



ALGERNON PHARMACEUTICALS ANNOUNCES CLOSING OF PUBLIC OFFERING OF UNITS

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Vancouver, British Columbia, July 4, 2022 – Algernon Pharmaceuticals Inc. (the “Company” or “Algernon”) (CSE: AGN) (FRANKFURT: AGW0) (OTCQB: AGNPF) is pleased to announce the closing of its previously announced marketed public offering of units of the Company (the “Units” or the “Offered Securities”) with Research Capital Corporation as the sole agent and sole bookrunner (the “Agent”). Pursuant to the offering, the Company issued 309,117 Units at a price of \$3.75 per Unit for gross proceeds of \$1,159,188.75 (the “Offering”).

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

Each Warrant entitles the holder thereof, subject to adjustment in certain circumstances, to purchase one Common Share (a “Warrant Share”) at an exercise price equal to \$4.70 per Warrant Share (the “Warrant Exercise Price”) for a period of 5 years following the date of issuance (the “Expiry Date”), subject to acceleration of the Expiry Date as described below.

In the event of a down-round financing during the period of 5 years following closing of the Offering (a “Dilutive Issuance”), the Warrants contain an anti-dilution protection feature, to adjust the Warrant Exercise Price and increase the number of Warrant Shares issuable thereunder if Common Shares are sold or issued for a consideration per share less than the Warrant Exercise Price (subject to certain exemptions), provided, that the exercise price will not be less than \$1.875 (the “Floor Price”).

Provided that if, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Common Shares on the CSE, or other principal exchange on which the Common Shares are listed, is greater than \$14.10 for 20 consecutive trading days, the Company may, within 10 business days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the Expiry Date of the Warrants to the date that is not less than 30 days following the date of such notice and the issuance of a press release by the Company announcing the acceleration notice (the “Accelerated Exercise Period”). Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

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

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), and such securities may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Algernon Pharmaceuticals Inc.

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

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

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

The Canadian Securities Exchange has not in any way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Forward-looking statements

This news release contains certain statements which constitute forward-looking statements or information under applicable Canadian securities laws, including statements relating to the expected use of proceeds from the Offering. Such forward-looking statements are subject to numerous known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, which could cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. Although the Company believes that the forward-looking statements in this news release are reasonable, they are based on factors and assumptions, based on currently available information, concerning future events, which may prove to be inaccurate. As such, readers are cautioned not to place undue reliance on the forward-looking statements, as no assurance can be provided as to future plans, operations, results, levels of activity or achievements. The forward-looking statements contained in this news release are made as of the date of this news release and, except as required by applicable law, the Company does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.