

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Algernon Pharmaceuticals Inc. (“**AGN**” or the “**Company**”)
Suite 400 – 601 West Broadway
Vancouver, British Columbia
V5Z 4C2

Item 2. Date of Material Change

July 4, 2022

Item 3. News Release

News Release dated July 4, 2022 was disseminated through newswire services and filed on SEDAR.

Item 4. Summary of Material Change

The Company completed its previously announced marketed public offering of units of the Company (the “**Units**”) for gross proceeds of \$1,159,188.75 (the “**Offering**”).

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company has completed the Offering 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.

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.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officers

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

Christopher J. Moreau, Chief Executive Officer
Telephone: 604.398.4175 ext 701

Item 9. Date of Report

July 4, 2022.