No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This Prospectus Supplement (as defined below), together with the Shelf Prospectus (as defined below) to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the Shelf Prospectus, as amended or supplemented, and this Prospectus Supplement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

*These securities have not been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Accordingly, these securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons or persons in the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities offered hereby within the United States or to, or for the benefit or account of, U.S. Persons. "United States" and "U.S. Person" have the meanings ascribed to them in Regulation S under the U.S. Securities Act. See "Plan of Distribution".*

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in each of the provinces of Canada (except Quebec). *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Algernon Pharmaceuticals Inc., Suite 400 – 601 West Broadway, Vancouver, BC, V5Z 4C2, Telephone: 604-398-4715 ext. 701, and are also available electronically at www.sedar.com.*

PROSPECTUS SUPPLEMENT
To the Short Form Base Shelf Prospectus dated May 5, 2021

New Issue **June 28, 2022**

ALGERNON PHARMACEUTICALS INC.

Up to $2,000,000
Up to 533,333 Units

$3.75 per Unit

This prospectus supplement (the "**Prospectus Supplement**") and the accompanying short form base shelf prospectus dated May 5, 2021 (the "**Shelf Prospectus**") is hereby qualifying for distribution in each of the provinces of Canada, except Quebec, an aggregate of up to 533,333 units (the "**Units**") of Algernon Pharmaceuticals Inc. (the "**Company**", "**Algernon**", "**we**" or "**our**") at a price of $3.75 per Unit (the "**Offering Price**") for aggregate gross proceeds of up to $2,000,000 (the "**Offering**"). Each Unit consists of one Class A common share of the Company (a "**Unit Share**") and one Class A common share purchase warrant of the Company (a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one additional Class A common share of the Company (a "**Warrant Share**") at an exercise price of $4.70 per Warrant Share, subject to adjustment, at any time until 5:00 p.m. (Eastern Time) on the date (the "**Expiry Date**") that is the earlier of: (i) five (5) years after the Closing Date (as defined below); and (ii) the date specified in any Acceleration Notice (as defined below). The Warrants will be issued under and subject to the terms of a warrant indenture (the "**Warrant Indenture**") to be dated as of the Closing Date between the Company and TSX Trust Company (the "**Warrant Agent**"), as warrant agent.

There is no minimum amount of funds that must be raised under the Offering. The Company could complete this Offering after raising only a small portion of the Offering amount set out above. See "*Description of Units*".

The Offering is made pursuant to an agency agreement (the "**Agency Agreement**") dated June 28, 2022 between the Company and Research Capital Corporation (the "**Agent**"). The Agent conditionally offers the Units for sale if, as and when issued by the Company and accepted by the Agent on a "commercially reasonable best efforts" basis in accordance with the conditions contained in the Agency Agreement, as more fully described under the section entitled "*Plan of Distribution*" in this Prospectus Supplement. The terms of the Offering, including the offering price of the Units, were established in the context of the market and through arm's length negotiations between the Company and the Agent, and may bear no relationship to the price that will prevail in the public marketplace.

The Company's outstanding Class A common shares (the "**Common Shares**") are listed and posted for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "AGN" and the Frankfurt Stock Exchange under the symbol "AGW0", and

quoted on the OTCQB under the symbol "AGNPF". On June 24, 2022, the last trading day prior to the announcement of the pricing of the Offering, the closing price of the Common Shares on the CSE, the Frankfurt Stock Exchange and the OTCQB was $4.60, €3.10 and US$3.57, respectively. On June 27, 2022, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Common Shares on the CSE, the Frankfurt Stock Exchange and the OTCQB was $3.86, €2.77 and US$3.01, respectively. The completion of the Offering will be subject to the Company meeting the requirements of the CSE.

	Price to the Public	Agent's Commission[(1)]	Proceeds to the Company[(2)]
Per Unit	$3.75	$0.30	$3.45
Total[(3)(4)(5)]	$2,000,000	$160,000	$1,840,000

Notes:

(1) Pursuant to the Agency Agreement, the Company has agreed to pay the Agent a cash commission (the "**Agent's Commission**") equal to 8.0% of the aggregate gross proceeds of the Offering, including the proceeds from the exercise of the Over-Allotment Option (as defined below), if any, subject to a reduced fee of 4.0% for Units sold to purchasers identified by the Company as President's list purchasers ("**President's List Purchasers**"). The amounts set forth above assume the maximum Agent's Commission of 8.0% is paid to the Agent. In addition to the Agent's Commission, the Company has agreed to issue to the Agent, or as the Agent may direct, that aggregate number of broker warrants (the "**Agent Warrants**") as is equal to 5.0% of the number of Units issued pursuant to the Offering, including any Additional Units (as defined below) sold pursuant to the exercise of the Over-Allotment Option, subject to a reduced number of Agent Warrants equal to 2.5% of Units (including Additional Units) sold to President's List Purchasers. Each Agent Warrant shall entitle the holder to acquire one Common Share (each an "**Agent Warrant Share**") at an exercise price per Agent Warrant Share equal to $4.125, subject to adjustment, at any time until 5:00 p.m. (Eastern Time) on the date that is five years after the Closing Date. The Company has also agreed to pay the Agent a management fee of 1.0% of the gross proceeds of the Offering (the "**Management Fee**"), including any proceeds from the exercise of the Over-Allotment Option. See "Plan of Distribution".

(2) After deducting the Agent's Commission, but before deducting the Management Fee and the expenses of the Offering (estimated to be approximately $300,000), which will be paid from the net proceeds of the Offering.

(3) Assumes the Offering is fully subscribed.

(4) The Company has granted the Agent an option (the "**Over-Allotment Option**") exercisable in full or in part at any time up to 30 days following the Closing Date to cover over-allotments, if any, and for market stabilization purposes, to arrange for the sale of up to 80,000 additional Units (the "**Additional Units**") at the Offering Price and/or up to 80,000 additional Unit Shares ("**Additional Unit Shares"**) and/or up to 80,000 additional Warrants ("**Additional Warrants**"), to cover the Agent's over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agent: (i) to acquire Additional Units at the Offering Price; or (ii) to acquire Additional Unit Shares at a price of $2.85 per Additional Unit Share, or (iii) to acquire Additional Warrants at a price of $0.90 per Additional Warrant; or (iv) to acquire any combination of Additional Units, Additional Unit Shares and Additional Warrants, so long as the aggregate number of Additional Unit Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 80,000 Additional Unit Shares and 80,000 Additional Warrants, to cover the Agent's over-allocation position, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full for Additional Units, the total "Price to the Public", "Agent's Commission" and "Net Proceeds to the Company" (before deducting the Management Fee and the expenses of the Offering) will be $2,300,000, $184,000 and $2,116,000, respectively. This Prospectus Supplement qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units, Additional Unit Shares and Additional Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agent's over-allocation position acquires those securities under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution".*

(5) Pursuant to an investment banking agreement between the Company and Ladenburg Thalmann & Co. Inc. ("**Ladenburg**") dated February 23, 2021, as amended on April 21, 2021, October 6, 2021, May 27, 2022 and June 13, 2022, the Company has agreed to (i) pay to Ladenburg a cash fee of 8.0% and a management fee of 1% of the gross proceeds (collectively, the "**Finder's Cash Fees**") raised from, and (ii) issue to Ladenburg finder's warrants (the "**Finder's Warrants**") equal to 5.0% of the number of Units issued to, certain purchasers under the Offering, if applicable. Each Finder's Warrant shall entitle the holder to acquire one Common Share (each an "**Finder's Warrant Share**") at an exercise price per Finder's Warrant Share expected to be $4.125, subject to adjustment, at any time until 5:00 p.m. (Eastern Time) on the date that is five years after the Closing Date. The Company will pay the Finder's Cash Fees from existing cash on hand and not from the proceeds of the Offering. The above table does not reflect the compensation payable to Ladenburg. "*Plan of Distribution*".

The following table sets out the maximum number of additional securities that may be issued by the Company under the Offering:

Agent's Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	**Up to 80,000 Additional Units Shares (80,000 Additional Unit Shares and/or 80,000 Additional Warrants)**	**Up to 30 days from and including the Closing Date**	**$3.75 per Additional Unit ($2.85 per Additional Unit Share and $0.90 per Additional Warrant)**
Agent Warrants[(1)(2)]	**Up to 26,667 Agent Warrant Shares**	**Within 60 months following the Closing Date**	**$4.125 per Agent Warrant Share**
Finder's Warrants[(2)]	**Up to 26,667 Finder's Warrants**	**Within 60 months following the Closing Date**	**$4.125 per Finder's Warrant Share**

Notes:
(1) This Prospectus Supplement also qualifies the distribution of the Agent Warrants. See "*Plan of Distribution*".
(2) Assumes the Offering is fully subscribed and there are no President's List Purchasers. If the Over-Allotment Option is exercised in full for Additional Units, the total "Maximum Number of Securities Available" for the Agent Warrants will be 30,667 Agent Warrant Shares and for the Finder's Warrants will be 30,667 Finder's Warrants.

The Company has applied to list the Unit Shares, the Warrant Shares, the Additional Unit Shares, the Agent Warrant Shares and the Finder's Warrant Shares on the CSE. Listing on the CSE is subject to the Company fulfilling all of the listing requirements of the CSE. See "Plan of Distribution".

Due to the nature of the Company's business, an investment in the Company's securities is highly speculative and involves a high degree of risk. You should carefully read the "*Risk Factors*" section in this Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference, as well as the information under the heading "*Cautionary Note Regarding Forward-Looking Statements*" and consider such information in connection with an investment in any securities.

Unless the context otherwise requires, all references to the "Offering" in this Prospectus Supplement shall include the Over-Allotment Option and all references to the "Units", "Unit Shares" and "Warrants" shall include the Additional Unit Shares and Additional Warrants issuable upon exercise of the Over-Allotment Option, as applicable.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Units qualified for distribution under this Prospectus Supplement (other than those offered or sold to certain persons in the United States or to persons who are acting for the account or benefit of such persons, which will be represented by individual definitive certificates bearing U.S. restrictive legends) will be available for delivery in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and will be deposited with CDS at the closing of the Offering which is expected to occur on or about July 4, 2022 or such other date as may be agreed between the Company and the Agent (the "**Closing Date**"). Purchasers of Units will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Units are purchased.

No securities offered under this Prospectus Supplement will be offered or sold in the Province of Quebec.

This Offering is not underwritten or guaranteed by any person. The Agent, on behalf of the Company, and any selling group members conditionally offer the Units on a "commercially reasonable best efforts" agency basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under "*Plan of Distribution*" and subject to approval of certain legal matters by McMillan LLP, on behalf of the Company, and by Fasken Martineau DuMoulin LLP, on behalf of the Agent.

The Agent shall be permitted to appoint a soliciting dealer group of other registered dealers acceptable to the Company for the purpose of arranging for purchases of Units under the Offering.

Subject to applicable laws in connection with the Offering, the Agent may effect transactions intended to stabilize or maintain the market price for the Common Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

You should rely only on the information contained or incorporated by reference in this Prospectus Supplement, the Shelf Prospectus, and the documents incorporated by reference herein and therein. The Company and the Agent have not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated herein and therein. The Company is offering to sell, and seeking offers to buy, the Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. The Company does not undertake to update information contained or incorporated by reference in this Prospectus Supplement, except as required by applicable securities laws.

Owning our securities may subject you to tax consequences both in Canada and the United States, including the Canadian federal income tax consequences applicable to a foreign controlled corporation that acquires our securities. This Prospectus Supplement and the accompanying Prospectus may not describe these tax consequences fully. You should read the tax discussion in this Prospectus Supplement together with the accompanying Prospectus and consult your own tax advisor with respect to your own particular circumstances.

The Company's head office is located at Suite 400 – 601 West Broadway, Vancouver, BC, V5Z 4C2. The Company's registered office is located at Suite 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

Howard Gutman (the "**Non-Resident D&O**") is a director of the Company and resides outside of Canada. Mr. Gutman has appointed McMillan LLP, located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

The Canadian and United States federal governments regulate drugs through the *Controlled Drugs and Substances Act* (Canada) (the "CDSA") and the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), respectively, which place controlled substances in a schedule. Under the CDSA, *N,N* Dimethyltryptamine ("DMT") is currently a Schedule III drug. The CDSA generally prohibits all uses of controlled substances unless an exemption is granted under section 56 of the CDSA or the regulations allow otherwise. The Minister of Health can grant exemptions under section 56 of the CDSA to use controlled substances if it is deemed to be necessary for a medical or scientific purpose or is otherwise in the public interest. Under the CSA, DMT is currently a Schedule I drug. Health Canada and the United States Food and Drug Administration (the "FDA") have not approved DMT as a drug for any indication. If the Company is found to be in violation of the CSA or any of the requirements of the United States Drug Enforcement Administration (the "DEA"), the DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to revoke any registrations once granted, which could have a material adverse effect on the Company's business, operations and financial condition. Certain states of the United States also maintain separate controlled substance laws and regulations, including licensing, recordkeeping, security, distribution, and dispensing requirements. State authorities, including boards of pharmacy, regulate use of controlled substances in each state. Failure to maintain compliance with applicable requirements, particularly as manifested in the loss or diversion of controlled substances, can result in enforcement action that could have a material adverse effect on the Company's business, operations and financial condition.

In the United States, DMT is classified as Schedule I drug under the CSA and the Controlled Substances Import and Export Act (the "CSIEA") and as such, medical and recreational use is illegal under the United States federal laws. The Company's program involving a Schedule I drug is conducted in strict compliance with the laws and regulations regarding the production, storage and use of Schedule I drugs. As such, all facilities engaged with such substances by or on behalf of the Company do so under current licenses and permits issued by appropriate federal, state and local governmental agencies. The Company does not advocate for the legalization of psychedelic substances and does not deal with psychedelic substances except within laboratory or clinical trial settings conducted within approved regulatory frameworks. The Company currently sponsors and works with licensed third parties in the United States to conduct any clinical trials and research relating to psychedelics and currently does not handle controlled or restricted substances under the CDSA or CSA. If the Company were to conduct this work without reliance on third parties, it would need to obtain the required licenses, approvals and authorizations from Health Canada, the FDA or other applicable regulatory bodies. The Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. It is a criminal offence to possess substances under the CDSA and the CSA without a prescription.

In the United States, the Company's activities are potentially subject to additional regulation by various federal, state, and local authorities in addition to the FDA, including, among others, the Centers for Medicare and Medicaid Services, other divisions of Health and Human Services, or HHS, (for example, the Office of Inspector General), the Department of Justice, and individual U.S. Attorney offices within the Department of Justice, and state and local governments. In addition, all psychedelic research being conducted must have authorization by the DEA. In Canada, the Company's activities are potentially subject to additional regulation by various federal and provincial authorities, including, among others, Health Canada.

Although the Company is in compliance with all applicable laws (and intends to continue to comply), there can be no assurance that new laws, regulations, and guidelines will not be enacted, or that existing or future laws and regulations will not be changed. Any introduction of new (or changes to existing) laws, regulations, and guidelines, or other unanticipated events could, among other things, (a) require the Company to implement extensive changes to its operations (which could, among other things increase compliance costs, and give rise to material liabilities), and (b) subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

PROSPECTUS

ABOUT THIS PROSPECTUS

This document is in two parts. The first part is the Prospectus Supplement, which describes the terms of the Offering and adds to and updates information contained in the accompanying Shelf Prospectus and the documents incorporated by reference therein. The second part is the accompanying Shelf Prospectus, which gives more general information, some of which may not apply to the securities offered under the Offering. This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Shelf Prospectus solely for the purpose of this Offering. If information in this Prospectus Supplement is inconsistent with the accompanying Shelf Prospectus or the information incorporated by reference, you should rely on this Prospectus Supplement. You should read both this Prospectus Supplement and the accompanying Shelf Prospectus, together with the additional information about us in the section of this Prospectus Supplement entitled "*Where You Can Find More Information*".

You should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the accompanying Shelf Prospectus. The Company has not authorized anyone to provide you with different information.

The Units may be offered only in the jurisdictions where such offers are permitted and the Units are not being offered or sold in any jurisdiction where the offer or sale is not permitted. **You should assume that the information contained in this Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference is accurate only as of their respective dates, regardless of the time of delivery of this Prospectus Supplement and the accompanying Shelf Prospectus.** Our business, financial condition, results of operations and prospects may have changed since those dates.

Market data and certain industry forecasts used in this Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference in this Prospectus Supplement and the accompanying Shelf Prospectus were obtained from market research, publicly available information and industry publications. We believe that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. Neither the Company nor the Agent has independently verified such information, and they do not make any representation as to the accuracy of such information.

In this Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference herein and therein unless otherwise noted, all dollar amounts are in Canadian dollars. References to "$" are to Canadian dollars and references to "US$" and "U.S. dollars" are to United States dollars. This Prospectus Supplement and the documents incorporated by reference contain translations of some U.S. dollar amounts into Canadian dollars solely for your convenience. See "*Exchange Rate Information*".

In this Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference herein and therein, unless the context otherwise requires, references to "we", "us", "our" or similar terms, as well as references to "Algernon" or the "Company", refer to Algernon Pharmaceuticals Inc. either alone or together with our subsidiaries.

This Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference herein and therein include references to trade names and trademarks of other companies, which trade names and trademarks are the property of their respective owners.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement and the accompanying Shelf Prospectus, including the documents incorporated by reference herein and therein, contain forward-looking statements within the meaning of applicable Canadian securities legislation and U.S. securities legislation that may not be based on historical fact. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing and other information that is not historical information. These statements appear in a number of different places in this Prospectus Supplement and can often be identified by words such as "anticipates", "estimates", "projects", "expects", "intends", "believes", "plans", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements are necessarily based on estimates and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Examples of such forward-looking information within this Prospectus Supplement and the accompanying Shelf Prospectus include:

- uncertainties with respect to the effects of COVID-19 will directly and indirectly have on the Company;
- the Company's plans to develop, obtain regulatory approval for and commercialize its lead product candidates;
- the Company's ability to conduct successful clinical trials for its product candidates;
- the perceived benefits of the Company's product candidates over other treatments for NASH (as defined herein) and CKD (as defined herein);
- the Company's expectations regarding its revenue, expenses and research and development operations;
- the Company's anticipated cash needs and its need for additional financing;

- the Company's intention to grow the business and its operations;
- expectations with respect to future production costs and capacity;
- expectations regarding the Company's growth rates and growth plans and strategies;
- expectations with respect to the approval of the Company's license applications;
- the Company's ability to expand into international markets;
- the potential size of markets for the Company's product candidates;
- the Company's ability to partner with other pharmaceutical companies to develop, obtain regulatory approval and commercialize its product candidates;
- expectations regarding regulatory requirements and developments for its product candidates;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's expected business objectives for the next twelve months;
- the Company's plans with respect to the payment of dividends;
- the Company's ability to obtain additional funds through the sale of equity or debt commitments; and
- the ability of the Company's products to access markets.

Forward-looking information is made based on management's beliefs, estimates and opinions and is given only as of the date of this Prospectus Supplement. The Company undertakes no obligation to update forward-looking information if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the Company's experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this Prospectus Supplement, the Company has made various material assumptions, including but not limited to, the following: (i) the Company obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) the maintenance of the Company's current good relationships with its suppliers, service providers and other third parties; (x) financial results, future financial position and expected growth of cash flows; (xi) business strategy, including budgets, projected costs, projected capital expenditures, taxes, plans, objectives, potential synergies and industry trends; (xii) research and development; (xiii) expectations concerning the size and growth of the global medical technology market; and (xiv) the effectiveness of the Company's products compared to its competitors' products. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those in the Annual Information Form (as defined below) and Shelf Prospectus, which are incorporated by reference herein, and those listed under "*Risk Factors*", which include:

- there is no guarantee that an investment in the securities described herein will provide any positive return in the short term or long term;
- volatility in the Common Shares or Warrant price may subject us to securities litigation;
- we have broad discretion in the use of the net proceeds from this offering and may not use them effectively;
- there is currently no existing trading market for Warrants;
- future sales may affect the market price of the Common Shares;
- holders of the Warrants will have no rights as a holder of Common Shares until they acquire our Common Shares;
- the Warrants are speculative in nature;
- the exercise of Warrants offered hereby will cause significant dilution to holders of our equity securities; and
- Non-Issuer Submission to Jurisdiction risks.

Although management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Forward-looking statements might not prove to be accurate, as actual results and future events

could differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. We wish to advise you that these cautionary remarks expressly qualify, in their entirety, all forward-looking statements attributable to our company or persons acting on our company's behalf. We do not undertake to update any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements, except as, and to the extent required by, applicable securities laws. You should carefully review the cautionary statements and risk factors contained in this Prospectus Supplement, the Shelf Prospectus and other documents that we may file from time to time with the securities regulators.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Shelf Prospectus. Information has been incorporated by reference in this Prospectus Supplement from documents filed with the securities commission in each of the provinces of Canada, other than Quebec (the "Securities Commissions"), or similar authorities in Canada. Copies of the documents incorporated herein by reference may also be obtained on request without charge from Algernon Pharmaceuticals Inc., Suite 400 – 601 West Broadway, Vancouver, BC, V5Z 4C2, Telephone: 604-646-1553. In addition, copies of the documents incorporated by reference herein may be obtained from the Securities Commissions or similar authorities in the provinces of Canada electronically on SEDAR, at www.sedar.com.

The following documents or portions of documents filed with the Securities Commissions or similar authorities in the provinces of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement:

- the annual information form of the Company for the year ended August 31, 2021, dated January 28, 2022 (the "**Annual Information Form**"), as filed on SEDAR on January 28, 2022;
- the audited consolidated financial statements of the Company, and the notes thereto for the years ended August 31, 2021 and 2020, together with the auditors' report thereon, as filed on SEDAR on November 26, 2021;
- the management's discussion and analysis of financial condition and results of operations for the year ended August 31, 2021 (the "**Annual MD&A**"), as filed on SEDAR on November 26, 2021;
- the unaudited condensed interim consolidated financial statements of the Company, and the notes thereto, for the three and six months ended February 28, 2022, as filed on SEDAR on April 27, 2022;
- the management's discussion and analysis of financial condition and results of operations for the six months ended February 28, 2022, as filed on SEDAR on April 27, 2022;
- the management information circular of the Company dated January 24, 2022 distributed in connection with the Company's annual general of shareholders to be held on February 28, 2022, as filed on SEDAR on January 28, 2022;
- the material change report of the Company dated December 3, 2021 regarding the consolation of the Company's Common Shares;
- the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**")) of the term sheet of the Company in respect of the Offering dated June 15, 2022, filed on SEDAR in connection with the Offering (the "**Term Sheet**"); and
- the amended template version of the term sheet of the Company dated June 27, 2022, filed on SEDAR in connection with the Offering (the "**Amended Term Sheet**").

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectuses* filed by the Company with a securities commission or similar authority in any province of Canada subsequent to the date of this Prospectus Supplement and before withdrawal or completion of the Offering, will be deemed to be incorporated by reference into this Prospectus Supplement.

Any statement contained in this Prospectus Supplement or in the accompanying Shelf Prospectus, or in a document incorporated or deemed to be incorporated by reference herein or therein will be deemed to be modified or superseded for purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the statement or document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact that is required to be stated or is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not, except as so modified or superseded, constitute a part of this Prospectus Supplement or the accompanying Shelf Prospectus.

Upon a new annual information form and new annual financial statements and accompanying management's discussion and analysis being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities in Canada during the period that this Prospectus Supplement is effective, the previous annual information form, the previous annual financial statements and all interim financial statements, and in each case the accompanying management's discussion and analysis of financial condition and results of operations, and material change reports, filed prior to the commencement of the financial year of the Company in which the new annual information form is filed shall be deemed to no longer be incorporated into the Prospectus Supplement for purposes of offers and sales of Units under this Prospectus Supplement. Upon interim financial statements and the accompanying management's discussion and analysis of financial condition and results of operations being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus Supplement is effective, all interim financial statements and the accompanying management's discussion and analysis of financial condition and results of operations filed prior to such new interim financial statements and management's discussion and analysis of financial condition and results of operations shall be deemed to no longer be incorporated into this Prospectus Supplement for purposes of offers and sales of Units under this Prospectus Supplement. In addition, upon a new management information circular for an annual meeting of shareholders being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus Supplement is effective, the previous management information circular filed in respect of the prior annual meeting of shareholders shall no longer be deemed to be incorporated into this Prospectus Supplement for offers and sales of Units under this Prospectus Supplement.

References to our website in any documents that are incorporated by reference into this Prospectus Supplement and the accompanying Shelf Prospectus do not incorporate by reference the information on such website into this Prospectus Supplement or the accompanying Shelf Prospectus, and we disclaim any such incorporation by reference.

MARKETING MATERIALS

The Term Sheet and Amended Term Sheet (collectively, the "**Marketing Materials**") are not part of this Prospectus Supplement to the extent that the contents of any of the Term Sheet or the Amended Term Sheet have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment thereto. The Term Sheet has been revised to reflect the pricing of the Units and is superseded by the Amended Term Sheet. Any "template version" or "marketing materials", as such terms are defined in NI 41-101, that are utilized in connection with this Offering are not part of this Prospectus Supplement or Shelf Prospectus to the extent that the contents of the template version of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment thereto. Any template version of any Marketing Materials filed with the securities commission or similar authority in each of provinces of Canada, except Quebec, in connection with the Offering after the date of this Prospectus Supplement but prior to the termination of the distribution of the Units under this Prospectus Supplement (including any amendments to, or an amended version of, any template version of Marketing Materials) is deemed to be incorporated by reference in this Prospectus Supplement.

THE COMPANY

The following description of the Company is derived from selected information about the Company contained in the documents incorporated by reference and does not contain all of the information about the Company and its business that should be considered before investing in the securities. This Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference herein and therein should be reviewed and considered by prospective purchasers in connection with their investment in the securities.

History and Development of the Company

Algernon Pharmaceuticals Inc. was incorporated pursuant to the laws of the Province of British Columbia, Canada, on April 10, 2015 as "PBA Acquisitions Corp.", a wholly-owned subsidiary of Petro Basin Energy Corp. ("**Algernon Parent**"). On July 23, 2015, the Company changed its name to "Breathtec Biomedical, Inc.". The Company entered into an arrangement agreement with Algernon Parent. The arrangement agreement and associated plan of arrangement were approved by Algernon Parent's shareholders on July 30, 2015, and approved by the Ontario Superior Court of Justice (Commercial List) on August 5, 2015. The plan of arrangement was completed on September 23, 2015. On February 19, 2019, the Company changed its name to "Algernon Pharmaceuticals Inc.".

Subsidiaries

The Company has two wholly-owned subsidiaries, Nash Pharmaceuticals Inc., a corporation subsisting under the laws of the Province of British Columbia, Canada, and Algernon Research PTY Ltd., an Australian proprietary company established on January 6, 2020.

Share Consolidation

On November 23, 2021, the Company consolidated its Common Shares on a one hundred for one basis (the "**Share Consolidation**").

BUSINESS OF THE COMPANY

General

Algernon is a drug re-purposing company that investigates already approved drugs, including naturally occurring compounds, for new disease applications, moving them efficiently and safely into new human trials, developing new formulations and seeking new regulatory approvals in global markets. Algernon specifically investigates compounds that have never been approved in the U.S. or Europe to avoid off label prescription writing, which can interfere with the normal economic pricing models of newly approved drug treatments.

The Company's early research identified a number of drug candidates that had already been approved for other diseases outside of the U.S and E.U. Only drugs that have not been approved in the U.S or Europe were chosen to avoid off-label prescription writing. The Company is actively investigating new disease areas including: chronic kidney disease ("**CKD**"), idiopathic pulmonary fibrosis ("**IPF**") and chronic cough, stroke, and pancreatic and small cell lung cancer. In addition to these indications, the Company has additional drug candidates it is considering advancing where the Company has performed preclinical studies and filed intellectual property.

The Company's lead candidate is Ifenprodil, which is being investigated by the Company in multiple disease indications. Ifenprodil is an N-methyl-D-aspartate ("**NMDA**") receptor antagonist specifically targeting the NMDA-type subunit 2B (GluN2B). Ifenprodil prevents glutamate signalling. The NMDA receptor is found on many tissues including lung cells and T-cells, neutrophils. Ifenprodil (brand name Cerocral) was initially developed by Sanofi in the 1990s in the French and Japanese markets for the treatment of circulatory disorders. Although no longer available in France, the drug is highly genericized and sold in Japan and South Korea.

NMDA receptors also regulate the signalling of mTOR a serine/threonine kinase, which has been identified as a therapeutic target for many types of cancers. Their expression on several human cancer cell lines represents a potential therapeutic avenue to control dysregulated growth, division, and invasiveness.

The Company is investigating Ifenprodil for IPF and chronic cough and is conducting a Phase 2 study in Australia and New Zealand. The purpose of this proof-of-concept trial is to determine the efficacy of Ifenprodil in the preservation of lung function in IPF patients (including biomarkers of fibrosis) and its associated cough. On May 6, 2020, the Company received ethics approval from the Royal Brisbane & Women's Hospital, Human Research Ethics Committee. The Phase

2 IPF and Chronic Cough trial began on August 5, 2020, and it was announced on February 4, 2022 that the Company completed enrollment in the study. Costs related to the IPF and Chronic Cough study in Australia and New Zealand, estimated to cost approximately $1.2 million, will be paid for by the Company with cash on hand.

The Company has also retained Organic Consultants, Inc. (dba Cascade Chemistry) to produce the active pharmaceutical ingredient ("**API**") of Ifenprodil. Algernon made the decision to scale-up 'current good manufacturing practice' ("**cGMP**") manufacturing of Ifenprodil to support its IPF and Chronic Cough clinical program. The Company has manufactured its first multi-kilogram batch of cGMP material produced. Stability testing of the API is on-going. The Company filed a pre-investigational new drug ("**IND**") application with the FDA to seek guidance on the development of Algernon's planned new proprietary injectable and slow release formulations. The Company has identified a number of vendors that can manufacture the injectable and slow-release formulations, but the Company has not begun any development work beyond the completion of the manufacturing of its API. The FDA advised that for the toxicology program of a new intravenous formulation, a single animal 30-day study would be acceptable. The Company's estimated cost of manufacturing of finished product is approximately $500,000. The Company's on-going Phase 2 clinical trial in Australia and New Zealand for IPF and chronic cough utilizes immediate release Ifenprodil finished product ("**IRIF**"), which is currently approved and available on the market in Japan. Even though the IRIF has not been approved for sale in Australia or New Zealand, Algernon received approval to run the IPF and chronic cough clinical trial using the IRIF. The decision on what final optimal drug formulation should be developed for any drug that Algernon is investigating, will be decided on an indication by indication basis as each separate clinical trial program progresses.

Since all of Algernon's lead compounds are genericized, there is historical data available on each compound's mechanism of action as it relates to the disease it was originally developed to treat. The Company has decided not to pursue independent confirmation as to whether these known pathways are involved in the specific biochemical interaction that produced the pharmacological effect seen in the Company's animal model research.

Business Strategy

The Company is currently investigating a number of its repurposed drug compounds in both preclinical and clinical studies for the global disease areas of IPF and chronic cough, stroke, pancreatic cancer ("**PC**"), small cell lung cancer ("**SCLC**") and CKD.

The compounds being advanced by the Company have all been tested in disease-specific pre-clinical *in vivo* animal research studies, using either the leading approved drug for the indication or an advanced clinical candidate as a positive control in cases where no appropriate approved drug was available. The decision to advance candidates for further investigation is based on a number of factors including their performance in the preclinical studies. The Company is currently conducting a Phase 2 study in Australia in idiopathic pulmonary fibrosis and chronic cough, and early in 2021 completed a Phase 2 study in COVID-19. On July 6, 2021, the Company announced that based on the results of the data from the Phase 2 study that it would not be advancing Ifenprodil in a Phase 3 COVID-19 study. The Company's other programs have yet to begin human trials for the Company's target indications.

Algernon's business strategy is to advance a number of its lead compounds into human clinical trials as efficiently and as cost-effectively as possible by leveraging the currently existing regulatory approval and finished product supply in the country of origin where the drugs were originally approved. Conducting off label Phase 2 trials in the drugs' currently approved market would save the company from having to synthesize the compounds and conduct all of the preclinical toxicology work. This additional work would in comparison, add significant time and costs to the Company's development timeline and budget.

Under some conditions, if a repurposed drug is being currently manufactured, it may be possible to access this supply in order to conduct early-stage clinical trials, so that the Company may not need to manufacture its own supply. However, there may be other conditions where the Company may also choose to engage in its own manufacture. This would include conducting multiple trials for different diseases with the same lead compound. A final decision will be made on which compounds, diseases and locations will be included in the Phase 2 trials once all of the feasibility studies are completed.

The Company aims to conduct a minimum of two Phase 2 clinical trials in order to improve the Company's potential of success. Ensuring the Company is not conducting and relying on a single Phase 2 clinical trial is key part of the current strategy.

Subject to the success of the Phase 2 trials, the Company plans to engage in licensing, partnership and or acquisition (as the target) discussions with a number of larger pharmaceutical partners. If for whatever reason, a partnership, license or

acquisition opportunities do not materialize, the Company will explore moving all successful Phase 2 compounds forward into phase 3 clinical trials.

At present, the Company does not plan to develop a sales team to advance the marketing sales and distribution of any of its lead compounds if such compounds achieve regulatory approval in any given market. The Company's strategy is to look for moments of inflection where the potential exists to be able to consummate the best possible licensing, partnership or acquisition transaction.

Regulatory - Drug Development

The regulatory pathway for drug development is well established in most major world markets. The most familiar in terms of stages and timing is the FDA pathway.

Drug discovery and pre-clinical describes all of the work and stages prior to testing the compound in human beings. A Phase 1 study is the first point in which the compound begins testing in human beings. All new chemical entities must successfully follow the below pathway in order to achieve regulatory approval and to begin sales to the public.

Algernon's drug discovery program is based on repurposing drugs that have already been approved. Successful drug repurposing is based on finding new uses for approved drugs in order to treat and manage new diseases. Since Algernon's lead compounds already have a well-established safety history and have already undergone pre-clinical testing when they were originally developed, the compounds are eligible in the market(s) where they were first approved, to be moved directly into off label Phase 2 clinical studies.

Typically, in order for the Company to be able to move its lead compounds into Phase 2 clinical trials, the finished drug product needs to be available for purchase and the drug needs have an active registration in a market where clinical testing can be successfully executed. The next step is for the Company to conduct what is known as an off-label Phase 2 clinical study confirming that the drug shows efficacy in human beings for the new disease.

Since Algernon only screened compounds that were from Russia, Korea, Ukraine and Japan, none of the currently identified finished product manufacturers meet the cGMP standard of production for entry into an FDA study. As a result it is unlikely that the data from the Phase 2 study would be able to be used in a future Phase 3 trial application. However, if any of the Company's lead compounds are successful in their respective Phase 2 studies, the Company would then begin the process of synthesizing and conducting all of the toxicology and safety studies under cGMP and 'good laboratory practice' conditions in order to move forward to Phase 3 study in the U.S.

Prior to a decision to begin synthesizing any compounds, the Company intends to seek out a favourable licensing, partnership or acquisition transaction (as the target) after the completion of a Phase 2 clinical trial that met its primary and/or secondary endpoints.

Development of A Therapy for Chronic Kidney Disease (CKD)

Algernon's lead compound for the treatment and management of CKD is Repirinast, an orally administered small molecule. CKD involves the gradual loss of kidney function leading to kidney failure. Advanced stage CKD leads to dangerous accumulation of fluid, electrolytes and waste in the body. CKD can progress to end-stage kidney failure, which is fatal without artificial filtering (dialysis) or a kidney transplant. Treatment for chronic kidney disease focuses on slowing the progression of the kidney damage, usually by controlling the underlying cause.

The Company conducted two separate animal *in vivo* mouse studies using a Unilateral Ureter Obstruction mouse model of kidney fibrosis conducted by Murigenics.

CKD *In Vivo* Study # 1, January 2019

In this study, mice were randomly assigned to receive either vehicle or one of the Company's test articles (N = 8 per arm). Animals were subjected to surgical ligation of the left ureter; a negative control group instead underwent a sham procedure. The animals were treated for 14 days, then sacrificed and subjected to histopathogical examination. Animals were also observed daily for their general condition. Data were analyzed using two-way Analysis of Variance ("**ANOVA**") with a Bonferroni correction for multiple comparisons. Key results from the study were as follows:

- In animals treated with Repirinast (30 mg/kg), there was a 33% reduction in fibrosis as measured by Sirius red staining ($p = NS$) and a reduction of blood urea nitrogen, a marker of kidney function ($p < 0.05$) compared to vehicle;

- Telmisartan (5 mg/kg), a positive control in the study and a current standard of care for CKD, reduced fibrosis by 42.2% ($p = 0.004$); telmisartan also reduced blood urea nitrogen but the reduction was not statistically significant; and
- No adverse effects were observed in any of the treatment groups.

CKD *In Vivo* Study # 2, March 2019

A second CKD study was performed using the same experimental conditions as the first. Group size was increased (N = 10/arm) and the number of candidates was reduced to increase statistical power. Two doses of Repirinast were tested (30 mg/kg and 90 mg/kg). Telmisartan (3 mg/kg) was again used as a positive control. Cenicriviroc (40 mg/kg), a CCR2/5 chemokine receptor antagonist with reported anti-fibrotic activity, was used as a second positive control. Key results from the study were as follows:

- Telmisartan (3 mg/kg), reduced fibrosis by 32.6% ($p < 0.001$);
- Cenicriviroc (40 mg/kg) reduced fibrosis by 31.9% ($p = 0.00032$);
- Repirinast (30 mg/kg) reduced fibrosis by 21% (p = NS);
- Repirinast 90 mg/kg) reduced fibrosis by 50.6% ($p < 0.000001$);
- Repirinast (30 mg/kg) in combination with telmisartan (3 mg/kg) reduced fibrosis by 54.2% ($p < 0.000001$);
- In the group treated with Repirinast (30 mg/kg) in combination with telmisartan (3 mg/kg) the mass of the fibrotic kidney was lower than the negative control ($p < 0.001$);
- Both doses of Repirinast led to significant reduction in blood urea nitrogen compared to vehicle ($p < 0.05$); and
- No adverse effects were observed in any of the treatment groups.

The Development of a Therapy for IPF and Chronic Cough

IPF is a type of chronic lung disease characterized by a progressive and irreversible decline in lung function and scarring (fibrosis) of the lungs. There is no cure for IPF and there are currently no procedures or medications that can remove the scarring from the lungs.

A chronic (persistent) cough is a cough lasting eight weeks or longer in adults, or four weeks in children. Chronic cough can interrupt sleep, cause exhaustion and in severe cases can cause serious vomiting, light-headedness and rib fractures.

A dry, non-productive cough is a very common symptom of IPF. At least 70%-85% of patients with IPF have a dry cough, which can often get worse on exertion.

The company conducted two preclinical studies in a 21-day bleomycin mouse model with established fibrosis in (treatment began on Day 7) conducted by Murigenics.

IPF *In Vivo* Study #1

Healthy young mice were randomly assigned to receive either vehicle or one of the Company's test articles (N = 10 per arm). Animals were first challenged intratracheally with bleomycin, and fibrosis was allowed to establish for 7 days; a control group received no bleomycin challenge. Then, the animals were treated for 14 days, at which point they were sacrificed, and lung fibrosis measured by trichrome staining and modified Ashcroft scoring. Significance was determined by two-way ANOVA followed by a Bonferroni multiple comparisons test. Throughout the study, animals were also observed for their general condition. Key results were as follows:

- The group treated with the positive control dexamethasone (0.25 mg/kg) experienced a 60% reduction in fibrosis compared to vehicle control ($p < 0.05$).
- Treatment with Ifenprodil (30 mg/kg) reduced fibrosis by 34% compared to vehicle, (p = NS);
- Radiprodil, which shares the same target and similar pharmacology as Ifenprodil, also reduced fibrosis to a similar level as Ifenprodil at the same dose, suggesting a class effect of the pharmacophore (p = NS);
- Treatment with Pirfenidone (300 mg/kg) reduced fibrosis by 14% compared to vehicle (p = NS). Pirfenidone is a marketed treatment for IPF;
- All groups lost bodyweight in the first seven days; over the next 14 days the animals treated with Ifenprodil, radiprodil and dexamethasone recovered to their initial weight, whereas the group treated with pirfenidone did not increase (p = not determined); and
- No other adverse effects were observed in any of the treatment groups.

IPF *In Vivo* Study #2

A second study under the same experimental conditions was performed with a narrower range of candidates in order to improve statistical power, and included the approved treatments pirfenidone (100 mg/kg twice daily) and nintedanib (60 mg/kg once daily) as positive controls. Lung fibrosis was measured by trichrome staining and modified Ashcroft scoring.

- Pirfenidone (100 mg/kg, twice daily), showed a 44% reduction in fibrosis versus untreated controls (p = NS);
- Nintedanib (60 mg/kg, once daily), showed a 51% reduction in fibrosis versus untreated controls ($p < 0.05$);
- Ifenprodil (4 mg/kg, thrice daily) showed a 56% reduction in fibrosis versus untreated controls ($p = 0.015$);
- As in the first experiment, all animals gained weight during the treatment period with the exception of pirfenidone; and
- No other adverse effects were seen in any of the treatment groups.

Acute Cough *In Vivo* Study

In this study, guinea pigs were pre-treated with the test article or vehicle, then exposed to a citric acid challenge to induce a cough response. The number of coughs and the delay of onset of the first cough were used as measure of performance. Gefapixant, a P2X3 inhibitor developed by Merck and in Phase 3 clinical trials for chronic cough was used as a positive control. Statistical significance was determined using one-way ANOVA, with comparisons controlled used a Dunnett's test. The study was performed at Pharmidex.

Data from this study demonstrated that at clinically relevant doses

- Ifenprodil (1.5 mg/kg) showed a reduction of 42% in mean cough frequency versus untreated control ($p <0.01$);
- Gefapixant (3.5 mg/kg) showed a 20% reduction in mean cough frequency versus untreated control ($p <0.05$);
- Ifenprodil (59.8 seconds) showed a statistically significant delay in the onset of the first cough when compared to control (34.2 seconds, $p < 0.05$); and
- Gefapixant (49.7 seconds) showed a non-statistically significant delay in the onset of the first cough when compared to control (34.2 seconds, p = NS).

The Company is investigating Ifenprodil for IPF and chronic cough and is conducting a Phase 2 study in Australia and New Zealand. Results from this study are expected in Q2 2022. The purpose of this proof-of-concept open label 20 patient Phase 2 human trial is to determine the efficacy of Ifenprodil (20 mg TID) in the preservation of lung function in IPF patients (including biomarkers of fibrosis) and its associated cough. The co-primary endpoints of this study are the preservation of lung function as measured by forced vital capacity and the reduction in 24 hour cough counts as measured by an ambulatory cough monitor. Secondary endpoints include biomarkers of fibrosis, other measures of lung function and safety. There are seven sites in total participating in the study with five located in Australia and two in New Zealand.

On September 20, 2021, the Company announced interim data from the cough portion of its Phase 2 IPF and Cough study. The company observed a trend towards reduction in both the total and waking 24-hour cough counts after 12 weeks of treatment compared to baseline, as measured by an ambulatory cough monitor. The data were reported in descriptive format and no test was performed for statistical significance.

On October 7, 2021 the Company filed a Pre-IND application with the FDA to seek guidance on a planned clinical program for the treatment of refractory chronic cough.

On January 14, 2022, the Company received positive feedback from the FDA on its pre-IND meeting for its investigation of Ifenprodil for the treatment of chronic cough. The FDA meeting produced helpful guidance on the Phase 2b protocol design that was submitted by the Company as well as the endpoints that had been selected. The FDA also requested standard genotoxicity testing be completed prior to beginning the Phase 2b study, which the Company estimates will take approximately 90 days to complete.

On May 5, 2022, the Company announced that the last patient had completed the treatment period in its Phase 2 proof of concept study of Ifenprodil for IPF and chronic cough. The Company is projecting that topline data will be available in July 2022.

Ifenprodil Manufacturing

The Company retained Organic Consultants, Inc. (dba Cascade Chemistry) to produce the API of Ifenprodil. The Company has now completed the process of having the first multi-kilogram batch of cGMP material produced, at which point toxicology studies can begin. The Company filed a pre-IND application with the FDA to seek guidance on the use

of Algernon's planned new proprietary injectable and slow-release formulation. The FDA advised that for the toxicology program of the new intravenous Ifenprodil formulation, a single animal 30-day study would be acceptable.

The Development of a Therapy for Stroke

Launch of Clinical Research Program on Dimethyltryptamine

On February 1, 2020, the Company announced the launch a clinical research program for stroke focused on *N,N*-Dimethyltryptamine, a known psychedelic compound that is part of the tryptamine family (other drugs in the tryptamine family include psilocybin and psilocin.) Algernon plans to be the first company globally to pursue DMT for ischemic stroke in humans.

On May 17, 2021, the Company received positive feedback from the FDA regarding its plans to investigate DMT as an adjunct to physical therapy in the rehabilitation of stroke.

On June 17, 2021 the Company announced that all of the required permits and licenses for the manufacture of its cGMP supply of DMT have been received and as a result, was targeting its Phase 1 human study to be conducted at Hammersmith Medicines Research ("**Hammersmith**") in London, UK in Q1 2022 and has since updated plans and is now targeting to begin the study in calendar Q3 2022.

On November 1, 2021, the Company announced that it had established the optimum peak stimulation period of 6 hours for neuron outgrowth by DMT in its pre-clinical in vitro study conducted by Charles River Laboratories ("**CRL**"). Algernon also confirmed that the increased growth was achieved with a sub-hallucinogenic dose.

On November 19, 2021, the Company that it has received positive feedback at a scientific advice meeting from the Medicines and Healthcare Products Regulatory Agency ("**MHRA**"). The scientific advice meeting was related to the Company's planned Phase 1/2a stroke study with DMT.

As a result of the meeting, the Company plans to file a Clinical Trial Authorisation ("**CTA**") application for the study as soon as possible. The Company is planning to conduct the Phase 1 part of the study at Hammersmith in London, UK and is now targeting to begin the study in calendar Q3 2022.

On December 8, 2021, the Company announced that it has completed the manufacturing of its cGMP of DMT at Canadian manufacturer Dalton Pharma Services ("**Dalton**"). The Company believes it has produced a sufficient supply of cGMP DMT to complete its planned Phase 1 and Phase 2 clinical trials.

On January 19, 2022, the Company announced that it has filed a combined Clinical Trials of Investigational Medicinal Products and Ethics Approval application, with the MHRA. This was accomplished via the combined review service, which provides for a single application route for its planned Phase 1 clinical human study of DMT.

The primary focus of the Phase 1 DMT study is to investigate prolonged intravenous infusion of DMT, for durations which have never been clinically studied. The resulting data generated will help the Company to plan both its Phase 2 acute stroke and rehabilitation studies more effectively.

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

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

Unlike other companies recently researching psychedelic drugs, Algernon will be focusing on a sub-hallucinogenic, or microdose of DMT provided by continuous intravenous administration. By pursuing a continuous active microdose, the goal will be to provide patients with the therapeutic benefits of DMT, without having a psychedelic experience. This is an important element when considering treating a patient who has just suffered a stroke, wherein medications that cause a hallucinogenic response would not be preferred.

The Company also believes that a microdosing approach to developing a DMT treatment may enable a much wider review and acceptance of its data, including garnering the early interest of research investigators, the interest of clinical trial patients and ultimately clinical acceptance.

Global Stroke Treatment Market: Overview

DMT, or *N,N*-Dimethyltryptamine is a hallucinogenic tryptamine drug producing effects similar to those of other psychedelics like LSD, ketamine, psilocybin and psilocin. DMT occurs naturally in many plant species and animals and has been used in religious ceremonies as a traditional spiritual medicine by indigenous people in the Amazonian basin. DMT can also be synthesized in a laboratory.

At higher doses, DMT has a rapid onset, intense psychedelic effects, and a relatively short duration of action with an estimated half-life of less than fifteen minutes. Like other hallucinogens in the tryptamine family, DMT binds to serotonin receptors to produce euphoria and psychedelic effects. Because the effects of DMT do not last very long, it has been referred to as the "businessman's trip".

Named the "Spirit Molecule" by Dr. Rick Strassman, an American clinical associate professor of psychiatry and DMT research pioneer, DMT has been shown to induce neuroplasticity in a number of key pre-clinical studies. DMT is believed to activate pathways involved with forming neuron connections and has been shown in studies to increase the number of dendritic spines on cortical neurons. Dendritic spines form synapses (connections) with other neurons and are a major site of molecular activity in the brain.

While Dr. Strassman's Phase 1 bolus intravenous human study identified the sub-hallucinogenic dose of DMT in man, another pre-clinical animal study demonstrated this same dose level still retains the neuroplastic effect seen in higher hallucinogenic doses.

Algernon will be investigating an intravenous sub-hallucinogenic dose of DMT in its research and clinical studies.

DMT - Building the Case for Stroke

Data from a study published in Experimental Neurology, in May 2020 showed that in a rat model of cerebral ischemia-reperfusion injury, DMT reduced the infarct (dead cells) volume and improved functional recovery.

Key Findings:

- Animals treated with DMT displayed lower lesion volumes than control animals measured by MRI 24 hours following the occlusion ($p = 0.0373$);
- Animals in the DMT group improved motor function more quickly and to a greater extent than the control group; The differences became significant on the 4^{th} day ($p = 0.0325$) and persisted throughout a 30-day follow-up; and
- mRNA expression of brain-derived neurotrophic factor (BDNF) was upregulated in both the peri-infarct cortex ($p = 0.0273$) and contralateral cortex ($p = 0.0048$) as well as in serum ($p < 0.0001$). BDNF is a key facilitator of neuroplasticity.

Algernon's Preclinical Research Plan

The Company has concluded its pre-clinical research experiments on DMT and plans to use the information to inform its clinical trial programs.

The Company hired CRL, whose center in Kuopio, Finland is a world leading site for neurologic research, to perform its preclinical studies. CRL has the necessary controlled-substance permits to carry our research with DMT.

Algernon's DMT Clinical Research Plan

1. Ischemic Stroke

Each year there are approximately 15 million strokes that occur globally with 700,000 strokes occurring in the U.S. alone. Approximately 85% of all strokes are ischemic strokes, which occur when a blood clot blocks blood flow to the brain.

Currently, medication treatments for ischemic stroke are primarily limited to Tissue Plasminogen Activator ("**TPA**") or blood thinners. However, these treatments are stroke type specific and cannot be given until the patient has received a CT scan to determine if the stroke is ischemic or haemorrhagic. Patients being treated with TPA must receive the drug within 3 hours of the injury. As a result, only 5% of stroke patients receive TPA.

Additional treatment options involve surgical intervention such as catheter embolectomy and decompressive craniotomy.

Based on its pre-clinical data research conducted by others, Algernon plans to test DMT in the clinic in patients as soon as possible after the stroke injury occurs. If it is established in the Company's pre-clinical research phase that DMT can

be used to treat both haemorrhagic and ischemic stroke, the patient will not have to wait for a CT scan and treatment can begin immediately, possibly while being transported to the hospital.

Algernon's pre-clinical research was designed to help establish the optimal treatment period duration for DMT as well as the clinically effective sub-hallucinogenic dose.

2. Post-Stroke Rehabilitation

Sixty-five percent of stroke survivors will end up with from some form of disability after having suffered a stroke. Intensive physical rehabilitation has been shown by researchers to improve function and reduce long-term disability.

While Algernon will investigate DMT to treat a patient as quickly as possible after the stroke occurs, it will also investigate the potential of the drug as a treatment during the rehabilitative process. Rehabilitation therapy, which includes motor-skill exercises, mobility training and range-of-motion therapy, and can begin as soon as 24 to 48 hours after the stroke has occurred.

One specific type of rehabilitation therapy is called Constraint-induced Movement Therapy ("**CIMT**"). It is focused on improving upper extremity function in stroke patients and involves intensive training of the weaker arm while restricting the use of the stronger arm.

If the final data is positive, the Company will move DMT into a separate clinical trial to test for its efficacy as a post stroke rehabilitation adjunctive treatment.

Pathway to Clinic

1. Pre-IND FDA & Scientific Advice Meeting UK MHRA

Based on historical data showing that several DMT Phase 1 studies have already been conducted, the Company believes that it will be able to use this data to seek approval to begin its own Phase 1 study without having to complete certain toxicology work, but can give no assurance either the FDA or Health Canada will agree.

In a Pre-IND request submitted March 16, 2021, Algernon sought direction from the FDA regarding the design and scope of the Company's preclinical and early phase stroke clinical programs. The FDA response showed they are in agreement with the Company's planned preclinical efficacy experiments and offered guidance with regards to supportive preclinical safety studies. In addition, the FDA provided valuable input into the design of the Company's planned Phase 1 clinical trial, which will be conducted through Hammersmith in the UK, in calendar Q3 2022.

The Company filed a Scientific Advice Meeting Request with the MHRA in order to obtain additional insight and options for the Company's planned clinical research program. The meeting was held on November 18, 2021. The Agency was supportive of the Company's proposed clinical plans, and confirmed that no additional preclinical studies were necessary in order to begin human trials in the UK.

On January 19, 2022, the Company announced that it has filed a combined CTA application, with the MHRA. This was accomplished via the combined review service, which provides for a single application route for its planned Phase 1 clinical human study of DMT.

The primary focus of the Phase 1 DMT study is to investigate prolonged intravenous infusion of DMT, for durations which have never been clinically studied. The resulting data generated will help the Company to plan both its Phase 2 acute stroke and rehabilitation studies more effectively.

2. FDA

At present, the Company's business activities surrounding DMT are strictly based on either pre-clinical research or clinical trials being conducted by third parties. The regulatory steps required to gain approval for DMT are the same as any other drug or compound being studied. While each global jurisdiction has their own approval process (which often defaults to FDA approval) the FDA rules and guidelines are considered the gold standard. The drug approval process includes successfully navigating through Phase 1, 2 and 3 clinical studies and based on the strength of the data, applying for marketing approval. Since DMT is currently a Schedule 1 drug, for DMT to be approved in the U.S. for sale, there will need to be some communication and agreement between the FDA and the DEA to allow for its sale for a clinical purpose in the U.S.

The Company also believes that a microdosing approach to developing a DMT treatment may enable a much wider review and acceptance of its data, including garnering the early interest of research investigators, the interest of clinical trial patients and ultimately clinical acceptance.

Regardless of where the Company's clinical trial will be conducted, only the various parties that manufacture, ship, receive and handle DMT will be required to have all required licenses and permits and the Company will be undertaking to ensure that these are all in order. DMT is a controlled substance in most countries globally and the import and export of it is closely scrutinized and monitored.

Pre-Clinical Research

On February 8, 2021, the Company appointed CRL to conduct its preclinical (non-human testing) research work, which will be conducted in Finland.

The pre-clinical research included conducting a cortical neurite outgrowth studies, which looked at the neuronal effects of DMT at different concentrations and over various time periods. This research was conducted *in vitro*.

The Company will own the rights to all results of the pre-clinical research conducted by CRL.

CRL requires the following three permits to conduct this research in Finland, all of which have been granted:

1. DMT Handling permit, granted by the Finnish Medicines Agency ("**FIMEA**");
2. DMT Import permit: granted by FIMEA; and
3. DMT Export permit: granted by Health Canada. The DMT has already been shipped and received at CRL.

Phase 1 Clinical Research

The Phase 1 clinical trial on DMT involves the study of safety and dosing of DMT in healthy individuals. The Company anticipates commencing the Phase 1 clinical trial within 60 days of receiving CTA approval from the MHRA and ethics approval. The Company has engaged Hammersmith in the United Kingdom to conduct the Company's Phase 1 clinical trials for DMT. Under U.K. law, Hammersmith requires a Schedule 1 license and a "Manufacture/Import Authorisation" (known as an MIA(IMP)) in order to handle DMT and conduct the Phase 1 trials.

Hammersmith presently has both the required licence and authorisation, but Hammersmith will need to apply for a study-specific Schedule 1 license as well. The Phase 1 trial must also be approved by the MHRA and its research ethics committee, which is expected to take approximately five weeks. The MHRA regulates medicines, medical devices and blood components for transfusion in the U.K. Upon receipt of approval from the MHRA, Hammersmith will make an application to the Home Office of U.K. for a study-specific Schedule 1 licence, which is expected to take approximately one month from the date the application is made.

There can be no assurance that the Schedule 1 study-specific license will be granted by the Home Office of the U.K. In addition, Hammersmith requires an import permit in order to import the DMT manufactured in Canada by Dalton. To import DMT, Hammersmith will require a certificate of analysis with the material, which is a standard document for a drug manufacturing company and which Dalton will provide as part of its contractual obligations. Obtaining the import permit can be done in parallel with the other approvals and precedes the export permit required to be obtained by Dalton.

After completion of the Phase 1 clinical trial, the Company will review the data and consider conducting a Phase 2 clinical trial. A Phase 2 clinical trial is the first time a drug can be tested in the patient population that the drug has been identified to treat. The Company's initial focus will be the acute treatment of ischemic stroke patients as well as combination therapy of DMT and Constraint Induced Movement Therapy.

The Company will need to engage a contract research organization in order to conduct Phase 2 clinical trial.

Research-Grade DMT Manufacturing

The Company retained CRL to conduct its preclinical research. Research grade DMT was secured from Toronto Research Chemicals in order to conduct this research which has now been concluded.

Clinical-Grade DMT Manufacturing

The Company recently awarded the contract to manufacture its cGMP (clinical grade (for human use) material) DMT to Dalton. The DMT produced by Dalton is intended for use by Hammersmith in the Company's Phase 1 clinical trials. Dalton is a Health Canada approved GMP contract provider of integrated chemistry, drug development and manufacturing

services to the pharmaceutical and biotechnology industries. Dalton holds a dealer's license with Health Canada under the CDSA that allows Dalton to possess, produce, assemble, sell, send, transport and deliver controlled substances.

On July 17, 2021 the Company announced that all of the required permits and licenses for the manufacture and export of its cGMP supply of DMT had been received by Dalton and that they have commenced synthesis of DMT for the Company.

On December 8, 2021, the Company announced that it has completed the manufacturing of its cGMP of DMT at Canadian manufacturer Dalton. The Company believes it has produced a sufficient supply of cGMP DMT to complete its planned Phase 1 and Phase 2 clinical trials.

CRO's

Algernon has retained CRO Clinical Development Solutions, to support all aspects of the investigational brochure, study protocol and Pre-IND and IND application with the FDA as well as the CTA with Health Canada. Clinical Development Solutions will provide high-level oversight and management of all clinical trials.

The Company has also retained Novotech to conduct a feasibility study for Algernon to conduct all or part of its DMT stroke clinical research program in Australia. The Company has currently engaged Novotech for its Phase 2 clinical study for idiopathic pulmonary fibrosis and Chronic Cough. Australia is a favoured country for clinical research because of its government supported 40% refundable tax credit program.

Intellectual Property

Algernon has filed new provisional and international ("**PCT**") patent applications for new salt forms of DMT, in addition to formulation, dosage and method of use claims for ischemic stroke. The Company has also filed claims for combination therapy of DMT and CIMT.

The Development of a Therapy for Pancreatic Cancer

The Company has initiated a new clinical research program for pancreatic cancer and Ifenprodil. PC is an orphan disease and has a five-year survival rate of 7.9%. This means that only approximately 8 in 100 people will have survived for five years and beyond. The 10-year survival rate of the disease is 1%, meaning only approximately 1 in 100 people survive 10 years and beyond. PC has the lowest 5-year survival rate of any of the 22 common cancers.

The global pancreatic cancer treatment market is expected to reach US$4.2 billion in 2025, according to a new report by Grand View Research, Inc. Increasing tobacco consumption, smoking, obesity, and growing awareness pertaining to various treatment options available are propelling the market growth at a global level. The peak incidence of pancreatic cancer is seen in the age group of 65 to 75 years. This expanding geriatric population is also expected to drive the growth during the forecast period.

Ifenprodil demonstrated a significant anti-tumour effect in a PC animal model which was reported in a paper published in the Dove Press Journal, Clinical Pharmacology: Advances and Applications. The research paper concluded that Ifenprodil significantly and rapidly reduced the average solid tumour size by approximately 50% by day three and remained stable while on treatment in a murine model of PC. The average tumour size in the untreated group doubled during the same period.

The Company signed a license agreement with Dartmouth College for the rights to a patent that covers, Methods for diagnosing and treating neuroendocrine cancer, specific to NMDA receptors.

The Company has filed a pre-IND meeting request with the FDA to help determine next steps to advance Ifenprodil into clinical studies for PC. The agency has determined that the Company may proceed directly to trials in cancer patients with no further preclinical information and with the Company's existing drug supply. Algernon also plans to file for an orphan disease designation and seek Fast Track status, as well as a Breakthrough Therapy Designation once data from Phase 1 studies are available. The Company has not yet submitted an orphan drug designation request and the determination as to whether Ifenprodil will qualify for each indication will be made on the basis of the facts and circumstances as of the date the request for orphan drug designation is made.

The purpose of the U.S. Orphan Drug Act is to stimulate the development of drugs for rare diseases. It grants special status to a drug for the treatment, diagnosis, or prevention of a rare disease or condition, which would be defined as a disease that affects fewer than 200,000 people in the U.S.

The Company is seeking non-dilutive funding mechanisms in order to advance its oncology research programs.

The Development of a Therapy for Small Cell Lung Cancer

The Company has initiated a new clinical research program for SCLC. SCLC is a high-grade neuroendocrine carcinoma arising predominantly in current or former smokers and has an exceptionally poor prognosis. SCLC makes up about 15% of lung cancer cases.

The Company signed a license agreement with Dartmouth College for the rights to a patent that covers methods for diagnosing and treating neuroendocrine cancer specific to NMDA receptors.

The Company has received feedback on a pre-IND meeting request with the FDA to help determine next steps to advance Ifenprodil into clinical studies for SCLC. The agency has determined that the Company may proceed directly to trials in cancer patients with no further preclinical information and with the Company's existing drug supply. Algernon also plans to file for an orphan disease designation and seek Fast Track status, as well as a Breakthrough Therapy Designation once data from Phase 1 clinical studies are available. The Company has not yet submitted an orphan drug designation request and the determination as to whether Ifenprodil will qualify for each indication will be made on the basis of the facts and circumstances as of the date the request for orphan drug designation is made.

The Company is seeking non-dilutive funding mechanisms in order to advance its oncology research programs.

The Development of a Therapy for COVID-19

On July 6, 2021, Algernon announced that it would not be advancing Ifenprodil into a Phase 3 clinical study for COVID-19. The Company's decision was based on several factors including the overall finding of the Phase 2b study final data set, the global rate of vaccinations to date, other COVID-19 drug treatment programs under development, the projected trial size, costs and timelines needed to successfully complete a Phase 3 trial. Feedback recently received from the FDA regarding the end of Phase 2 meeting request was also informative.

Safety History of Lead Compounds

Ifenprodil

Ifenprodil was developed in France and introduced into the Japanese market in 1982 by a global pharmaceutical company. The drug is approved and marketed in Japan and South Korea for the treatment of vertigo and dizziness as sequelae of cerebral infarction or hemorrhage, and is now genericized. The drug was approved in France under the name Vadilex as a peripheral vasodilator indicated for the adjunctive treatment of intermittent claudication in stage II chronic obliterating arteriopathy of the lower limbs. In 2014, the French National Agency for the Safety of Medicines and Health Products conducted a review of the entire class of drugs approved to treat intermittent claudication. During this review, it was determined that the marketing authorization was based on a single clinical trial, and that the efficacy data from this trial did not justify the indication (the treatment was no better than placebo, and thus the risk benefit was negative). Therefore, the agency requested the repeal of the marketing authorization. As the Company is pursuing novel indications, prior marketing authorization provides no assurance that clinical trials will be successful (i.e. demonstrate efficacy and safety) or that marketing approval will be obtained.

Since its origin, there have been a number of clinical trials investigating its use in other diseases, as summarized below:

1. Circulatory System Related Disorders (4,821 Patients over one 1 Year);
2. Circulatory Issues (94 Patients over six months);
3. Alcohol Dependence (46 Patients over three months); and
4. COVID-19 (150 patients over 8 months).

The company that marketed Ifenprodil in Japan published a safety report summarizing adverse event data from clinical trials (983 patients) as well as post-marketing surveillance (14,035 patients). The incidence of adverse drug reactions was 2.26% (340/15,018). The most commonly observed reactions were dry mouth, 0.25% (37 cases), nausea/vomiting, 0.23% (35 cases), and rash, 0.23% (34 cases). None of the reported effects were described as serious. In addition, there were no clinically significant cases with abnormal laboratory values

Note: No significant adverse side effects were reported from third party studies 1-3 above. In addition, the Company conducted its own 150 patient Phase 2b/3 human study of Ifenprodil for the treatment of COVID-19. The external Data and Safety Monitoring Board completed its review at the conclusion of the Phase 2b part of the study and provided approval for the Company to continue with the Phase 3 part of the study further confirming the drug's safety, and no

differences in adverse event rates were observed between groups treated with Ifenprodil and group receiving standard of care treatment with no Ifenprodil.

Ifenprodil is contraindicated in patients who are believed to have incomplete hemostasis following an intracranial hemorrhagic attack, and is not recommended for use in pregnant women, in patients with low blood pressure, increased heart rate, or immediately after cerebral infarction. Concomitant use with droxidopa or with drug which cause bleeding is prohibited.

DMT

N,N-dimethyltryptamine (DMT) has a long history of use but has not been approved of in any jurisdiction of note. DMT was first found to be psychedelic by the Hungarian chemist Stephen Szára in the 1950's. In the 1960's it was discovered in the human body, with research suggesting it is synthesised in lungs and the pineal gland in the brain. It is now believed to be widespread throughout the natural kingdom, in thousands of plants, and in every mammal that has been investigated so far. DMT is typically consumed as part of South American psychoactive brew known as ayahuasca which has been in use for over 500 years. Due to abuse, in the 1970's DMT was placed into a restrictive legal category, and research was halted.

In the 1990's Strassman conducted a dose response study to IV infusion of DMT (hallucinogenic and sub-hallucinogenic) into experienced hallucinogen users. Findings were that peak blood levels were seen after two minutes and were negligible after 30 minutes. DMT dose dependently elevated blood pressure, heart rate pupil diameter, rectal temperature, as well as blood levels of beta-endorphin, corticotropin, cortisol and prolactin. Growth hormone rose equally in response to all administered doses. All thresholds for effects to be deemed significant occurred at doses classified as hallucinogenic. Although one subject had to withdraw due to a marked diastolic blood pressure response, the study concluded that the drug could be administered with no safety concerns even at hallucinogenic doses.

A resurging interest in psychoactive compounds with data indicating neuroplastic effects has spurred numerous studies for efficacy in neurodegenerative conditions ranging from depression to stroke with regulators approving of DMT for clinical trials at doses high enough to trigger a psychedelic experience. Timmermann et al. also treated healthy volunteers with DMT through IV infusion, and found similar results to Strassman in that peak blood levels were found 2-3 minutes after infusion and remained significantly higher than placebo for 17 minutes. Timmermann also did not note any safety concerns about DMT infusion as the only subject to be excluded from the study was due excessive movement artifacts during EEG.

Clinical information on the safety of DMT, outside of use as an ingredient within ayahuasca, is limited but Algernon is unaware of any expressing significant safety concerns. Several studies regarding consumption of ayahuasca have been conducted finding significant adverse effects to be rare, with nausea, vomiting, diarrhoea, and hypertension being most commonly reported. Nausea, vomiting and diarrhea are known side effects of the harmala alkaloids which are also components of ayahuasca.

Repirinast

Repirinast (Romet™) was developed in Japan and approved for the treatment of bronchial asthma in adults in 1987, and in children in 1990. It was withdrawn from the market in 2013 for sales reasons. As the Company intends to investigate Repirinast for CKD rather than allergic conditions, prior marketing authorization provides no assurance that clinical trials will be successful (i.e. demonstrate efficacy and safety) or that marketing approval will be obtained.

On April 26, 2022, the Company announced that Repirinast reduced fibrosis by 56% with statistical significance in a preclinical study investigating non-alcoholic steatohepatitis ("**NASH**") in the STAM™ model from SMC Laboratories (Japan).

Note: The company who marketed Repirinast in Japan published a safety report summarizing adverse event data from clinical trials (837 patients) as well as post-marketing surveillance (20,050 patients). The incidence of adverse drug reactions was 0.97% (197/20,887). The most commonly observed reactions were nausea, 0.14% (30 cases), rash, 0.10% (23 cases), and gastric discomfort, 0.06% (13 cases). None of the reported effects were described as serious, and the drug was approved for both adult and pediatric use.

Intellectual Property - Drug Program

Filing	Compounds	Jurisdiction	Filing Number	Protections	Owned/ Licensed	Expiration Date	Status
Compositions and Methods for Treating Kidney Disorders (PCT/CA2019/050881)	Iguratimod, Repirinast, Lobenzarit, Actarit, Ifenprodil, Bemithyl, Bromantane, Emoxypine, Udenafil, Istradefyllne	Japan	2021522114	Use of compounds for treating kidney disorders	Owned	25-Jun-2039	Pending
		Canada	3105127		Owned		Pending
		Europe	19827430.0		Owned		Pending
		United States	17/255,364		Owned		Pending
		China	201980043698.6		Owned		Pending
Compositions and Methods for Treating NASH	Cepharanthine, Repirinast, Ifenoprodil Hemitartrate, Bromantane, Suplatast Hemitartrate, Actarit, Lobenzarit, Irsogladine, Istradefylline, Trapadil, Bemithyl, Cenecriviroc	Japan	2051-512244	Use of compounds for treating non-alcoholic fatty liver disease, and in particular, the use of particular test compounds for treating non-alcoholic fatty liver disease, non-alcoholic fatty liver, and non-alcoholic steatohepatitis	Owned	03-Jul-2039	Pending
		Canada	3105850		Owned		Pending
		Europe	19829889.5		Owned		Pending
		United States	17/258,402		Owned		Pending
		China	201980058395		Owned		Pending
Compositions and Methods for Treating Cough					Owned	06-Mar-2040	Pending
		United States	17/771,664		Owned		Pending
		Europe	Awaiting		Owned		Pending
		China	202050073092		Owned		Pending
		Japan	Awaiting		Owned		Pending

	Ifenprodil, Radiprodil, Glutamate 2b receptor antagonists, Traxoprodil, Rislenmdaz, Eliprodil, Ro-25-6981, BMT-108908, EVT-101, CP101-606, MK-0657, EVT-103, AZD 6765, SSRIs, Fluvoxamine, Fluoxetine, Excitalpram, donepezil	Canada	3155464	Use of compounds for treating a cough, and in particular, the use of glutamate 2b receptor antagonists such as Ifenprodil and Radiprodil for treating a cough	Owned		Pending
Compositions and Methods for Treating IPF	Bromantane, Ifenprodil, Radiprodil, Bemithyl, Repirinast, Glutamate 2b receptor antagonists, Traxoprodil, Rislenmdaz, Eliprodil, Ro-25-6981, BMT-108908, EVT-101, CP101-606, MK-0657, EVT-103, AZD 6765, SSRIs, Fluvoxamine, Fluoxetine, Excitalpram, donepezil	China	202080014848	Use of compounds for treating fibrosis in the lungs, and in particular, the use of Bromantane, Ifenprodil, Radiprodil, Bemithyl, and/or Repirinast for treating chronic lung disease, including idiopathic pulmonary fibrosis	Owned	14-Feb-2040	Pending
		United States	17/424,070		Owned		Pending
		Europe	20754897.5		Owned		Pending
		Canada	3101853		Owned		Issued
		Canada	3154792		Owned		Pending
		Canada	3105127		Owned		Pending
		United States	17/255,364		Owned		Pending
		Japan	2021-547495		Owned		Pending
Compounds for Treatment of IBD and Methods Thereof	Emoxypine, Glut2B antagonists, Ifenprodil, Radiprodil, Traxoprodil, Rislenmdaz, Eliprodil, Ro-25-6981, BMT-108908	United States	17/258,393	The use of compounds for treating inflammatory bowel disease, and in particular, the use of glutamate 2b receptor antagonists, and/or	Owned	03-Jul-2039	Pending
		Canada	3105834		Owned		Pending
		Europe	19830563.3		Owned		Pending

				emoxypine, for treating inflammatory bowel disease, ulcerative colitis (UC), and Crohn's Disease			
Methods for diagnosing and treating neuroendocrine cancer	GluN2 receptor antagonists	United States	13/895,682	Method for treating cancer	Licensed	19-Apr-2026	Granted

All of the patents listed above have been publicly disclosed. In addition, the Company has filed provisional and international patent applications around new forms of DMT, in addition to formulation, dosage and method of use claims for ischemic stroke. The Company has also filed claims for combination therapy of DMT and CIMT. These applications will be converted to regular national applications in late January 2023, and the information will be publicly available in late July 2022. The Company has also filed provisional applications for new forms of Ifenprodil; these applications will be converted to non-provisional applications in October 2022.

The Company's major assets revolve around a number of method of use, dosing, and formulation patents that have been filed protecting its key scientific discoveries. All of Algernon's lead compounds' original composition of matter patents have expired, or in the case of DMT which is naturally occurring, a composition of matter patent was not possible and had never been issued. Prior to the selection of the initial 11 drug compounds that were selected for screening, an initial intellectual property search was conducted in order to gain insight on the intellectual property landscape for these compounds. Once the initial *in vivo* animal research studies were concluded for each disease, searches were conducted by two independent leading Canadian intellectual property law firms confirming the suitability for filing new method of use, dosing, and formulation patents. Once the searches were completed, provisional patents were filed for all of the active compounds from each of the research studies.

Where Algernon deemed it necessary, and based on intellectual property searches for uses of the Company's lead compounds, the Company has also taken certain lead compounds and has additionally filed patents for modifications and derivatives of said compounds. This approach will minimize the risk of a third party trying to make small structural changes to Algernon's lead compounds and filing new composition of matter patents. This strategy was designed to help convince potential competitors that exploring a partnership or licensing agreement with the Company would be more productive that trying to compete by developing a new NCE program for derivatives developed around the core structure of the Company's lead compounds.

The Company signed a license agreement with Dartmouth College for the rights to a patent that covers, Methods for diagnosing and treating neuroendocrine cancer, specific to NMDA receptors. This patent will provide some freedom to operate of the Ifenprodil pancreatic and small cell lung cancer research program should the drug show efficacy and reach regulatory approval.

Two of the diseases that the Company is pursuing, are orphan indications including IPF and pancreatic cancer. Orphan Indication means a disease that affects less than two hundred thousand (200,000) people in the United States as defined by the Food and Drug Administration or five (5) in ten thousand (10,000) people in the European Union as defined by the European Medicines Agency. Orphan Drug Designation confers numerous benefits to the development of new products, including clinical protocol assistance and, upon marketing authorization, assures marketing exclusivity for a period of up to seven years in the U.S. and up to ten years in the EU once the medicine is on the market.

RISK FACTORS

An investment in our securities is speculative and involves a high degree of risk. In addition to the other information included or incorporated by reference in this Prospectus Supplement and in the accompanying Shelf Prospectus, you should carefully consider the risks and uncertainties described below together with all of the other information contained in this Prospectus Supplement, the documents incorporated by reference in this Prospectus Supplement and in the accompanying Shelf Prospectus (including those under the heading "Risk Factors" in the Annual Information For and the Annual MD&A), before purchasing our securities. The occurrence of any of such risks could have a material adverse effect on our business, financial condition, results of operations and future prospects. In these circumstances, the market price of our securities, including our Common Shares, could decline, and you may lose all or part of your investment. The risks described herein are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition and results of operations. Investors should also refer to the other information set forth or incorporated by reference in this Prospectus Supplement and in the accompanying Shelf Prospectus, including our consolidated financial statements and related notes. This Prospectus Supplement, the documents incorporated by reference herein and the accompanying Shelf Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described herein. See "Cautionary Note Regarding Forward-Looking Statements".

In particular, you should carefully consider the risks described under the heading "Risk Factors" in the Annual Information Form, and other publicly filed documents which are incorporated herein by reference including, without limitation, any annual information form, as well as the risk factors described under the heading "Risk Factors" in the accompanying Shelf Prospectus. See "Documents Incorporated by Reference".

There is no guarantee that an investment in the securities described herein will provide any positive return in the short term or long term.

There is no guarantee that an investment in the securities described herein will provide any positive return in the short term or long term. An investment in our securities is speculative and involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in our securities described herein is appropriate only for holders who have the capacity to absorb a loss of some or all of their investment.

We have reported negative cash flow from operations and we anticipate having negative cash flow from operating activities in future periods.

During the year ended August 31, 2021, we had negative cash flow from operating activities, reported a net comprehensive loss of $7,869,089 and net loss per Common Share of $5.05. During the year ended August 31, 2020, we had negative cash flow from operating activities, reported a net comprehensive loss of $8,554,912 and net loss per Common Share of $9.71. For the six months ended February 28, 2022, operating activities used $511,186 in cash, we reported a net comprehensive loss of $3,061,349 and a net loss per share of $1.81. We anticipate that we will have negative cash flow from operating activities in future periods. To the extent that we have negative cash flow in any future period, certain of the net proceeds from any offering we undertake may be used to fund such negative cash flow from operating activities, if any.

Volatility in the Common Shares or Warrant price may subject us to securities litigation.

The market for Common Shares may have, when compared to seasoned issuers, significant price volatility, and we expect that the Common Share or Warrant price may continue to be more volatile than that of a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may, in the future, be target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention and resources.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

The Company's management will have broad discretion in the application of the net proceeds from this offering and any proceeds from the exercise of the Warrants sold in this offering, including for any of the purposes described in the section entitled "*Use Of Proceeds*" and you will not have the opportunity as part of your investment decisions to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our

use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business.

There is currently no existing trading market for Warrants.

There is currently no market through which the Warrants may be sold and purchasers of such Warrants may not be able to resell such Warrants purchased under this Prospectus Supplement. There can be no assurance that an active trading market will develop for such Warrants after an offering or, if developed, that such market will be sustained. This may affect the pricing of such Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of such Warrants and the extent of issuer regulation. The public offering price of the Warrants was determined by negotiation between the Company and the Agent based on several factors and may bear no relationship to the price at which the Warrants will trade in the public market subsequent to the Offering.

Future sales may affect the market price of the Common Shares.

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

Holders of the Warrants will have no rights as a holder of Common Shares until they acquire our Common Shares.

Until you acquire common shares upon exercise of the Warrants, you will have no rights with respect to our Common Shares issuable upon exercise of such Warrants. Upon exercise of your Warrants you will be entitled to exercise the rights of a common shareholder only as to matters for which the record date occurs after the exercise date.

The Warrants are speculative in nature.

The Warrants offered hereby merely represent the right to acquire Common Shares at a fixed price. Specifically, commencing on the date of issuance, holders of the Warrants may acquire the Common Shares issuable upon exercise of Warrants at an exercise price of $4.70 per Warrant Share. Moreover, following this Offering, the market value of the Warrants is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their public offering price. There can be no assurance that the market price of the Common Shares will ever equal or exceed the exercise price of the Warrants, and consequently, whether it will ever be profitable for holders of the Warrants to exercise the Warrants.

The exercise of Warrants offered hereby will cause significant dilution to holders of our equity securities.

Holders of the Warrants and may exercise their Warrants into up to 533,333 Warrant Shares. In the event that the Warrants are exercised in full, the ownership interest of existing holders of our equity securities will be diluted.

Non-Issuer Submission to Jurisdiction.

The Non-Resident D&O resides outside of Canada. Although the Non-Resident D&O has appointed McMillan LLP as agent for service of process in Canada, purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

USE OF PROCEEDS

If the maximum number of Units are sold under the Offering and assuming no President's List Purchasers, the estimated net proceeds to be received by the Company from the Offering will be $1,520,000**,** after deducting the Agent's Commission, Management Fee and estimated expenses of the Offering.

The Company intends to use the net proceeds of the Offering as follows:

Use of Proceeds	Amount
Stroke – DMT (50% completion of Phase 1)	$1,250,000
General and Administrative Expenses (3 months)	$240,000
Unallocated Working Capital	$30,000
Total	**$1,520,000**

If the Over-Allotment is exercised in full for Additional Units, the net proceeds to the Company, after deducting the Agent's Fee of $184,000, Management Fee of $23,000 and estimated expenses of the Offering of $300,000, will be approximately $1,793,000. Any additional proceeds received from the exercise of the Over-Allotment Option will be used as working capital. After the completion of the Offering and including cash on hand, the Company will have sufficient cash and working capital to cover general and administrative expenses and operating expenses for a period of six months, after which time the Company would need to seek additional financing or reduce expenditures.

Although the Company intends to use the proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary depending on future developments or unforeseen events, including developments or events resulting from the COVID-19 outbreak.

Amounts listed are the total estimated to complete the listed phase. The Company has approximately $800,000 in cash on hand as of June 27, 2022 in order to further fund operations and complete the programs noted in the use of proceeds table.

The Company has no history of revenue from its operating activities. During the six months ended February 28, 2022 the Company had negative cash flow from operating activities, reported a net comprehensive loss of $3,061,349 and net loss per share of $1.81. The Company anticipates it will continue to have negative cash flow from operating activities and net losses in future periods. A portion of the proceeds from the Offering will be used to fund negative cash flow from operating activities in future periods. See "Risk Factors".

Business Objectives and Milestones

The Company intends to complete the follow milestones with the proceeds from the Offering.

- **Final data from Phase 2 study of Ifenprodil in IPF and chronic cough**: On May 5, 2022, the Company announced that the last patient completed the treatment period in its Phase 2 proof of concept study of Ifenprodil in IPF and chronic cough. Topline data is expected to be available in July 2022. The Company intends to finance the completion of this Phase 2 study from cash on hand and estimates this cost to complete this milestone will be $200,000.

- **Completion of 50% of Phase 1 study of DMT in stroke**: The Company plans on beginning a Phase 1 study of DMT, in stroke in calendar Q3 2022, with the primary focus to investigate a prolonged intravenous infusion of DMT, for durations which have never been clinically studied. The resulting data generated will help the Company to plan both its Phase 2 acute stroke and rehabilitation studies more effectively. The Company expects funds from the Offering to finance 50% completion of the Phase 1 study, being $1,250,000. The Company expects to receive final data from Phase 1 study of DMT in stroke in calendar Q1 2023.

Research and Development

The major component of the research and development work expected to be funded by the net proceeds of the Offering are as detailed in the Use of Proceeds section above. The Company intends to use the net proceeds from the Offering together with our existing cash and cash equivalents, to (i) complete the outsourced Phase 2 study of Ifenprodil in IPF and chronic cough with topline results expected in July 2022 and (ii) initiate an outsourced Phase 1 study of DMT in stroke with the primary focus to investigate a prolonged intravenous infusion of DMT, for durations which have never been clinically studied. The resulting data generated will help the Company to plan both its Phase 2 acute stroke and rehabilitation studies more effectively.

PRIOR SALES

For the 12-month period prior to the date of this Prospectus Supplement, the Company as issued the following Common Shares, or securities that are convertible or exchangeable into Common Shares:

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security ($)
January 4, 2022	Stock Options	96,000	$1.40

MARKET FOR SECURITIES

The Common Shares are listed on the CSE under the trading symbol "AGN". The following tables set forth information relating to the trading of the Common Shares on the CSE for the months indicated.

	CSE Price Range ($)[1]		
Month	High	Low	Total Volume
June 2021	12.00	18.00	54,814
July 2021	13.00	7.50	62,254
August 2021	13.00	8.50	37,625
September 2021	10.50	8.00	35,557
October 2021	9.00	7.50	24,747
November 2021	8.00	4.50	75,258
December 2021	5.90	3.25	186,909
January 2022	11.90	4.20	260,106
February 2022	8.37	5.50	56,918
March 2022	6.05	4.80	57,525
April 2022	6.24	4.11	55,957
May 2022	6.35	4.00	61,718
June 1 - 27, 2022	5.88	3.86	46,251

Note:

(1) Amounts have been adjusted to reflect the Share Consolidation.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The Offering consists of 533,333 Units, with each Unit consisting of one Unit Share and one Warrant. Each whole Warrant entitles the holder to purchase one Warrant Share at a price of $4.70, subject to adjustment, at any time until 5:00 p.m. (Eastern Time) on the date that is the earlier of: (i) five (5) years after the Closing Date; and (ii) the date specified in any Warrant Acceleration Notice. The Units will immediately separate into Unit Shares and Warrants immediately upon distribution and the Unit Shares and the Warrants will be issued separately.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. As at June 27, 2022, 1,674,868 Common Shares were issued and outstanding.

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect

to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Assuming completion of the Offering, there will be an aggregate of 2,208,201 Common Shares issued and outstanding (2,272,201 Common Shares if the Over-Allotment Option is exercised in full), not including any Warrant Shares issuable upon exercise of the Warrants.

Warrants

The Warrants will be governed by the terms of the Warrant Indenture. The following summary of certain anticipated provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants that will be filed by the Company under its corporate profile on SEDAR following the closing of the Offering. A register of holders of Warrants will be maintained at the principal offices of the Warrant Agent in Vancouver, BC.

The Unit Shares and the Warrants comprising the Units will separate upon the closing of the Offering. Each Warrant will entitle the holder to acquire, subject, to adjustment in certain circumstances, one Warrant Share at an exercise price of $4.70 until 5:00 p.m. (Eastern time) on the date that is the earlier of: (i) five (5) years following the Closing Date; and (ii) the date specified in the Acceleration Notice, subject to certain exceptions and the terms of the Warrants and the Warrant Indenture, after which time the Warrants will be void and of no value.

If, at any time prior to the expiry date of the Warrants the volume weighted average trading price of the Common Shares for each of 20 consecutive trading days exceeds $14.10 (subject to adjustment for forward and reverse stock splits, recapitalizations and the like after the Closing Date), then the Company may, within 10 business days of the occurrence of such event, exercise the right (the "**Acceleration Right**") to accelerate the expiry date of the Warrants to a date that not less than 30 days following delivery of notice of acceleration to registered holders of Warrants (an "**Acceleration Notice**") and the issuance of a press release by the Company announcing the Acceleration Notice. Any unexercised Warrants shall automatically expire at the end of the Accelerated Notice period.

If the Company or any subsidiary thereof, as applicable, at any time while Warrants are outstanding, shall sell, enter into an agreement to sell, or grant any option to purchase, or sell, enter into an agreement to sell, or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Shares or Common Share equivalents, at an effective price per share less than the exercise price then in effect (such lower price, the "**Base Share Price**" and such issuances collectively, a "**Dilutive Issuance**") (it being understood and agreed that if the holder of the Common Shares or Common Share equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Shares at an effective price per share that is less than the exercise price, such issuance shall be deemed to have occurred for less than the exercise price on such date of the Dilutive Issuance at such effective price), then simultaneously with the consummation (or, if earlier, the announcement) of each Dilutive Issuance the exercise price shall be reduced and only reduced to equal the Base Share Price and the number of Common Shares issuable shall be increased such that the aggregate exercise price payable, after taking into account the decrease in the exercise price, shall be equal to the aggregate exercise price prior to such adjustment, provided that the Base Share Price shall not be less than $1.875 (subject to adjustment for reverse and forward stock splits, recapitalizations and similar transactions). Notwithstanding the foregoing, no adjustments shall be made, paid or issued in respect of certain exempt issuances as provided the Warrant Indenture. The Company shall notify the holders of Warrants, in writing, no later than the trading day following the issuance or deemed issuance of any Common Shares or Common Share equivalents, indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "**Dilutive Issuance Notice**").

The Warrant Indenture will provide for adjustment to the exercise price per Warrant Share upon the occurrence of certain events, including:

(i) the subdivision, redivision or change of the Common Shares into a greater number of shares;

(ii) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;

(iii) the issue Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants or any outstanding options);

(iv) the Company fixing a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 90 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the "Current Market Price" (as defined in the Warrant Indenture) on such record date (a "**Rights Offering**"); and

(v) the Company fixing a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of: (i) securities of any class; whether of the Company or any other entity (other than Common Shares); (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares); other than pursuant to a Rights Offering; (iii) evidences of its indebtedness; or (iv) any property or other assets.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Warrants in the event of the following additional events: a reclassification of the Common Shares or a capital reorganization of the Company other than as described in (i)-(iii) above or a reclassification, change, capital reorganization, consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate, trust, partnership or other entity, or a transfer, sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, in which case each holder of a Warrant who has not exercised its Warrants prior to the effective date of such reclassification, change, capital reorganization, consolidation, amalgamation, arrangement or merger, transfer, sale or conveyance, upon the exercise of such Warrant thereafter, shall be entitled to receive upon payment of the exercise price and shall accept, in lieu of the number of Common Shares that prior to such effective date the registered holder of Warrants would have been entitled to receive, the number of shares or other securities or property of the Company or of the body corporate, trust, partnership or other entity resulting from such reclassification, change, capital reorganization, consolidation, amalgamation, arrangement or merger, or to which such transfer, sale or conveyance may be made, as the case may be, that such registered holder of Warrants would have been entitled to receive on such reclassification, change, capital reorganization, consolidation, amalgamation, arrangement or merger, transfer, sale or conveyance, if, on the effective date thereof, as the case may be, the registered holder of Warrants had been the registered holder of the number of Common Shares to which prior to such effective date it was entitled to acquire upon the exercise of the Warrants.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants and the Warrant Agent of certain stated events, including events that would result in any adjustments as specified above not less than 10 business days prior to the applicable record date.

No fractional Warrants shall be issued or otherwise provided for and Warrants may only be exercised in a sufficient number to acquire whole numbers of Common Shares. Any fractional Warrants shall be rounded down to the nearest whole number and no consideration shall be paid for any such fractional Warrant, which is not issued. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on the opinion of legal counsel, the rights of the holders of Warrants, as a group, are not prejudiced thereby.

The Warrant Indenture will contain provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding not less than 66 2/3% of aggregate number of outstanding Warrants. Certain fundamental amendments to the Warrant Indenture or other actions, will be subject to approval by an "Extraordinary Resolution", which will be defined

in the Warrant Indenture as a resolution proposed at a meeting of registered holders of Warrants duly convened for that purpose and held in accordance with the provisions of the Warrant Indenture at which there are present in person or by proxy registered holders of Warrants holding at least 25% of the aggregate number of Common Shares that could be acquired on exercise of the Warrants and passed by the affirmative votes of registered holders of Warrants holding not less than 66 2/3% of the aggregate number of Common Shares that could be acquired on exercise of the Warrants at the meeting and voted on the poll upon such resolution.

The Warrants and the Warrant Shares issuable upon the exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws. The Warrants will not be exercisable by, or on behalf of, a person in the United States or a U.S. person, nor will any certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available at the time of exercise and the Company has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Company. Warrant Shares issued to, or for the account or benefit of, a U.S. person or a person in the United States upon exercise of any Warrants pursuant to exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act subject to certain restrictions on transfer set forth therein, and may be represented by definitive certificates or other instruments bearing a legend regarding such restrictions.

The principal transfer office of the Warrant Agent in Toronto, Ontario is the location at which Warrants may be surrendered for exercise or transfer.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at February 28, 2022, the date of the Company's most recently filed financial statements, and as at such date after given effect to the Offering. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus Supplement.

	As at February 28, 2022	**As at February 28, 2022 after giving effect to the Offering[(1)]**	**As at February 28, 2022 after giving effect to the Offering and the exercise of the Over-Allotment Option[(1)]**
Share Capital (Common Shares - Authorized: unlimited)	$25,849,846 1,674,868 Common Shares	$27,005,046 2,208,201 Common Shares	$27,227,574 2,288,201 Common Shares
Warrants	356,587 Warrants	889,920 Warrants	969,920 Warrants
Stock Options	155,750 Options	155,750 Options	155,750 Options
Agent Warrants	15,433 Agent Warrants	42,100 Agent Warrants	46,100 Agent Warrants
Deficit	($26,582,897)	($26,582,897)	($26,582,897)
Equity Reserves	$7,114,249	$7,479,049	$7,549,321
Total Shareholders' Equity	$6,341,637	$7,861,637	$8,154,437

Notes:

(1) After deducting the Agent's Commission, and the estimated expenses of the Offering (estimated to be $300,000) and after deducting the Management Fee (estimated to be $20,000, before the exercise of the Over-Allotment Option). Assumes no President's List Purchasers, Finder's Cash Fees paid or issuance of Finder's Warrants. See *"Plan of Distribution"*.

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since February 28, 2022.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Company has engaged the Agent to act as its agent to offer for sale to the public on a "commercially reasonable best efforts" agency basis up to 533,333 Units at the Offering Price for gross proceeds of up to approximately $2,000,000. The Agent has agreed to assist with the Offering on an agency basis and is not obligated to purchase any Units for its own account.

Each Unit will consist of one Unit Share and one Warrant. Each whole Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of $4.70 per Warrant Share at any time until 5:00 p.m. (Eastern Time) on the date that is the earlier of: (i) five (5) years after the Closing Date; and (ii) the date specified in any Warrant Acceleration Notice. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture to be dated as of the Closing Date between the Company and the Warrant Agent. See "Description of Securities Being Distributed – Warrants".

The Company has applied to list the Unit Shares (including any Additional Unit Shares that partially comprise the Additional Units issuable on exercise of the Over-Allotment Option) and the Warrant Shares on the CSE to be distributed under this Prospectus Supplement on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE. The Warrants (including the Additional Warrants, Agent Warrants and Finder Warrants) will not be listed on the CSE. **There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation**.

If the Offering amount is raised in full, the total "Price to the Public, "Agent's Commission" and "Net Proceeds to the Company" will be approximately $2,000,000, $160,000 and $1,840,000, respectively (before deducting the estimated expenses of the Offering of $300,000 and the Management Fee). **There is no minimum amount of funds that must be raised under the Offering. The Company could complete the Offering after raising only a small portion of the offering amount set out above**.

The Company has granted the Agent the Over-Allotment Option exercisable in full or in part at any time up to 30 days following the Closing Date to cover over-allotments, if any, and for market stabilization purposes, to arrange for the sale of up to 80,000 Additional Units at the Offering Price and/or up to 80,000 Additional Unit Shares and/or up to 80,000 Additional Warrants, to cover the Agent's over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agent: (i) to acquire Additional Units at the Offering Price; or (ii) to acquire Additional Unit Shares at a price of $2.85 per Additional Unit Share, or (iii) to acquire Additional Warrants at a price of $0.90 per Additional Warrant; or (iv) to acquire any combination of Additional Units, Additional Unit Shares and Additional Warrants, so long as the aggregate number of Additional Unit Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 80,000 Additional Unit Shares and 80,000 Additional Warrants, to cover the Agent's over-allocation position, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full for Additional Units, the total "Price to the Public", "Agent's Commission" and "Net Proceeds to the Company" will be $2,300,000, $184,000 and $2,116,000, respectively.

Pursuant to the Agency Agreement, the Company has agreed to pay to the Agent the Agent's Commission which is equal to 8.0% of the gross proceeds from the issue and sale of the Units (including in respect of any exercise of the Over-Allotment Option), subject to a reduced fee of 4.0% for Units sold to President's List Purchasers. As additional compensation, the Company has also agreed to issue to the Agent the Agent Warrants on the Closing Date. The Agent Warrants will entitle the Agent to acquire that number of Agent Shares equal to 5.0% of the number of Units sold under the Offering, including Additional Units sold upon exercise of the Over-Allotment Option, subject to a reduced number of Agent Warrants equal to 2.5% of Units sold to President's List Purchasers. This Prospectus Supplement qualifies the distribution of the Agent Warrants to the Agent.

The Company has agreed under the Agency Agreement that, for a period of 90 days from the Closing Date, it will not, without the prior written consent of the Agent, such consent not to be unreasonably withheld, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or enter into any derivative transaction that has the effect of the foregoing, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or enter into any derivative transaction that has the effect of the foregoing, any additional Common Shares,

equity securities or debt securities, or any securities convertible into or exchangeable for Common Shares, equity securities or debt securities, except in conjunction with (i) any equity securities which may be issued from time to time as agreed to in employee compensation agreements, (ii) any existing option/warrant obligations, (iii) the grant of stock options, restricted share units or other similar issuances pursuant to the share incentive plan(s) of the Company, (iv) in connection with acquisitions in normal course or other existing obligations, (v) the Offering, or (vi) a public offering in the United States pursuant to a Form F-1 registration statement or other applicable registration statement in conjunction with a listing on a national securities exchange provided the pricing of such offering is no less than the Offering Price.

The Company has agreed to use its best efforts to cause it's executive officers and directors to (and it is a condition of the closing of the Offering that such persons) enter into "lock-up" letters that, until the date that is 90 days following the Closing Date, subject to certain exceptions, they will not, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, securities of the Company held by them, directly or indirectly, without prior written consent of the Agent, which consent will not be unreasonably withheld or delayed, provided that the Agent's consent shall not be required in connection with (a) the exercise of previously issued options or other convertible securities, (b) transfers among a shareholder's affiliates for tax or other planning purposes, or (c) a tender or sale by a shareholder of securities of the Company in or pursuant to a take-over bid or similar transaction involving a change of control of the Company.

The Company has granted the Agent a 12-month right of first refusal to act as lead underwriter or lead agent and sole book-runner for any equity, debt or equity-linked debt financing undertaken by the Company in Canada, the provision of a formal valuation or fairness opinion or any financial advisory assistance, whether in respect of any acquisition, divestiture or business combination proposal, or otherwise, provided the Offering closes.

The Company has agreed to indemnify the Agent and its affiliates, and their respective directors, officers, employees and shareholders thereof against certain civil liabilities and expenses and to contribute to payments that the Agent may be required to make in respect thereof. The Agency Agreement provides that the obligations of the Agent under the Agency Agreement may be terminated by the Agent on the basis of "disaster out", "market out", "material change out", "due diligence out", "regulatory proceedings out" and "breach out" and may also be terminated upon the occurrence of certain stated events. The Agent is not obligated, directly or indirectly, to advance its own funds to purchase any of the Units.

In connection with the Offering, the Agent may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Subscriptions for Units will be received by the Agent subject to rejection or allotment in whole or in part by the Agent and the Agent reserves the right to close the subscription books at any time without notice. The securities qualified hereunder will be issued in registered or electronic form to CDS or its nominee and deposited with CDS, in each case against payment of the aggregate purchase price for such securities, less applicable commissions. Purchasers of Units and which are issued in registered or electronic form to CDS or its nominee and deposited with CDS will receive only a customer confirmation from the registered dealer through which such securities are purchased.

The Agent has reserved the right to form a selling group of appropriately registered dealers and brokers, with compensation to be negotiated between the Agent and such selling group participants, but at no additional cost to the Company.

Pursuant to an investment banking agreement entered into between the Company and Ladenburg dated February 23, 2021, as amended on each of April 21, 2021, October 6, 2021, May 27, 2022 and June 13, 2022, the Company has agreed to (i) pay to Ladenburg the Finder's Cash Fees (which include a cash fee of 8.0% and a management fee of 1%) on the gross proceeds raised from, and (ii) issue to Ladenburg Finder's Warrants equal to 5.0% of the number of Units issued to, certain purchasers under the Offering, if applicable. Each Finder's Warrant shall entitle the holder to acquire one Finder's Warrant Share at an exercise price per Finder's Warrant Share expected to be equal to $4.125, subject to adjustment, at any time until 5:00 p.m. (Eastern Time) on the date that is five years after the Closing Date. The Finder's Cash Fees will be paid with cash on hand and not out of the proceeds of the Offering.

The Units, Unit Shares, Warrants and Warrant Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons or persons in the United States, except that the Units may be offered on a private placement basis by the Agent acting through its U.S. registered broker-dealer affiliates to "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investors**"), and to "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act that are also Accredited Investors ("**Qualified Institutional Buyers**"), provided that such offers and sales are made in accordance with Rule 506(c) of Regulation D under the U.S. Securities Act, in each case in compliance with similar exemptions under applicable state securities laws (collectively, the "**U.S. Private Placement**").

The Agent has agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable U.S. federal and state securities laws, it will not offer the Units at any time to, or for the account or benefit of, any person in the United States or any U.S. Person as part of its distribution. The Agency Agreement permits the Agents to offer the Units through or by one or more U.S. registered broker-dealer affiliates of the Agent (the "**U.S. Affiliates**") to (i) Accredited Investors and (ii) Qualified Institutional Buyers, that will purchase the Units directly from the Corporation in reliance upon Rule 506(c) of Regulation D under the U.S. Securities Act and similar exemptions under applicable state securities laws. Moreover, the Agency Agreement provides that the Agent will offer and sell the Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Units, and the Unit Shares and the Warrants comprising the Units, that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Warrant Shares issued upon the exercise of such Warrants, will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. **Please note that an exemption from registration under Rule 144 of the U.S. Securities Act is currently not available and may not be available in the future, if ever.**

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Corporation has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Corporation; provided, however, that a holder who is an Accredited Investor at the time of exercise of the Warrants and who purchased Units in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws as either a Qualified Institutional Buyer or an Accredited Investor will not be required to deliver an opinion of counsel in connection with the exercise of Warrants that are a part of those Units, provided that such Qualified Institutional Buyer or Accredited Investor confirms that the representations, warrants and covenants made by such party remain true and correct at the time of exercise.

This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Units to, or for the account or benefit of, a person in the United States or a U.S. Person. In addition, until one year after the latter of the commencement of the Offering and the closing of the Offering or Over-Allotment Option closing (such one-year period, the "**Distribution Compliance Period**"), an offer or sale of the Units, Unit Shares or Warrants within the United States or to or for the account or benefit of a U.S. Person by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

Purchasers of the Units and the Warrant Shares (other than a distributor, as defined in Rule 902 of Regulation S) during the one-year Distribution Compliance Period are deemed to certify that they are not a U.S. Person and are not acquiring such securities for the account or benefit of any U.S. Person, or that they are Qualified Institutional Buyers or Accredited Investors purchasing pursuant to Rule 506(c) of Regulation D under the U.S. Securities Act. In addition, purchasers during the one-year Distribution Compliance Period are deemed to agree (i) to resell such securities only in accordance with the provisions of Regulation S, pursuant to registration under the U.S. Securities Act, or pursuant to an available exemption therefrom, and (ii) not to engage in hedging transactions with regard to such securities unless in compliance with the U.S. Securities Act.

The Company will refuse to register any transfer of the Units, Unit Shares, Warrants and Warrant Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the U.S. Securities Act, or pursuant to an available exemption from registration under the U.S. Securities Act.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date of this offering, a summary of the principal Canadian federal income tax considerations generally applicable to an investor who acquires Units pursuant to the Offering and Warrant Shares upon the exercise of Warrants.

This summary applies only to a holder who is a beneficial owner of Class A common shares or Warrants acquired pursuant to this Prospectus Supplement, and who, for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), and the Regulations thereunder (the "**Regulations**"), and at all relevant times, deals at arm's length with the Company and the Agent, is not affiliated with the Company or the Agent, and who acquires and holds the Class A common shares and any Warrant Shares acquired on the exercise of Warrants (for the purpose of this section, sometimes collectively referred to as "**Shares**") as capital property (a "**Holder**"). Generally, the Shares and Warrants will be considered to be capital property to a Holder thereof provided that the Holder does not use the Shares or Warrants in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; (v) that is exempt from tax under the Tax Act; or (vi) that has or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement", as those terms are defined in the Tax Act, with respect to the Shares or Warrants. In addition, this summary does not address the deductibility of interest by a Holder that has borrowed money or otherwise incurred indebtedness in connection with the acquisition of Shares or Warrants. Such Holders should consult their own tax advisors with respect to an investment in Shares or Warrants.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada or a corporation that does not deal at arm's length, for purposes of the Tax Act, with a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Shares or Warrants, controlled by a non-resident person, or a group of non-resident persons not dealing with each other at arm's length, for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Shares and Warrants.

This summary is based upon the current provisions of the Tax Act and the Regulations, counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") and all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"). This summary assumes that the Tax Proposals will be enacted as proposed; however, no assurance can be given that the Tax Proposals will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or the CRA's administrative policies or assessing practices, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

Currency conversion

Subject to certain exceptions that are not discussed herein, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Shares and Warrants, including dividends, adjusted cost base and proceeds of disposition, must be determined in Canadian dollars using the daily exchange rate of the Bank of Canada on the particular date the particular amount arose or such other rate of exchange as is acceptable to the CRA.

Allocation of Cost

A Holder who acquires Units pursuant to this offering will be required to allocate the purchase price paid for each Unit on a reasonable basis between the Unit Share and the Warrant included in each Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act.

For this purpose, we will allocate $2.85 of the purchase price for each Unit to the Unit Share, and $0.90 of the purchase price for each Unit to the Warrant included in such Unit. However, our allocation of the purchase price for each of the Units is not binding on the CRA or on a Holder. Each Holder should consult its own tax advisor regarding the allocation of the purchase price for the Units.

Exercise of Warrants

The exercise of a Warrant to acquire a Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Share. When a Warrant is exercised, the Holder's cost of the Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Share. The Holder's adjusted cost base of the Share so acquired will be determined by averaging the cost of such share with the adjusted cost base to the Holder of all Class A common shares of the Company owned by the Holder as capital property immediately prior to such acquisition.

Holders resident in Canada

The following section of this summary is generally applicable to a Holder who, for the purposes of the Tax Act, is or is deemed to be resident in Canada at all relevant times (a "**Resident Holder**"). A Resident Holder whose Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares and every other "Canadian security" (as defined in the Tax Act) held or subsequently acquired by such person, in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors as to whether this election is available or advisable for their particular circumstances.

Dividends on shares

Dividends received or deemed to be received on the Shares will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from corporations resident in Canada for purposes of the Tax Act. An enhanced dividend tax credit will be available to individuals(other than certain trusts) in respect of "eligible dividends" designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act. There may be limitations on the ability of the Company to designate dividends as "eligible dividends".

Dividends received or deemed to be received on the Shares by a Resident Holder that is a corporation must be included in computing its income but generally will be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) also may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, but which excludes dividends (including deemed dividends) deductible in computing taxable income. Proposed Amendments contained in the 2022 Canadian Federal Budget announced by the Minister of Finance (Canada) on April 7, 2022 are intended to extend this additional tax and refund mechanism in respect of "aggregate investment income" to "substantive CCPCs" as defined in such Proposed Amendments. The complete legislation for such Proposed Amendments has yet to be released. Resident Holders are advised to consult their own tax advisors in this regard.

A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Shares to the extent such dividends are deductible in computing taxable income.

Dispositions of Shares and Warrants

Upon a disposition or a deemed disposition of a Share or Warrant (other than, in the case of a Warrant, on the exercise thereof), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security to the Resident Holder. The adjusted cost base to a Resident Holder of a Share will be determined by averaging the cost of that Share with the adjusted cost base of all other Class A common shares held as capital property at that time by the Resident Holder. Similarly, the adjusted cost base to a Resident Holder of a Warrant will be determined by averaging the cost of that Warrant with the adjusted cost base of all other Warrants held as capital property at that time by the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital gains and capital losses".

Capital gains and capital losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such Shares, to the extent and in the circumstances specified by the Tax Act. Similar rules may apply where a Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) also may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which will include taxable capital gains. Proposed Amendments contained in the 2022 Canadian Federal Budget announced by the Minister of Finance (Canada) on April 7, 2022 are intended to extend this additional tax and refund mechanism in respect of "aggregate investment income" to "substantive CCPCs" as defined in such Proposed Amendments. The complete legislation for such Proposed Amendments has yet to be released. Resident Holders are advised to consult their own tax advisors in this regard.

Minimum tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the application of the minimum tax.

Holders not resident in Canada

The following section of this summary is generally applicable to Holders who for the purposes of the Tax Act (i) have not been and will not be deemed to be resident in Canada at any time while they hold the Shares or Warrants; and (ii) do not use or hold the Shares or Warrants in carrying on a business in Canada ("**Non-Resident Holders**").

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Dividends on Shares

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company will be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. Under the Canada-United States Tax Convention (1980), as amended (the "**Treaty**"), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to the full benefits under the Treaty (a "**U.S. Holder**") and who is the beneficial owner of the dividend is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company's voting shares).

Dispositions of Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share or Warrant, as the case may be, constitutes "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the common shares are listed on a "designated stock exchange", as defined in the Tax Act (which includes the CSE) at the time of disposition, the Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60 month period immediately preceding the disposition the following two conditions are met concurrently: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or such non-arm's length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act),"timber resource properties" (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Share or Warrant may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act in certain circumstances.

A Non-Resident Holder's capital gain (or capital loss) in respect of a disposition of Shares or Warrants that constitute or are deemed to constitute taxable Canadian property to a Non-Resident Holder (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described above under the subheading "Holders resident in Canada—Dispositions of Shares and Warrants." Non-Resident Holders whose Shares or Warrants may be taxable Canadian property should consult their own tax advisors regarding the tax and compliance considerations that may be relevant to them.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO HOLDERS WITH RESPECT TO THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF COMMON SHARES, WARRANTS AND WARRANT SHARES. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Agent, based on the current provisions of the Tax Act and the Regulations and any proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, as of the date of this Prospectus Supplement, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account (as those terms are defined in the Tax Act and collectively referred to as "**Registered Plans**") or a deferred profit sharing plan (as defined in the Tax Act) ("**DPSP**"), provided that:

a) the Unit Shares and Warrant Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE) or the Company is a "public corporation" as defined in the Tax Act; and

b) in the case of the Warrants either (a) the Warrants are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE), or (b) the Unit Shares are qualified investments as described in (i) above and neither the Company, nor any person with whom the Company does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Registered Plan or DPSP.

Notwithstanding the foregoing, the holder of, or annuitant or subscriber under, a Registered Plan (the "**Controlling Individual**") will be subject to a penalty tax in respect of Unit Shares, Warrants and Warrant Shares held in the Registered Plan if such securities are a "prohibited investment" (as defined in the Tax Act) for the particular Registered Plan. A Unit Share, Warrant and Warrant Share generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with the Company for the purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in the Company. In addition, the Unit Shares and Warrant Shares generally will not be a prohibited investment for a trust governed by a Registered Plan if such securities are "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules) for such trust.

Purchasers who intend to hold Unit Shares, Warrants or Warrant Shares through a Registered Plan or DPSP should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

AUDITORS, TRANSFER AGENT AND REGISTRAR

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

The transfer agent and registrar for the Common Shares is TSX Trust Company at its principal offices in Vancouver, British Columbia.

LEGAL MATTERS

Certain legal matters related to our securities offered by this Prospectus Supplement will be passed upon on our behalf by McMillan LLP, and on behalf of the Agent by Fasken Martineau DuMoulin LLP.

INTEREST OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this Prospectus Supplement either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

- Smythe LLP, the Company's independent auditors, prepared an independent audit report dated June 28, 2021 in respect of the Company's audited consolidated financial statements for the year ended February 28, 2021;
- McMillan LLP, the Company's legal counsel; and
- Fasken Martineau DuMoulin LLP, the Agent's Canadian legal counsel.

Interests of Experts

Smythe LLP has confirmed that they are independent of the Company within the meaning of the 'Rules of Professional Conduct' of the Chartered Professional Accountants of British Columbia.

As at the date hereof, the "designated professionals" (as such term is defined in Form 51-102F2 – *Annual Information Form*) of McMillan LLP and Fasken Martineau DuMoulin LLP, respectively, beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares and holds no other securities of the Company.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser. Rights and remedies may be available to purchasers under U.S. laws; purchasers may wish to consult with a U.S. lawyer for particulars of these rights.

In an offering of warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the warrants are offered to the public under the offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF THE COMPANY

Dated: June 28, 2022

The short form prospectus, together with the documents incorporated in the Shelf Prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the Shelf Prospectus and this supplement as required by the securities legislation of each of the provinces of Canada, except Quebec.

(Signed) Christopher Moreau
Chief Executive Officer

(Signed) James Kinley
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) Harry J.F. Bloomfield, QC
Director

(Signed) Mark Williams
Director

CERTIFICATE OF THE AGENT

Dated: June 28, 2022

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of provinces of Canada, except Quebec.

RESEARCH CAPITAL CORPORATION

(signed) David Keating
Managing Director, Head of Equity Capital Markets, Co-Head Capital Markets

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

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

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

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Algernon Pharmaceuticals Inc., Suite 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8, Telephone: 604-646-1553, and are also available electronically at www.sedar.com.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue May 5, 2021

ALGERNON PHARMACEUTICALS INC.

$50,000,000

Common Shares
Warrants
Subscription Receipts
Units

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

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

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

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

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

The Company's outstanding Common Shares are listed and posted for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "AGN", on the QTCQB under the symbol "AGNPF" and on the Frankfurt Stock Exchange under the symbol "AGW". The Company's head office is located at Suite 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8. The Company's registered office is located at Suite 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

The Company has a negative operating cash flow for the year ended August 31, 2020 and for the three and six months ended February 28, 2021. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

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

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

The Canadian and United States federal governments regulate drugs through the *Controlled Drugs and Substances Act* (Canada) (the "CDSA") and the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), respectively, which place controlled substances in a schedule. Under the CDSA, N,N-Dimethyltryptamine ("DMT") is currently a Schedule III drug. The CDSA generally prohibits all uses of controlled substances unless an exemption is granted under section 56 of the CDSA or the regulations allow otherwise. The Minister of Health can grant exemptions under section 56 of the CDSA to use controlled substances if it is deemed to be necessary for a medical or scientific purpose or is otherwise in the public interest. Under the CSA, DMT is currently a Schedule I drug. Health Canada and the United States Food and Drug Administration (the "FDA") have not approved DMT as a drug for any indication. If the Company is found to be in violation of the CSA or any of the requirements of the United States Drug Enforcement Administration (the "DEA"), the DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to revoke any registrations once granted, which could have a material adverse effect on the Company's business, operations and financial condition. Certain states of the United States also maintain separate controlled substance laws and regulations, including licensing, recordkeeping, security, distribution, and dispensing requirements. State authorities, including boards of pharmacy, regulate use of controlled substances in each state. Failure to maintain compliance with applicable requirements, particularly as manifested in the loss or diversion of controlled substances, can result in enforcement action that could have a material adverse effect on the Company's business, operations and financial condition.

In the United States, DMT is classified as Schedule I drug under the CSA and the Controlled Substances Import and Export Act (the "CSIEA") and as such, medical and recreational use is illegal under the United States federal laws. The Company's program involving a Schedule I drug is conducted in strict compliance with the laws and regulations regarding the production, storage and use of Schedule I drugs. As such, all facilities engaged with such substances by or on behalf of the Company do so under current licenses and permits issued by appropriate federal, state and local governmental agencies. The Company does not advocate for the legalization of psychedelic substances and does not deal with psychedelic substances except within laboratory or clinical trial settings conducted within approved regulatory frameworks. The Company currently sponsors and works with licensed third parties in the United States to conduct any clinical trials and research relating to psychedelics and currently does not handle controlled or restricted substances under the CDSA or CSA. If the Company were to conduct this work without reliance on third parties, it would

need to obtain the required licenses, approvals and authorizations from Health Canada, the FDA or other applicable regulatory bodies. The Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. It is a criminal offence to possess substances under the CDSA and the CSA without a prescription.

In the United States, the Company's activities are potentially subject to additional regulation by various federal, state, and local authorities in addition to the FDA, including, among others, the Centers for Medicare and Medicaid Services, other divisions of Health and Human Services, or HHS, (for example, the Office of Inspector General), the Department of Justice, and individual U.S. Attorney offices within the Department of Justice, and state and local governments. In addition, all psychedelic research being conducted must have authorization by the DEA. In Canada, the Company's activities are potentially subject to additional regulation by various federal and provincial authorities, including, among others, Health Canada.

Although the Company is in compliance with all applicable laws (and intends to continue to comply), there can be no assurance that new laws, regulations, and guidelines will not be enacted, or that existing or future laws and regulations will not be changed. Any introduction of new (or changes to existing) laws, regulations, and guidelines, or other unanticipated events could, among other things, (a) require the Company to implement extensive changes to its operations (which could, among other things increase compliance costs, and give rise to material liabilities), and (b) subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities.

TABLE OF CONTENTS

Page

GENERAL MATTERS

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking information and forward-looking statements (collectively, "**forward-looking statements**") that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative or grammatical variations of these terms, or other similar expressions intended to identify forward-looking statements, although not all forward-looking statements include such words. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business, prospects and financial needs. These forward-looking statements include, among other things, statements relating to:

- uncertainties with respect to the effects of the novel coronavirus known as COVID-19 ("**COVID-19**") will directly and indirectly have on the Company;
- the Company's expectations regarding its revenue, expenses and research and development operations;
- the Company's anticipated cash needs and its needs for additional financing;
- the ability of the Company to successfully complete its research in a timely fashion;
- the Company's intention to grow its business and operations;
- expectations with respect to future production costs and capacity;
- expectations regarding the Company's growth rates and growth plans and strategies;
- expectations with respect to the approval of the Company's license applications;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's business objectives for the next twelve months;
- the Company's plans with respect to the payment of dividends;
- the Company's ability to obtain additional funds through the sale of equity or debt instruments;
- the ability of the Company's products to access markets;
- the Company's ability to expand into international markets;
- the timing of the Company's pre-clinical and clinical studies; and
- the Company's relationship with its distribution partners.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In

making the forward-looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to , the following: (i) the Company obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) the maintenance of the Company's current good relationships with its suppliers, service providers and other third parties; (x) financial results, future financial position and expected growth of cash flows; (xi) business strategy, including budgets, projected costs, projected capital expenditures, taxes, plans, objectives, potential synergies and industry trends; (xii) research and development; (xiii) expectations concerning the size and growth of the global medical technology market; and (xiv) the effectiveness of the Company's products compared to its competitors' products. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

- the Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability;
- the Company is subject to changes in Canadian laws regulations and guidelines which could adversely affect the Company's future business and financial performance;
- the Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business;
- the ability of the Company and its third party contractors to obtain the necessary licenses to conduct research;
- the Company's ability to obtain Health Canada, FDA or EMA (as defined below) approval, within the time frame or at all;
- changes in regulations and legislation regarding psychedelic therapy;
- changes in the psychedelic therapy market;
- the Company may be unable to obtain additional financing on acceptable terms or not at all;
- the effectiveness Company's technology and the Company's ability to bring its technology into commercial production cannot be assured;
- the effect of COVID-19 outbreak on the ability of the Company to carry on business, including the ability to conduct clinical trials;
- the continued growth of the global medical technology market cannot be assured;
- the Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company faces competition from other companies where it will conduct business and those companies may have a higher capitalization, more experienced management or may be more mature as a business;

- the Company is reliant on management and if the Company is unable to attract and retain key personnel, it may not be able to compete effectively;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company expects to sell additional equity securities or secure debt facilities to fund operations, for capital expansion, and for mergers and acquisitions, which would have the effect of diluting the ownership positions of the Company's current shareholders;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital;
- the Company cannot assure you that a market will continue to develop or exist for the Common Shares and, if such market continues to develop, what the market price of the Common Shares will be;
- the market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control;
- the Company does not anticipate paying cash dividends; and
- future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

The above list is not exhaustive of the factors that may affect any of the forward-looking statements of the Company. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might materially vary from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers.

Certain of the forward-looking statements and other information contained herein concerning the pharmaceutical industry and the general expectations of the Company concerning the pharmaceutical industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the pharmaceutical industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made

or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management of the Company to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors".

All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, and other risk factors, and other aspects, of their investment

CURRENCY PRESENTATION

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

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions in each of the Provinces of Canada (the "Securities Commissions") or any similar authorities in the provinces and territories of Canada. Copies of the documents incorporated herein by reference may also be obtained on request without charge from the Corporate Secretary of Algernon Pharmaceuticals Inc., Suite 915 – 700 West Pender Street, Vancouver, BC V6C 1G8, Telephone: (604) 646-1553. In addition, copies of the documents incorporated by reference herein may be obtained from the Securities Commissions electronically on SEDAR, at www.sedar.com.

The following documents or portions of documents filed with the Securities Commissions are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company for the year ended August 31, 2020, dated February 4, 2021 (the "**AIF**");
- the audited consolidated financial statements of the Company, for the years ended August 31, 2020 and 2019, together with the auditors' report thereon and the notes thereto;
- the management's discussion and analysis of financial condition and results of operations of the Company for the year ended August 31, 2020;
- the unaudited condensed interim consolidated financial statements for the three and six months ended February 28, 2021 and February 29, 2020, together with the notes thereto;
- the management's discussion and analysis of financial condition and results of operations of the Company for the three and six months ended February 28, 2021;
- the management information circular dated July 3, 2020 with respect to the Company's annual general meeting held on August 18, 2020; and
- the statement of executive compensation for the Company as at August 31, 2020 as filed on SEDAR on March 1, 2021.

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

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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

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

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

THE COMPANY

The Company is a clinical stage pharmaceutical development company focused on advancing its lead compounds for of non–alcoholic steatohepatitis ("**NASH**"), chronic kidney disease ("**CKD**"), inflammatory bowel disease ("**IBD**"), idiopathic pulmonary fibrosis ("**IPF**"), chronic cough, and COVID-19.

The Company's outstanding Common Shares are listed and posted for trading on the CSE under the symbol "AGN", on the QTCQB under the symbol "AGNPF" and on the Frankfurt Stock Exchange under the symbol "AGW". The Company's head office is located at Suite 915 - 700 West Pender Street, Vancouver, BC, V6C 1G8. The Company's registered office is located at Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

SUMMARY DESCRIPTION OF THE BUSINESS

Algernon is a drug re-purposing company that investigates safe, already approved drugs, including naturally occurring compounds, for new disease applications, moving them efficiently and safely into new human trials, developing new formulations and seeking new regulatory approvals in global markets. Algernon specifically investigates compounds that have never been approved in the U.S. or Europe to avoid off label prescription writing, which can interfere with the normal economic pricing models of newly approved drug treatments.

The Company's early research identified a number of drug candidates that had already been approved for other diseases. Only drugs that were approved in Russia, Ukraine, South Korea and Japan were chosen to avoid off-label prescription writing in the United States and Europe. Eleven drug candidates were initially screened in globally accepted in vivo animal models for three new disease areas: NASH, CKD, IBD and chronic cough. The Company has also screened a number of candidates for IPF and chronic cough in an *in vivo* animal model study. In addition, the Company is also investigating one of its drug candidates for COVID-19.

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

The Company is investigating NP-120 for IPF and chronic cough and is conducting a Phase 2 study in Australia and New Zealand. The purpose of this proof-of-concept trial is to determine the efficacy of NP-120 in the preservation of lung function in IPF patients (including biomarkers of fibrosis) and its associated cough. On May 6, 2020, the Company received ethics approval from the Royal Brisbane & Women's Hospital, Human Research Ethics Committee. The Phase 2 IPF and chronic cough trial began on August 5, 2020 and it was announced that the trial achieved 25% enrollment on October 13, 2020. Costs related to the IPF and chronic cough study in Australia and New Zealand, estimated to cost approximately $1.2 million, will paid for by the Company with cash on hand.

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

On October 9, 2020, due to lack of sufficiently ill patients, which is a direct result of a successful government-initiated pandemic mitigation strategy, the Company decided to close the investigator-led

[1] American Society of Microbiology, December 2019 issue of mSystems

South Korea trial. Instead, the Company will remain focussed on its Phase 2b/3 multinational NP-120 COVID-19 study.

In addition, on April 29, 2020, the Company received a "No Objection" letter from Health Canada to proceed with a NP-120 COVID-19 Phase 2b/3 multinational clinical trial. The study is an adaptive pilot to pivotal trial design based on guidance documents from the World Health Organization to determine if NP-120 can improve clinical symptoms of COVID-19 by reducing the number of COVID-19 diagnosed patients from progressing to mechanical ventilation with intubation and death. The trial will begin as a Phase 2b study and after an interim analysis is performed on the first 150 patients, the data will determine the number of expected patients needed to reach statistical significance in a Phase 3 trial. With positive preliminary data, the clinical trial will be able move directly from a Phase 2b into a Phase 3. As of the date of this Prospectus, the Company does not have enough funds to commence a Phase 3 clinical trial. The Company intends to seek additional funding in order to commence the Phase 3 clinical trial should the results of the Phase 2b trial prove positive as well as based on feedback received from the FDA for an end of Phase 2 meeting submission. No assurance can be given that the Company will be able to raise additional funding to move forward with the Phase 3 clinical trial.

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

On December 15, 2020, the Company announced positive trending interim data from its COVID-19 Phase 2b/3 study of NP-120[2].

On December 24, 2020, the Company announced that that the last patient from the Phase 2b part of its multinational Phase 2b/3 human study of NP-120 for the treatment of COVID-19, completed treatment as well as the required two-week follow up[3].

On February 20, 2021, the Company provided an update on its COVID-19 study reporting that due to a fire at the Romanian Hospital site, there was a delay in completing the site audit as planned[4]. The Company reported that the source data audit from all sites and for all patients is now complete. The database was locked for analysis on March 5, 2021 and on March 31, 2021, the Company announced topline data from the Phase 2b part of its Phase 2b/3 COVID-19 trial of NP-120.

Key topline findings include:

All Cause Mortality: At Day 15 of the study (the last day of treatment) there was 0% mortality in the 20 mg dose Ifenprodil treatment arm compared to a 3.3% mortality rate in the untreated control arm, p=0.18. For a Phase 3 trial to be sufficiently powered to confirm this endpoint, it is projected that 1,900 patients would need to be enrolled to reach a statistically significant result.

---

2 https://www.globenewswire.com/news-release/2020/12/15/2145345/0/en/Algernon-Pharmaceuticals-Announces-Positive-Trending-Interim-Data-for-its-Phase-2b-3-Ifenprodil-COVID-Study.html.

3 https://www.globenewswire.com/news-release/2020/12/24/2150551/0/en/Algernon-Pharmaceuticals-Announces-Last-Patient-Out-in-Multinational-Phase-2b-3-Human-Study-of-Ifenprodil-for-COVID-19.html.

4 https://www.globenewswire.com/news-release/2021/02/17/2177029/0/en/Algernon-Pharmaceuticals-Provides-Update-on-COVID-19-Phase-2b-Final-Study-Data.html.

Oxygenation (SpO2): Of patients with a low blood oxygen level (SpO2 <94%), 100% of patients in the 20 mg dose treatment arm returned to normal levels of oxygen at day four compared to day nine for patients in the untreated arm (adjusted hazard ratio 1.91, 95% CI 0.97-3.77, p=0.061). Power calculations project that 450 patients would be required to confirm a statistically significant result with this endpoint in a Phase 3 trial.

Time in Intensive Care Unit: Topline results for this endpoint indicate that there was also a strong trend to less time spent in the intensive care unit in the overall study by patients in the 20 mg dose arm, as compared to patients in the untreated arm (adjusted hazard ratio 10.45, CI 1.23-88.61, p=0.0315). However, the Company cautions that additional, confounding variables were detected, and these numbers need to be confirmed with additional analysis, as well as power calculations conducted to project the required size for a Phase 3 study.

WHO Score and Other Endpoints: The World Health Organization (WHO) Clinical Progression score, the primary default endpoint for the study, showed a similar mean in all patients in all study arms. No significant changes were seen in other secondary endpoints, namely the time to hospital discharge, rates and duration of mechanical ventilation, or the New Early Warning (NEWS) score. The Company investigated a 20 mg and 40 mg dose of Ifenprodil. Based on the initial data review, no significant changes were observed in the 40 mg dose group.

On April 26, 2021, the Company filed an end of Phase 2 meeting request with the FDA based on the completion of the Phase 2b part of its Phase 2b/3 COVID-19 trial of NP-120.

The size and cost of the Phase 3 study cannot be determined until the final data is available from the Phase 2b part of the trial. The phase 2b part of the trial if positive, and the statistical significance achieved for its various stated endpoints and feedback from the FDA will determine how many patients is required for the Phase 3 portion.

The Company has also retained Organic Consultants, Inc. (dba Cascade Chemistry) to produce the active pharmaceutical ingredient ("**API**") of NP-120. Algernon made the decision to scale-up cGMP manufacturing of NP-120 to support its quickly evolving clinical programs for its clinical focus on COVID-19 as well as its IPF and chronic cough clinical program. The Company has manufactured its first multi-kilogram batch of cGMP material produced. Stability testing of the API is on-going. The Company filed a pre-IND application with the FDA to seek guidance on the use of Algernon's planned new propriety injectable and slow release formulation. The FDA advised that for the toxicology program of a new intravenous NP-120 formulation, a single animal 30-day study would be acceptable. The Company estimates that if it moves forward with its NP-120 the toxicology studies will cost approximately $500,000, which will be funded by the Company with cash on hand.

The Company advises that it is not making any express or implied claims that NP-120 has the ability to eliminate, cure or contain COVID-19 (or the SARS-2 Coronavirus) at this time.

The Company had previously disclosed in its AIF that it was currently engaged in conducting research to confirm the mechanism of action for each of the lead compounds. Since all of Algernon's lead compounds are genericized, there is historical data available on each compound's mechanism of action as it relates to the disease it was originally developed to treat. The Company has decided not to pursue independent confirmation as to whether these known pathways are involved in the specific biochemical interaction that produced the pharmacological effect seen in the Company's animal model research.

Clinical Research on DMT

On February 1, 2021, Algernon has launched a clinical research program for stroke focused on N,N-Dimethyltryptamine, ("**DMT**") a known psychedelic compound that is part of the tryptamine family (other drugs in the tryptamine family include psilocybin and psilocin.). Algernon plans to be the first company globally to pursue DMT for ischemic stroke in humans. The Company intends to undertake pre-clinical research and a Phase 1 clinical trial on DMT during 2021. If the results of the Phase 1 clinical trial are promising, the Company will move forward with a Phase 2 trial and possibly a Phase 3 clinical trial in the future.

The Company's decision to investigate DMT and move it into human trials for stroke is based on multiple independent, positive pre-clinical studies demonstrating that DMT helps promote neurogenesis as well as structural and functional neural plasticity[5]. These are key factors involved in the brain's ability to form and reorganize synaptic connections, which are needed following a brain injury.

A recently published pre-clinical study[6] in an animal model for stroke, showed that rats treated with DMT recovered motor function more quickly and to a greater extent and also exhibited lower lesion volumes when compared to control group animals that did not receive DMT. Key data from the study achieved statistical significance. Data from a study published in Experimental Neurology, in May 2020 showed that in a rat model of cerebral ischemia-reperfusion injury, DMT reduced the infarct (dead cells) volume and improved functional recovery. The key findings in this study were:

- animals treated with DMT displayed lower lesion volumes than control animals measured by MRI 24 hours following the occlusion. ($p = 0.0373$);

- animals in the DMT group improved motor function more quickly and to a greater extent than the control group; The differences became significant on the 4th day ($p = 0.0325$) and persisted throughout a 30-day follow-up; and

- mRNA expression of brain-derived neurotrophic factor (BDNF) was upregulated in both the peri-infarct cortex ($p = 0.0273$) and contralateral cortex ($p = 0.0048$) as well as in serum ($p < 0.0001$). BDNF is a key facilitator of neuroplasticity.

Unlike other companies recently researching psychedelic drugs, such as Mind Medicine Inc. and Numinus Wellness Inc., Algernon will be focusing on a sub-hallucinogenic, or microdose of DMT provided by continuous intravenous administration. By pursuing a continuous active microdose, the goal will be to provide patients with the therapeutic benefits of DMT, without having a psychedelic experience. This is an important element when considering treating a patient who has just suffered a stroke, wherein the Company believes that medications that cause a hallucinogenic response would not be preferred.

Based on historical data showing that several DMT Phase 1 studies have already been conducted, the Company believes that it will be able to use this data to seek approval to begin its own Phase 1 study without having to complete certain toxicology work.

The Company has engaged GVI Clinical Development Solutions ("**GVI**"), a contract research organization ("**CRO**") that is on retainer with the Company, to assist the Company with certain aspects of the preclinical and clinical trials. This includes the preparation an investigational brochure on DMT, which

[5] Olsen in vitro study: Cell Reports (2018) 23:3170-28 and ACS Chem Neurosci (2019) 10:3261-70; Rat stroke study (Nardai): Experimental Neurology (2020) 327-113245.

[6] https://www.sciencedirect.com/science/article/abs/pii/S0014488620300765?via%3Dihub

can be used to communicate with regulatory authorities, and the preparation of the protocol for a Phase 1 clinical study at an estimated cost of approximately $20,000.

The Company intends to file a Clinical Trial Application ("**CTA**") and meeting request with Health Canada in order to obtain additional insight and options for the Company's planned clinical research program. The CTA filing and meeting are not a prerequisite for the Company to commence its planned clinical trials.

Algernon has also filed a pre-IND (Investigational New Drug) application with the FDA in order to receive feedback from the FDA on the Company's planned clinical program for DMT and stroke. This filing is not a regulatory requirement as the Company's currently planned clinical trials do not fall under the jurisdiction of the FDA as they are not being conducted in the United States. The Company believes it can benefit from early FDA guidance in the event the Company's presently planned clinical trials are promising and FDA approval is sought in the future for latter stage research. The actual meetings with each of Health Canada and the FDA are expected to take place within 30 to 45 days of the meeting request and does not require any direct fees to be paid by the Company.

On January 29, 2021, the Company filed a provisional patent with the U.S. Patent Office for new forms of DMT, in addition to formulation, dosage and method of use claims for ischemic stroke. The Company has also filed claims for combination therapy of DMT and Constraint Induced Movement Therapy. A provisional patent filed in the U.S. means a priority date has been established which can then be used for global patent filings at a later date as the patent enters the Patent Cooperation Treaty (or international) phase.

Pre-Clinical Research

On February 8, 2021, the Company appointed Charles River Laboratories ("**Charles River**") to conduct its preclinical (non-human testing) research work, which will be conducted in Finland. The pre-clinical research will include:

1) conducting a cortical neurite outgrowth study, which is a study that looks at the neuronal effects of DMT over various time periods and durations. This research is being conducted *in-vitro*. This research will be required before the start of the Phase 1 clinical study;

2) investigating DMT and its effects in an animal model of hemorrhagic stroke. This research will be required before the start of the Phase 2 clinical study; and

3) investigating DMT in an animal ischemic stroke model to validate and extend the scope of the data that was developed in a similar study last year by Dr. Nardai of Department Section of Vascular Neurology, Heart and Vascular Center, Semmelweis University, Budapest, Hungary. This research will be required before the start of the Phase 2 clinical study.

The Company anticipates the pre-clinical research will cost approximately $750,000 and take six to eight months. The contract with Charles River can be cancelled at any time by the Company, subject to the payment of charges for any outstanding work orders. The Company will own the rights to all results of the pre-clinical research conducted by Charles River.

Charles River requires the following three permits to conduct this research in Finland:

1) DMT Handling permit: This permit has already been granted by the Finnish Medicines Agency ("**FIMEA**"); and

2) DMT Import permit: This permit has already been granted by FIMEA; Charles River is waiting on a paper copy to send to the exporter (Toronto Research Chemicals Inc. ("**TRC**")); and

3) DMT Export permit: Once TRC receives the paper copy of the import permit, Charles River will apply to Health Canada for the export permit, which is expected to takes 30-35 business days.

Research-Grade DMT Manufacturing

As part of the Company's work order with Charles River, Charles River is required to obtain its own supply of research grade DMT. Charles River has chosen to obtain this DMT from TRC, the cost of which is included in the Company's work order. TRC manufactures and supply researchers in the biomedical fields with specialized complex organic small molecules not otherwise commercially available. TRC will ship the DMT directly to Charles River's facility in Finland**.** The Company understands the TRC holds a Health Canada dealer's license, but will require an amendment to that license to produce the research grade DMT. Please refer to the discussion of dealer's license amendment under the follow paragraph "Clinical-Grade DMT Manufacturing". The Company understands that the TRC's license amendment is pending.

Clinical-Grade DMT Manufacturing

The Company recently awarded the contract to manufacture its cGMP (clinical grade (for human use) material) DMT to Dalton Pharma Services ("**Dalton**"). The DMT produced by Dalton is intended for use by Hammersmith (as defined below) in the Company's Phase 1 clinical trials. Dalton is a Health Canada approved GMP contract provider of integrated chemistry, drug development and manufacturing services to the pharmaceutical and biotechnology industries. Dalton holds a dealers licence with Health Canada under the CDSA that allows Dalton to possess, produce, assemble, sell, send, transport and deliver controlled substances. In order to produce DMT for the Company, Dalton must obtain an amendment to its dealer license that will add DMT to the list of substances that Dalton can produce and deal with in accordance with its dealer license. Dalton submitted a request for this amendment to Health Canada on February 18, 2021 and expects to receive the amendment by early May 2021. Once this amendment is received, Dalton will commence synthesis of DMT for the Company. Dalton is also required to submit an annual request to Health Canada for pre-approval of the specific quantity of DMT it intends to produce. Any quantities beyond this requires a further licence amendment to be added within that calendar year. In order to export, Dalton will need to file for an export permit once they receive the import permit from the receiving country (UK). Dalton expects to receive this permit approximately 45 days after the application is made. The estimated cost of Dalton's services to the Company is $352,000 and this contract can be cancelled at any time by the Company, subject to the payment of charges for any outstanding work orders.

Phase 1 Clinical Research

The Phase 1 clinical trial on DMT involves the study of safety and dosing of DMT in healthy individuals. The Company anticipates commencing the Phase 1 clinical trial by the end of 2021 after the Company completes the Phase 1 study protocol. The Company has engaged Hammersmith Medicines Research in the United Kingdom ("**Hammersmith**") to conduct the Company's Phase 1 clinical trials for DMT. Under U.K. law, Hammersmith requires a Schedule 1 license and a "Manufacture/Import Authorisation" (known as an MIA(IMP)) in order to handle DMT and conduct the Phase 1 trials. Hammersmith presently has both the required licence and authorisation, but Hammersmith will need to apply for a study-specific Schedule 1 license as well. The Phase 1 trial must be also be approved by the Medicines and Healthcare Products Regulatory Agency (the "**MHPR Agency**") and its research ethics committee, which is expected to take approximately five weeks. The MHPR Agency regulates medicines,

medical devices and blood components for transfusion in the U.K. Upon receipt of approval from the MHPR Agency, Hammersmith will make an application to the Home Office of U.K. for a study-specific Schedule 1 licence, which is expected to take approximately one month from the date the application is made. There can be no assurance that the Schedule 1 study-specific license will be granted by the Home Office of the U.K. In addition, Hammersmith requires an import permit in order to import the DMT manufactured in Canada by Dalton. To import DMT, Hammersmith will require a certificate of analysis with the material, which is a standard document for a drug manufacturing company and which Dalton will provide as part of its contractual obligations. Obtaining the import permit can be done in parallel with the other approvals, and precedes the export permit required to be obtained by Dalton. The Company estimates the cost of its Phase 1 trial will to be approximately $1 million and is anticipated to be completed by the end of 2021. The contract with Hammersmith can be cancelled at any time by the Company, subject to the payment of charges for any outstanding work orders. The Company will own the rights to all results of the Phase 1 clinical trial conducted by Hammersmith.

After completion of the Phase 1 clinical trial, the Company will review the data and consider conducting a Phase 2 clinical trial. A Phase 2 clinical trial is the first time a drug can be tested in the patient population that the drug has been identified to treat. The Company's initial focus will be the acute treatment of ischemic stroke patients as well as combination therapy of DMT and Constraint Induced Movement Therapy.

The Company will need to engage a contract research organization in order to conduct Phase 2 clinical trial, which could be Hammersmith should the Company wish to continue the clinical trials with them.

Breakthrough Therapy Designation

At present, the Company's business activities surrounding DMT are strictly based on either pre-clinical research or clinical trials being conducted by third parties. The regulatory steps required to gain approval for DMT are the same as any other drug or compound being studied. While each global jurisdiction has their own approval process (which often defaults to FDA approval) the FDA rules and guidelines are considered the gold standard. The drug approval process includes successfully navigating through Phase 1, 2 and 3 clinical studies and based on the strength of the data, applying for marketing approval. Since DMT is currently a Schedule 1 drug, for DMT to be approved in the U.S. for sale, there will need to be some from of communication and agreement between the FDA and the DEA to allow for its sale for a clinical purpose in the U.S.

The Company also believes that a microdosing approach to developing a DMT treatment may enable a much wider review and acceptance of its data, including garnering the early interest of research investigators, the interest of clinical trial patients and ultimately clinical acceptance. Algernon's approach may also allow for a quicker pathway to regulatory approval, including a Breakthrough Therapy designation from the FDA should the Company seek FDA approval in the future. The FDA Breakthrough Therapy designation is a process designed to expedite the development and review of drugs that are intended to treat a serious condition where preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over available therapy on a clinically significant endpoint(s). If the results of the Company's Phase 1 and Phase 2 clinical trials are promising, which are expected to be completed before the end of 2022, the Company may consider making an application to the FDA for a Breakthrough Therapy designation. Generally, the FDA reviews the application and considers all data presented before it makes its determination. If the Breakthrough Therapy designation is not approved by the FDA, the Company intends to continue with its planned Phase 3 clinical trials and follow the standard pathway for drug approval, which does not require any special designation. There are no additional costs associated with pursuing a Breakthrough Therapy Designation.

Regardless of where the Company's clinical trial will be conducted, only the various parties that manufacture, ship, receive and handle DMT will be required to have all required licenses and permits and the Company will be undertaking to ensure that these are all in order. DMT is a controlled substance in most countries globally and the import and export of it is closely scrutinized and monitored.

Regulatory Regimes (Canada, the EU and the U.S)

Drug Scheduling Regulations

Canada

Certain psychoactive compounds, such as DMT, are considered controlled substances under the CDSA. DMT and any salt thereof, is listed under Schedule III of the CDSA. The possession, sale or distribution of controlled substances is prohibited unless specifically permitted by the government. Penalties for contravention of the CDSA related to Schedule I substances are the most punitive, with Schedule II being less punitive than Schedule I, Schedule III being less punitive than Schedule I and II and so forth. A party may seek government approval for a Section 56 Exemption to allow for the possession, transport or production of a controlled substance for medical or scientific purposes, as discussed in further detail below under the heading "Regulatory Approvals Required for Studies –Canada."

Health Canada regulates all health products in Canada, and a health product may only be sold in Canada with the permission of Health Canada. During its evaluation of the safety, efficacy and quality of each health product, Health Canada determines whether a drug should be a controlled substance, a prescription drug or a non-prescription drug. A substance may be deemed a controlled substance but also a prescription drug. As discussed above, scheduling the substance in the CDSA means that there are criminal consequences to possessing the drug unlawfully. If Health Canada determines that a drug requires a prescription, it is placed on the Health Canada Prescription Drug List ("**PDL**"). DMT is not currently on the PDL.

After Health Canada determines if a drug may be sold in Canada and if it requires a prescription, the individual provinces, territories and the National Association of Pharmaceutical Regulatory Authorities ("**NAPRA**") decide where it may be sold, under advisement from the National Drug Scheduling Advisory Committee. NAPRA maintains a harmonized list referred to as the National Drug Schedules. NAPRA may decide to be more restrictive in scheduling drugs, but never less restrictive than has already been determined at the federal level.

United States

As explained in further detail below, DMT is currently a restricted drug under the CSA. In the United States, clinical trials involving restricted drugs must adhere to the CSA and its implementing regulations, which are enforced by DEA under a legislative, regulatory, and enforcement structure and process. State regulations of controlled substances frequently change, so it is important to be aware of the regulatory nuances of each state in which a trial is conducted. There are three agencies –the FDA, the National Institute on Drug Abuse, and the DEA –involved in the scheduling of controlled substances, including both narcotic drugs and psychotropic substances. Controlled substances are categorized by the DEA according to five schedules, based upon eight factors, including: 1) actual or relative potential for abuse; 2) scientific evidence of pharmacological effect, if known; 3) state of current scientific knowledge about the drug; 4) history and current pattern of abuse; 5) scope/duration/significance of abuse; 6) what, if any, risk to public health; 7) psychic or physiological dependence liability; and 8) whether the substance is an immediate precursor of an already controlled substance.

DMT is listed as a Schedule I substance under the United States Code of Federal Regulations Title 21 –Food and Drugs 21 Part 1308.11 and assigned DEA Controlled Substances Code Number 7435. Schedule I substances are described as those that have the following findings:

- the drug or other substance has a high potential for abuse;
- the drug or other substance has no currently accepted medical use in treatment in the United States; and
- there is a lack of accepted safety for use of the drug or other substance under medical supervision.

No prescriptions may be written for Schedule I substances, and such substances are subject to production quotas which the DEA imposes. All principal investigators or sub-investigators (typically a member of a university or CRO) involved in a clinical trial using a controlled substance must obtain both federal and state authorizations. DEA registration and state licensure are required at the general physical location where the controlled substances for the clinical trial will be dispensed and/or stored overnight. In some cases, it may be possible to dispense the study drug at a satellite location with a separate license and registration if there is no overnight storage at that satellite location.

Federal registration is granted by the DEA. DEA "Practitioner" registration is valid for three years although Schedule I substances such as DMT require a DEA "Researcher" registration, valid for one year only, and in this situation, the research protocol must be formally approved by the FDA prior to registration with the DEA. All practitioners who participate in a clinical trial as a principal investigator or sub-investigator must also be authorized by the state in which they practice to prescribe, dispense, administer, and conduct research with controlled substances. In most cases, these activities are authorized when a license is granted to the practitioner by the local Institutional Review Board. However, some states require a separate, state-issued controlled substance license and other states have a separate state-controlled substances authority that requires practitioners to obtain a separate registration, in addition to their board license.

Europe

The International Narcotics Control Board ("**INCB**"), a United Nations ("**UN**") entity, monitors enforcement of restrictions on controlled substances. The INCB's authority is defined by three international UN treaties –the UN Single Convention on Narcotic Drugs of 1961, the UN Psychotropic Convention of 1971 (referred to herein as the UN71), and the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988, which contains provisions related to the control of controlled substance precursors. European Union ("**EU**") Member States, including the Finland, that have agreed to abide by the provisions of these treaties, each create responsible agencies and enact laws or regulations to implement the requirements of these conventions. Specific EU legislation establishing different classes of controlled substances is limited to EU regulations that define classes of precursors, or substances used in the illicit manufacture of controlled substances, including Regulation (EC) No. 273/2004 of the European Parliament and the Council of February 11, 2004 and the Council Regulation (EC) No. 111/2005 of December 22, 2004. While EU legislation does not establish different classes of narcotic drugs or psychotropic substances, the Council Decision 2005/387/JHA of May 10, 2005 can provoke a Council Decision requiring EU member states to put a drug under national controls equivalent to those of the INCB. DMT is currently classified as a Schedule I substance under the UN71; the EU member states, including the Finland, have agreed to the following in respect of Schedule I substances:

> (a) prohibit all use except for scientific and very limited medical purposes by duly authorized persons, in medical or scientific establishments which are directly under the control of their Governments or specifically approved by them;
>
> (b) require that manufacture, trade, distribution and possession be under a special licence or prior authorization;
>
> (c) provide for close supervision of the activities and acts mentioned in paragraphs a) and b);

(d) restrict the amount supplied to a duly authorized person to the quantity required for his authorized purpose;

(e) require that persons performing medical or scientific functions keep records concerning the acquisition of the substances and the details of their use, such records to be preserved for at least two years after the last use recorded therein; and

(f) prohibit export and import except when both the exporter and importer are the competent authorities or agencies of the exporting and importing country or region, respectively, or other persons or enterprises which are specifically authorized by the competent authorities of their country or region for the purpose.

As classification of controlled substances may vary among different EU member states, sponsors must be aware of the prevailing legislation in each country where a clinical trial may be conducted. Prior to operating or conducting any pre-clinical or clinical studies in any other EU member state, the Company will investigate the specific regulatory requirements of such EU member state. As referenced above, a licence is required for individuals and entities who wish to produce, dispense, import, or export Schedule I substances (including DMT), but the specific requirements vary from country to country. Currently, DMT is classified in Finland as a narcotic under the Finnish Narcotics Act (373/2008) and as such the production, manufacture, import, export, distribution, trade, handling ,possession and use of DMT are prohibited.

Regulatory Approvals Required for Studies (Canada, the EU and the U.S)

Regulatory approvals are required for clinical (human) studies for all investigational products in all member countries of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use, which includes the United States, Canada and EU member states.

Canada

CDSA

In order to conduct any scientific research, including pre-clinical (animal) and clinical (human) trials using a controlled substance (such as DMT) in Canada, an exemption under Section 56 of the CDSA is required. This exemption allows the holder to possess and use the controlled substance without being subject to the restrictions set out in the CDSA, subject to obtaining any additional approvals such as ethics and clinical trial approvals.

Specifically, the final approved clinical study protocol and a Health Canada issued No Objection Letter are required to obtain an exemption under subsection 56(1) of the CDSA to conduct clinical investigations with DMT in Canada.

Canada FDR

Products that contain a controlled substance such as DMT cannot be made, transported or sold without proper authorization from the government. A party can apply for a dealer's license under Part J of the Canada Food and Drug Regulations ("**Canada FDR**"), which allows the party to produce, assemble, sell, provide, transport, send, deliver, import or export a restricted drug (as listed in Part J in the Canada FDR–which includes DMT), assuming compliance with all relevant laws (the CDSA and Canada) and subject to any restrictions placed on the license by Health Canada. In order to qualify as a licensed dealer, a party must meet all regulatory requirements mandated by the regulations including having compliant facilities, compliant materials and staff that meet the qualifications under the regulations of a senior person in charge and a qualified person in charge.

United States

The DEA has a streamlined application process for researchers who wish to conduct clinical trials using a Schedule I substance not currently approved for medical use (such as DMT). Schedule I substances

are defined as drugs, substances, or chemicals with no accepted medical use and a high potential for abuse. Applicants must provide information about their qualifications, research protocol, and institution where the research will take place; complete requirements are outlined in the United States Code of Federal Regulations Title 21 –Food and Drugs 21 Part 1301.18.

Europe

Refer to the discussion above under the heading "Drug Scheduling –Europe" for a general description of the regulatory requirements to conduct research and clinical and pre-clinical studies using a Schedule I substance such as (DMT) in one of the EU member states. The specific regulatory processes and approvals required may vary among different EU member states and are set forth in the respective legislation of each country, including Finland.

Clinical Studies and Market Authorization Regulations (Canada, the EU and the U.S)

The Company's goal is to ultimately get market authorization from Health Canada, the FDA and the European Medicines Agency (the "**EMA**") to sell any DMT products it creates in Canada, the United States and Europe. However, prior to doing so, the Company will need to go through the clinical trial regulatory process. The next stage would be the market authorization regulatory process, following the completing of phase 1, 2 and 3 clinical studies, associated nonclinical studies and preparation of manufacturing documentation. Set forth below is a description of the regulatory regimes in Canada, the United States and the European Union that the Company will be subject to as it moves through both: (i) the clinical study regulatory processes; and the (ii) market authorization regulatory process in respect of the any future DMT products and may be produced.

Canada –Health Canada

Clinical Study Regulatory Process

In Canada, a CTA is composed of three modules:

- Module 1 contains administrative and clinical information about the proposed trial, and includes the Investigator's Brochure, which details all safety, preclinical and clinical data for the drug under study. Other components of Module 1 are the clinical study synopsis and full protocol, informed consent documents, clinical trial site information, and letters of access;
- Module 2 contains common technical document summaries, including Chemistry, Manufacturing and Control ("**CMC**") information about the drug product(s) to be used in the proposed trial; and
- Module 3 contains additional supporting quality information including literature references.

The modules are organized and numbered consistently in an internationally adopted format, the Common Technical Document ("**CTD**"). Adhering to the CTD format facilitates evaluation by Health Canada and ensures consistency of documents in subsequent stages of the drug authorization process. Additional documents including a Clinical Trial Site Initiation Form, Qualified Investigator Undertaking and a Research Ethics Board Attestation must be completed for each clinical trial site. Once prepared, the Clinical Trial Application is sent to the Therapeutic Products Directorate at the Health Product and Food Branch ("**HPFB**") of Health Canada for review. The review process is 30 days, although during the current COVID-19 pandemic environment, Health Canada is able to extend review timelines for non COVID-19 related studies to 45 days.

Health Canada invites sponsors to request a pre-CTA consultation meeting. Such consultations may be particularly useful for new active substances or applications that will include complex issues that may be new to Health Canada. The Company has applied to Health Canada to hold a pre-CTA consultation meeting with Health Canada to discuss proposed clinical trials for on DMT.

Market Authorization Regulatory Process (Canada, the EU and the U.S)

The HPFB is the national authority that regulates, evaluates and monitors the safety, efficacy, and quality of therapeutic and diagnostic products available to Canadians. When a manufacturer decides that it would like to market a drug in Canada, the company must first file a "New Drug Submission" ("**NDS**") with one of the Directorates (e.g. Therapeutic Products Directorate) within the HPFB. The NDS contains information and data about the drug's safety, effectiveness and quality. It includes the results of the preclinical and clinical studies, whether done in Canada or elsewhere, details regarding the production of the drug, packaging and labelling details, and information regarding therapeutic claims and side effects. The HPFB performs a thorough review of the submitted information, sometimes using external consultants and advisory committees. HPFB evaluates the safety, efficacy and quality data to assess the potential benefits and risks of the drug. HPFB reviews the labelling information that the sponsor proposes to provide to health care practitioners and consumers about the drug (e.g. the drug label, product monograph, patient brochure). If, at the completion of the review, the conclusion is that the benefits outweigh the risks and that the risks can be mitigated, the drug is issued a Notice of Compliance, as well as a Drug Identification Number which permits the sponsor to market the drug in Canada and indicates the drug's official approval in Canada. In addition, Health Canada laboratories may test certain biological products before and after authorization to sell in Canada has been issued. This is done through its Lot Release Process, in order to monitor safety, efficacy and quality. This process is predominantly utilized for biologic products seeking a marketing license. Once a drug is on the market, regulatory controls continue. The manufacturer (license holder) and distributors of the drug must report any new information received concerning serious side effects including failure of the drug to produce the desired effect. The manufacturer (license holder) must also notify HPFB about any studies that have provided new safety information and request approval for any major changes to the manufacturing processes, dose regime or recommended uses for the drug. HPFB conducts market surveillance, monitors adverse reaction reports, investigates complaints and problem reports, and manages recalls, should the necessity arise. In addition, HPFB licenses most drug production sites and conducts regular inspections as a condition for licensing.

United States –FDA

Clinical Study Regulatory Process

Current U.S. Federal law requires that a drug be the subject of an approved marketing application before it is trans ported or distributed across state lines. Because a sponsor (which is typically a research and development company or drug manufacturer) will want to ship the investigational drug to clinical investigators in many states, it must seek an exemption from that legal requirement. The IND is the means through which the sponsor technically obtains this exemption from the FDA. During a new drug's early preclinical development, the sponsor's primary goal is to determine if the product is reasonably safe for initial use in humans, and if the compound exhibits pharmacological activity that justifies commercial development. When a product is identified as a viable candidate for further development, the sponsor then focuses on collecting the data and information necessary to establish that the product will not expose humans to unreasonable risks when used in limited, early-stage clinical studies. FDA's role in the development of a new drug begins when the drug's sponsor, having screened the new molecule for pharmacological activity and acute toxicity potential in animals, wants to test its diagnostic or therapeutic potential in humans. At that point, the molecule changes in legal status under the Federal Food, Drug, and Cosmetic Act and becomes a new drug subject to specific requirements of the drug regulatory system.

The IND application must contain information in three broad areas:

- Animal Pharmacology and Toxicology Studies, consisting of preclinical data to permit an assessment as to whether the product is reasonably safe for initial testing in humans. Also included are any previous experience with the drug in humans (often foreign use);

- Manufacturing Information, pertaining to the composition, manufacturer, stability, and controls used for manufacturing the drug substance and the drug product. This is equivalent to the CMC data referenced above for Health Canada applications, and is assessed to ensure that the company can adequately produce and supply consistent batches of the drug; and
- Clinical Protocols and Investigator Information, including detailed protocols for proposed clinical studies to assess whether the initial trials will expose subjects to unnecessary risks. Also, information on the qualifications of clinical investigators to assess whether they are qualified to fulfill their clinical trial duties. Finally, commitments to obtain informed consent from the research subjects, to obtain review of the study by an Institutional Review Board, and to adhere to the investigational new drug regulations.

Once the IND is submitted, the sponsor must wait 30 calendar days before initiating any clinical trials. During this time, the FDA has an opportunity to review the IND for safety to assure that research subjects will not be subjected to unreasonable risk.

The FDA invites sponsors to request a pre-IND consultation meeting in advance of application submission. This fosters early communications between sponsors and new drug review divisions to provide guidance on the data necessary to warrant IND submission. The Company has requested a pre-IND consultation meeting to discuss its proposed clinical trials on DMT.

Market Authorization Regulatory Process (Canada, the EU and the U.S)

The FDA regulates the development, testing, manufacturing, labeling, storage, recordkeeping, promotion, marketing, distribution, and service of medical products in the United States to ensure that such medical products distributed domestically are safe and effective for their intended uses. In addition, the FDA regulates the export of medical products manufactured in the United States to international markets and the importation of medical products manufactured abroad. Unless an exemption applies, each new or significantly modified medical product a company seeks to commercially distribute in the United States will require FDA approval. The FDA approval process is conducted through the submission of a New Drug Application ("**NDA**"). The process can be expensive, and lengthy (6-12 months), and require payment of significant user fees, unless an exemption is available. Significant reductions in fees are available through the Small Business Fee Waiver/Reduction program. Drug companies seeking to sell a drug in the United States must first test it. The company then sends the Centre for Drug Evaluation and Research ("**CDER**") at the FDA the evidence from these tests to prove the drug is safe and effective for its intended use, using the NDA. A team of CDER physicians, statisticians, chemists, pharmacologists, and other scientists reviews the company's data and proposed labeling. If this independent and unbiased review establishes that a drug's health benefits outweigh its known risks, the drug is approved for sale. The center does not actually test drugs itself, although it does conduct limited research in the areas of drug quality, safety, and effectiveness standards. The FDA drug approval process takes place within a structured framework that includes: (i) analysis of the target condition and available treatments; (ii) assessment of benefits and risks from clinical data; and (iii) strategies for managing risks.

In some cases, the approval of a new drug is expedited. Accelerated approval can be applied to promising therapies that treat a serious or life-threatening condition and provide therapeutic benefit over available therapies. The FDA also employs several approaches to encourage the development of certain drugs, especially drugs that may represent the first available treatment for an illness, or ones that have a significant benefit over existing drugs. These approaches, or designations, are meant to address specific needs, and a new drug application may receive more than one designation, if applicable. Each designation helps ensure that therapies for serious conditions are made available to patients as soon as reviewers can conclude that their benefits justify their risks. Designations include: (i) fast track; (ii) breakthrough therapy; and (iii) priority review.

Europe –EMA

Clinical Study Regulatory Process

The IMPD is one of several regulatory documents required for conducting a clinical trial of a pharmacologically API (active product ingredient) intended for one or more European Union Member States. The IMPD includes summaries of information related to the quality, manufacture and control of any Investigational Medicinal Product (including reference product and placebo) ("**IMP**"), and data from non-clinical and clinical studies. Guidance concerning IMPDs is based on Regulation (EU) No 536/2014 on Clinical Trials on Medicinal Products for Human Use (the "Regulation") and on the approximation of laws, regulations and administrative provisions of the Member States relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use (also commonly referred to as the "Clinical Trials Directive"). The Regulation came into force in 2016, harmonizing the laws, regulations and administrative provisions of the Member States relating to the implementation of Good Clinical Practice in the conduct of clinical trials on medicinal products for human use. European Member States have transformed the requirements outlined in the Clinical Trials Directive into the respective national laws.

The content of the IMPD may be adapted to the existing level of knowledge and the product's phase of development. When applying for a clinical trial authorization, a full IMPD is required when little or no information about an API has been previously submitted to competent authorities, when it is not possible to cross-refer to data submitted by another sponsor and/or when there is no authorization for sale in the European Union. However, a simplified IMPD may be submitted if information has been assessed previously as part of a Marketing Authorization or a clinical trial to that competent authority. Although the format is not obligatory, the components of an IMPD are largely equivalent to clinical trial applications in Canada and the U.S. The IMPD need not be a large document as the amount of information to be contained in the dossier is dependent on various factors such as product type, indication, development phase etc.

The assessment of an IMPD is focused on patient safety and any risks associated with the IMP. Whenever any potential new risks are identified the IMPD must be amended to reflect the changes. Certain amendments are considered substantial in which case the competent authority must be informed of the substantial amendment. This may be the case for changes in IMP impurities, microbial contamination, viral safety, transmissible spongiform encephalopathies (e.g. mad cow disease) and in some particular cases to stability when toxic degradation products may be generated.

The Company is planning the Phase I study to obtain preliminary evidence of the safety and efficacy of DMT. The study will occur in the U.K. and the current focus is preparing an IMPD document that includes CMC (Chemistry, Manufacturing and Control) information, an Investigator's brochure (including prior safety, preclinical and clinical data) and a clinical study protocol and supporting information to be submitted to the regulatory authorities, all of which is subject to the risks, delays and related cost implications.

Market Authorization Regulatory Process

Under the centralized authorization procedure, pharmaceutical companies submit a single marketing-authorization application to the EMA, which provides the basis of a legally binding recommendation that will be provided by the EMA to the European Commission, the authorizing body for all centrally authorized products. This allows the marketing-authorization holder to market the medicine and make it available to patients and healthcare professionals throughout the European Union on the basis of a single marketing authorization. EMA's Committee for Medicinal products for Human Use or Committee for Medicinal Products for Veterinary Use carry out a scientific assessment of the application and give a recommendation on whether the medicine should be marketed or not, under any particular dosing regime. Although, under European Union law, the EMA has no authority to permit marketing in the

different European Union countries, the European Commission is the authorizing body for all centrally authorized products, who takes a legally binding decision based on EMA's recommendation. This decision is issued within 67 days of receipt of EMA's recommendation. Once granted by the European Commission, the centralized marketing authorization is valid in all European Union Member States as well as in the European Economic Area countries Iceland, Liechtenstein and Norway. European Commission decisions are published in the Community Register of medicinal products for human use. Once a medicine has been authorized for use in the European Union, the EMA and the European Union Member States constantly monitor its safety and take action if new information indicates that the medicine is no longer as safe and effective as previously thought. The safety monitoring of medicines involves a number of routine activities ranging from: assessing the way risks associated with a medicine will be managed and monitored once it is authorized; continuously monitoring suspected side effects reported by patients and healthcare professionals, identified in new clinical studies or reported in scientific publications; regularly assessing reports submitted by the Company holding the marketing authorization on the benefit-risk balance of a medicine in real life; and assessing the design and results of post-authorization safety studies which were required at the time of authorization. The EMA can also carry out a review of a medicine or a class of medicines upon request of a Member State or the European Commission. These are called European Union referral procedures; they are usually triggered by concerns in relation to a medicine's safety, the effectiveness of risk minimization measures or the benefit-risk balance of the medicine. The EMA has a dedicated committee responsible for assessing and monitoring the safety of medicines, the Pharmacovigilance Risk Assessment Committee. This ensures that EMA and the European Union Member States can move very quickly once an issue is detected and take any necessary action, such as amending the information available to patients and healthcare professionals, restricting use or suspending a medicine, in a timely manner in order to protect patients.

Legislation on controlled substances United Kingdom

In the UK, there are two main "layers" of regulation with which products containing controlled substances must comply. These are:

i) controlled drugs legislation, which applies to all products containing controlled substances irrespective of the type of product, and

ii) the regulatory framework applicable to a specific category of products, in this case, pharmaceuticals and food/food supplements.

In the U.K., DMT is considered a Class A drug under the amended Misuse of Drugs Act 1971, and as a Schedule 1 drug under the amended Misuse of Drugs Regulations 2001 (the "**MDR**").

Class A drugs are highly controlled and considered to be the most potentially harmful. Schedule 1 drugs receive the most restrictive controls. They are considered to have no legitimate or medicinal use, and can only be imported, exported, produced, supplied and the like under a Home Office license.

Even if granted a marketing authorization for SPL026 by the MHRA, DMT would still remain a Schedule 1 drug until rescheduled by the Home Office. Unless and until DMT is rescheduled under the MDR, and unless a statutory exemption were to be passed for SPL026 following the grant of a U.K. marketing authorization and before rescheduling, any prescribing doctors in the U.K. would require a Home Office license to prescribe SPL026. There can be no guarantee that such Home Office licenses would be granted or that rescheduling would be successful.

The amended Misuse of Drugs Act 1971, sets out the penalties for unlawful production, possession and supply of controlled drugs based on three classes of risk (A, B and C). The MDR sets out the permitted uses of controlled drugs based on which Schedule (1 to 5) they fall within. In the United Kingdom, Class A drugs are deemed to be the most dangerous, and so carry the harshest punishments for unlawful manufacture, production, possession and supply. Schedule 1 drugs can only be lawfully manufactured,

produced, possessed and supplied under a Home Office licence. While exemptions do exist, none are applicable to the API.

Additional legislation was more recently passed in order to address an increasing prevalence of psychoactive drugs designed to circumvent the Misuse of Drugs Act 1971. The Psychoactive Substances Act 2016 (the "**PSA**") prohibits certain activities regarding any psychoactive substance, defined in the PSA as a substance that produces a psychoactive effect, which by stimulating or depressing the central nervous system affects a person's mental functioning or emotional state.

Controlled substances are exempt from the PSA, which therefore does not apply to SPL026. SPL028 and SPL029 may fall within the MDR. If either SPL028 or SPL029 are found to fall outside of the MDR then the PSA may apply, subject to certain exemptions which apply to experimental medicines. Approved medicines are also exempt from the PSA, so the PSA should not apply to SPL028 or SPL029, if approved by the MHRA.

Licensing Requirements

All UK-based facilities involved in the manufacture, analytical testing, release and clinical testing of DMT need to hold appropriate Home Office licenses. All premises that are licensed in the manufacture, analytical testing, release and clinical testing of controlled drugs are required to adhere to detailed security standards.

Typically, when controlled drugs are being transported between licensees, responsibility for their security remains with the owner and does not transfer to either the courier or the customer until the drugs arrive at their destination and are signed for. However, where a third party is involved in the transit and/or storage of controlled drugs, even if they are not the legal owners, this party also carries responsibility for their security by virtue of being 'in possession' of them. Under the Home Office guidance, each organisation involved in the movement of controlled drugs should have a standard operating procedure covering their responsibilities, record keeping, reconciliation and reporting of thefts/losses.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company's share and loan capitalization, on a consolidated basis, since February 28, 2021, being the date of the Company's most recently filed unaudited condensed interim consolidated financial statements incorporated by reference in this Prospectus other than:

- the issuance of an aggregate of 14,000 Common Shares pursuant to the exercise of common share purchase warrants at the exercise price of $0.12 per Common Share for proceeds to the Company of $1,680;

- the issuance of an aggregate of 11,260,040 units upon the closing of a private placement offering of units (the "**March Private Placement**") at the price of $0.25 per unit for gross proceeds to the Company of $2,815,010. Each unit consists of one Common Share and one Common Share purchase warrant with each Common Share purchase warrant being exercisable into one Common Share at the exercise price of $0.40 until March 5, 2023; and

- the issuance of 645,600 finders' warrants in connection with the March Private Placement. Each finders' warrant is exercisable into one Common Share at an exercise price of $0.40 per Common Share until March 5, 2023.

USE OF PROCEEDS

The use of proceeds from the sale of Securities will be described in a Prospectus Supplement relating to a specific issuance of Securities. This information will include the net proceeds to the Company from the sale of the Securities, the use of those proceeds and the specific business objectives that the Company expects to accomplish with those proceeds. As of the date of this Prospectus, the Company expects net proceeds from the sale of Securities to be used towards general and administrative expenses (estimated to be up to $2 million over the next 12 months), the clinical research program for strokes involving DMT for 2021 and into 2022 (estimated to be approximately $3 million), the completion of the Ifenprodil Phase 2 IPF/chronic cough program and the Ifenprodil COVID-19 study.

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

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

Certain COVID-19 related risks would delay or slow the implementation of the planned objectives resulting in additional costs for the Company to achieve its business objectives. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. As these events are highly uncertain and the Company cannot determine their potential impact on operations at this time. The COVID-19 pandemic may negatively impact the Company's business as a result of government regulations that impact the Company's ability to conduct its studies and clinic trials, including further lock-downs which could prevent access to test subjects, which would influence the amount and timing of planned expenditures, which may adversely impact the Company's business. See "Risk Factors".

DESCRIPTION OF SECURITIES

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

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the date of this Prospectus 166,986,769 Common Shares are issued and outstanding.

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in

each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Warrants

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

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

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

a) the number of Warrants being offered and, if offered as a unit with another Security, the number of Warrants or a fraction of a Warrant being offered with such other Security;

b) the Securities which are underlying the Warrants;

c) the exercise price of the Warrants;

d) the expiry date of the Warrants;

e) the procedure for exercising Warrants into underlying Securities;

f) the indenture trustee of the Warrants under the warrant indenture pursuant to which the Warrants are to be issued, if applicable;

g) the material tax consequences of owning the Warrants (if any); and

h) any other material terms and conditions of the Warrants.

Subscription Receipts

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

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

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

a) the number of Subscription Receipts;

b) the price at which the Subscription Receipts will be offered;

c) the procedures for the exchange of the Subscription Receipts into Common Shares or Warrants;

d) the number of Common Shares or Warrants that may be exchanged upon exercise of each Subscription Receipt;

e) the designation and terms of any other securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each security;

f) terms applicable to the gross or net proceeds from the sale of the Subscription Receipts plus any interest earned thereon;

g) material Canadian federal income tax consequences of owning the Subscription Receipts; and

h) any other material terms and conditions of the Subscription Receipts.

Units

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

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

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

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

a) the number of Units offered;

b) the price or prices, if any, at which the Units will be issued;

c) the currency at which the Units will be offered;

d) the Securities comprising the Units;

e) whether the Units will be issued with any other Securities and, if so, the amount and terms of these Securities;

f) any minimum or maximum subscription amount;

g) whether the Units and the Securities comprising the Units are to be issued in registered form, "book-entry only" form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;

h) any material risk factors relating to such Units or the Securities comprising the Units;

i) any other rights, privileges, restrictions and conditions attaching to the Units or the Securities comprising the Units; and

j) any other material terms or conditions of the Units or the Securities comprising the Units, including whether and under what circumstances the Securities comprising the Units may be held or transferred separately.

PLAN OF DISTRIBUTION

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

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

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

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under certain agreements to be entered into with the Company and/or any selling securityholders to indemnification by the Company and/or any selling securityholders against certain liabilities, including liabilities under securities legislation or to contribution with respect to payments that they may be required

to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for the Company and/or any selling securityholders in the ordinary course of business.

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

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

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

RECENT DEVELOPMENTS

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

PRIOR SALES

For the 12-month period before the date of this Prospectus, the Company issued the following Common Shares and securities exercisable or convertible into Common Shares:

Date of Issuance	Issuance of Common Shares Upon:	Number of securities issued	Issue/exercise price per security
May 6, 2020	Exercise of Warrants – November 2019 Offering	7,160	$0.12
May 7, 2020	Exercise of Warrants – November 2019 Offering	150,000	$0.12
May 8, 2020	Exercise of Warrants – November 2019 Offering	135,500	$0.12
May 11, 2020	Exercise of Compensation Options – November 2019 Offering	14,883	$0.085
June 15, 2020	Exercise of Stock Options	50,000	$0.10
June 17, 2020	Conversion of Special Warrants	19,605,285[(1)]	$0.35
June 21, 2020	Exercise of Compensation Options – February 2020 Offering	200,000	$0.085

June 24, 2020	Exercise of Compensation Options – February 2020 Offering	30,240	$0.085
July 10, 2020	Exercise of Compensation Options – February 2020 Offering	66,400	$0.085
July 10, 2020	Exercise of Warrants – February 2020 Offering	830,000	$0.12
July 16, 2020	Exercise of Compensation Options – February 2020 Offering	54,560	$0.085
July 16, 2020	Exercise of Compensation Options – November 2019 Offering	13,750	$0.085
July 22, 2020	Exercise of Warrants – February 2020 Offering	100,000	$0.12
July 22, 2020	Exercise of Compensation Options – February 2020 Offering	30,240	$0.085
July 22, 2020	Exercise of Warrants – February 2020 Offering	4,370,000	$0.12
July 22, 2020	Exercise of Warrants – November 2019 Offering	158,900	$0.12
July 30, 2020	Exercise of Warrants – February 2020 Offering	116,000	$0.12
July 30, 2020	Exercise of Warrants – February 2020 Offering	50,000	$0.12
August 7, 2020	Exercise of Compensation Options – February 2020 Offering	349,600	$0.085
August 14, 2020	Exercise of Warrants – February 2020 Offering	66,400	$0.12
August 21, 2020	Exercise of Warrants – November 2019 Offering	11,500	$0.12
August 21, 2020	Exercise of Compensation Options – November 2019 Offering	8,250	$0.085
August 21, 2020	Exercise of Warrants – February 2020 Offering	30,240	$0.12
August 21, 2020	Exercise of Warrants – February 2020 Offering	650,000	$0.12
August 21, 2020	Exercise of Compensation Options – February 2020 Offering	11,200	$0.085
August 21, 2020	Exercise of Warrants – February 2020 Offering	100,000	$0.12
August 26, 2020	Exercise of Warrants – February 2020 Offering	1,000,000	$0.12
August 26, 2020	Exercise of Warrants – November 2019 Offering	20,500	$0.12
August 26, 2020	Exercise of Warrants – February 2020 Offering	115,294	$0.12
August 27, 2020	Exercise of Warrants – November 2019 Offering	147,500	$0.12
August 28, 2020	Exercise of Warrants – February 2020 Offering	88,000	$0.12
August 28, 2020	Exercise of Compensation Options – February 2020 Offering	7,040	$0.085
September 1, 2020	Exercise of Warrants – November 2019 Offering	44,000	$0.12
September 10, 2020	Exercise of Warrants – February 2020 Offering	50,000	$0.12

September 16, 2020	Exercise of Warrants – November 2019 Offering	12,000	$0.12
September 17, 2020	Exercise of Warrants – February 2020 Offering	7,040	$0.12
September 21, 2020	Exercise of Warrants – November 2019 Offering	19,000	$0.12
September 23, 2020	Exercise of Warrants – November 2019 Offering	64,000	$0.12
September 24, 2020	Exercise of Warrants – February 2020 Offering	100,000	$0.12
September 25, 2020	Exercise of Warrants – November 2019 Offering	34,800	$0.12
September 28, 2020	Exercise of Warrants – November 2019 Offering	200	$0.12
September 29, 2020	Settlement of Restricted Share Units - July 2020 Offering	1,068,521[(2)]	$0.35
October 19, 2020	Exercise of Warrants – November 2019 Offering	52,500	$0.12
October 22, 2020	Exercise of Warrants – February 2020 Offering	100,000	$0.12
October 22, 2020	Exercise of Compensation Options – February 2020 Offering	205,251	$0.085
October 27, 2020	Exercise of Warrants – November 2019 Offering	36,500	$0.12
November 6, 2020	Exercise of Warrants – February 2020 Offering	50,000	$0.12
November 23, 2020	Exercise of Compensation Options – November 2019 Offering	1,375	$0.085
December 2, 2020	Exercise of Warrants – February 2020 Offering	349,600	$0.12
December 3, 2020	Exercise of Warrants – November 2019 Offering	33,000	$0.12
December 7, 2020	Exercise of Warrants – November 2019 Offering	57,500	$0.12
December 7, 2020	Exercise of Compensation Options – November 2019 Offering	4,040	$0.085
December 7, 2020	Exercise of Warrants – February 2020 Offering	600,000	$0.12
December 10, 2020	Exercise of Warrants – February 2020 Offering	1,000,000	$0.12
December 10, 2020	Exercise of Warrants – February 2020 Offering	328,000	$0.12
December 10, 2020	Exercise of Warrants – February 2020 Offering	11,200	$0.12
December 14, 2020	Exercise of Warrants – November 2019 Offering	8,000	$0.12
December 16, 2020	Exercise of Compensation Options – February 2020 Offering	15,040	$0.085
December 18, 2020	Exercise of Warrants – February 2020 Offering	55,251	$0.12
December 18, 2020	Exercise of Warrants – February 2020 Offering	176,470	$0.12
December 18, 2020	Exercise of Warrants – February 2020 Offering	200,000	$0.12

December 18, 2020	Exercise of Warrants – February 2020 Offering	400,000	$0.12
December 29, 2020	Exercise of Warrants – November 2019 Offering	200.000	$0.12
December 29, 2020	Exercise of Warrants – February 2020 Offering	350,000	$0.12
December 30, 2020	Exercise of Warrants – February 2020 Offering	1,750,000	$0.12
December 31, 2020	Exercise of Warrants – November 2019 Offering	79,500	$0.12
January 7, 2021	Exercise of Warrants – November 2019 Offering	134,000	$0.12
January 7, 2021	Exercise of Warrants – February 2020 Offering	50,000	$0.12
January 8, 2021	Exercise of Warrants – November 2019 Offering	89,500	$0.12
January 12, 2021	Exercise of Warrants – November 2019 Offering	221,500	$0.12
January 13, 2021	Exercise of Warrants – November 2019 Offering	3,909,000	$0.12
January 14, 2021	Exercise of Warrants – November 2019 Offering	43,000	$0.12
January 15, 2021	Exercise of Warrants – November 2019 Offering	314,368	$0.12
January 18, 2021	Exercise of Warrants – November 2019 Offering	90,000	$0.12
January 19, 2021	Exercise of Warrants – November 2019 Offering	83,000	$0.12
January 20, 2020	Exercise of Warrants – November 2019 Offering	183,000	$0.12
January 20, 2021	Exercise of Compensation Options – November 2019 Offering	3,000	$0.085
January 21, 2021	Exercise of Compensation Options – November 2019 Offering	38,280	$0.085
January 21, 2021	Exercise of Warrants – November 2019 Offering	696,383	$0.12
January 21, 2021	Exercise of Compensation Options – November 2019 Offering	38,500	$0.12
January 21, 2021	Exercise of Warrants – February 2020 Offering	50,000	$0.12
January 21, 2021	Exercise of Warrants – November 2019 Offering	175,000	$0.12
January 21, 2021	Exercise of Warrants – November 2019 Offering	462,100	$0.12
January 22, 2021	Exercise of Warrants – November 2019 Offering	38,500	$0.085
February 2, 2021	Exercise of Compensation Options – November 2019 Offering	4,125	$0.085
February 2, 2021	Exercise of Compensation Options – February 2020 Offering	50,000	$0.12
February 2, 2021	Exercise of Warrants – February 2020 Offering	82,352	$0.12
February 2, 2021	Exercise of Warrants – February 2020 Offering	50,000	$0.12

February 2, 2021	Settlement of Restricted Share Units- July 2020 Offering	1,114,001[2]	$0.35 (deemed)
February 8, 2021	Exercise of Warrants – February 2020 Offering	200,000	$0.12
February 10, 2021	Exercise of Warrants – November 2019 Offering	114,600	$0.12
February 10, 2021	Exercise of Warrants – November 2019 Offering	20,000	$0.12
February 10, 2021	Exercise of Compensation Options – November 2019 Offering	4,125	$0.085
February 11, 2021	Exercise of Warrants – February 2020 Offering	30,240	$0.12
February 11, 2021	Exercise of Warrants – November 2019 Offering	27,500	$0.12
February 18, 2021	Exercise of Stock Options	25,000	$0.10
February 22, 2021	Exercise of Warrants – February 2020 Offering	470,588	$0.12
February 22, 2021	Exercise of Warrants – February 2020 Offering	100,000	$0.12
March 3, 2021	Exercise of Warrants – November 2019 Offering	14,000	$0.12
March 5, 2021	March Private Placement	11,260,040[3]	$0.25

Warrants

Date of Issuance	Issuance of Warrants upon	Number of securities issued	Issue/exercise price per security
May 11, 2020	Exercise of Compensation Options– November 2019 Offering	14,883	$0.12
June 17, 2020	Conversion of Special Warrants	19,605,285[1]	$0.55
June 22, 2020	Exercise of Compensation Options – February 2020 Offering	200,000	$0.12
June 24, 2020	Exercise of Compensation Options – February 2020 Offering	30,240	$0.12
July 10, 2020	Exercise of Compensation Options – February 2020 Offering	66,400	$0.12
July 16, 2020	Exercise of Compensation Options – November 2019 Offering	13,750	$0.12
July 16, 2020	Exercise of Compensation Options – February 2020 Offering	54,560	$0.12
July 22, 2020	Exercise of Compensation Options – February 2020 Offering	30,240	$0.12
August 7, 2020	Exercise of Compensation Options– February 2020 Offering	349,600	$0.12
August 21, 2020	Exercise of Compensation Options– February 2020 Offering	11,200	$0.12
August 21, 2020	Exercise of Compensation Options– November 2019 Offering	8,250	$0.12

Date of Issuance	Issuance of Warrants upon	Number of securities issued	Issue/exercise price per security
August 28, 2020	Exercise of Compensation Options– February 2020 Offering	7,040	$0.12
October 22, 2020	Exercise of Compensation Options– February 2020 Offering	205,251	$0.12
November 23, 2020	Exercise of Compensation Options– November 2019 Offering	1,375	$0.12
December 7, 2020	Exercise of Compensation Options– November 2019 Offering	4,040	$0.12
December 14, 2020	Exercise of Compensation Options– February 2020 Offering	15,040	$0.12
January 20, 2021	Exercise of Compensation Options– November 2019 Offering	3,000	$0.12
January 21, 2021	Exercise of Compensation Options– November 2019 Offering	38,280	$0.12
January 21, 2021	Exercise of Compensation Options– November 2019 Offering	38,500	$0.12
February 2, 2021	Exercise of Compensation Options– November 2019 Offering	4,125	$0.12
February 10, 2021	Exercise of Compensation Options– November 2019 Offering	4,125	$0.12
March 5, 2021	March Private Placement	11,260,040[3]	$0.40
March 5, 2021	March Private Placement – Finders Warrants	645,600[3]	$0.40

Special Warrants

Date of Issuance	Issuance of Special Warrants pursuant to:	Number of securities issued	Issue/exercise price per security
May 13, 2020	Special Warrant Offering	19,605,285[1]	$0.35

Compensation Options

Date of Issuance	Issuance of Compensation Options pursuant to:	Number of securities issued	Issue/exercise price per security
May 13, 2020	Special Warrant Offering	1,505,293	$0.35

Stock Options

Date of Issuance	Issuance of Stock Options upon:	Number of securities issued	Issue/exercise price per security
August 17, 2020	Stock Options Grant	600,000	$0.35

Restricted Share Units

Date of Issuance	Issuance of Restricted Share Units upon:	Number of securities issued	
July 23, 2020	Restricted Share Units Grant	4,350,000[(2)]	N/A

Note:

(1) On May 13, 2020, the Company closed a private placement offering of 19,605,285 special warrants at a price of $0.35 per special warrant (the "**Special Warrant Offering**"). Each special warrant is exercisable, for no additional consideration at the option of the holder, into one unit of the Company. Each unit consists of one Common Share and one warrant. Each warrant entitles to holder to purchase one Common Share until May 13, 2022 at an exercise price of $0.55 per Common Share. In addition, a total of 1,505,293 compensation options were issued, each compensation option entitling the holder to purchase one unit of the Company at a price of $0.35 per unit until May 13, 2022. Each unit consists of one Common Share and one warrant entitling the holder to purchase one Common Share until May 13, 2022 at an exercise price of $0.35 per Common Share. On June 17, 2020, in accordance with the terms of a special warrant indenture dated May 13, 2020, each special warrant was automatically converted into one common share of the Company and one warrant. Each warrant is exercisable for one Common Share on or before May 13, 2022 at an exercise price of $0.55 per Common Share.

(2) On July 23, 2020, the Company granted a total of 4,350,000 RSUs to certain directors, officers and consultants of the Company with a fair value of $0.35 per RSU. One-third was vested on the grant date. One-third vested on January 22, 2021 and the remaining one-third to be vested on July 22, 2021. On September 29, 2020, 1,068,521 of Common Shares were issued net of withholding taxes in settlement of the 1,435,500 RSUs that were vested. On February 2, 2021, 1,114,001 of Common Shares were issued net of withholding taxes in settlement of the 1,435,500 RSUs that were vested on January 22, 2021.

(3) Issued in connection with the March Private Placement.

PRICE RANGE AND TRADING VOLUME

The Common Shares are listed on the CSE under the trading symbol "AGN". The following tables set forth information relating to the trading of the Common Shares on the CSE for the months indicated. On May 4, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was $0.17.

	CSE Price Range ($)		
Month	**High**	**Low**	**Total Volume**
May, 2020	0.45	0.285	21,100,454
June, 2020	0.425	0.18	28,551,448
July, 2020	0.43	0.195	24,276,702
August, 2020	0.395	0.29	16,449,663
September, 2020	0.335	0.245	11,814,852
October, 2020	0.335	0.245	6,235,601
November, 2020	0.31	0.19	9,843,037
December, 2020	0.54	0.185	37,429,976
January 2021	0.315	0.225	14,963,660
February 2021	0.41	0.25	25,668,256
March 2021	0.40	0.22	12,489,762
April 2021	0.26	0.145	10,287,710
May 3 - 4, 2021	0.19	0.17	275,547

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the AIF, which is incorporated by reference in this Prospectus and which may be accessed on the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Information". Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

Violations of laws and regulations could result in repercussions, and psychedelic inspired drugs may never be approved as medicines

In the Canada, under the CDSA, DMT is classified as a Schedule III drug and as such, medical and recreational use is illegal under the Canadian laws. Certain other jurisdictions, including the jurisdictions in which the Corporation has engaged third-party contractors, including Finland (EU) and the United Kingdom, have similarly regulated DMT. There is no guarantee that DMT will ever be approved as medicines in any jurisdiction in which the Company or its third-party contractors operate. The Company's third party contractors will conduct programs involving DMT in strict compliance with the laws and regulations regarding the production, storage and use of DMT. As such, all facilities engaged with such substances by or on behalf of the Company do so under current licenses and permits issued by appropriate federal, state and local governmental agencies. While a portion of the Company's research programs will be focused on using psychedelic inspired compounds, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. However, a violation of any Canadian laws and regulations, such as the CDSA, or of similar legislation in the other jurisdictions, including Finland (EU) and the United Kingdom, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either government entities in the jurisdictions in which the Company or its third party contractors operate, or by private citizens, or through criminal charges. The loss of the necessary licenses and permits for Schedule III drugs by the Company's third party contractors could have an adverse effect on Algernon's operations.

Reliance on Third Parties for Research

The Company relies on third parties for the execution of a significant portion of its regulatory, pharmacovigilance medical information, and logistical responsibilities and such third parties may fail to meet their obligations as a result of inadequacies in their systems and processes or execution failure.

The Company also relies on third parties to perform critical services, including preclinical testing, clinical trial management, analysis and reporting, regulatory, pharmacovigilance, medical information and logistical services.

These third parties may not be available on acceptable terms when needed or, if they are available, may not comply with all regulatory and contractual requirements or may not otherwise perform their services in a timely or acceptable manner. This non-compliance may be due to a number of factors, including inadequacies in third-party systems and processes or execution failure. The Company may also experience unexpected cost increases that are beyond its control. As a result, the Company may need to enter into new arrangements with alternative third parties that may be costly. The time that it takes the Company to find alternative third parties may cause a delay, extension or termination of its preclinical studies or clinical trials and the Company may incur significant costs to replicate data that may be lost. These third parties may also have relationships with other commercial entities, some of which may compete with Algernon. In addition, if such third parties fail to perform their obligations in compliance with regulatory requirements and the Company's protocols, Algernon's preclinical studies or clinical trials may not meet regulatory requirements or may need to be repeated and its regulatory filings, such as marketing authorizations or new drug submissions, may not be completed correctly or within the applicable deadlines. As a result of Algernon's dependence on third parties, the Company may face delays or failures outside of its direct control in its efforts to develop product candidates.

Regulatory approval risk

Algernon's and its contract research organization's research and development activities and are and will be significantly regulated by a number of governmental entities, including Health Canada, the EMA, the Home Office in the U.K. and the FDA. Regulatory approvals are required prior to each clinical trial and Company and its contract research organizations may fail to obtain the necessary approvals to commence or continue clinical testing in one or more jurisdictions. The time required to obtain approval by regulatory authorities is unpredictable but typically takes many years following the commencement of clinical trials. Any analysis of data from clinical activities Algernon and its contract research organizations perform is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary by jurisdiction. The Company and its contract research organizations could fail to receive regulatory approval for Algernon's planned research for many reasons, including but not limited to:

- disagreement with the design or implementation of its clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with Algernon's interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials to support the submission and filing of a submission to obtain regulatory approval;

- deficiencies in the manufacturing processes or the failure of facilities of collaborators with whom Algernon contracts for clinical supplies to pass a pre-approval inspection;

- changes in the approval policies or regulations that render Algernon's preclinical and clinical data insufficient for approval.

Psychedelic regulatory risks

Psychedelic therapy is a new and emerging industry with ambiguous existing regulations and uncertainty as to future regulations. Certain psychedelics may be illegal substances other than when used for scientific or medical purposes. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. This industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company and cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could make future capital investments or operations uneconomic. The psychedelic therapy industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Decriminalisation of psychedelics

Despite the current status of DMT as a controlled substance in the Canada, the EU, the United Kingdom and United States, there may be changes in the status of DMT under the laws of certain jurisdictions. Possession of psilocybin, for example, was voted to be decriminalised in May 2019 in Denver and in November 2020, voters in Oregon approved the legal medical use of "psilocybin products," including magic mushrooms, to treat mental health conditions in licensed facilities with registered therapists (Measure 109). The legalization of psychedelics with inadequate regulatory oversight may lead to the development of psychedelic tourism in such states in clinics without proper therapeutic infrastructure or adequate clinical research. While drug laws pertaining to DMT are less likely to be as forthcoming, the expansion of such an industry which could put patients at risk may bring reputational and regulatory risk to the entire industry, leading to challenges for Algernon to achieve regulatory approval. The legalization of psilocybin, and potentially other psychedelic compounds (including DMT) in the future may also impact commercial sales for Algernon due to a reduced barrier to entry leading to a risk of increasing competition.

Enforcing Contracts

Due to the nature of the business of Algernon and the fact that certain of its contracts involve the possession, manufacture, production or supply of DMT, the use of which is not legal under U.K., EU, U.S. or Canadian law and in certain other jurisdictions, Algernon may face difficulties in enforcing its contracts in the courts in the UK, EU, U.S. or Canada. The inability to enforce any of its contracts could have a material adverse effect on its business, operating results, financial condition or prospects.

In order to manage its contracts with contractors, Algernon will ensure that such contractors are appropriately licensed. Were such contractors to operate outside the terms of these licenses, Algernon may experience an adverse effect on its business, including the pace of development of its product.

Unfavourable publicity or consumer perception

The success of the industry in which the Corporation operates may be significantly influenced by the public's perception of psychedelic inspired medicinal applications. There is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to psychedelic inspired medicine will be favourable. The industry in which the Company operates is in its early stages and is constantly evolving, with no guarantee of viability. The market for psychedelic inspired medicines is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of psychedelic inspired medicines may have a material adverse effect on the Company's operational results, consumer base and financial results. While the Company is undertaking research programs using psychedelic inspired compounds, and does not advocate for the legalization of any psychedelic substances or deal with psychedelic substances except within laboratory and clinical trial settings conducted within approved regulatory frameworks, any unfavourable publicity or consumer perception regarding psychedelic substances (in addition to psychedelic inspired medicines) could also have a material adverse effect on the Company's operational results, consumer base and financial results.

The psychedelic therapy industry is difficult to quantify and investors will be reliant on their own estimates of the accuracy of market data

Because the psychedelic therapy industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in Algernon and, few, if any, established companies whose business model Algernon can follow or upon whose success Algernon can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in Algernon. There can be no assurance that Algernon's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Use of Proceeds

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

Return on Investment is not Guaranteed

There is no guarantee that an investment in the securities described herein will provide any positive return in the short term or long term. An investment in the securities of the Company is speculative and involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company described herein is appropriate only for holders who have the capacity to absorb a loss of some or all of their investment.

Negative Cash Flow from Operations

During the year ended August 31, 2020, the Company had negative cash flow from operating activities, reported a net comprehensive loss of $8,554,912 and net loss per common share of $0.10. For the three and six months ended February 28, 2021 the Company had a negative cash flow of operating activities, reported a net comprehensive loss of $5,805,117 and net loss per share of $0.04. The Company anticipates it will have negative cash flow from operating activities in future periods. To the extent that the Company has negative cash flow in any future period, certain of the net proceeds from any offering the company undertakes may be used to fund such negative cash flow from operating activities, if any.

No Existing Trading Market (other than for Common Shares)

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

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

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

Ongoing Impact of COVID-19

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

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

CERTAIN INCOME TAX CONSIDERATIONS

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

LEGAL MATTERS AND INTEREST OF EXPERTS

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

AUDITORS, TRANSFER AGENT AND REGISTRAR

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

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

EXEMPTIONS

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

PURCHASERS' CONTRACTUAL RIGHTS

Original purchasers of Warrants which are convertible into other securities of the Company will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Warrants. The contractual right of rescission will entitle such original purchasers to receive, in addition to the amount paid on original purchase of the Warrant or Subscription Receipt, as the case may be, the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of

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

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

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision or the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: May 5, 2021

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

(signed) Christopher Moreau
Chief Executive Officer

(signed) Michael Sadhra
Chief Financial Officer

On Behalf of the Board of Directors

(signed) Raj Attariwala
Director

(signed) David Levine
Director