



ALGERNON PHARMACEUTICALS INC.
Suite 1500 – 1055 West Georgia Street
Vancouver, British Columbia Canada V6E 4N7
Tel: 604 398-4175

INFORMATION CIRCULAR

All information is as at January 14, 2022 except where otherwise indicated.

This Information Circular (“Circular”) is provided in connection with the solicitation by management of Algernon Pharmaceuticals Inc. (the “Company”) of proxies (“Proxies”) from its holders (“Shareholders”) of the Class A common shares (the “Shares”) of the Company in respect of the annual general meeting of Shareholders (the “Meeting”) to be held on February 28, 2022 at 1 o’clock p.m. (Pacific Time), at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia Canada and for the purposes set out in the notice of meeting (the “Notice of Meeting”) accompanying this Circular.

All monetary amounts herein are expressed in Canadian Dollars (“\$”) unless otherwise stated.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. The Company has arranged for intermediaries to forward the meeting materials to beneficial owners of Shares held as of the record date by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Notice-and-Access

Notice-and-Access means provisions concerning the delivery of proxy-related materials to Shareholders found in section 9.1.1. of National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”), in the case of registered Shareholders, and section 2.7.1 of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), in the case of beneficial Shareholders (“**Notice-and-Access Provisions**”), which allow an issuer to deliver an information circular forming part of proxy-related materials to Shareholders via certain specified electronic means provided that the conditions of NI 51-102 and NI 54-101 are met.

Notice-and-Access Provisions allow reporting issuers, other than investment funds, to choose to deliver proxy-related materials to registered holders and beneficial owners of securities by posting such materials on a non-SEDAR website (*usually* the reporting issuer’s website and sometimes the transfer agent’s website) rather than by delivering such materials by mail. Notice-and-Access Provisions can be used to deliver materials for both general and special meetings. Reporting issuers may still choose to continue to deliver such materials by mail, and beneficial owners will be entitled to request delivery of a paper copy of the Circular at the reporting issuer’s expense.

Use of Notice-and-Access Provisions reduces paper waste and printing and mailing costs incurred by the issuer. In order for the Company to utilize Notice-and-Access Provisions the Company must send a notice to Shareholders, including Non-Registered Holders, indicating that the proxy-related materials have been posted and explaining how a Shareholder can access them or obtain from the Company, a paper copy of those materials.

In order to use Notice-and-Access Provisions, a reporting issuer must set the record date for notice of the meeting to be on a date that is at least 40 days prior to the meeting in order to ensure there is sufficient time for the materials to be posted on the *applicable* website and other materials to be delivered to Shareholders. The requirements of that notice, which requires the Company to provide basic information about the Meeting and the matters to be voted on, explain how a Shareholder can obtain a paper copy of the Circular and any related financial statements and related management discussion and analysis, and explain the Notice-and-Access Provisions process, have been built into the Notice of Meeting. The Notice of Meeting has been delivered to Shareholders by the Company, along with the applicable voting document (a form of Proxy in the case of registered Shareholders or a Voting Instruction Form in the case of Non-Registered Holders).

The Company will not rely upon the use of 'stratification'. Stratification occurs when a reporting issuer using Notice-and-Access Provisions provides a paper copy of the Circular with the notice to be provided to Shareholders as *described* above. In relation to the Meeting, all Shareholders will have received the required documentation under the Notice-and-Access Provisions and all documents required to vote in respect of all matters to be voted on at the Meeting. No Shareholder will receive a paper copy of the Circular from the Company or any intermediary unless such Shareholder specifically requests same.

The Company will pay intermediaries, including Broadridge Financial Solutions ("**Broadridge**"), to deliver proxy-related materials to *NOBOs*.

Copies of this Circular, the Notice of Meeting, the Proxy (together "Proxy Materials"), are posted online at www.algernonpharmaceuticals.com and are SEDAR filed under the Company's profile at www.sedar.com.

In order to allow for *reasonable* time to be allotted for a Shareholder to receive and review a paper copy of the Circular and submit their vote prior to **1 o'clock p.m. (Pacific Time) on Thursday, February 24, 2022** (the "**Proxy Deadline**"), any Shareholder wishing to request a paper copy of the Circular as described above, should ensure such request is received by **Monday, February 14, 2022**. Under Notice-and-Access Provisions, Proxy Materials will be available for viewing for up to 1 year from the date of posting and a paper copy of the materials can be requested at any time during this period.

Any Shareholder who wishes to receive a paper copy of the Proxy Materials may contact TSX Trust Company through telephone: 1-888-433-6443 or Outside Canada and U.S. 416-682-3801 or email to TSX Trust Company at tsxt-fulfilment@tmx.com, by providing your name and mailing address. A Shareholder may also use these telephone numbers to obtain additional information about the Notice-and-Access Provisions, up to and including the date of the Meeting, including any adjournment of the Meeting.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or Company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Shares will be voted accordingly. The Proxy confers discretionary authority on persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders may choose one of the following options to submit their proxy:

- (a) complete, date and sign the Proxy and return it to the Company's transfer agent, TSX Trust Company, by fax at 1-866-781-3111 (toll free) or 1-416-368-2502; by hand delivery to 1 Toronto Street, Suite 1200, Toronto Ontario, or by mail to TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or by email at proxyvote@tmx.com; or
- (b) log on to TSX Trust's website at www.tsxtrust.com/vote-proxy. Registered shareholders must follow the instructions provided on the website and refer to the enclosed proxy for the holder's account number and the proxy access number.

In either case you must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Company's board of directors ("**Board**") at its discretion without notice.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Shares) or as set out in the following disclosure.

If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in the shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "intermediary"). In the United States, the vast majority of such Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Corporation (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial owners - those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 "*Communication with Beneficial Owners of Securities of a Reporting Issuer*" that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form ("**VIF**") from our transfer agent, TSX Trust Company ("**TSX Trust**"). These VIFs are to be completed and returned to TSX Trust in the envelope provided or by facsimile. In addition, TSX Trust provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Shares at the Meeting and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Shares voted or to have an alternate representative duly appointed to attend and to vote your Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the *Business Corporations Act* (British Columbia) (the “BCBCA”) and Canadian provincial securities laws. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this Circular has been prepared in accordance with the disclosure requirements of applicable Canadian provincial securities laws which differ from the disclosure requirements of United States federal securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the BCBCA, all of its directors and its executive officers are residents of Canada, with the exception of nominee director, Howard Gutman, who is resident in the United States, and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the registered shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to the Company’s transfer agent, TSX Trust Company at, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) by fax to TSX Trust Company at 1-866-781-3111 (toll free) or 1-416-368-2502 by hand delivery

to 1 Toronto Street, Suite 1200, Toronto Ontario, or by email at proxyvote@tmx.com at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or if by mail to TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, ensure mail is received by TSX Trust Company at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof;

(c) personally attending the Meeting and voting the registered shareholder's Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed, no director or executive officer of the Company, or any person who has held such a position since the beginning of the last two completed financial years of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as may be set out herein.

FINANCIAL STATEMENTS

The consolidated audited financial statements of the Company for financial years ended August 31, 2021 and August 31, 2020, the report of the auditor and the Management Discussion and Analysis were filed under the Company's corporate profile at www.sedar.com on November 26, 2021. These financial statements will be tabled at and will be available at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Shares. The Company's Shares are listed on the Canadian Securities Exchange under stock symbol "AGN". The Shares are also listed on the OTCQB under stock symbol "AGNPF" and on the Frankfurt Stock Exchange under stock symbol "AGW0".

The Company has fixed January 14, 2022 as the record date (the "**Record Date**") for the determination of persons entitled to receive notice of the Meeting.

Effective on November 24, 2021, the Company effected a share consolidation at a share ratio of 100 pre-consolidation common shares for one (1) post-consolidated common share.

Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

As of January 14, 2022 Record Date, there were 1,674,868 Shares issued and outstanding.

There are no other authorized classes of shares and no other shares issued or outstanding of any class. The Shares are the only shares entitled to be voted at the Meeting, and holders of the Shares are entitled to one vote for each Share held.

To the knowledge of the directors and executive officers of the Company, as at January 14, 2022, there was no person, firm or Company who beneficially owned, directly or indirectly, or exercised control or direction over voting securities carrying more than 10% of the voting rights attached to the Shares of the Company.

Appointments/Resignations of Directors and Officers year 2021

Directors

Effective September 7, 2021 Harry J.F. Bloomfield was appointed a director

Effective September 16, 2021 Michael Sadhra resigned as a director

Effective September 16, 2021, Mark Williams was appointed a director

Officers

Effective March 1, 2021 Mark Williams resigned as Chief Science Officer

Effective March 1, 2021 Christopher Bryan was appointed as Vice President of Research and Operations

Effective September 7, 2021 Harry J.F. Bloomfield was appointed Chairman

Effective November 30, 2021 Michael Sadhra resigned as Chief Financial Officer and Corporate Secretary

Effective December 1, 2021 James Kinley was appointed Chief Financial Officer

NUMBER OF DIRECTORS

The Company currently has five (5) directors. Shareholders will be asked at the Meeting to approve an ordinary resolution to fix the number of directors elected for the ensuing year at five (5).

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR fixing the number of Directors at five (5) for the ensuing year.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” FIXING THE NUMBER OF DIRECTORS AT FIVE (5) FOR THE ENSUING YEAR.

ELECTION OF DIRECTORS

There are currently five (5) members on the Company’s board of directors. David Levine will not be standing for re-election as a director at the Meeting. The Board has determined that five (5) directors are to be elected to the Board at the Meeting.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director’s office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the “**BCA**”), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

Advance Notice Provision

The Company’s Articles contain advance notice provisions (the “**Advance Notice Provision**”). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the BCA or (ii) a shareholder proposal made pursuant to the provisions of the BCA.

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and

insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision which is available under the Company's profile on SEDAR at www.sedar.com.

The following table sets out the names of management's five (5) nominees for election as directors, offices and positions held within the Company, the period of time during which each has been a director of the Company and the number of Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date hereof.

Name Province or State & Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation⁽¹⁾ During the Past Five Years	Number of Shares Owned⁽¹⁾
Harry J.F. Bloomfield ⁽⁶⁾⁽⁷⁾⁽⁸⁾ Quebec, Canada Chairman and Director	Chairman since September 7, 2021 Director since September 7, 2021	Lawyer at Bloomfield & Avocats; Business Manager and Philanthropist with the Eldee Foundation. Refer to Director Biographies below.	2,000 ⁽²⁾
Christopher Moreau Manitoba Canada Chief Executive Officer and Director	Chief Executive Officer since March 1, 2018 Director since May 13, 2020	Director of First Responder Technologies Inc. since February, 2019; former President and CEO of Nash Pharmaceuticals Inc.; former President, CEO and board member of Miraculins Inc. from 2012 to 2016. Refer to Director Biographies below.	18,017 ⁽³⁾
Raj Attariwala ⁽⁶⁾⁽⁷⁾⁽⁸⁾ British Columbia Canada Director	Director since October 26, 2015	Radiologist at Aim Medical Imaging Inc. since 2009. Refer to Director Biographies below.	11,437 ⁽⁴⁾
Mark Williams Manitoba, Canada Director	Director since September 16, 2021	VP Research Diamedica 2011 – 2016, VP Research & Clinical Affairs Cerebra 2016 – 2018; Chief Science Officer of Algernon October 2018 to March 2021. CSO and Director of Marvel Biosciences Corp. since July 2021. Refer to Director Biographies below.	nil ⁽⁵⁾

Name Province or State & Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation ⁽¹⁾ During the Past Five Years	Number of Shares Owned ⁽¹⁾
Howard Gutman ⁽⁶⁾ Maryland, USA Nominee Director	Nominee Director	Retired lawyer and Ambassador Refer to Nominee Director Biography below.	nil

Notes:

- (1) Number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the Record Date.
- (2) 2,000 common shares held indirectly under registered holder, Eldee Foundation, owned and controlled by Harry J.F. Bloomfield. Mr. Bloomfield holds 10,000 incentive stock options, to purchase 10,000 Shares, exercisable at a price of \$4.10 per Share, expiring on January 1, 2027.
- (3) Mr. Moreau holds 52,000 incentive stock options, to purchase 52,000 Shares, exercisable at prices ranging between \$4.10 per Share and \$48.00 per Share, expiring between March 1, 2023 and January 1, 2027.
- (4) Mr. Attariwala holds 11,500 incentive stock options, to purchase 11,500 Shares, exercisable at a prices ranging between \$4.10 per Share and \$48.00 per Share, expiring between May 18, 2022 and January 1, 2027.
- (5) Dr. Williams holds 6,500 incentive stock options, to purchase 6,500 Shares, exercisable at a price of \$4.10 per Share, expiring on January 1, 2027.
- (6) Member of the Audit Committee.
- (7) Member of the Compensation Committee.
- (8) Member of the Nominating and Corporate Governance Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

A shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above` nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company. At the Meeting the above persons will be nominated for election as director as well as any person nominated pursuant to the Advance Notice Provision set out above. Only persons nominated by management pursuant to this Circular or pursuant to the Advance Notice Provision will be considered valid director nominees eligible for election at the Meeting.**

Director Biographies

Harry J.F. Bloomfield, Chairman and Director

Harry J. F. Bloomfield, QC., M.B.A., is a lawyer, business manager and philanthropist.

Mr. Bloomfield began his business career, 1971 to 1976, on Wall Street with the J. Henry Schroder Banking Corporation in New York. From 1981 to 1987 Mr. Bloomfield served as a Member of the Commission des Valeurs Mobilières du Québec, now called the Autorité des Marchés Financiers – equivalent of the U.S. Securities and Exchange Commission (the SEC). In 1987 Mr. Bloomfield was named by the government of Prime Minister Brian Mulroney to the board of directors of the Federal Business Development Bank, now called the BDC (Business Development Bank of Canada) and served for 11 years, 7 of which were as Chairman of the audit committee.

In 1994, in partnership with Bank Julius Baer of Zurich, Switzerland, Mr. Bloomfield formed and was the first Chairman of BJB Global Investments, Ltd., a Canadian wealth-management advisory firm with headquarters in Montreal. In 1998, Mr. Bloomfield became the President of the Canadian Branch of the International Law

Association. Mr. Bloomfield has served on numerous boards, public and private, including Heller Financial Canada (now part of GE Capital); Banco Comercial Português, the Canadian subsidiary of Sottomayor Bank of Portugal; British Controlled Oilfields, Genoil Inc., Balkan Resources Inc., and Wi2Wi Inc. In May 2011, Mr. Bloomfield was elected to the board of directors of Miraculins Inc. (TSX-V:MOM), a medical diagnostic company, and in April 2012 he was elected the board's Chairman.

Born in Montreal, Quebec, Mr. Bloomfield received a Bachelor of Arts degree from McGill University in 1965, a Bachelor of Civil Law degree from Université de Montréal in 1968, and joined the Bar of Quebec in 1969. Bloomfield received a Master of Business Administration from the Harvard Graduate School of Business Administration in 1971. He was appointed Queen's Counsel in 1991.

Christopher Moreau, Chief Executive Officer and Director

Christopher Moreau has over 30 years of experience in progressively senior executive leadership positions. Mr. Moreau has a deep, abiding interest in research and the advancement of technology.

Mr. Moreau is also skilled in venture capital, business start-ups, strategic planning, business strategy, mergers and acquisitions, entrepreneurship, business development and management.

Mr. Moreau attended the University of Manitoba from 1982 to 1984.

Raj Attariwala, Director

Raj Attariwala, M.D., Ph. D, is a Vancouver based dual board certified Radiologist and Nuclear Medicine physician certified in both Canada and the United States. Dr. Attariwala is a practicing physician in British Columbia and is the owner of AIM medical imaging in Vancouver. He has pioneered advances in the field of whole body medical imaging through his work and authored numerous publications. Dr. Attariwala has also presented at many International Medical Conferences on whole body imaging and cancer detection. Dr. Attariwala has also served as a director of Cannabix Technologies Inc. since 2014. Dr. Attariwala founded Aim Medical Imaging in 2009 with unique hardware and software designed to perform whole body MRI and whose pioneering efforts have been recognized by worldwide leaders in the MRI field.

Dr. Attariwala received his formal medical training at University of British Columbia with periods of specialized medical training at Memorial Sloan Kettering Cancer Centre (New York), UCLA and USC, and holds a PhD in Biomedical Engineering from Northwestern University (Evanston, IL).

Mark Williams, Director

Dr. Mark Williams was a co-founder of the Algernon Pharmaceuticals drug repurposing program and was actively engaged as the Company's Chief Scientific Officer until March 1st, 2021. Dr. Williams has over 15 years of experience in drug and medical device development and has authored multiple patents. Dr. Williams has specific expertise and skill sets in taking companies from the discovery process to Phase 2 trials including cGMP manufacturing and toxicology.

Dr. Williams holds a PhD in Microbiology from the University of Alberta, and an MBA from the University of Manitoba.

Nominee Director Biography

Howard Gutman, Nominee Director

Ambassador (Rtd) Howard Gutman acted, during his distinguished career over the past three decades, as a leading American and International lawyer, and served in a number of high-profile appointments for the government of the United States, including Ambassador to Belgium, and Special Assistant to the Director of the FBI for Counter-Intelligence and Counter-Terrorism. During his legal career he served as a United States Supreme Court and federal appellate court law clerk prior to entering private practice in Washington, DC., where in addition to legal practice, he served as advisor to candidates for President, Governor and the U.S. Senate.

Penalties and Sanctions

As at the date of this Circular and within the 10 years before the date of this Circular, no proposed director is or has been a director or executive officer of any company (including the Company), that while that person was acting in that capacity:

- (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (iii) or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (iv) has within 10 years before the date of this Circular become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed directors.

APPOINTMENT OF AUDITOR

Smythe LLP, Chartered Professional Accountants, 1700 – 475 Howe Street, Vancouver, British Columbia, Canada, V6C 2B3 will be nominated at the Meeting for re-appointment as auditor of the Company.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 *Audit Committees* (“NI 52-110”) of the Canadian securities administrators requires the Company’s Audit Committee to meet certain requirements. It also requires the Company to disclose certain information regarding the Audit Committee. That information is disclosed below.

Overview

The Audit Committee of the Board is principally responsible for

- recommending to the Board the external auditor to be nominated for election by the Company’s shareholders at each annual general meeting and negotiating the compensation of such external auditor.
- overseeing the work of the external auditor, including the resolution of disagreements between the auditor and management regarding the Company’s financial reporting.
- pre-approving all non-audit services to be provided to the Company’s, by the auditor.
- reviewing the Company’s annual and interim financial statements, management’s discussion & analysis (MD&A) and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by the Company.
- reviewing the Company’s financial reporting procedures and internal controls to ensure adequate procedures are in place for the Company’s public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph.

The Company’s auditor reports directly to the Audit Committee.

Audit Committee Charter

The Board has adopted a Charter for the Audit Committee, which sets out the Audit Committee’s mandate,

organization, powers and responsibilities. The Audit Committee Charter as amended by the Board on October 12, 2021, is attached as Schedule “A” to this Circular.

Composition of the Audit Committee

The Company’s governing corporate legislation requires the Company to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Company.

The following table sets out the names of the members of the Audit Committee at August 31, 2021, and whether they are ‘independent’ and ‘financially literate’.

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
David Levine (Chair)	Yes	Yes
Raj Attariwala	Yes	Yes
Michael Sadhra	No	Yes

Notes:

- (1) To be considered independent, a member of the Committee must not have any direct or indirect ‘material relationship’ with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.
- (2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (1) an understanding of the accounting principles used by the Company to prepare its financial statements;
- (2) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (3) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
- (4) an understanding of internal controls and procedures for financial reporting.

Complaints

If a particular individual, being a Shareholder or an Insider of the Company (an “**applicable individual**”), has any concerns about accounting, audit, internal controls or financial reporting matters which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report their concern in writing and forward it to the Chairman of the Audit Committee in a sealed envelope labelled “*To be opened by the Audit Committee only*”. Further, if the applicable individual wishes to discuss any matter with the Audit Committee, this request should be indicated in the submission. Any such envelopes received by the Company will be forwarded promptly and unopened to the

Chair of the Audit Committee. Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

The Audit Committee did not receive any complaints during the last completed financial year August 31, 2021.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year August 31, 2021, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Exemptions in NI 52-110 regarding *De Minimis* Non-audit Services or on a Regulatory Order Generally

Since the commencement of the Company’s most recently completed financial year August 31, 2021, the Company has not relied on:

- (1) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company’s auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor’s annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year’s audit), or
- (2) an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section 4.1 – *Duties and Responsibilities* of the Audit Committee Charter.

External Auditor Service Fees (By Category)

The Audit Committee has reviewed the nature and amount of the non-audit services provided by the Company’s current auditor Smythe LLP, Chartered Professional Accountants, to ensure auditor independence during financial years ended August 31, 2021 and August 31, 2020. Fees incurred for audit and non-audit services in the last two fiscal years are outlined in the following table.

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾	Total
August 31, 2021	\$41,000	\$20,000	Nil	\$5,700	\$66,700
August 31, 2020	\$31,500	\$38,323	Nil	\$2,500	\$72,323

Notes:

- (1) The aggregate fees billed by the auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not disclosed in the “Audit Fees” column.
- (3) The aggregate fees billed for professional services rendered by the Company’s auditor for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the first three columns.

Exemption

The Company is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110.

CORPORATE GOVERNANCE

Corporate governance refers to the policies and structure of the board of directors of a Company, whose members are elected by and are accountable to the shareholders of the Company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices; as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

The Company does not have a corporate governance committee.

On October 12, 2021, the board of directors (the “Board”) adopted a Nominating and Corporate Governance Committee Charter. A copy of the Nominating and Corporate Governance Committee Charter can be accessed on the Company’s website at www.algernonpharmaceuticals.com. The current members of the Nominating and Corporate Governance Committee are: Harry J.F. Bloomfield (Chair), David Levine and Raj Attariwala.

Board of Directors

The Company’s current board of directors consists of: Harry J.F. Bloomfield, Raj Attariwala, Mark Williams and David Levine are independent directors. Christopher Moreau, the Chief Executive Officer, is not independent because he is a member of management. David Levine will not be standing for re-election as a director at the Meeting.

The Board has responsibility for the stewardship of the Company including responsibility for strategic planning, identification of the principal risks of the Company’s business and implementation of appropriate systems to manage risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company’s internal control and management information systems.

This Board sets long term goals and objectives for the Company and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business. The Board is responsible for protecting Shareholder’s interests and ensuring that the incentives of the Shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Company’s business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Company is authorized to act without the Board’s approval, on all ordinary course matters relating to the Company’s business.

The Board also monitors the Company’s compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board is responsible for selecting the CEO and other senior management and for monitoring their performance.

The Board considers that the following directors are “independent” in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director’s ability to act with the best interests of the Company, other than interests and relationships arising from shareholding:

Directorships

Certain of the directors are presently a director of one or more other public companies, as follows:

Director	Name of Reporting Issuer	Exchange Listed
Raj Attariwala	Cannabix Technologies Inc.	CSE
Mark Williams	Marvel Biosciences Corp.	TSX-V

Orientation and Continuing Education

The Board ensures that all new directors receive a comprehensive orientation regarding their role as a member of the Board, its committees and its directors, and the nature and operation of the Company. As each director brings a different skill set and professional background, the Board determines what orientation to the nature and operations of the Company’s business will be necessary and relevant. New directors are provided with appropriate orientation through a series of meetings, telephone calls and other correspondence.

Ethical Business Conduct

On October 12, 2021, the “Board”) adopted a Code of Business Conduct and Ethics. A copy of the Code of Business Conduct and Ethics can be accessed on the Company’s website at www.algernonpharmaceuticals.com.

A copy of the Code of Business Conduct and Ethics was filed under the Company’s SEDAR corporate profile at www.sedar.com on January 24, 2022.

The Board seeks to foster a culture of ethical conduct by striving to ensure the Company carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board encourages management to consult with legal and financial advisors to ensure the Company is meeting those requirements.

- Is cognizant of the Company’s timely disclosure obligations and reviews material disclosure documents such as financial statements, management’s discussion & analysis (MD&A) and press releases prior to distribution.
- Relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the Company’s external auditor.
- Actively monitors the Company’s compliance with the Board’s directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management.

The Board must also comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors’ participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

As referenced above on October 12, 2021, the Board adopted a Nominating and Corporate Governance Committee Charter. A copy of the Nominating and Corporate Governance Committee Charter can be accessed on the Company's website at www.algernonpharmaceuticals.com. The current members of the Nominating and Corporate Governance Committee are: Harry J.F. Bloomfield (Chair), David Levine and Raj Attariwala.

The functions for the nomination of directors is currently performed by this Committee. This Committee is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual general meeting of the shareholders.

The criteria for selecting new directors reflect the requirements of the listing standards of the Canadian Securities Exchange (or such other exchange or self-regulatory organization on which the Company's shares are listed for trading) with respect to independence and the following factors:

- (a) the appropriate size of the Company's Board;
- (b) the needs of the Company with respect to the particular talents and experience of its directors;
- (c) personal and professional integrity of the candidate;
- (d) level of education and/or business experience;
- (e) broad-based business acumen;
- (f) the level of understanding of the Company's business and the industry in which it operates and other industries relevant to the Company's business;
- (g) the ability and willingness to commit adequate time to Board and committee matters;
- (h) the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company;
- (i) the ability to think strategically and a willingness to share ideas; and
- (j) diversity of experiences, expertise and background.

Once a decision has been made to add or replace a director, the task of identifying new candidates will fall on the Company's Board. If a candidate looks promising, the Board will conduct due diligence on the candidate and interview the candidate and if the results are satisfactory, the candidate is invited to join the Board.

Other Board Committees

The Board has no committees other than the Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee.

Assessments

The Board has not established a process to regularly assess the Board and its Audit Committee with respect to their effectiveness and contribution. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on each director's assessment of the performance of the Board, its committee or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the original purpose of nominating that individual to the Board.

STATEMENT OF EXECUTIVE COMPENSATION

This Statement of Executive Compensation should be read in conjunction with the consolidated Annual Financial Statements of the Company for the financial years ended August 31, 2021 and August 31, 2020 available on SEDAR

at www.sedar.com. All monetary amounts herein are expressed in Canadian Dollars (“\$”) unless otherwise stated.

For the purposes of the below disclosure:

"**CEO**" of the Company means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

"**CFO**" of the Company means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any); and

"**Named Executive Officer**" or "**NEO**" means each of the following individuals:

Each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO;

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (“CFO”), including an individual performing functions similar to a CFO;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

Director and Named Executive Officer Compensation

For the year ended August 31, 2021, the Company had three NEOs, namely Christopher Moreau, the Chief Executive Officer and a director, Mark Williams, the Chief Science Officer until March 1, 2021 and a director, Christopher Bryan who was appointed as Vice President of Research and Operations effective March 1, 2021, and Michael Sadhra, the Chief Financial Officer, Corporate Secretary and a director. The Company had two directors who were not NEOs: Raj Attariwala and David Levine.

For the year ended August 31, 2020, the Company had three NEOs, namely Christopher Moreau, the Chief Executive Officer and a director, Mark Williams, the Chief Science Officer and a director, and Michael Sadhra, the Chief Financial Officer and Corporate Secretary and a director. The Company had two directors who were not NEOs: Raj Attariwala and David Levine.

Director and NEO Compensation Excluding Options and Compensation Securities

The following table presents information concerning all compensation paid, payable, given, or otherwise provided, directly or indirectly, to Directors and NEOs who were not directors of the Company for services in all capacities to the Company during the two most recently completed financial years ended August 31, 2021 and August 31, 2020.

Name and Principal Position	Year	Salary, consulting fee,retainer or commission(\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Prerequisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Christopher Moreau ⁽¹⁾	2021	220,000	Nil	Nil	Nil	36,079	256,079
Chief Executive Officer and Director	2020	157,000	100,000	Nil	Nil	Nil	257,000
Mark Williams ⁽²⁾	2021	116,667	Nil	Nil	Nil	Nil	116,667
Chief Science Officer	2020	166,663	100,000	Nil	Nil	Nil	266,663
Michael Sadhra ⁽³⁾	2021	120,000	Nil	Nil	Nil	28,864	148,864
Chief Financial Officer, Corporate Secretary and Director	2020	60,000	20,000	Nil	Nil	Nil	80,000
Christopher Bryan ⁽⁴⁾	2021	65,000	Nil	Nil	Nil	Nil	65,000
Vice-President of Research and Operations	2020	Nil	Nil	Nil	Nil	Nil	Nil
Raj Attariwala	2021	6,000	Nil	Nil	Nil	7,216	13,216
Director	2020	4,000	Nil	Nil	Nil	Nil	4,000
David Levine ⁽⁵⁾	2021	6,000	Nil	Nil	Nil	7,216	13,216
Director	2020	4,000	Nil	Nil	Nil	Nil	4,000

(1) Mr. Moreau was appointed as Chief Executive Officer on March 1, 2018 and as a director on May 5, 2020.

(2) Mr. Williams served as Chief Science Officer from October 19, 2018 to March 1, 2021.

(3) Mr. Sadhra served as Chief Financial Officer from October 26, 2015 to September 16, 2021. Mr. Sadhra served as a Corporate Secretary from January 13, 2020 to November 30, 2021. Mr. Sadhra served as a director from October 26, 2015 to November 30, 2021.

(4) Christopher Bryan was appointed as Vice President of Research and Operations on March 1, 2021.

(5) David Levine will not be standing for re-election as a director at the Meeting.

Other than as set forth above, no NEO or Director of the Company has, during financial year ended August 31, 2021, received compensation pursuant to:

- (a) any standard arrangement for the compensation of NEOs or Directors for their services in their capacity as NEOs and/or Directors, including any additional amounts payable for committee participation or special assignments; any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of NEOs in their capacity as NEOs; or
- (b) any arrangement for the compensation of NEOs or Directors for services as consultants or experts.

Compensation Securities

The following table discloses all compensation securities granted to each director and NEO by the Company during the financial year ended August 31, 2021, for services provided or to be provided directly or indirectly, to the Company.

Name and Position	Type of Compensation Security	Number of compensation securities, number of underlying securities and percentage of class # / % ⁽¹⁾	Date of issue or grant (mm/dd/yyyy)	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (mm/dd/yyyy)
Christopher Moreau Chief Executive Officer and Director	Stock options	Nil N/A%	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil N/A%	N/A	N/A	N/A	N/A	N/A
Mark Williams Chief Science Officer	Stock options	Nil N/A%	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil N/A%	N/A	N/A	N/A	N/A	N/A
Michael Sadhra ⁽²⁾ Chief Financial Officer, Corporate Secretary and Director	Stock options	Nil N/A%	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil N/A%	N/A	N/A	N/A	N/A	N/A
Christopher Bryan Vice-President of Research and Operations	Stock Options	Nil N/A%	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil N/A%	N/A	N/A	N/A	N/A	N/A
Raj Attariwala Director	Stock options	Nil N/A%	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil N/A%	N/A	N/A	N/A	N/A	N/A
David Levine Director	Stock options	Nil N/A%	N/A	N/A	N/A	N/A	N/A
	RSUs	Nil N/A%	N/A	N/A	N/A	N/A	N/A

Notes:

- ⁽¹⁾ Percentage of class represents % of compensation securities granted over the total number of compensation securities of the Company outstanding as of August 31, 2021.
- ⁽²⁾ Mr. Sadhra served as Chief Financial Officer from October 26, 2015 to November 30, 2021. Mr. Sadhra served as a Corporate Secretary from January 13, 2020 to November 30, 2021. Mr. Sadhra served as a director from October 26, 2015 to September 16, 2021. Under the terms of the Company's Stock Option Plan, Mr. Sadhra's stock options have expired, without having been exercised.

Exercise of Compensation Securities by NEOs and Directors

The following table sets out each exercise of an option-based award or a share-based award by an NEO or director during financial year ended August 31, 2021.

Name and position	Type of Compensation security	Number of underlying securities exercised	Exercise price per security(\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference Between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Christopher Moreau Chief Executive Officer and Director	RSUs	4,125	\$35.00	July 23, 2020	\$35.00	N/A	144,375
	RSUs	4,125	\$26.60	January 22, 2021	\$26.60	N/A	109,725
	RSUs	4,250	\$8.50	July 22, 2021	\$8.50	N/A	36,079
Mark Williams Chief Science Officer	Stock Options	5,000	\$10.00	May 27, 2021	\$16.00	\$6.00	30,000
	RSUs	3,300	\$35.00	July 23, 2020	\$35.00	N/A	115,500
	RSUs	3,300	\$26.60	January 22, 2021	\$26.60	N/A	87,780
Michael Sadhra Chief Financial Officer, Corporate Secretary and Director	RSUs	3,300	\$35.00	July 23, 2020	\$35.00	N/A	115,500
	RSUs	3,300	\$26.60	January 22, 2021	\$26.60	N/A	87,870
	RSUs	3,400	\$8.50	July 22, 2021	\$8.50	N/A	28,864
Christopher Bryan Vice-President of Research and Operations	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Raj Attariwala Director	RSUs	825	\$35.00	July 23, 2020	\$35.00	N/A	28,875
	RSUs	825	\$26.60	January 22, 2021	\$26.60	N/A	21,945
	RSUs	850	\$8.50	July 22, 2021	\$8.50	N/A	7,216
David Levine Director	RSUs	825	\$35.00	July 23, 2020	\$35.00	N/A	28,875
	RSUs	825	\$26.60	January 22, 2021	\$26.60	N/A	21,945
	RSUs	850	\$8.50	July 22, 2021	\$8.50	N/A	7,216

Stock Option Plan – Option-Based Awards

The Company has a 10% “rolling” stock option plan which was adopted on September 11, 2015 (the “**Stock Option Plan**”). The Stock Option Plan was approved for adoption by shareholders at the Company’s annual general meeting held on April 10, 2017. A copy of the Stock Option Plan was SEDAR filed under the Company’s SEDAR corporate website at www.sedar.com on January 28, 2016 (formerly Breathtec Biomedical, Inc.).

The purpose of the Stock Option Plan is to attract, retain, and motivate NEOs, directors, employees and other service providers by providing them with the opportunity, through the grant of Stock Options, to acquire an

interest in the Company and benefit from the Company's growth. A Stock Option is an incentive share purchase option that entitles the holder to purchase Shares of the Company.

Under the Stock Option Plan, the maximum number of common shares reserved for issuance, including Stock Options currently outstanding, is equal to 10% of the issued and outstanding common shares from time to time (the "10% Maximum"). Following the exercise, termination, cancellation or expiration of any Stock Options, a number of Shares equivalent to the number of Stock Options exercised, terminated, cancelled or expired would become available for reserve for issuance in respect of future stock Option grants.

Material Terms to the Stock Option Plan

- (a) The number of Shares which may be the subject of Stock Options on a yearly basis to any one person cannot exceed 5% of the number of issued and outstanding Shares at the time of the grant;
- (b) Stock Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of the Company exercisable at a price which is not less than the market price of Shares on the date of the grant;
- (c) The directors of the Company may, by resolution, determine the time period during which any Stock Option may be exercised (the "Exercise Period"), provided that the Exercise Period does not contravene any rule or regulation of such exchange on which the Shares may be listed;
- (d) All Stock Options will terminate on the earliest to occur of:
 - (i) the expiry of their term;
 - (ii) the date of termination of an optionee's employment, office or position as director, if terminated for just cause;
 - (iii) 90 days (or such other period of time as permitted by any rule or regulation of such exchange on which the common shares may be listed) following the date of termination of an optionee's position as a director or NEO, if terminated for any reason other than the optionee's disability or death; and
 - (iv) 30 days following the date of termination of an optionee's position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee's disability, death, or just cause;
- (e) Stock Options are non-assignable and non-transferable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be an NEO, director, employee, consultant, affiliate, or subsidiary of the Company, as the case may be.

Subject to the foregoing restrictions, and certain other restrictions set out in the Stock Option Plan, the Board is authorized to provide for the granting of Stock Options and the exercise and method of exercise of Stock Options granted under the Stock Option Plan.

Restricted Share Unit Plan – Share-Based Awards

The Company adopted a 10% "rolling" RSU Plan on July 23, 2020 (the "**RSU Plan**"). The RSU Plan allows the Company to grant restricted share units ("**RSUs**") to directors, officer, employees and consultants of the Company ("**Eligible Persons**").

An RSU is a bookkeeping entry equivalent in value to a Share credited to an Eligible Person's (a "Participant") account and represents the right of a Participant to whom a grant of such RSUs is made to receive one Share (or an amount of cash equal to the market value thereof).

The purpose of the RSU Plan is to promote and advance the interests of the Company by:

- (i) providing Eligible Persons with additional incentive through an opportunity to receive

- discretionary bonuses in the form of Shares of the Company,
- (ii) encouraging stock ownership by such Eligible Persons,
 - (iii) increasing the proprietary interest of Eligible Persons in the success of the Company, and increasing the ability to attract, retain and motivate Eligible Persons.

Similar to the Stock Option Plan, the maximum number of Shares reserved for issuance under the RSU Plan shall not exceed 10% of the issued and outstanding Shares from time to time (the "10% Maximum"), less any common shares reserved for issuance under all other compensation agreements, such as the Stock Option Plan.

The RSU Plan is a "rolling plan" and when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, the number of Shares in respect of such cancelled or terminated RSUs shall again be available for the purpose of granting RSU Awards pursuant to the RSU Plan.

Material Terms to the RSU Plan

- (a) RSUs may be granted to any employee, officer, director, consultant or subsidiary of the Company provided that RSUs granted to any Eligible Person shall be approved by shareholders if the rules of the stock exchange the Company is listed on requires such approval;
- (b) Where the Board determines to grant an RSU Award to an Eligible Person and sets the terms and conditions applicable to such RSU Award, the Company shall deliver to the Eligible Person an RSU Grant Letter, containing the terms and conditions applicable to such RSU Award and will credit the Participant's Account with the number of RSUs granted to such Participant under the terms of the RSU Award on the grant of an RSU Award;
- (c) The grant of an RSU Award shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant's Account, at the election of the Company, either one Share or an amount in cash, net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the Market Price of one Share for each RSU credited to the Participant's Account on the Settlement Date, subject to the conditions set out in the RSU Grant Letter and in the RSU Plan, and subject to all other terms of the RSU Plan;
- (d) An Eligible Person may receive an RSU Award on more than one occasion under the RSU Plan and may receive separate RSU Awards on any one occasion;
- (e) RSUs granted under the RSU Plan to an Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or an Affiliate, as the case may be, in the fiscal year ending in, coincident with or before such calendar year, subject to any other determination by the Company;
- (f) Subject to the provisions of the RSU Plan and any vesting limitations imposed by the Board at the time of grant, RSUs subject to an RSU Award may be settled by a Participant during the Settlement Period applicable to the RSU by delivery to the Company of a notice (the "**Settlement Notice**") in a form attached to the RSU Grant Letter. As soon as practicable following the receipt of the Settlement Notice, RSUs will be settled by the Company through the delivery by the Company of such number of Shares equal to the number of RSUs then being settled or, at a Company's election, an amount in cash, net of applicable taxes and contributions to government sponsored plans, equal to the market price at the Settlement Date of one Share for each RSU then being settled. Where, prior to the Expiry Date, a Participant fails to elect to settle an RSU, the Participant shall be deemed to have elected to settle such RSUs on the day immediately preceding the Expiry Date.
- (g) Notwithstanding the foregoing, if the Company elects to issue Shares in settlement of RSUs:
 - (i) the Company may arrange for such number of the Shares to be sold as it deems necessary or advisable to raise an amount at least equal to its determination of such applicable taxes, with

such amount being withheld by the Company; or

- (ii) the Company may elect to settle for cash such number of RSUs as it deems necessary or advisable to raise funds sufficient to cover such withholding taxes with such amount being withheld by the Company; or
- (iii) the Company may, as a condition of settlement in the form of Shares, require the Participant to pay the applicable taxes as determined by the Company or make such other arrangement acceptable to the Company in its discretion (if at all) as it deems necessary or advisable.

(h) Except as otherwise determined by the Board:

- (i) The "Termination Date" means the date on which a Participant ceases to be an Eligible Person;
- (ii) all RSUs held by the Participant (whether vested or unvested) shall terminate automatically upon the termination of the Participant's service with the Company or any subsidiary companies for any reason other than as set forth in the RSU Plan;
- (iii) in the case of a termination of the Participant's service by reason of (A) termination by the Company or any Subsidiary Companies other than for Cause, or (B) the Participant's death, the Participant's unvested RSUs shall vest automatically as of such date, and on the earlier of the original Expiry Date and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant (or the Participant's executor or administrator, or the person or persons to whom the Participant's RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that the Company settle the Participant's vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Shares in respect thereof;
- (iv) in the case of a termination of the Participant's services by reason of voluntary resignation, only the Participant's unvested RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant will be eligible to request that the Company settle its vested RSUs. If the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on the 90th day and will receive Shares in respect thereof;
- (v) for greater certainty, where a Participant's employment or term of office terminates by reason of termination by the Company or any subsidiary companies for cause then any RSUs held by the Participant, whether or not vested at the Termination Date, immediately terminate and are cancelled on the Termination Date or at a time as may be determined by the Board, in its sole discretion;
- (vi) a Participant's eligibility to receive further grants of RSUs under the RSU Plan ceases as of the earliest of the date the Participant resigns from the Company or any subsidiary company and the date that the Company or any subsidiary company provides the Participant with written notification that the Participant's employment or term of office, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date; and
- (vii) for the purposes of the RSU Plan, a Participant shall not be deemed to have terminated service where: (i) the Participant remains in employment or office within or among the Company or any subsidiary company or (ii) the Participant is on a leave of absence approved by the Board.

(i) RSUs shall not be transferable or assignable by the Participant otherwise than by will or the laws of

descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.

Subject to the foregoing restrictions, and certain other restrictions set out in the RSU Plan, the Board is authorized to provide for the granting of RSUs, the vesting limitations on the RSUs and the method in which the RSUs are settled.

Employment, Consulting and Management Agreements

Management functions of the Company are substantially performed by directors or senior officers (or private companies controlled by them, either directly or indirectly) of the Company and not, to any substantial degree, by any other person with whom the Company has contracted.

Management Consulting Agreement with Christopher Moreau

The Company entered into a Management Consulting Agreement dated March 1, 2018 with Christopher Moreau (the "Moreau Agreement") whereby Mr. Moreau was retained to act as the Company's CEO. The Moreau Agreement provided for the remuneration of Mr. Moreau at the rate of CAD\$9,000 per month (the "Moreau Base Fee"). The Moreau Base Fee was increased to CAD\$13,333 per month effective on December 1, 2019. The Moreau Agreement was amended and restated on July 31, 2020 ("Moreau Amended and Restated Agreement") whereby the Moreau Base Fee was further amended to CAD\$18,333 per month effective on July 31, 2020. Mr. Moreau is not paid for being a director of the Company. On September 1, 2020, the Company replaced the Moreau Amended and Restated Agreement with an Executive Employment Agreement with Mr. Moreau at the same rate of CAD\$18,333 per month.

Management Consulting Agreement with Dr. Mark Williams

The Company's affiliate, Nash Pharmaceuticals Inc. ("Nash Pharma") entered into a Management Consulting Agreement dated July 1, 2018 with Dr. Mark Williams (the "Williams Agreement") whereby Dr. Williams was retained to act as the CEO of Nash Pharma. The Williams Agreement provided for the remuneration to Dr. Williams at a rate of CAD\$13,333 per month (the "Williams Base Fee"). After the acquisition of Nash Pharma by the Company, the Williams Agreement was amended on October 19, 2018 ("Williams Amended Agreement") whereby Dr. Williams was appointed to the position of Chief Science Officer of Nash Pharma. The Williams Base Fee remained unchanged. The Williams Amended Agreement was further amended and restated on July 31, 2020 ("Williams Amended and Restated Agreement") whereby the Williams Base Fee was amended to CAD\$16,666 per month effective on July 31, 2020. Dr. Williams resigned as Chief Science Officer effective March 1, 2021 and was appointed as director of the Company on September 22, 2021.

Agreement with Michael Sadhra

Under a prior agreement with the Company, Michael Sadhra acted as the Company's CFO at a rate of CAD\$4,000 per month (the "Sadhra Base Fee"). The Company amended and restated any prior agreement it had with Mr. Sadhra on July 31, 2020 ("Sadhra Amended and Restated Agreement") whereby the Sadhra Base Fee was amended to CAD\$10,000 per month effective on July 31, 2020. Mr. Sadhra is not paid for being a director of the Company. On September 1, 2020, the Company replaced the Sadhra Amended and Restated Agreement with an Executive Employment Agreement with Mr. Sadhra at the same rate of CAD\$10,000 per month. Mr. Sadhra resigned as Director effective November 30, 2021 and was paid a severance amount of \$45,000.

Oversight and Description of Director and NEO Compensation

On October 12, 2021 the Board adopted a Compensation Committee charter. The members of the Compensation Committee are: Harry J.F. Bloomfield (Chair), David Leving and Raj Attariwala.

In determining compensation, this Committee considers industry standards and its financial situation but does not currently have any formal objectives or criteria. The performance of each NEO is informally monitored by this Committee, who keeps in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer. The duties and responsibilities of the NEOs are typical of those of a business entity

of the Company's size in a similar business and include direct reporting responsibility to this Committee, overseeing the activities of all other executive and management consultants, representing the Company, providing leadership and responsibility for achieving corporate goals and implementing corporate policies and initiatives.

This Committee is also responsible for recommending compensation for the directors and granting stock options and awarding restricted share units to the directors, NEOs and employees of, and consultants to, the Company pursuant to the Company's Stock Option Plan and Restricted Share Unit Plan respectively (defined above).

Philosophy and Objectives

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- attracting and retaining talented, qualified and effective executives;
- motivating the short and long-term performance of these executives; and
- better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan and restricted share unit plan.

The Company relies solely on the discussions of the Board, without any formal objectives, criteria and analysis, for determining executive compensation.

Base Salary or Consulting Fees

In establishing the base salary for NEOs, the Compensation Committee considers the NEO's performance, level of expertise, responsibilities, length of service to the Company and comparable levels of remuneration paid to executives of other companies of comparable size and development. The financial and other resources of the Company are also considered since capital management is critical to the Company as a successful generator of business using Shareholders' funds. Using this information, together with budgetary guidelines the Board determines and sets the base salaries of the CEO, CFO and other NEOs.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel are considered to be those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes senior officers and directors of the Company.

Related party transactions to key management personnel are as follows:

Years ended August 31	2021	2020
Short-term benefits ⁽¹⁾	\$ 596,375	\$ 8,000
Consulting fees - other ⁽²⁾	11,750	606,663
Share-based payment ⁽³⁾	697,667	2,489,669
Rent ⁽⁴⁾	36,000	32,000
	\$ 1,341,792	\$ 3,136,332

Notes:

(1) Salaries paid to officers and directors fees to independent directors:

- \$256,079 (2020 - \$nil) to Chief Executive Officer;
- \$148,864 (2020 - \$nil) to Chief Financial Officer;
- \$100,000 (2020 - \$nil) to Chief Science Officer who resigned on February 28, 2021;

- \$65,000 (2020 - \$nil) to VP of Research and Operations who took on the role effective March 1, 2021;
 - \$13,216 (2020 - \$4,000) to an independent director;
 - \$13,216 (2020 - \$4,000) to an independent director.
- (2) Fees paid to consultants/companies related to management personnel:
- \$nil (2020 - \$257,000) to a company controlled by the Chief Executive Officer;
 - \$nil (2020 - \$80,000) to a company controlled by the Chief Financial Officer;
 - \$nil (2020 - \$266,663) to the Chief Science Officer;
 - \$11,750 (2020 - \$3,000) for tax services paid to a partnership where Chief Financial Officer is a partner.
- (3) Share-based payments were non-cash items that consisted of the fair value of RSUs that were granted and settled in shares to key management personnel including the independent directors.
- (4) Rent:
- \$36,000 (2020 - \$32,000) paid for corporate office space to a company where a senior officer and director is a principal.

Accounts payable and accrued liabilities include the following amounts due to related parties:

As at	August 31, 2021	August 31, 2020
Key management personnel - expense reimbursements	\$ 111	\$ -

Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the CEO. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan and restricted share unit plan. Stock options are granted and restricted share units are awarded to executives and employees taking into account a number of factors, including the amount and term of options and RSUs previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted and restricted share units awarded are determined by the Board.

The Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Compensation Review Process

Compensation Components: Compensation paid to the Company's NEOs consists of a base salary in the form of cash compensation, and long-term incentive stock options and restricted share units. No specific formula is used to assign a specific weighting to these components. Instead, the Board considers the Company's performance and assigns compensation based on this assessment.

In establishing compensation levels, the Board also relies on the experience of its members as officers and directors of other companies in similar lines of business as the Company. The purpose of this comparison to similar companies is to: (1) understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics; (2) identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and (3) establish a basis for developing salary adjustments and long-term incentive awards for the Board to consider and approve.

Hedging by Named Executive Officers or Directors

The Company has no policy with respect to NEOs or directors purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Benefits and Perquisites

The Company does not offer any benefits or perquisites to its directors or NEOs other than potential grants of incentive stock options and restricted share units awards as otherwise disclosed and discussed herein.

Option-Based Awards

As described above, the Company has a 10% “rolling” Stock Option Plan (the “Stock Option Plan”). The Stock Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board.

The purpose of the Company’s Stock Option Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long-term goals of the Company and to enable and encourage such individuals to acquire Shares of the Company as long-term investments.

Share-Based Awards

As described above, the Company has a 10% “rolling” restricted share unit plan (the “RSU Plan”). The RSU Plan was established to promote and advance the interests of the Company by providing eligible persons with additional incentive through an opportunity to receive discretionary bonuses in the form of Shares of the Company, encourage stock ownership by such eligible persons, increase the proprietary interest of eligible persons in the success of the Company, and increase the ability to attract, retain and motivate eligible persons.

Management proposes RSU Awards to the Board based on such criteria as performance, previous grants, and hiring incentives. All RSU Awards require approval of the Board

Oversight and Description of Director Compensation

Other than the Option Plan and Restricted Share Unit Plan, as discussed above, the Company does not offer any long-term incentive plans, share compensation plans or any other such benefit programs for directors.

Long Term Compensation

Long term compensation is paid in the form of granting of stock options and restricted share units. The Board established the Stock Option Plan and Restricted Share Unit Plan to encourage share ownership and entrepreneurship on the part of the directors, management and employees. The Board believes that the Stock Option Plan and Restricted Share Unit Plan aligns the interests of the NEOs with the interests of Shareholders by linking a component of compensation to the longer-term performance of the Company’s Shares.

Stock Options are generally granted on an annual basis, subject to the imposition of trading black-out periods, in which case options scheduled for grant will be granted subsequent to the end of the black-out period. All stock options granted and restricted share units awarded to NEOs are approved by the Board. In monitoring stock option grants and restricted share units, the Board takes into account the level of stock options and restricted share units granted by comparable companies for similar levels of responsibility and considers each NEO based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contributions to Shareholder value.

In addition to determining the number of stock options to be granted and restricted share units to be awarded, the Board also makes the following determinations:

- the exercise price for each stock option granted or restricted share unit awarded;
- the date on which each stock option is granted or restricted share unit awarded;
- the vesting terms for each stock option and restricted share unit; and
- the other materials terms and conditions of each stock option grant and each restricted share unit awarded.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan and the Restricted Share Unit Plan.

Risks Associated with the Company’s Compensation Practices

The Board has assessed the Company’s compensation plans and programs for its executive officers to ensure alignment with the Company’s business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly e officers or directors. To the knowledge of the Company, none of the executive officers or directors have purchased such financial instruments.

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the NEOs or Directors at, following, or in connection with retirement.

Termination and Change of Control Benefits

There are no compensatory plan(s) or arrangements(s), with respect to any of the NEOs resulting from the resignation, retirement or any other termination of employment of the officer’s employment or from a change of the NEOs responsibilities following a change of control.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as of the end of the Company’s fiscal year ended August 31, 2021 all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance: The below information is pre consolidation. Effective on November 24, 2021, the Company effected a share consolidation at a share ratio of 100 pre consolidation Share for one (1) new post consolidated Share.

Plan Category	Number of securities to be issued upon exercise of outstanding options and RSUs (a)	Weighted-average exercise price of outstanding options and RSUs (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders – Stock Option Plan	8,350,000 Options	\$0.22 Options	8,398,500 Options

Plan Category	Number of securities to be issued upon exercise of outstanding options and RSUs (a)	Weighted-average exercise price of outstanding options and RSUs (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans not approved by securityholders – Restricted Share Unit Plan	Nil RSUs	N/A	16,748,500 RSUs
Total	8,350,000 Options Nil RSUs	N/A	8,398,500 Options 16,748,500 RSUs

The following table sets out, as of the end of the Company's fiscal year ended August 31, 2020 all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance. The below information is pre consolidation. Effective on November 24, 2021, the Company effected a share consolidation at a share ratio of 100 pre consolidation Share for one (1) new post consolidated Share.

Plan Category	Number of securities to be issued upon exercise of outstanding options and RSUs (a)	Weighted-average exercise price of outstanding options and RSUs (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders – Stock Option Plan	10,737,500 Options	\$0.24	3,096,300 Options
Equity compensation plans not approved by securityholders – Restricted Share Unit Plan	4,350,000 RSUs	N/A	9,483,800 RSUs
Total	10,737,500 Options 4,350,000 RSUs	N/A	3,096,300 Options 9,483,800 RSUs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the Company's completed financial year end August 31, 2021 or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out in this Circular, to the knowledge of management of the Company, no informed person of the Company, proposed director of the Company, or any associate or affiliate of any informed person or proposed director of the Company has any interest, direct or indirect, in any transaction during financial years ended August 31, 2021 and August 31, 2020 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Other than as set out in this Circular, there are no management functions of the Company, which are to any substantial degree performed by a person or Company other than the directors or NEOs of the Company.

OTHER MATTERS

The Board is not aware of any other matter which it anticipates will come before the Meeting as of the date of this Circular.

ADDITIONAL INFORMATION

Financial information is provided in the consolidated audited financial statements of the Company for the fiscal years ended August 31, 2021 and August 31, 2020, the auditor's report thereon and the related management's discussion and analysis, which was filed on SEDAR at www.sedar.com and will be tabled at the Meeting.

Additional information concerning the Company is available through the Internet on SEDAR which may be accessed at www.sedar.com. or may be obtained by a Shareholder upon request without charge from the Company at telephone number 604 398-4175. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

The contents of this Circular have been approved by the Board of the Company.

DATED at Vancouver, British Columbia, January 24, 2022.

ON BEHALF OF THE BOARD OF DIRECTORS

“S/Christopher Moreau”

Christopher Moreau
Chief Executive Officer and Director

SCHEDULE A

ALGERNON PHARMACEUTICALS INC.
(the “**Corporation**”)
AUDIT COMMITTEE CHARTER

Objectives

The Corporation’s Audit Committee (the “**Audit Committee**”) will assist the Corporation’s Board of Directors (the “**Board of Directors**”) in fulfilling its oversight responsibilities for:

1. the system of internal control over financial reporting;
2. the audit process;
3. compliance with legal and regulatory requirements; and
4. the processes for identifying, evaluating and managing the Corporation’s principal risks impacting financial reporting.

Committee Membership

The Board of Directors shall appoint annually from among its members an Audit Committee to hold office for the ensuing year or until their successors are elected or appointed (each, a “**Member**”).

The Audit Committee shall be composed of at least three directors, and not more than five directors. All Members must meet the independence and audit committee composition requirements promulgated by all governmental and regulatory bodies having jurisdiction over the Corporation as may be in effect from time to time, including Rule 10A-3 under the United States Exchange Act of 1934, as amended, (the “**Exchange Act**”), Rule 5605(a)(2) of the Listing Rules of the Nasdaq Capital Market, National Instrument 52-110 – *Audit Committees*, and the relevant rules of any other stock exchange(s) on which the Corporation’s securities are listed. In general, each member of the Audit Committee must be free from any relationship that, in the view of the Board of Directors, could be reasonably be expected to interfere with the exercise of their judgement as a Member.

All members of the Audit Committee must be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements). At least one member of the Audit Committee must satisfy the definition of “financial expert” as set out in Item 407(d)(5)(ii) of Regulation S-K under the United States Securities Act of 1933, as amended, and the Exchange Act.

The Board of Directors may from time to time designate one of the Members of the Audit Committee to be the Audit Committee Chair (the “**Chair**”) and, unless otherwise determined by the Board of Directors, the Corporate Secretary of the Corporation shall be the Secretary of the Audit Committee (the “**Audit Committee Secretary**”).

Any member of the Audit Committee may be removed or replaced at any time by the Board of Directors and will cease to be a Member of the Audit Committee on ceasing to be a director of the Corporation. The Board of Directors may fill vacancies on the Audit Committee by election from among the Board of Directors. If and whenever a vacancy will exist on the Audit Committee, the remaining Members may exercise all powers of the Audit Committee so long as a quorum remains.

No Member of the Audit Committee shall receive, directly or indirectly, other than for service on the Board of Directors, the Audit Committee, or other committees of the Board of Directors, any consulting, advisory, or other compensatory fee from the Corporation or any of its related parties or subsidiaries.

Limitations on Audit Committee's Duties

In contributing to the Audit Committee's discharge of its duties, each Member of the Audit Committee will be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any Member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board of Directors may be otherwise subject.

Members of the Audit Committee are entitled to rely, absent actual knowledge to the contrary, on: (a) the integrity of the persons and organizations from whom they receive information; (b) the accuracy and completeness of the information provided; (c) representations made by management of the Corporation ("Management") as to the non-audit services provided to the Corporation by the external auditor; (d) financial statements of the Corporation represented to them by a Management or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles; and (e) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

Meetings and Participation

The Audit Committee shall meet at least once per quarter, or more frequently as circumstances dictate. The Corporation's Chief Executive Officer, Chief Financial Officer, any Member of the Audit Committee, or the external auditor may call a meeting of the Audit Committee. The Corporation's auditors shall be provided notice of all meetings of the Audit Committee and be entitled to attend and be heard thereat.

Meeting agendas will be prepared and provided in advance to Members, along with appropriate briefing materials. The agenda will be set by the Chair in consultation with other Members of the Audit Committee, the Board of Directors and Management of the Corporation.

No business may be transacted by the Audit Committee except at a meeting of its Members at which a quorum of the Audit Committee is present. A quorum for meetings of the Audit Committee is a majority of its Members.

The Audit Committee may ask members of Management and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor and legal counsel) to attend meetings and provide such information as the Audit Committee requests. Members of the Audit Committee will have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with Management, employees, the external auditor and others as they consider appropriate.

The Audit Committee shall keep minutes of its meetings in which shall be recorded all action taken by it, which minutes shall be approved by Audit Committee Members and available as soon as possible to the Board of Directors.

The Audit Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Audit Committee or either of these groups desires to discuss privately. In addition, the Audit Committee or its Chair should meet with Management quarterly in connection with the Corporation's interim financial statements.

Duties, Powers, and Responsibilities

The Audit Committee is hereby delegated the following duties and powers, without limiting these duties and powers, the Audit Committee shall:

1. Financial Reporting

- (a) Ensure, through discussions with Management and the external auditors, that the Corporation's annual and quarterly financial statements (individually and collectively, the "**Financial**

- Statements**”), as applicable, present fairly in all material respects the financial condition, results of operations and cash flows of the Corporation as of and for the periods presented.
- (b) Review and recommend for approval to the Board of Directors the Corporation’s Financial Statements, accounting policies that affect the Financial Statements, annual MD&A and associated press release(s).
 - (c) Review the financial statements and other financial information of material subsidiaries of the Corporation and any auditor recommendations concerning such subsidiaries.
 - (d) Be satisfied as to the adequacy of procedures in place for the review of the Corporation’s public disclosure of financial information extracted or derived from annual or quarterly Financial Statements and periodically assess the adequacy of such procedures.
 - (e) Review and approve quarterly Financial Statements, accounting policies that affect the Financial Statements, the quarterly MD&A and the associated press release(s).
 - (f) In review of the annual and quarterly Financial Statements, discuss the quality of the Corporation’s accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the Financial Statements.
 - (g) Review any news releases and reports to be issued by the Corporation containing earnings guidance or financial information for research, analysts and rating agencies. The Audit Committee shall also review the Corporation’s policies relating to financial disclosure and the release of earnings guidance and the Corporation’s compliance with financial disclosure rules and regulations.
 - (h) Review any errors or omissions in the Financial Statements.
 - (i) Review significant issues affecting financial reports.
 - (j) Review the Corporation’s Annual Report for consistency with the financial disclosure referenced in the annual Financial Statements.
 - (k) Understand how Management develops interim financial information and the nature and extent of external audit involvement.
 - (l) Review the status of material contingent liabilities as reported to the Audit Committee by the Corporation’s Management, and the manner in which any material contingent liability has been disclosed in the Corporation’s Financial Statements.
 - (m) Review any reserves, accruals, provisions, estimates or adopted programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the Financial Statements.
 - (n) Review the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Corporation and their impact on the reported financial results of the Corporation.
 - (o) Review the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Corporation’s operations.
 - (p) Reviewing Management’s determination of tangible or intangible asset impairment, if any, as required by applicable accounting standards.
 - (q) Review emerging developments regarding International Financial Reporting Standards (“IFRS”) (as issued by the IFRS Foundation and the International Accounting Standards Board) that could affect the Corporation.

- (r) Review the financial reporting obligations of the Corporation pursuant to its by-laws, its borrowing covenants, the *Business Corporations Act* (British Columbia) and applicable securities regulation and monitor the Corporation's compliance thereunder.
- (s) Review with the external auditors the level of co-operation they received from Management, employees and personnel of the Corporation during the audit process, any issues encountered by the auditors and any impediments on the external auditor's work.
- (t) Review and resolve any disagreements between Management and the external auditors with respect to accounting practices and principles.
- (u) Monitor the objectivity and credibility of the Corporation's financial reports.

2. Internal and Disclosure Controls

- (a) Review and approve corporate signing authorities and modifications thereto.
- (b) Consider the effectiveness of the Corporation's internal controls over financial reporting and related information technology security and control.
- (c) Review with the auditors any issues or concerns related to any internal control systems in the process of the audit.
- (d) Review the plan and scope of the annual audit with respect to planned reliance and testing of controls and major points contained in the auditor's management letter resulting from control evaluation and testing.
- (e) Establish and maintain complaint procedures regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Such procedures are appended hereto as Appendix A.
- (f) Review with the Corporation's Chief Executive Officer and the Chief Financial Officer the Corporation's disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.
- (g) Discuss with the Corporation's Chief Executive Officer and the Chief Financial Officer all elements of certification required pursuant to National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.
- (h) Annually review the Corporation's Whistleblower Policy and its effectiveness and enforcement.
- (i) Approve all material related party transactions in advance; of which materiality is set a \$1 for such matters.

3. Compliance with Legal and Regulatory Requirements

- (a) Review with Management, external auditors and legal counsel any material litigation claims or other contingencies, including tax assessments, and adequacy of financial provisions, that could materially affect financial reporting.
- (b) Review with Management and the Board of Directors any issues with regulatory agencies that are likely to have a significant financial impact on the Corporation.
- (c) Review with counsel the adequacy and effectiveness of the Corporation's procedures to ensure compliance with the legal and regulatory responsibilities.
- (d) Review the status of income tax returns and any significant tax issues as they are reported to the Audit Committee by Management or the Board of Directors.

- (e) Review any inquiries, investigations, or audits of a financial nature by any government, regulatory, or taxation authority.

4. External Audit

- (a) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Corporation, including the resolution of disagreements between Management and the external auditor regarding financial reporting.
- (b) Review and approve the audit plans, scope and proposed audit fees.
- (c) Discuss with the auditors the results of the audit, any changes in accounting policies or practices and their impact on the financials, as well as any items that might significantly impact financial results.
- (d) Receive a report from the auditors on critical accounting policies and practices to be used, all alternative treatments of financial information within IFRS that have been discussed with Management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the auditor.
- (e) Receive an annual report from the auditors describing the audit firm's internal quality-control procedures, and material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out the firm, and any steps taken to deal with any such issues.
- (f) Annually review the independence of the external auditors by receiving a report from the independent auditor detailing all relationships between them and the Corporation. In assessing such independence, the Audit Committee shall discuss with the external auditors, and may require a letter from the external auditor outlining any relationships between the external auditors and the Corporation or its affiliates.
- (g) Review, where there is to be a change of external auditors, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 – *Continuous Disclosure Obligations* or any successor legislation ("**NI 51-102**"), and the planned steps for an orderly transition. The Audit Committee shall further review all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor.
- (h) Separately meet with the auditors, apart from Management, at least once a year.
- (i) Recommend to the Board of Directors: (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and, (ii) the compensation of the external auditor.
- (j) Review, negotiate and recommend to the Board of Directors the execution of all engagement letters of the external auditors, both for audit and non-audit services.
- (k) Review the performance of the external auditors, including the compensation, scope, and timeliness of the audits and all other related services and any non-audit services provided by the external auditors.
- (l) Ensure regular rotation of the lead partner and reviewing partner.

- (m) Establish and oversee policies with regards to the hiring by the Corporation of any partners, employees, and any former partners or employees of any present or former firms that acted as external auditors of the Corporation.

5. Non-Audit Services

- (a) Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor. Pre-approval may be granted by any one Member of the Audit Committee.

6. Risk Management

- (a) Review and monitor the processes in place to identify and manage the principal risks that could impact the financial reporting of the Corporation.
- (b) Ensure that directors' and officers' liability insurance is in place.
- (c) Review and approve corporate investment policies.
- (d) Assess, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board of Directors.

7. Other Responsibilities and Matters

- (a) Ensure that this Charter or an appropriate summary of it which has been granted approval by the Audit Committee is properly disclosed in accordance with any securities laws or regulatory requirements.
- (b) Review annually the adequacy of this Charter and confirm that all responsibilities have been carried out.
- (c) Evaluate the Audit Committee's and individual Member's performance on a regular basis and report annually to the Board of Directors the result of its annual self-assessment.
- (d) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
- (e) Review the appointments of the Corporation's Chief Financial Officer, internal auditor (or persons appointed to perform the internal audit function), and any key financial executives involved in the financial reporting process of the Corporation and any material subsidiary.
- (f) Discuss the Corporation's compliance with tax and financial reporting laws and regulation, if and when issues arise.
- (g) Review all material balance sheet issues, material contingent obligations and material related party transactions.
- (h) Periodically assess the Corporation's need for an internal audit function, if not present.
- (i) Take such other actions within the general scope of its responsibilities as the Audit Committee shall deem appropriate or as directed by the Board of Directors.

Authority

The Audit Committee shall have full access to all of the Corporation's books, records, properties, facilities and personnel, subject to compliance with any leases or similar contracts governing same.

Additionally, the Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors employed by the Audit Committee at the cost of the Corporation without obtaining approval of the Board of Directors, based on its sole judgment and discretion. The Audit Committee has the authority to communicate directly with the internal and external auditors of the Corporation.

Inconsistencies with Applicable Laws

In the event of any conflict or inconsistency between this Charter and the applicable laws, in each case as amended, restated or amended and restated from time to time, the provisions hereof shall be ineffective and shall be superseded by the provisions of such applicable laws to the extent necessary to resolve such conflict or inconsistency.

Appendix A

To Audit Committee Charter

Procedures for the Submission of Complaints or Concerns Regarding Accounting, Internal Accounting Controls or Auditing Matters

1. The Corporation shall forward to the Audit Committee of the Board of Directors any complaints that it has received regarding accounting, internal accounting controls or auditing matters.
2. Any employee of the Corporation may submit, on a confidential, anonymous basis if the employee so desires, any concerns by sending such concerns in writing and forwarding them in a sealed envelope to:

Attention: Chair of the Audit Committee
Algernon Pharmaceuticals Inc.
915 – 700 West Pender Street
Vancouver, BC
V6C 1G8

The envelope is to be clearly marked: “To be opened by the Audit Committee only.”

Any such envelopes shall be forwarded promptly to the Chair.

3. Contact information including a phone number and e-mail address shall be published for the Chair on the Corporation’s website for those people wishing to contact the Chair directly.
4. At each of its meetings following the receipt of any information pursuant to this Appendix, the Audit Committee shall review and consider any such complaints or concerns and take any action that it deems appropriate in the circumstances.
5. The Audit Committee shall retain any such complaints or concerns along with the material gathered to support its actions for a period of no less than seven years. Such records will be held on behalf of the Audit Committee by the Audit Committee Secretary.
6. This Appendix A shall appear on the Corporation’s website as part of this Charter.