

ALGERNON ANNOUNCES AT-THE-MARKET OFFERING

Vancouver, B.C. – December 23, 2022 – Algernon Pharmaceuticals Inc. (the “**Company**” or “**AGN Pharma**”) (CSE: AGN) (FRANKFURT: AGW0) (OTCQB: AGNPF), a Canadian clinical stage pharmaceutical development company, has entered into an equity distribution agreement dated December 23, 2022 (the “**Distribution Agreement**”) with Research Capital Corporation (“**Research Capital**”). Under the Distribution Agreement, the Company will be entitled, at its discretion and from time-to-time during the term of the Distribution Agreement, to sell, through Research Capital, as sole and exclusive placement agent, such number of Class A common shares of the Company (the “**Common Shares**”) having an aggregate gross sales price of up to \$5.0 million (the “**ATM Offering**”). Sales of the Common Shares will be made through “at-the-market distributions”, as defined in National Instrument 44-102 – *Shelf Distribution*, directly on the Canadian Securities Exchange (the “**CSE**”) or, if any, other recognized Canadian “marketplace” within the meaning of National Instrument 21-101 – *Marketplace Operations* where the Common Shares are listed, quoted or otherwise traded. The volume and timing of distributions under the ATM Offering, if any, will be determined in the Company’s sole discretion. The Common Shares will be distributed at market prices or prices related to prevailing market prices from time to time. As a result, prices of the Common Shares sold under the ATM Offering will vary as between purchasers and during the period of distribution. The ATM Offering will be effective until the earlier of the issuance and sale of all of the Common Shares issuable pursuant to the ATM Offering and June 6, 2023, unless terminated prior to such date by the Company or the Agent in accordance with the terms of the Distribution Agreement.

Distributions of the Common Shares under the ATM Offering will be made and qualified by way of a prospectus supplement dated December 23, 2022 (the “**Prospectus Supplement**”) to the Company’s existing Canadian short form base shelf prospectus (the “**Base Shelf Prospectus**”) dated May 5, 2021. The Prospectus Supplement has been filed with the securities commissions in all provinces of Canada. The Canadian Prospectus Supplement (together with the related Base Shelf Prospectus) is available on the SEDAR website maintained by the Canadian Securities Administrators at www.sedar.com. Alternatively, the Company or Research Capital will send the Prospectus Supplement (including the Base Shelf Prospectus) upon request. Such requests may be made by sending an email to the Company at Attention: James Kinley, Chief Financial Officer, info@algernonpharmaceuticals.com or Research Capital at Attention: Equity Capital Markets, ecm@researchcapital.com.

The Company intends to use the net proceeds of the ATM Offering to complete the Phase 1 study of DMT in stroke, complete the Phase 1 study of Repirinast for CKD, formulation and manufacturing of the finished drug product for the Phase 2b study of Ifenprodil in chronic cough, and for general and administrative purposes.

This news release does not constitute an offer to sell or the solicitation of an offer to buy securities, nor will there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

All references to currency in this news release are to Canadian currency.

About Algernon Pharmaceuticals Inc.

Algernon is a Canadian clinical stage drug development company investigating multiple drugs for unmet global medical needs. Algernon has active research programs for IPF with chronic

cough, chronic kidney disease, and a psychedelic program investigating a proprietary form of DMT for stroke.

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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.

CAUTIONARY DISCLAIMER STATEMENT: No Securities Exchange has reviewed nor accepts responsibility for the adequacy or accuracy of the content of this news release. This news release contains forward-looking statements relating to the sales of Common Shares under the Distribution Agreement, the amount of proceeds and the use of proceeds from such sales, the Company's plan of distribution as set out in the Prospectus Supplement and the accompanying Base Shelf Prospectus, including the documents incorporated by reference therein that may not be based on historical fact. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include the failure to satisfy the conditions of the relevant securities exchange(s) and other risks detailed from time to time in the filings made by the Company with securities regulations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements as expressly required by applicable law.