



ALGERNON PHARMACEUTICALS ANNOUNCES PUBLIC OFFERING OF UNITS

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Vancouver, British Columbia, June 15, 2022 – Algernon Pharmaceuticals Inc. (the “Company” or “Algernon”) (CSE: AGN) (FRANKFURT: AGW0) (OTCQB: AGNPF) is pleased to announce that it is undertaking a marketed public offering of units of the Company (the “Units” or the “Offered Securities”) with Research Capital Corporation as the sole agent and sole bookrunner (the “Agent”), in each of the provinces of Canada (other than Quebec) (the “Offering”). The size of the Offering and price of the Units will be determined in the context of the market.

Each Unit will consist of one Class A common share of the Company (a “Common Share”) and one Common Share purchase warrant of the Company (a “Warrant”).

Each Warrant entitles the holder thereof to purchase one Common Share (a “Warrant Share”) for a period of 5 years following the date of issuance. The exercise price of the Warrants (the “Warrant Exercise Price”) will be determined in the context of the market.

The Company will use its commercially reasonable efforts to obtain Canadian Securities Exchange (“CSE”) approval to permit the following anti-dilution protection feature of the Warrants. In the event of a down-round financing during the period of 5 years following closing of the Offering (a “Dilutive Issuance”), the Warrants contain an anti-dilution protection feature, to adjust the Warrant Exercise Price and increase the number of Warrant Shares issuable thereunder if Common Shares are sold or issued for a consideration per share less than the Warrant Exercise Price (subject to certain exemptions), provided, that the exercise price will not be less than 50% of the public offering price per Unit (the “Floor Price”).

Provided that if, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Common Shares on the CSE, or other principal exchange on which the Common Shares are listed, is greater than 300% of the Warrant Exercise Price for 20 consecutive trading days, the Company may, within 10 business days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice (the “Accelerated Exercise Period”). Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

The Company will grant to the Agent an option (the “Over-Allotment Option”) to increase the size of the Offering by up to an additional number of Units, and/or the components thereof, that in aggregate would be equal to 15% of the total number of the Offered Securities to be issued under the Offering, to cover over-allotments, if any, and for market stabilization purposes, exercisable at any time and from time to time up to 30 days following the closing of the Offering.

The net proceeds from the Offering of the Units will be used to fund research and development programs, general and administrative expenses and for working capital purposes.

The closing of the Offering is expected to occur on or about the week of June 20, 2022, or on such date as agreed upon between the Company and the Agent. The Company will obtain the necessary approvals to list the Common Shares comprised in the Units, as well as Warrant

Shares and the Common Shares issuable upon exercise of compensation warrants, for trading on the CSE. In addition, the Company will use commercial reasonable efforts to obtain the necessary approvals to list the Warrants on the CSE.

In connection with the Offering, the Company intends to file a prospectus supplement (the "**Supplement**") to the Company's short form base shelf prospectus dated May 5, 2021 (the "**Shelf Prospectus**"), with the securities regulatory authorities in each of the provinces of Canada. Copies of the Shelf Prospectus and after it is filed, the Supplement to be filed in connection with the Offering, can be found on SEDAR at www.sedar.com. The Shelf Prospectus contains, and the Supplement will contain, important detailed information about the Company and the Offering. Prospective investors should read the Supplement and accompanying Shelf Prospectus and the other documents the Company has filed on SEDAR at www.sedar.com before making an investment decision.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and such securities may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The securities may be offered and sold by way of private placement in the United States and to, or for the account or benefit of "U.S. persons" (as defined in Regulation S under the U.S. Securities Act) pursuant to an exemption from the registration requirements under the U.S. Securities Act, and pursuant to the applicable securities laws of any state of the United States. Any securities offered and sold in the United States shall be issued as "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act. The securities may also be sold in such other jurisdictions as the Company and the Agent may agree. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Algernon Pharmaceuticals Inc.

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

Algernon has filed intellectual property rights globally for Ifenprodil for the treatment of respiratory diseases.

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Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking statements

This news release contains certain statements which constitute forward-looking statements or information under applicable Canadian securities laws, including statements relating to the expected size and pricing of the Offering and the Offered Securities, the terms of the Offered Securities, the anticipated timing of closing the Offering, the ability of the Company to satisfy all conditions to closing the Offering, the expected use of proceeds from the Offering, the Warrants containing an anti-dilution protection feature, the listing of the Warrants on the CSE, the gross proceeds of the Offering and the use of such proceeds. Such forward-looking statements are subject to numerous known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, which could cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. These risks and uncertainties include general economic and capital markets conditions, stock market volatility, the ability of the Company to obtain necessary consents for the Offering, including the approval of the CSE, and the ability of the Company to complete the Offering on the terms expected or at all. Although the Company believes that the forward-looking statements in this news release are reasonable, they are based on factors and assumptions, based on currently available information, concerning future events, which may prove to be inaccurate. As such, readers are cautioned not to place undue reliance on the forward-looking statements, as no assurance can be provided as to future plans, operations, results, levels of activity or achievements. The forward-looking statements contained in this news release are made as of the date of this news release and, except as required by applicable law, the Company does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.