemed price of \$0.35 per Common Share; and
- on February 1, 2021, 537,500 stock options with exercise price of \$0.50 expired unexercised.

USE OF PROCEEDS

The use of proceeds from the sale of Securities will be described in a Prospectus Supplement relating to a specific issuance of Securities. This information will include the net proceeds to the Company from the sale of the Securities, the use of those proceeds and the specific business objectives that the Company expects to accomplish with those proceeds.

All expenses relating to an offering of Securities and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of our general funds, unless otherwise stated in the applicable Prospectus Supplement.

The Company has a negative operating cash flow for the year ended August 31, 2020. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

DESCRIPTION OF SECURITIES

The following is a summary of the material attributes and characteristics of the Securities as at the date of this Prospectus. This summary does not purport to be complete. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters

described in this Prospectus.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the date of this Prospectus 153,720,676 Common Shares are issued and outstanding.

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

This section describes the general terms that will apply to any Warrants that may be offered by the Company pursuant to this Prospectus. Warrants may be offered separately or together with other Securities.

The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement. The Warrants may be issued under a warrant indenture. The applicable Prospectus Supplement will include the details of the warrant indenture governing the Warrants being offered.

The particular terms of each issue of Warrants will be described in the related Prospectus Supplement. Such description will include, where applicable:

- a) the number of Warrants being offered and, if offered as a unit with another Security, the number of Warrants or a fraction of a Warrant being offered with such other Security;
- b) the Securities which are underlying the Warrants;
- c) the exercise price of the Warrants;
- d) the expiry date of the Warrants;
- e) the procedure for exercising Warrants into underlying Securities;
- f) the indenture trustee of the Warrants under the warrant indenture pursuant to which the Warrants are to be issued, if applicable;
- g) the material tax consequences of owning the Warrants (if any); and
- h) any other material terms and conditions of the Warrants.

Subscription Receipts

This section describes the general terms that will apply to any Subscription Receipts that may be offered by the Company pursuant to the Prospectus. Subscription Receipts may be offered separately or together with Common Shares or Warrants, as the case may be. The Subscription Receipts will be issued under a Subscription Receipt agreement.

In the event the Company issues Subscription Receipts, the Company will provide the original purchasers of Subscription Receipts a contractual right of rescission exercisable following the issuance of Common Shares to such purchasers.

The applicable Prospectus Supplement will include details of the Subscription Receipt agreement covering the Subscription Receipts being offered. A copy of the Subscription Receipt agreement relating to an offering of Subscription Receipts will be filed by the Company with the applicable securities regulatory authorities after it has been entered into. The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. This description will include, where applicable:

- a) the number of Subscription Receipts;
- b) the price at which the Subscription Receipts will be offered;
- c) the procedures for the exchange of the Subscription Receipts into Common Shares or Warrants;
- d) the number of Common Shares or Warrants that may be exchanged upon exercise of each Subscription Receipt;
- e) the designation and terms of any other securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each security;
- f) terms applicable to the gross or net proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- g) material Canadian federal income tax consequences of owning the Subscription Receipts; and
- h) any other material terms and conditions of the Subscription Receipts.

Units

This section describes the general terms that will apply to any Units that may be offered by the Company pursuant to this Prospectus.

The following sets forth certain general terms and provisions of the Units under this Prospectus. The following sets forth certain general terms and provisions of the Units offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described in this section apply to those Units, will be set forth in the applicable Prospectus Supplement.

The Units may be comprised of one or more of the other Securities described in the Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each of the Securities included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included Security. The unit agreement, if any, under which a Unit is issued may provide that the Securities included in the Unit may not be held or transferred separately, at any time or at any time before a specified date.

The particular terms of each issue of Units will be described in the related Prospectus Supplement. Such description will include, where applicable:

- a) the number of Units offered;
- b) the price or prices, if any, at which the Units will be issued;
- c) the currency at which the Units will be offered;
- d) the Securities comprising the Units;
- e) whether the Units will be issued with any other Securities and, if so, the amount and terms of these Securities;
- f) any minimum or maximum subscription amount;
- g) whether the Units and the Securities comprising the Units are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- h) any material risk factors relating to such Units or the Securities comprising the Units;
- i) any other rights, privileges, restrictions and conditions attaching to the Units or the Securities comprising the Units; and
- j) any other material terms or conditions of the Units or the Securities comprising the Units, including whether and under what circumstances the Securities comprising the Units may be held or transferred separately.

PLAN OF DISTRIBUTION

The Company and/or any selling securityholders may from time to time during the 25-month period that this Prospectus, including any amendments hereto, remains valid, offer for sale and issue Common Shares, Warrants, Subscription Receipts and Units. During such period, the Company may sell up to \$50,000,000 in the aggregate, of initial offering price of Securities (or the equivalent amount if any Securities are denominated in a currency other than Canadian dollars).

The Company and/or any selling securityholders will sell the Securities to or through underwriters or dealers or purchasers directly or through agents. The Securities may be sold from time to time in one or more transactions at a fixed price or prices, which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales in transactions that are deemed to be “at-the-market distributions” (as defined in NI 44-102).

A Prospectus Supplement will set forth the terms of the offering, including the name(s) of any underwriters, dealers or agents, the purchase price(s) of the Securities, the proceeds to the Company and/or any selling securityholders from the sale of Securities, any initial public offering price (or the manner of determination thereof if offered on a non-fixed price basis), any underwriting discount or commission and any discounts, concessions or commissions allowed or paid by any underwriter to other dealers. Any initial public offering price and any discounts, concessions or omissions allowed or paid to dealers may be changed from time to time.

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under certain agreements to be entered into with the Company and/or any selling securityholders to indemnification by the Company and/or any selling securityholders against certain liabilities, including liabilities under securities legislation or to contribution with respect to payments that they may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for the Company and/or any selling securityholders in the ordinary course of business.

In connection with any offering of Securities other than an “at-the-market distribution”, unless otherwise specified in a Prospectus Supplement, underwriters or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of Securities offered at levels other than those which might otherwise prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. No underwriter or dealer involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such underwriter or dealer will over-allot Securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Securities.

The Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Securities may not be offered, sold or delivered within the United States, and each underwriter or agent for any offering of Securities will agree that it will not offer, sell or deliver the Securities within the United States, except pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A thereunder (“**Rule 144A**”) and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of the offering of Securities, any offer or sale of such Securities within the United States by a 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 Rule 144A.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Securities in the United States or to, or for the account or benefit of, U.S. persons.

RECENT DEVELOPMENTS

There have been no material developments in the Company’s business since February 4, 2021, the date of the Company’s AIF, which have not been disclosed in this Prospectus or the documents incorporated by reference therein.

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	Issuance of Common Shares Upon:	Number of securities issued	Issue/exercise price per security
February 20, 2020	February 2020 Offering	18,304,939 ⁽¹⁾	\$0.085
March 12, 2020	Exercise of Warrants – November 2019 Offering	1,000	\$0.12
March 13, 2020	Exercise of Warrants – November 2019 Offering	1,615,000	\$0.12
March 16, 2020	Exercise of Warrants – November 2019 Offering	6,982,400	\$0.12
March 16, 2020	Exercise of Compensation Options – November 2019 Offering	1,227,500	\$0.085
March 20, 2020	Exercise of Warrants – November 2019 Offering	300,000	\$0.12
March 23, 2020	Exercise of Warrants – November 2019 Offering	835,000	\$0.12
March 24, 2020	Exercise of Warrants – November 2019 Offering	600,000	\$0.12
March 25, 2020	Exercise of Warrants – November 2019 Offering	141,000	\$0.12
March 27, 2020	Exercise of Compensation Options – November 2019 Offering	357,023	\$0.085
March 27, 2020	Exercise of Warrants – November 2019 Offering	1,716,023	\$0.12
April 2, 2020	Exercise of Compensation Options – November 2019 Offering	11,000	\$0.085
April 2, 2020	Exercise of Warrants – November 2019 Offering	117,000	\$0.12
April 13, 2020	Exercise of Warrants – November 2019 Offering	1,161,000	\$0.12
April 14, 2020	Exercise of Warrants – November 2019 Offering	820,000	\$0.12
April 15, 2020	Exercise of Warrants – November 2019 Offering	256,860	\$0.12
April 16, 2020	Exercise of Warrants – November 2019 Offering	788,500	\$0.12
April 20, 2020	Exercise of Compensation Options – November 2019 Offering	9,680	\$0.085
April 23, 2020	Exercise of Warrants – November 2019 Offering	293,645	\$0.12
April 24, 2020	Exercise of Warrants – November 2019 Offering	1,101,855	\$0.12
April 27, 2020	Exercise of Warrants – November 2019 Offering	907,800	\$0.12
April 28, 2020	Exercise of Compensation Options – November 2019 Offering	27,500	\$0.085
April 28, 2020	Exercise of Warrants – November 2019 Offering	124,000	\$0.12
April 29, 2020	Exercise of Warrants – November 2019 Offering	136,500	\$0.12

April 30, 2020	Exercise of Stock Options	25,000	\$0.30
April 30, 2020	Exercise of Warrants – November 2019 Offering	115,000	\$0.12
May 4, 2020	Exercise of Warrants – November 2019 Offering	27,500	\$0.12
May 6, 2020	Exercise of Warrants – November 2019 Offering	7,160	\$0.12
May 7, 2020	Exercise of Warrants – November 2019 Offering	150,000	\$0.12
May 8, 2020	Exercise of Warrants – November 2019 Offering	135,500	\$0.12
May 11, 2020	Exercise of Compensation Options – November 2019 Offering	14,883	\$0.085
June 15, 2020	Exercise of Stock Options	50,000	\$0.10
June 17, 2020	Conversion of Special Warrants	19,605,285 ⁽²⁾	\$0.35
June 21, 2020	Exercise of Compensation Options – February 2020 Offering	200,000	\$0.085
June 24, 2020	Exercise of Compensation Options – February 2020 Offering	30,240	\$0.085
July 10, 2020	Exercise of Compensation Options – February 2020 Offering	66,400	\$0.085
July 10, 2020	Exercise of Warrants – February 2020 Offering	830,000	\$0.12
July 16, 2020	Exercise of Compensation Options – February 2020 Offering	54,560	\$0.085
July 16, 2020	Exercise of Compensation Options – November 2019 Offering	13,750	\$0.085
July 22, 2020	Exercise of Warrants – February 2020 Offering	100,000	\$0.12
July 22, 2020	Exercise of Compensation Options – February 2020 Offering	30,240	\$0.085
July 22, 2020	Exercise of Warrants – February 2020 Offering	4,370,000	\$0.12
July 22, 2020	Exercise of Warrants – November 2019 Offering	158,900	\$0.12
July 30, 2020	Exercise of Warrants – February 2020 Offering	116,000	\$0.12
July 30, 2020	Exercise of Warrants – February 2020 Offering	50,000	\$0.12
August 7, 2020	Exercise of Compensation Options – February 2020 Offering	349,600	\$0.085
August 14, 2020	Exercise of Warrants – February 2020 Offering	66,400	\$0.12
August 21, 2020	Exercise of Warrants – November 2019 Offering	11,500	\$0.12
August 21, 2020	Exercise of Compensation Options – November 2019 Offering	8,250	\$0.085
August 21, 2020	Exercise of Warrants – February 2020 Offering	30,240	\$0.12
August 21, 2020	Exercise of Warrants – February 2020 Offering	650,000	\$0.12

August 21, 2020	Exercise of Compensation Options – February 2020 Offering	11,200	\$0.085
August 21, 2020	Exercise of Warrants – February 2020 Offering	100,000	\$0.12
August 26, 2020	Exercise of Warrants – February 2020 Offering	1,000,000	\$0.12
August 26, 2020	Exercise of Warrants – November 2019 Offering	20,500	\$0.12
August 26, 2020	Exercise of Warrants – February 2020 Offering	115,294	\$0.12
August 27, 2020	Exercise of Warrants – November 2019 Offering	147,500	\$0.12
August 28, 2020	Exercise of Warrants – February 2020 Offering	88,000	\$0.12
August 28, 2020	Exercise of Compensation Options – February 2020 Offering	7,040	\$0.085
September 1, 2020	Exercise of Warrants – November 2019 Offering	44,000	\$0.12
September 10, 2020	Exercise of Warrants – February 2020 Offering	50,000	\$0.12
September 16, 2020	Exercise of Warrants – November 2019 Offering	12,000	\$0.12
September 17, 2020	Exercise of Warrants – February 2020 Offering	7,040	\$0.12
September 21, 2020	Exercise of Warrants – November 2019 Offering	19,000	\$0.12
September 23, 2020	Exercise of Warrants – November 2019 Offering	64,000	\$0.12
September 24, 2020	Exercise of Warrants – February 2020 Offering	100,000	\$0.12
September 25, 2020	Exercise of Warrants – November 2019 Offering	34,800	\$0.12
September 28, 2020	Exercise of Warrants – November 2019 Offering	200	\$0.12
September 29, 2020	Settlement of Restricted Share Units - July 2020 Offering	1,068,521 ⁽³⁾	\$0.35
October 19, 2020	Exercise of Warrants – November 2019 Offering	52,500	\$0.12
October 22, 2020	Exercise of Warrants – February 2020 Offering	100,000	\$0.12
October 22, 2020	Exercise of Compensation Options – February 2020 Offering	205,251	\$0.085
October 27, 2020	Exercise of Warrants – November 2019 Offering	36,500	\$0.12
November 6, 2020	Exercise of Warrants – February 2020 Offering	50,000	\$0.12
November 23, 2020	Exercise of Compensation Options – November 2019 Offering	1,375	\$0.085
December 2, 2020	Exercise of Warrants – February 2020 Offering	349,600	\$0.12
December 3, 2020	Exercise of Warrants – November 2019 Offering	33,000	\$0.12
December 7, 2020	Exercise of Warrants – November 2019 Offering	57,500	\$0.12

December 7, 2020	Exercise of Compensation Options – November 2019 Offering	4,040	\$0.085
December 7, 2020	Exercise of Warrants – February 2020 Offering	600,000	\$0.12
December 10, 2020	Exercise of Warrants – February 2020 Offering	1,000,000	\$0.12
December 10, 2020	Exercise of Warrants – February 2020 Offering	328,000	\$0.12
December 10, 2020	Exercise of Warrants – February 2020 Offering	11,200	\$0.12
December 14, 2020	Exercise of Warrants – November 2019 Offering	8,000	\$0.12
December 16, 2020	Exercise of Compensation Options – February 2020 Offering	15,040	\$0.085
December 18, 2020	Exercise of Warrants – February 2020 Offering	55,251	\$0.12
December 18, 2020	Exercise of Warrants – February 2020 Offering	176,470	\$0.12
December 18, 2020	Exercise of Warrants – February 2020 Offering	200,000	\$0.12
December 18, 2020	Exercise of Warrants – February 2020 Offering	400,000	\$0.12
December 29, 2020	Exercise of Warrants – November 2019 Offering	200,000	\$0.12
December 29, 2020	Exercise of Warrants – February 2020 Offering	350,000	\$0.12
December 30, 2020	Exercise of Warrants – February 2020 Offering	1,750,000	\$0.12
December 31, 2020	Exercise of Warrants – November 2019 Offering	79,500	\$0.12
January 7, 2021	Exercise of Warrants – November 2019 Offering	134,000	\$0.12
January 7, 2021	Exercise of Warrants – February 2020 Offering	50,000	\$0.12
January 8, 2021	Exercise of Warrants – November 2019 Offering	89,500	\$0.12
January 12, 2021	Exercise of Warrants – November 2019 Offering	221,500	\$0.12
January 13, 2021	Exercise of Warrants – November 2019 Offering	3,909,000	\$0.12
January 14, 2021	Exercise of Warrants – November 2019 Offering	43,000	\$0.12
January 15, 2021	Exercise of Warrants – November 2019 Offering	314,368	\$0.12
January 18, 2021	Exercise of Warrants – November 2019 Offering	90,000	\$0.12
January 19, 2021	Exercise of Warrants – November 2019 Offering	83,000	\$0.12
January 20, 2020	Exercise of Warrants – November 2019 Offering	183,000	\$0.12
January 20, 2021	Exercise of Compensation Options – November 2019 Offering	3,000	\$0.085
January 21, 2021	Exercise of Compensation Options – November 2019 Offering	38,280	\$0.085

January 21, 2021	Exercise of Warrants – November 2019 Offering	696,383	\$0.12
January 21, 2021	Exercise of Compensation Options – November 2019 Offering	38,500	\$0.12
January 21, 2021	Exercise of Warrants – February 2020 Offering	50,000	\$0.12
January 21, 2021	Exercise of Warrants – November 2019 Offering	175,000	\$0.12
January 21, 2021	Exercise of Warrants – November 2019 Offering	462,100	\$0.12
January 22, 2021	Exercise of Warrants – November 2019 Offering	38,500	\$0.12
February 2, 2021	Exercise of Warrants – November 2019 Offering	4,125	\$0.085
February 2, 2021	Exercise of Compensation Options – February 2020 Offering	50,000	\$0.12
February 2, 2021	Exercise of Warrants – February 2020 Offering	82,352	\$0.12
February 2, 2021	Exercise of Warrants – February 2020 Offering	50,000	\$0.12
February 2, 2021	Settlement of Restricted Share Units- July 2020 Offering	1,114,001 ⁽³⁾	\$0.35 (deemed)

Warrants

Date of Issuance	Issuance of Warrants upon	Number of securities issued	Issue/exercise price per security
February 20, 2020	February 2020 Offering	18,304,939 ⁽¹⁾	\$0.12
March 16, 2020	Exercise of Compensation Options – November 2019 Offering	1,227,500	\$0.12
March 27, 2020	Exercise of Compensation Options– November 2019 Offering	357,023	\$0.12
April 2, 2020	Exercise of Compensation Options– November 2019 Offering	11,000	\$0.12
April 20, 2020	Exercise of Compensation Options– November 2019 Offering	9,680	\$0.12
April 28, 2020	Exercise of Compensation Options– November 2019 Offering	27,500	\$0.12
May 11, 2020	Exercise of Compensation Options– November 2019 Offering	14,883	\$0.12
June 17, 2020	Conversion of Special Warrants	19,605,285 ⁽²⁾	\$0.55
June 22, 2020	Exercise of Compensation Options – February 2020 Offering	200,000	\$0.12
June 24, 2020	Exercise of Compensation Options – February 2020 Offering	30,240	\$0.12
July 10, 2020	Exercise of Compensation Options – February 2020 Offering	66,400	\$0.12
July 16, 2020	Exercise of Compensation Options – November 2019 Offering	13,750	\$0.12
July 16, 2020	Exercise of Compensation Options – February 2020 Offering	54,560	\$0.12

Date of Issuance	Issuance of Warrants upon	Number of securities issued	Issue/exercise price per security
July 22, 2020	Exercise of Compensation Options – February 2020 Offering	30,240	\$0.12
August 7, 2020	Exercise of Compensation Options– February 2020 Offering	349,600	\$0.12
August 21, 2020	Exercise of Compensation Options– February 2020 Offering	11,200	\$0.12
August 21, 2020	Exercise of Compensation Options– November 2019 Offering	8,250	\$0.12
August 28, 2020	Exercise of Compensation Options– February 2020 Offering	7,040	\$0.12
October 22, 2020	Exercise of Compensation Options– February 2020 Offering	205,251	\$0.12
November 23, 2020	Exercise of Compensation Options– November 2019 Offering	1,375	\$0.12
December 7, 2020	Exercise of Compensation Options– November 2019 Offering	4,040	\$0.12
December 14, 2020	Exercise of Compensation Options– February 2020 Offering	15,040	\$0.12
January 20, 2021	Exercise of Compensation Options– November 2019 Offering	3,000	\$0.12
January 21, 2021	Exercise of Compensation Options– November 2019 Offering	38,280	\$0.12
January 21, 2021	Exercise of Compensation Options– November 2019 Offering	38,500	\$0.12
February 2, 2021	Exercise of Compensation Options– November 2019 Offering	4,125	\$0.12

Special Warrants

Date of Issuance	Issuance of Special Warrants pursuant to:	Number of securities issued	Issue/exercise price per security
May 13, 2020	Special Warrant Offering	19,605,285 ⁽²⁾	\$0.35

Compensation Options

Date of Issuance	Issuance of Compensation Options pursuant to:	Number of securities issued	Issue/exercise price per security
February 20, 2020	February 2020 Offering	969,571 ⁽²⁾	\$0.085
May 13, 2020	Special Warrant Offering	1,505,293	\$0.35

Stock Options

Date of Issuance	Issuance of Stock Options upon:	Number of securities issued	Issue/exercise price per security
February 13, 2020	Stock Options Grant	4,375,000	\$0.10

April 13, 2020	Stock Options Grant	4,550,000	\$0.29
August 17, 2020	Stock Options Grant	600,000	\$0.35

Restricted Share Units

Date of Issuance	Issuance of Restricted Share Units upon:	Number of securities issued	
July 23, 2020	Restricted Share Units Grant	4,350,000 ⁽³⁾	N/A

Note:

- (1) Issued in connection with the closing of a private placement offering of 18,304,939 units at a price of \$0.085 per unit (the “**February 2020 Offering**”). Each unit consists of one Common Share and one warrant. Each warrant entitles to holder to purchase one Common Share until August 20, 2022 at an exercise price of \$0.12 per Common Share. In addition, a total of 969,571 compensation options were issued, each compensation option entitling the holder to purchase one unit of the Company at a price of \$0.085 per unit until August 20, 2022. Each unit consists of one Common Share and one warrant entitling the holder to purchase one Common Share until August 20, 2022 at an exercise price of \$0.12 per Common Share.
- (2) On May 13, 2020, the Company closed a private placement offering of 19,605,285 special warrants at a price of \$0.35 per special warrant (the “**Special Warrant Offering**”). Each special warrant is exercisable, for no additional consideration at the option of the holder, into one unit of the Company. Each unit consists of one Common Share and one warrant. Each warrant entitles to holder to purchase one Common Share until May 13, 2022 at an exercise price of \$0.55 per Common Share. In addition, a total of 1,505,293 compensation options were issued, each compensation option entitling the holder to purchase one unit of the Company at a price of \$0.35 per unit until May 13, 2022. Each unit consists of one Common Share and one warrant entitling the holder to purchase one Common Share until May 13, 2022 at an exercise price of \$0.35 per Common Share. On June 17, 2020, in accordance with the terms of a special warrant indenture dated May 13, 2020, each special warrant was automatically converted into one common share of the Company and one warrant. Each warrant is exercisable for one Common Share on or before May 13, 2022 at an exercise price of \$0.55 per Common Share.
- (3) On July 23, 2020, the Company granted a total of 4,350,000 RSUs to certain directors, officers and consultants of the Company with a fair value of \$0.35 per RSU. One-third was vested on the grant date. One-third vested on January 22, 2021 and the remaining one-third to be vested on July 22, 2021. On September 29, 2020, 1,068,521 of Common Shares were issued net of withholding taxes in settlement of the 1,435,500 RSUs that were vested. On February 2, 2021, 1,114,001 of Common Shares were issued net of withholding taxes in settlement of the 1,435,500 RSUs that were vested on January 22, 2021.

PRICE RANGE AND TRADING 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 February 3, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was \$0.27.

Month	CSE Price Range (\$)		Total Volume
	High	Low	
February 2020	0.11	0.07	7,459,261
March 2020	0.35	0.085	71,222,246
April 2020	0.58	0.22	55,720,977
May, 2020	0.45	0.285	21,100,454
June, 2020	0.425	0.18	28,551,448
July, 2020	0.43	0.195	24,276,702
August, 2020	0.395	0.29	16,449,663
September, 2020	0.335	0.245	11,814,852
October, 2020	0.335	0.245	6,235,601
November, 2020	0.31	0.19	9,843,037

Month	CSE Price Range (\$)		Total Volume
	High	Low	
December, 2020	0.54	0.185	37,429,976
January 2021	0.315	0.225	14,963,660
February 1 – 3, 2021	0.30	0.255	3,467,142

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 operating results 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 AIF, 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”. 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.

Use of Proceeds

While information regarding the use of proceeds from the sale the Securities will be described in the applicable Prospectus Supplement, the Company will have broad discretion over the use of the net proceeds from an offering of Securities. Because of the number and variability of factors that will determine the use of such proceeds, the Company’s ultimate use might vary substantially from its planned use. Purchasers of Securities may not agree with how the Company allocates or spends the proceeds from an offering of Securities. The Company may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of our securities, including the market value of the Common Shares, and that may increase our losses.

Return on Investment is not Guaranteed

There is no guarantee that an investment in the securities described herein will provide any positive return in the short term or long term. An investment in the securities of the Company is speculative and 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 securities of the Company described herein is appropriate only for holders who have the capacity to absorb a loss of some or all of their investment.

Negative Cash Flow from Operations

During the year ended August 31, 2020, the Company had negative cash flow from operating activities, reported a net comprehensive loss of \$8,554,912 and net loss per common share of \$0.10. For the three months ended November 30, 2020 the Company had a negative cash flow of operating activities, reported a net comprehensive loss of \$3,463,091 and net loss per share of \$0.02. 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 any offering the company undertakes may be used to fund such negative cash flow from operating activities, if any.

No Existing Trading Market (other than for Common Shares)

There is currently no market through which the Securities (other than Common Shares) may be sold and purchasers of such Securities may not be able to resell such Securities purchased under this Prospectus. There can be no assurance that an active trading market will develop for such Securities after an offering or, if developed, that such market will be sustained. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. The public offering prices of the Securities may be determined by negotiation between the Company and underwriters based on several factors and may bear no relationship to the prices at which the Securities will trade in the public market subsequent to such offering. See “Plan of Distribution”.

Future Sales May Affect the Market Price of the Company Shares.

In order to finance future operations, the Company may determine to raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of the Company’s securities will have on the market price of the Common Shares. These sales may have an adverse impact on the market price of the Common Shares.

Ongoing Impact of COVID-19

Since December 31, 2019, governments worldwide have been enacting emergency measures to combat the spread of COVID-19. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The development and operation of the Company’s business plan is dependent on labour inputs and governmental approvals, which could be adversely disrupted by the ongoing impact of COVID-19. While it is difficult to predict the impact of the coronavirus outbreak on the Company’s business, measures taken by the Canadian government and voluntary measures undertaken by the Company with a view to the safety of the Company’s employees, may adversely impact the Company’s business. While the pandemic has not materially affected the Company’s clinical trials and research, its continued disruption may delay the Company’s timeline with respect to planned clinical trials. The ultimate extent of the impact of the pandemic on the Company’s business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the pandemic and actions taken to contain or prevent the further spread of COVID-19, among others. Thus, the current pandemic could therefore materially and adversely affect the Company’s business, financial condition and results of operations

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than disclosed in this Prospectus, there are no material interest, direct or indirect, of the directors or officers of the Company, any shareholder that beneficially owns more than 10% of the Common Shares or any associate or affiliate of any the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences generally applicable to investors described therein of acquiring Securities, including, in the case of an investor who is not a resident of Canada, Canadian non-resident withholding tax consideration.

LEGAL MATTERS AND INTEREST OF EXPERTS

Certain legal matters relating to an offering of the Securities will be passed upon by McMillan LLP, on behalf of the Company. As at the date hereof, the partners and associates of McMillan LLP, as a group beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company. In addition, certain legal matters in connection with any offering of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such underwriters, dealers or agents with respect to matters of Canadian and, if applicable, United States or other foreign law.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Smythe LLP, Chartered Professional Accountants, Vancouver, British Columbia.

The Company's Registrar and Transfer Agent is AST Trust Company (Canada), located in Vancouver, British Columbia.

EXEMPTIONS

Pursuant to a decision of the *Autorité des marchés financiers* dated January 20, 2021, the Company was granted a permanent exemption from the requirement to translate into French this Prospectus as well as the documents incorporated by reference therein and any Prospectus Supplement to be filed in relation to an "at-the-market distribution". This exemption is granted on the condition that this Prospectus and any Prospectus Supplement (other than in relation to an "at-the-market distribution") be translated into French if the Company offers Securities to Québec purchasers in connection with an offering other than in relation to an "at-the-market distribution".

PURCHASERS' CONTRACTUAL RIGHTS

Original purchasers of Warrants which are convertible into other securities of the Company will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Warrants. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus; and (ii) the right

of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (British Columbia) or otherwise at law.

Original purchasers are further advised that in certain provinces or territories the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights, or consult with a legal advisor.

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. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, 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, revision or 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 advisor.

CERTIFICATE OF THE COMPANY

Dated: February 4, 2021

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the Provinces of Canada.

(signed) Christopher 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