

**CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN PORTIONS OF THIS AGREEMENT, WHICH PORTIONS HAVE BEEN REDACTED AND REPLACED WITH A SUMMARY OF REDACTED LANGUAGE**

**DEALER MANAGER AGREEMENT**

April 5, 2023

Algernon Pharmaceuticals Inc.  
Suite 400 - 601 West Broadway  
Vancouver, British Columbia V5Z 4C2

**Attention: Christopher J. Moreau, Chief Executive Officer**

Dear Sirs/Mesdames:

Research Capital Corporation (“**RCC**” or the “**Dealer Manager**”) understands that Algernon Pharmaceuticals Inc. (the “**Company**”) wishes to conduct a rights offering (the “**Rights Offer**” or the “**Offering**”) under which holders of record (“**Holders**”) of Class A common shares of the Company (“**Common Shares**”) on March 29, 2023 (the “**Record Date**”) will be issued rights (“**Rights**”) to subscribe for up to an aggregate of 9,666,988 units of the Company (the “**Offered Units**” or the “**Units**”), comprised of one (1) Common Share and one transferable Common Share purchase warrant (a “**Warrant**”). The Company intends to seek the listing of the Warrants on the Canadian Securities Exchange (the “**Exchange**”) subject to the Company satisfying the listing requirements of the Exchange. The Warrants shall be governed under the terms of a warrant indenture (the “**Warrant Indenture**”) to be entered into on or prior to the closing date of the Rights Offer between the Company and TSX Trust Company (“**TSX Trust**”). Each Warrant shall entitle the holder thereof to purchase one Common Share (a “**Warrant Share**”) at an exercise price of \$0.52 per Warrant Share at any time up to 18 months following the closing of the Rights Offering, subject to acceleration if the volume weighted average price of the Common Shares exceeds \$1.04 per Common Share for 10 consecutive trading days on the Exchange or such other stock exchange on which the Common Shares may then be listed and which has the greatest daily trading volume of Common Shares. On the Record Date, each Holder will receive one Right for each Common Share held. One (1) Right will entitle a Holder to acquire one Unit (the “**Basic Subscription Privilege**”) upon payment of \$0.25 (the “**Subscription Price**”). In addition, the parties agree that Holders who exercise all of their Rights may subscribe for additional Units, if available, at a price equal to the Subscription Price for each such additional Unit. The number of Units available for all additional subscriptions will be that number equal to the total number of Offered Units not subscribed for pursuant to the Basic Subscription Privilege. Subscriptions for such additional Units, if any, will be received subject to allotment as described in the Offering Circular (as defined below).

Unless the context otherwise requires, “**Offering Circular**” means the rights offering circular of the Company prepared in compliance with Form 45-106F15 and the rights offering notice of the Company prepared in accordance with Form 45-106F14, in each case relating to the Rights Offer and dated March 21, 2023.

Upon and subject to the terms and conditions set out below, the Company hereby appoints RCC as the exclusive dealer manager for the Rights Offer and the Dealer Manager agrees, as the agent of the Company and in the sole discretion of RCC, to form, manage and participate in a group (the “**Soliciting Dealer Group**”) of registered securities dealers (the “**Soliciting Dealers**”), to endeavour to solicit the

exercise of Rights by holders of Rights in each of the provinces and territories of Canada (collectively the “**Jurisdictions**”) as the Dealer Manager and the Company agree upon and to perform such other services in respect of the Rights Offer as are provided in this Agreement.

The parties acknowledge that the Rights, the Units, the Common Shares and Warrants comprising the Units, and the Warrant Shares issuable upon exercise of the Warrants, have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the “United States” (which term means the United States of America, its territories and possessions, any state of the United States, and/or the District of Columbia), and such securities may not be offered or sold to, or for the account or benefit of, any person in the United States or any U.S. person, absent an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Further, Warrants may not be exercised by, or for the account or benefit of any person in the United States or any U.S. person, absent an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Company agrees that the Dealer Manager shall not solicit the exercise of Rights from any Holders on the list furnished by the Company pursuant to Section 3(c) that have an address in the United States.

The Company confirms to RCC that the Company will not offer the Rights in the United States or to, or for the account or benefit of, U.S. Persons except to “accredited investors” (within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act) on a private placement basis pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 506(c) of Regulation D and similar exemptions under applicable securities laws of any state of the United States and in compliance with federal and state securities laws of the United States.

RCC shall also have the right, but not the obligation, to purchase, and/or to arrange for one or more investors to purchase, such number of Units that is equal to the number of Units for which the Company has not received subscriptions pursuant to the exercise of Rights by the Expiration Time (as defined below) (the “**Offering Shortfall**”). Such right may be exercised by RCC, in its sole discretion in whole, or in part, or not at all, within two (2) business days following receipt of notice of the Offering Shortfall from the Company. For example, if the Offering Shortfall is \$500,000 (i.e. as at the Expiration Time the Company has received subscriptions for Units that is \$500,000 less than the maximum amount of the Rights Offer) then the Company shall provide notice of the Offering Shortfall to RCC who may elect, in its sole discretion, to purchase, and/or to arrange for one or more investors to purchase such amount of Units under the Offering. For greater certainty, RCC shall not be obligated to purchase any Units under the Rights Offer.

## **1. Appointment and Engagement**

- (a) The Dealer Manager shall:
  - (i) advise the Company in developing the terms of the Rights Offer;
  - (ii) assist the Company’s senior management and legal counsel in the preparation of the Offering Circular to be used in connection with the Rights Offer;
  - (iii) assist the Company in preparing and delivering investor presentations;
  - (iv) market the Rights Offer to prospective investors, on a commercially reasonable efforts basis subject to market conditions at the time of marketing the Rights Offer;

- (v) assist, at the direction of the Company, in closing the Rights Offer;
- (vi) endeavour to solicit the exercise of Rights held by registered Holders in the Jurisdictions, as identified on the list of Holders received following the Record Date, as set out in Subsection 3(c); and
- (vii) if determined appropriate by the Dealer Manager, use commercially reasonable efforts to cause the Soliciting Dealer Group to be constituted and to manage the Soliciting Dealer Group (if constituted) as and to the extent customary in the securities industry in Canada.

## **2. Compliance with Securities Laws**

The Company:

- (a) confirms that its has filed the Offering Circular and all other documents required under the applicable securities laws, regulations and written regulatory policies, instruments and rules of each of the Jurisdictions (collectively the “**Securities Laws**”) and will use commercially reasonable best efforts to do such other things as are required to distribute the Rights and the Offered Units to be issued upon exercise of the Rights under the Rights Offer on a private placement basis in the Jurisdictions;
- (b) shall take or cause to be taken all steps and proceedings, including the filing of the Offering Circular, that may be required under the rules of the Exchange so that the Rights are listed and posted for trading on the Exchange on or about March 28, 2023. The Rights will trade until 9:00 a.m. (Pacific time) on or about April 27, 2023, and the Common Shares and the Warrants comprising the Offered Units issuable on exercise of the Rights will be conditionally approved for listing by the Exchange no later than the Expiration Time (as defined in Section 4), subject in each case to satisfaction of normal post-closing filing requirements; and
- (c) shall cause the distribution of the Rights and the Offered Units to be effected in the manner described in the Offering Circular, including the delivery of the Offering Circular and, if applicable, Direct Registration Statements evidencing Rights to Holders.

## **3. Offering Documents**

The Company shall:

- (a) provide to the Dealer Manager and to the other Soliciting Dealers such number of copies (which may be in electronic form) of the Offering Circular and Supplementary Material (as defined in Section 5) for the Rights Offer as the Dealer Manager and the Soliciting Dealers may reasonably require from time to time;
- (b) instruct TSX Trust, as subscription agent for the Rights Offer, to provide the Dealer Manager, from time to time, with notice of the number of Offered Units subscribed for under the Rights Offer and such other particulars as may be reasonably requested by the Dealer Manager; and

- (c) within five business days following the Record Date, provide to the Dealer Manager a list of the Holders of record as of the close of business on the Record Date.

#### 4. **Subsequent Events**

During the period from and including the date hereof until 2:00 p.m. (Pacific time) on April 27, 2023 (the “**Expiration Time**”), the Company shall promptly give notice to the Dealer Manager of:

- (a) any material change (actual, proposed or prospective) in or affecting the business, affairs, operation, capital, assets, results of operations or liabilities (contingent or otherwise) of the Company or any of its subsidiaries (as defined in Securities Laws); and
- (b) any change in a material fact contained in the Offering Circular or any Supplementary Material for the Rights Offer, or the existence of a new fact which is material to the Rights Offer;

which, in either case, is of such a nature as to render the Offering Circular or any Supplementary Material relating to the Rights Offer untrue or misleading in any material respect or not in compliance with the Securities Laws of any Jurisdiction or result in a misrepresentation therein. In such case, the Company shall promptly, and in any event within any applicable time limitation, comply with all legal requirements necessary to qualify or continue to qualify, as the case may be, the Rights and the Offered Units to be issued under the Rights Offer for distribution on a private placement basis in the Jurisdictions. The Company shall in good faith discuss with the Dealer Manager any change in circumstances (actual, proposed or prospective) which is of such a nature that there is reasonable doubt whether notice need be given to the Dealer Manager pursuant to this Section 4. As used in this Agreement, the terms “**material change**”, “**material fact**” and “**misrepresentation**” have the meanings ascribed thereto in the *Securities Act* (Ontario).

#### 5. **Amendment to the Offering Circular**

If any amendment or supplement to the Offering Circular or to any amendment or supplement thereto (collectively, the “**Supplementary Material**”) is required to be or is otherwise filed by the Company under the Securities Laws of any Jurisdiction after the date hereof, such Supplementary Material shall be in form and substance satisfactory to the Dealer Manager and a copy thereof shall promptly be delivered by the Company to the Dealer Manager. The provisions of Section 3 shall apply, with any changes required by the context, to any Supplementary Material if a copy of such Supplementary Material is required, on request or otherwise, to be delivered to Holders of Rights under the Securities Laws of any of the Jurisdictions or by the terms of the Offering Circular.

#### 6. **Representations and Warranties of the Company**

The delivery by the Company to the Dealer Manager of the Offering Circular and any Supplementary Material relating to the Rights Offer shall constitute the Company's representation and warranty to the Dealer Manager that at the time of such delivery:

- (a) the Offering Circular (except any information or statement in the Offering Circular relating solely to the Dealer Manager which has been provided by the Dealer Manager

expressly for the purpose of inclusion in the Offering Circular) does not contain a misrepresentation and is correct in all material respects;

- (b) the Offering Circular complies with requirements of the prospectus exemption contained in Sections 2.1 and 2.1.1 of National Instrument 45-106 *Prospectus Exemptions*;
- (c) the Rights have been duly and validly created, authorized and issued and are legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms; and
- (d) there is no material fact or material change concerning the Company that has not been generally disclosed.

Such delivery also shall constitute the Company's consent to the use of the Offering Circular and Supplementary Material relating to the Rights Offer in accordance with the provisions of this Agreement by the Dealer Manager and the Soliciting Dealers for the purpose of soliciting the exercise of Rights under the Rights Offer.

## **7. Additional Representations and Warranties**

In addition to the representations and warranties contained in Section 6, the Company hereby represents and warrants to and with the Dealer Manager that:

- (a) no authorization, approval or consent of any court or governmental authority or agency is required to be obtained by the Company in connection with the Rights Offer and the issuance of the Rights and the Offered Units, except such as may be required under, and will be obtained by the Company in the time prescribed by, the applicable Securities Laws and the rules of the Exchange;
- (b) no securities commission or other regulatory body has issued any order preventing or suspending trading of Common Shares, Warrants or any other securities of the Company;
- (c) the Company is a "reporting issuer" not in default under the Securities Laws of each of the Jurisdictions and there has been no material change in the affairs of the Company which requires disclosure under such legislation and which has not been generally disclosed to the public or which has been disclosed on a confidential basis;
- (d) the Common Shares are listed and posted for trading on the Exchange and the Company is in material compliance with the rules of the Exchange;
- (e) other than the Dealer Manager and members of the Soliciting Dealer Group, there is no person, firm or corporation acting or purporting to act at the request of the Company, who is entitled to any solicitation, advisory, agency or like fee in connection with the transactions contemplated herein;
- (f) the Company: (i) has been duly incorporated, amalgamated, continued or organized and is validly existing as a company in good standing under the laws of its jurisdiction of incorporation, amalgamation, continuation or organization, and has the corporate power, capacity and authority to own, lease and operate its property and assets, to conduct its business as now conducted and as currently proposed to be conducted and to carry out the

provisions hereof; and (ii) where required, has been duly qualified as an extra-provincial or foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction in which it owns or leases property, or conducts any business;

- (g) other than means those entities that would be a “subsidiary” of the Company pursuant to the Securities Laws of the Province of Ontario, including (i) Nash Pharmaceuticals Inc., (ii) Algernon Research Pty Ltd. and (iii) Algernon NeuroScience Inc. (collectively, the “**Subsidiaries**”), the Company has no subsidiaries and no investment in any person which is or would be material to the business and affairs of the Company. The Subsidiaries are the only subsidiaries of the Company.
- (h) each Subsidiary: (i) has been duly incorporated, amalgamated, continued or organized and is validly existing as a company in good standing under the laws of its jurisdiction of incorporation, amalgamation, continuation or organization and has the corporate power, capacity and authority to own, lease and operate its property and assets, to conduct its business as now conducted and as currently proposed to be conducted and to carry out the provisions hereof; and (ii) where required, has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases property, or conducts any business and is not precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document;
- (i) the Company and each Subsidiary (i) has conducted and has been conducting its business in compliance in all material respects with all applicable laws of each jurisdiction in which its business is carried on or in which its services are provided and has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such applicable laws, (ii) is not in breach or violation of any judgment, order or decree of any governmental authority or court having jurisdiction over the Company or any Subsidiary, as applicable, (iii) holds all, and are not in breach of any, material Governmental Licences (as defined below) that enable its business to be carried on as now conducted in each of the jurisdictions it carries on business and enable it to own, lease or operate its assets and properties, and none of the Subsidiaries nor, to the knowledge of the Company, any other person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing such Subsidiaries’ dissolution or winding up;
- (j) the Company is the direct or indirect registered and beneficial owner of all of the issued and outstanding shares and other voting securities of each Subsidiary, in each case free and clear of all charges, mortgages, hypothecs, liens, pledges, claims, restrictions, security interests or other encumbrances (collectively, “**Encumbrances**”), and no person, firm, corporation or entity has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase from the Company or any Subsidiary of any of the shares or other securities of any Subsidiary, other than in connection with the Regulation A offering of Algernon NeuroScience Inc ;
- (k) none of the Company or any Subsidiary has been served with or otherwise received notice of any legal or governmental proceedings and there are no legal or governmental proceedings (whether or not purportedly on behalf of the Company) pending to which the Company or any Subsidiary is a party or of which any property or assets of the Company

or any Subsidiary is the subject and, to the best of the Company's knowledge, no such proceedings have been threatened or contemplated by any governmental authority or any other parties;

- (l) neither the Company nor the Subsidiaries own real property; with respect to each premises which is material to the Company or any Subsidiary and which the Company or any Subsidiary occupies as tenant (the "**Leased Premises**"), the Company or the Subsidiary (as applicable) occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and neither the Company nor any Subsidiary is in material breach or violation of or in default under any of the leases pursuant to which the Company or the Subsidiary (as applicable) occupies the Leased Premises and to the best of the Company's knowledge, such leases are valid, in good standing and in full force and effect and are enforceable against the respective lessors thereof;
- (m) the Company and each Subsidiary is the absolute legal and beneficial owner, and has good and valid title to, all of the material property or assets thereof as described in the Disclosure Record (as herein defined) free and clear of all Encumbrances and defects of title except such as are not material, individually or in the aggregate, to the Company or any Subsidiary, and (A) no other material property or assets are necessary for the conduct of the business of the Company or any Subsidiary as currently conducted, (B) the Company has no knowledge of any claim or the basis for any claim that might or could materially and adversely affect the right of the Company or any Subsidiary to use, transfer or otherwise exploit such property or assets, and (C) neither the Company nor the Subsidiary has any responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property and assets thereof;
- (n) the (i) audited consolidated financial statements of the Company as at and for the financial year ended August 31, 2022 (which financial statements include comparative financial information for the 2021 financial year), together with the report of Smythe LLP on those financial statements, and including the notes with respect to those financial statements; and (ii) the unaudited condensed consolidated interim financial statements of the Company as at and for the three months ended November 30, 2022 (which financial statements include comparative financial information for the comparable period in 2021), and including the notes with respect to those financial statements ((i) and (ii) above being collectively, the "**Financial Statements**"):
  - (i) have been prepared in accordance with applicable Securities Laws and International Financial Reporting Standards ("**IFRS**"), applied on a consistent basis throughout the periods referred to therein, except as otherwise disclosed therein;
  - (ii) present fairly, in all material respects, the financial position and condition of the Company and the Subsidiaries on a consolidated basis as at the dates thereof and the results of its operations and the changes in its shareholder's equity and cash flows for the periods then ended, and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Company and the Subsidiaries on a consolidated basis in accordance with IFRS, and do not contain a misrepresentation; and

- (iii) have been audited (in the case of the annual financial statements comprising the Financial Statements) or reviewed (in the case of the interim financial statements comprising the Financial Statements) by independent public accountants within the meaning of applicable Securities Laws and the rules of the Chartered Professional Accountants of Canada;
- (o) the accountants who audited or reviewed (as the case may be) the Financial Statements are independent with respect to the Company within the meaning of Applicable Securities Laws and there has not been any “reportable event” (within the meaning of National Instrument 51-102) with the current auditors or any former auditors of the Company during the past five financial years;
- (p) there are no material liabilities of the Company whether direct, indirect, absolute, contingent or otherwise which are not disclosed or reflected in the Financial Statements, except for liabilities incurred in the ordinary course of business since November 30, 2022, and which liabilities would not, individually or in the aggregate, have a Material Adverse Effect;
- (q) the audit committee’s responsibilities and composition comply with National Instrument 52-110 - *Audit Committees*;
- (r) except as disclosed in the Company’s annual reports, annual and interim financial statements, annual information forms, business acquisition reports, management discussion and analysis of financial condition and results of operations, information circulars, material change reports, press releases and all other information or documents required to be filed or furnished by the Company under applicable Securities Laws which have been publicly filed under the Company’s profile at [www.sedar.com](http://www.sedar.com) (collectively, the “**Disclosure Record**”), none of the directors, executive officers or shareholders who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding Common Shares or any known associate or affiliate of any such person, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such person) with the Company which, as the case may be, materially affects, is material to or will materially affect the Company and its Subsidiaries on a consolidated basis;
- (s) the Company and each Subsidiary has duly and on a timely basis filed all foreign, federal, state, provincial and municipal tax returns required to be filed by it, has paid, collected, withheld and remitted all taxes due and payable or required to be collected, withheld and remitted by the Company and the Subsidiaries, respectively, and has paid all assessments and reassessments and all other taxes, governmental charges, penalties, interest and other fines due and payable by it and which are claimed by any governmental authority to be due and owing, and adequate provision has been made for taxes payable for any completed fiscal period for which tax returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any tax, governmental charge or deficiency by the Company or by any Subsidiary; there are no actions, suits, proceedings, investigations or claims pending or, to the best of the Company’s knowledge, threatened against the Company or any Subsidiary in respect of taxes, governmental charges or assessments; and there are no matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority;

- (t) the Company and each of the Subsidiaries have established on their books and records reserves that are adequate for the payment of all taxes not yet due and payable and there are no liens for taxes on the assets of the Company or any of the Subsidiaries, and, to the best of the Company's knowledge, there are no audits pending of the tax returns of the Company or any of the Subsidiaries (whether federal, state, provincial, local or foreign) and there are no claims which have been or may be asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any governmental authority of any deficiency that could, individually or in the aggregate, result in a Material Adverse Change. For the purposes of this Agreement, "**Material Adverse Change**" means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), fact, event, violation, inaccuracy, circumstance, state of being or effect that (a) is materially adverse (actually or anticipated, whether financial or otherwise) to the business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, properties, condition (financial or otherwise), results of operations or control of the Company and the Subsidiaries, on a consolidated basis or (b) results or could reasonably be expected to result in the Offering Circular containing a material misrepresentation;
- (u) the Company and/or the Subsidiaries own, or have obtained valid and enforceable licenses for, or other rights to use, the Intellectual Property (as defined below) including, for greater certainty, the Intellectual Property described in the Disclosure Record; the Company has no knowledge that the Company or any Subsidiary lacks or will be unable to obtain any rights or licenses to use all Intellectual Property (including for the commercialization of the Company's products and services present or proposed) as described in the Offering Circular; no third parties have rights to any Intellectual Property of the Company or any Subsidiary, except for the ownership rights of the owners of the Licensed IP (as defined below) or except for any licenses of use granted by the Company and/or any Subsidiary therein; there is no pending or, to the best of the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or enforceability of any Intellectual Property or the Company's or any Subsidiary's rights in or to any Intellectual Property or suggesting that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto, the Company has no knowledge of any facts which form a reasonable basis for any such claim, and to the best of the Company's knowledge, there has been no finding of unenforceability or invalidity of the Intellectual Property; to the best of the Company's knowledge, there is no patent or published patent application that contains claims that interfere with the issued or pending claims of any of the Intellectual Property of the Company or any Subsidiary; and to the best of the Company's knowledge, there is no prior art that necessarily renders any patent application owned by the Company or any Subsidiary unpatentable that has not been disclosed to the US Patent and Trademark Office or any similar office in Canada or any other jurisdiction. "**Intellectual Property**" means all of the following owned or purported to be owned by the Company and any of its Subsidiaries, or used or held for use relating to the conduct of the business of the Company and the Subsidiaries as presently conducted or as proposed to be conducted (i) patent rights, issued patents, patent applications, patent disclosures, and registrations, inventions, discoveries, developments, concepts, ideas, improvements, processes and methods, whether or not such inventions, discoveries, developments, concepts, ideas, improvements, processes, or methods are patentable or registrable, anywhere in the world, (ii) copyrights (including performance rights) to any original works of art or

authorship, including source code and graphics, which are fixed in any medium of expression, including copyright registrations and applications therefor, anywhere in the world, whether or not registered or registrable, (iii) any and all common law or registered trade-mark rights, trade names, business names, trade-marks, proposed trade-marks, certification marks, service marks, distinguishing marks and guises, logos, slogans, domain names and any registrations and applications therefor, anywhere in the world, whether or not registered or registrable, and all goodwill attaching thereto, (iv) know-how, show-how, confidential information, trade secrets, (v) any and all industrial design rights, industrial designs, design patents, industrial design or design patent registrations and applications therefor, anywhere in the world, whether or not registered or registrable, (vi) any and all integrated circuit topography rights, integrated circuit topographies and integrated circuit topography applications, anywhere in the world, whether or not registered or registrable, (vii) any reissues, re-examinations, divisions, continuations, continuations-in-part, renewals, improvements, translations, derivatives, modifications and extensions of any of the foregoing, (viii) any other industrial, proprietary or intellectual property rights, anywhere in the world, and (ix) computer software (including but not limited to data, data bases and documentation); and “**Licensed IP**” means the Intellectual Property that is used or held for use relating to the conduct of the business of the Company and the Subsidiaries as presently conducted or as proposed to be conducted and that is owned by any person other than the Company or any Subsidiary;

- (v) other than Licensed IP, the Company and/or the Subsidiaries are the legal and beneficial owners of, have good and marketable title to, and own all right, title and interest in and to all Intellectual Property free and clear of all Encumbrances or adverse interests whatsoever, covenants, conditions, options to purchase and restrictions or other adverse claims of any kind or nature; no consent of any person is necessary to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Intellectual Property and none of the Intellectual Property of the Company or any Subsidiary comprises an improvement to Licensed IP that would give any person any rights to any such Intellectual Property, including, without limitation, rights to license any such Intellectual Property;
- (w) the Company and its Subsidiaries have used commercially reasonable efforts to maintain and protect the Intellectual Property owned by the Company and/or any Subsidiary; the Company and its Subsidiaries have, unless otherwise specified, making filings and payments of registration, maintenance, renewal or similar fees and to obtain ownership of such Intellectual Property developed for the Company and/or any Subsidiary by its employees, consultants and contractors; the Company and its Subsidiaries has secured written assignment agreements from all former and current employees, consultants and contractors that assign to the Company and/or a Subsidiary all rights, title and interest in and to any such Intellectual Property, and including with respect to all copyrightable Intellectual Property, securing from such employees, consultants and/or contractors waivers of moral rights in writing in favour of the Company, the Subsidiaries and their successors, assignees or licensees; there are no oppositions, cancellations, invalidity proceedings, interferences or re-examination proceedings pending with respect to any Intellectual Property owned by the Company and/or any Subsidiary or, to the best of the Company’s knowledge, threatened; all applications for registration of any Intellectual Property owned by the Company and/or any Subsidiary have been properly filed and have been pursued by the Company and the Subsidiaries in the ordinary course of business, and neither the Company nor any of the Subsidiaries has received any notice

(whether written, oral or otherwise) indicating that any application for registration of the Intellectual Property owned by the Company and/or any Subsidiary has been finally rejected or denied by the applicable reviewing authority, except for any rejection or denial that would not, individually or in the aggregate, have a Material Adverse Effect;

- (x) to the best of the Company's knowledge, the conduct of the business of the Company and the Subsidiaries (including, without limitation, the sale of their respective products and services, or the use or other exploitation of the Intellectual Property by the Company, the Subsidiaries or any customers, distributors or other licensees thereof) has not infringed, violated, misappropriated or otherwise conflicted with (and does not infringe, violate, misappropriate or otherwise conflict with) any Intellectual Property right of any person; there is no pending or threatened action, suit, proceeding or claim by others alleging that any current or proposed conduct of their respective businesses (including, without limitation, the sale of their respective products and services, or use or other exploitation of any Intellectual Property by the Company, the Subsidiaries or any customers, distributors or other licensees) infringes, violates, misappropriates or otherwise conflicts with (or would infringe, violate, misappropriate or otherwise conflict with) any Intellectual Property of others, and the Company has no knowledge of any facts which form a reasonable basis for any such claim;
- (y) to the best of the Company's knowledge, no person has infringed or misappropriated, or is infringing or misappropriating, any rights of the Company and/or any Subsidiary in or to the Intellectual Property;
- (z) the Company has entered into valid and enforceable written agreements pursuant to which the Company has been granted all licenses and permissions to use, reproduce, sublicense, sell, modify, update, enhance or otherwise exploit the Licensed IP to the extent required for the conduct of the business of the Company and the Subsidiaries as currently conducted or as proposed to be conducted (including, if required, the right to incorporate such Licensed IP into the Intellectual Property). All license agreements in respect of Licensed IP are in full force and effect and none of the Company, any of the Subsidiaries or to the best of the Company's knowledge, any other person, is in default of its obligations thereunder;
- (aa) to the extent that any of the Intellectual Property is licensed or disclosed to any person or any person has access to such Intellectual Property (including but not limited to any employee, officer, shareholder, consultant, systems-integrator, distributor, Contract counterparty, or other customer of the Company or any of the Subsidiaries), the Company has entered into a valid and enforceable written agreement which contains terms and conditions prohibiting the unauthorized use, reproduction, disclosure or transfer of such Intellectual Property by such person. Other than such agreements that have expired in accordance with their respective terms, all such agreements are in full force and effect and none of the Company, any of the Subsidiaries or, to the best of the Company's knowledge, any other person, is in default of its obligations thereunder except for any default which is immaterial;
- (bb) the Company is in compliance in all material respects with its timely and continuous disclosure obligations under the applicable Securities Laws and the policies, rules and regulations of the Exchange and, without limiting the generality of the foregoing, there has not occurred any material change (actual, anticipated, contemplated or threatened) in

the business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, assets, properties, condition (financial or otherwise), results of operations or control of the Company and the Subsidiaries taken as a whole since August 31, 2022 which has not been set forth in the Disclosure Record, and the Company has not filed any confidential material change reports which remains confidential as at the date hereof;

- (cc) to the best of the Company's knowledge, no agreement is in force or effect which in any manner affects the voting or control of any of the securities of the Company or any Subsidiary;
- (dd) the Company is authorized to issue an unlimited number of Common Shares, of which 9,666,988 Common Shares are issued and outstanding as of the date hereof, and all such issued Common Shares are validly issued and outstanding, and no person, firm or corporation has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option or privilege (whether pre-emptive or contractual), for the issue or allotment of any unissued shares in the capital of the Company or any Subsidiary or any other security convertible into or exchangeable for any such shares, or to require the Company or any Subsidiary to purchase, redeem or otherwise acquire any of the outstanding securities in the capital of the Company or any Subsidiary, except as disclosed in the Disclosure Record;
- (ee) each of the execution and delivery of this Agreement, the Warrant Indenture and any certificate representing the Soliciting Dealer's Warrants, the performance by the Company of its obligations hereunder and thereunder, including the issue of the Rights, the offer, issue and sale of the Common Shares and Warrants comprising the Units, the issue and sale of the Warrant Shares underlying the Warrants, the grant and issue of the Soliciting Dealer's Warrants, and the consummation of the transactions contemplated in this Agreement and the Warrant Indenture, do not and will not:
  - (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, and do not and will not create a state of facts which will result in a breach or violation of or constitute a default under, whether after notice or lapse of time or both, (i) any statute, rule or regulation applicable to the Company or any Subsidiary, including applicable Securities Laws; (ii) the articles, notice of articles or resolutions of the shareholders, directors or any committee of directors of the Company or any Subsidiary; (iii) any material mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Company or any Subsidiary is a party or by which it is bound; (iv) any judgment, decree or order binding the Company or its assets and properties or any Subsidiary or its assets and properties; or (v) any statute, rule, regulation or law applicable to the Company or any Subsidiary, including, without limitation, the applicable Securities Laws, or any judgment, order or decree of any governmental authority or court having jurisdiction over the Company;
  - (ii) affect the rights, duties and obligations of any parties to any material indenture, agreement or instrument to which the Company or any Subsidiary is a party, nor give a party the right to terminate any such indenture, agreement or instrument by

- virtue of the application of terms, provisions or conditions in such indenture, agreement or instrument;
- (iii) require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, securities regulatory authority or other third party, except such as have been obtained under applicable Securities Laws or Exchange regulations; and
  - (iv) do not affect the rights, duties and obligations of any parties to any material indenture, agreement or instrument to which the Company or any Subsidiary is a party, nor give a party the right to terminate any such indenture, agreement or instrument by virtue of the application of terms, provisions or conditions in such indenture, agreement or instrument;
- (ff) the execution and delivery of this Agreement, the Warrant Indenture and any certificate representing the Warrants, or the Soliciting Dealer's Warrants, and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action of the Company and this Agreement has been, and the Warrant Indenture and any certificate representing the Warrants and the Soliciting Dealer's Warrants, will at the Expiration Time be, duly executed and delivered by the Company and constitutes and will at the Expiration Time constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, provided that enforcement hereof or thereof may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction and that the provisions relating to indemnity, contribution, severability and waiver of contribution may be limited under applicable law;
- (gg) the Company has the power, capacity and authority to offer, issue and sell (as applicable) the Rights, the Common Shares and Warrants comprising the Units, and to issue and sell the Warrant Shares underlying the Warrants;
- (hh) the Common Shares and the Warrants have been duly created, authorized, allotted and reserved for issuance and, upon each exercise of the Rights and payment of the exercise price therefor:
- (i) the Common Shares comprising the Units will be duly and validly issued and outstanding as fully paid and non-assessable shares in the capital of the Company;
  - (ii) the Warrants comprising the Units will be duly created and validly issued and outstanding as fully paid securities of the Company; and
  - (iii) the Common Shares and Warrants will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;
- (ii) the Warrant Shares have been duly authorized, allotted and reserved for issuance, and, upon the exercise of the Warrants and payment of the exercise price therefor, will be validly issued and outstanding as fully paid and non-assessable Common Shares. The

Warrant Shares will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;

- (jj) the Company has the corporate power, capacity and authority to issue the Soliciting Dealer's Warrants; the Common Shares and Warrants issuable upon exercise of the Soliciting Dealer's Warrants have been duly authorized, created, allotted and reserved, as applicable, for issuance and the Soliciting Dealer's Warrants have been duly authorized and created and, at the applicable Expiration Time:
  - (i) the Soliciting Dealer's Warrants will be duly and validly created and issued and will be fully paid securities of the Company; and
  - (ii) the Soliciting Dealer's Warrants, will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;
- (kk) the Common Shares and the Warrants have the attributes and characteristics and conform in all material respects with the descriptions thereof contained in the Offering Circular;
- (ll) the Common Shares are listed and posted for trading on the Exchange and, prior to the Expiration Time, all necessary notices and filings will have been made with and all necessary consents, approvals, authorizations will have been obtained by the Company from the Exchange to ensure that the Common Shares and the Warrant Shares will be listed and posted for trading on the Exchange upon their issuance; In addition, the Company will use commercially reasonable efforts to list the Warrants on the Exchange;
- (mm) no default exists under and no event has occurred which, after notice or lapse of time or both, or otherwise, constitutes a default under or breach, by the Company, any Subsidiary, or any other person, of any material obligation, agreement, covenant or condition contained in any material contract to which the Company or any Subsidiary is a party or by which it or any of its properties may be bound; and no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Rights, the Units, the Common Shares, the Warrants, the Warrant Shares, the Soliciting Dealer's Warrants or any other security of the Company has been issued or made by any securities regulatory authority or stock exchange or any other regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated or threatened by any such authority or under any applicable Securities Laws;
- (nn) to the best of the Company's knowledge, there is no legislation or governmental regulation which materially and adversely affects the business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, assets, properties, condition (financial or otherwise) or results of operations of the Company or any Subsidiary;
- (oo) each of the documents forming the Disclosure Record filed by or on behalf of the Company did not contain a misrepresentation, determined as at the date of filing, which has not been corrected by the filing of a subsequent document which forms part of the Disclosure Record;

- (pp) no material labour dispute with current and former employees of the Company or any of the Subsidiaries exists or is imminent and the Company has no knowledge of any existing, threatened or imminent labour disturbance or disruption by the employees of any of the principal suppliers, manufacturers or contractors of the Company;
- (qq) there has not been and there is not currently any labour disruption or conflict which is adversely affecting or could reasonably be expected to adversely affect, in a material manner, the carrying on of the business of the Company or the Subsidiaries;
- (rr) the Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged, and the Company has no reason to believe that it will not be able to renew the existing insurance coverage of the Company and the Subsidiaries as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect;
- (ss) neither the Company nor any Subsidiary has used any of its property or facilities to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any pollutants, contaminants, chemicals or industrial toxic or hazardous waste or substances (“**Hazardous Substances**”); except in compliance with applicable laws, neither the Company nor any Subsidiary has caused or permitted the release, in any manner whatsoever, of any Hazardous Substances on or from any of its properties or assets or any such release on or from a facility owned or operated by third parties but with respect to which the Company or a Subsidiary is or may reasonably be alleged to have material liability or has received any notice that it is potentially responsible for a federal, provincial, municipal or local clean-up site or corrective action under any applicable laws, statutes, ordinances, by-laws, regulations or any orders, directions or decisions rendered by any ministry, department or administrative regulatory agency relating to the protection of the environment, occupational health and safety or otherwise relating to or dealing with Hazardous Substances in a manner that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;
- (tt) each employee benefit plan that is maintained, administered or contributed to by the Company or any of the Subsidiaries for employees or former employees of the Company or the Subsidiaries has been maintained in compliance with its terms and the requirements of any applicable laws and the fair market value of the assets of each such plan (excluding for these purposes accrued but unpaid contributions) exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions;
- (uu) TSX Trust Company, at its principal offices in Vancouver, British Columbia has been duly appointed as the registrar and transfer agent for the Common Shares, and at its principal office in Toronto, Ontario, the subscription agent for the Rights Offer and prior to the Expiration Time, will be duly appointed as the warrant agent for the Warrants;
- (vv) the business and material property and assets of the Company and the Subsidiaries conform in all material respects to the descriptions thereof contained in the Disclosure Record;

- (ww) all products and services provided to customers, in whole or in part, by the Company or any Subsidiary and all component parts which are supplied to the Company or any Subsidiary are, to the best of the Company's knowledge, manufactured or provided in full compliance with applicable laws and meet industry specific standards set by all organizations which pertain to the business of the Company and each Subsidiary and the Company's and each Subsidiary's Products and services have met and satisfied all product safety standards necessary to permit the sale of the Company's and each Subsidiary's products and services in the jurisdictions in which they are sold;
- (xx) the impact of the novel coronavirus (COVID-19) pandemic has not (i) resulted in any material decline in the consolidated revenues or increase in the consolidated liabilities of the Company and the Subsidiaries, taken as a whole, (ii) materially adversely impacted the workforce of the Company and the Subsidiaries, (iii) created any material disruptions in the supply chain or distribution infrastructure of the Company and the Subsidiaries, or (iv) otherwise resulted in a Material Adverse Effect;
- (yy) the Company and each of the Subsidiaries possesses such permits, certificates, licences, approvals, registrations, qualifications, consents and other authorizations issued by governmental authorities (collectively, "**Governmental Licences**"), as are necessary to conduct the business now operated by it in all jurisdictions in which it carries on business (as such business is currently conducted); (B) the Company and each Subsidiary is in material compliance with the terms and conditions of all such Governmental Licences; (C) all of such Governmental Licences are in good standing, valid and in full force and effect; (D) neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation, suspension, termination or modification of any such Governmental Licences, and there are no facts or circumstances, including without limitation facts or circumstances relating to the revocation, suspension, modification or termination of any Governmental Licences held by others, known to the Company, that could lead to the revocation, suspension, modification or termination of any such Governmental Licences if the subject of an unfavourable decision, ruling or finding, except where such revocation, suspension, modification or termination is not in respect of a material Governmental Licence or where such revocation, suspension, modification or termination would not, individually or in the aggregate, have a Material Adverse Effect; (E) neither the Company nor any Subsidiary is in default with respect to filings to be effected or conditions to be fulfilled in order to maintain such Governmental Licences in good standing; (F) none of such Governmental Licences contains any term, provision, condition or limitation which has or would reasonably be expected to affect or restrict in any material respect the operations or the business of the Company or any Subsidiary as now carried on or proposed to be carried on; (G) neither the Company nor any Subsidiary has reason to believe that any party granting any such Governmental Licences is considering limiting, suspending, modifying, withdrawing or revoking the same in any material respect;
- (zz) none of the Company or any of its Subsidiaries has voluntarily or involuntarily initiated, conducted or issued, or caused to be initiated, conducted or issued, any recalls, market withdraws, safety alerts or other notice of material action relating to an actual or potential lack of safety, efficacy or the non-compliance with applicable healthcare laws of any product provided to customers, in whole or in part, by the Company or any Subsidiary;

- (aaa) all clinical and pre-clinical studies related to the development of the products provided to customers, in whole or in part, by the Company or any Subsidiary have been conducted, and to the extent they are still pending are currently being conducted, in accordance with accepted medical, scientific and ethical research procedures and all applicable laws;
- (bbb) none of the Company or any of its Subsidiaries is subject to any obligation arising under an administrative or regulatory action, inspection, warning letter, notice of violation letter, or other written notice, response or commitment made to or with the United States Food and Drug Administration, Health Canada or any other governmental authority, and to Company's knowledge, no such proceedings have been threatened;
- (ccc) none of the Company or any of its Subsidiaries, and to the Company's knowledge none of its or its Subsidiaries' officers, directors, and employees (i) are or have been a party to, or bound by, any order, individual integrity agreement, corporate integrity agreement, compliance undertaking or other formal agreement or settlement with any governmental authority concerning compliance with applicable laws; (ii) have made any filings in the United States pursuant to the OIG or CMS self-disclosure protocol; (iii) have been a defendant in any action, or received a threat of any action, brought under a United States federal or state whistleblower statute, including without limitation the False Claims Act (31 U.S.C. § 3729 et seq.); and (iv) have been served with or received any written search warrant, subpoena (other than those related to actions against third parties), civil investigative demand or contact letter from a governmental authority;
- (ddd) all forward-looking information and statements of the Company contained in the Offering Circular, including any forecasts and estimates, expressions of opinion, intention and expectation have been based on assumptions that are reasonable in the circumstances;
- (eee) all information which has been prepared by the Company relating to the Company or any of the Subsidiaries and the business, property and liabilities thereof and provided or made available to the Dealer Manager, and all financial, marketing, sales and operational information provided to the Dealer Manager is, as of the date of such information, true and correct in all material respects, taken as whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;
- (fff) (i) the responses given by the Company and its officers at all oral due diligence sessions conducted by the Dealer Manager in connection with the Rights Offer, as they relate to matters of fact, have been and shall continue to be true and correct in all material respects as at the time such responses have been or are given, as the case may be, and such responses taken as a whole have not and shall not omit any fact or information necessary to make any of the responses not misleading in light of the circumstances in which such responses were given or shall be given, as the case may be; and (ii) where the responses reflect the opinion or view of the Company or its officers (including responses or portions of such responses which are forward-looking or otherwise relate to projections, forecasts, or estimates of future performance or results (operating, financial or otherwise)), such opinions or views have been and will be honestly held and believed to be reasonable at the time they are given;
- (ggg) the Company is not insolvent (within the meaning of Applicable Laws), is able to pay its liabilities as they become due and, assuming that 100% of the Rights Offer is subscribed for and the additional sources of funding (as detailed in the Offering Circular) is received,

has sufficient working capital to fund its operations for at least 12 months following the Expiration Time;

- (hhh) the Company has not withheld from the Dealer Manager any adverse material facts relating to the Company, any of the Subsidiaries or the Offering;
- (iii) the Company (i) has not made any significant acquisitions as such term is defined in Part 8 of NI 51-102 in its current financial year or prior financial years and for which a business acquisition report has not been filed under National Instrument 51-102 (other than the acquisition disclosed in the Business Acquisition Report), (ii) has not entered into any agreement or arrangement in respect of a transaction that would be a significant acquisition for purposes of Part 8 of National Instrument 51-102, and (iii) there are no proposed acquisitions by the Company that have progressed to the state where a reasonable person would believe that the likelihood of the Company completing the acquisition is high and would be a significant acquisition for the purposes of Part 8 of National Instrument 51-102;
- (jjj) each benefit plan or pension plan administered or provided by the Company or any of its Subsidiaries is duly registered where required by applicable laws (including registration with relevant tax authorities where such registration is required to qualify for tax exemption or other tax beneficial status). Each benefit plan or pension plan has been administered in compliance in all material respects with, and is in good standing under, applicable laws. Neither the Company nor any Subsidiary contributes to or has an obligation to contribute to a plan, program or arrangement that provides defined benefit pensions or for which the funding is determined by reference to a defined benefit. The Company does not have any outstanding indebtedness or any liabilities or obligations, including any unfunded obligation, under any such benefit plan or pension plan, whether accrued, absolute, contingent or otherwise;
- (kkk) the Company is not currently party to any agreement in respect of the change of control of the Company (whether by sale or transfer of shares or sale of all or substantially all of the assets and properties of the Company or otherwise);
- (lll) all scientific research and experimental development (“**SR&ED**”) tax incentives, or similar incentives in jurisdictions outside of Canada, applied for by the Company or a Subsidiary are bona fide and the Company has no knowledge that Canada Revenue Agency, or other applicable governmental authority, will disallow, reassess or reduce any SR&ED incentives, or similar incentives, applied for by or previously granted to the Company or a Subsidiary;
- (mmm) the description of the regulations applicable to the Company, its Subsidiaries and their respective operations, as set forth in the Disclosure Record, is a reasonable, fair and accurate summary of the laws and regulations applicable to the Company and its Subsidiaries and their respective operations in the jurisdictions in which they operate, and was reviewed and approved by legal counsel in each of those jurisdictions mentioned therein;
- (nnn) the Company and the Subsidiaries and their directors, officers, employees and other representatives are familiar with and have conducted all transactions, negotiations, discussions and dealings in full compliance with anti-bribery and anti-corruption laws

and regulations applicable in any jurisdiction in which they are located or conducting business. Neither the Company nor any Subsidiary has made any offer, payment, promise to pay, or authorization of payment of money or anything of value to any government official, or any other person while having reasonable grounds to believe that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a government official, for the purpose of (i) assisting the parties in obtaining, retaining or directing business; (ii) influencing any act or decision of a government official in his or its official capacity; (iii) inducing a government official to do or omit to do any act in violation of his or its lawful duty, or to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government or department, agency, instrumentality or entity thereof; or (iv) securing any improper advantage; and

- (ooo) the operations of the Company and the Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental authority (collectively, the “**Applicable Anti-Money Laundering Laws**”) and no action, suit or proceeding by or before any governmental authority involving the Company or any Subsidiary with respect to Applicable Anti-Money Laundering Laws is, to the knowledge of the Company, pending or threatened.

## **8. Remedies for Breach**

All provisions of this Agreement shall be construed as conditions, and any breach or failure by the Company to comply with any such provision shall entitle the Dealer Manager to terminate its obligations hereunder by written notice to that effect given to the Company. In the event of any termination, there shall be no further liability on the part of the Company or the Dealer Manager under this Agreement except in respect of any liability or obligation which may have arisen or may thereafter arise under Sections 10 through 12, inclusive. The Dealer Manager may waive, in whole or in part, or extend the time for compliance with, any of the provisions of this Agreement without prejudice to its rights in respect of any other of those provisions or any other or subsequent breach or non-compliance; provided, however, that any such waiver or extension must be in writing and signed by the Dealer Manager in order to be binding upon it.

## **9. Effecting the Offer**

- (a) The Company shall cause the Rights Offer to be effected in the manner described in the Offering Circular.
- (b) The Company hereby consents to the use by the Dealer Manager and the other Soliciting Dealers of the Offering Circular and any Supplementary Material in connection with the solicitation of exercise of Rights under the Rights Offer in the Jurisdictions.
- (c) To the extent permitted by applicable law, the Company shall assist the Dealer Manager and the other Soliciting Dealers in their efforts to solicit the exercise of Rights under the Rights Offer.

## 10. Indemnity

- (a) The Company (the “**Indemnitor**”) hereby agrees to indemnify and hold the Dealer Manager and the directors, officers, employees, agents and shareholders of the Dealer Manager (hereinafter referred to as the “**Personnel**”) harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, damages or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any claim that may be made against the Dealer Manager, to which the Dealer Manager and/or its Personnel may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are in connection with or are based, directly or indirectly, upon:
- (i) the performance of professional services rendered to the Indemnitor by the Dealer Manager and/or its Personnel hereunder or otherwise in connection with the matters referred to in this Agreement;
  - (ii) the breach of any representation or warranty of the Company made in any document delivered by the Company pursuant to this Agreement or the failure of the Company to comply with any of its obligations in any such document or any omission or alleged omission to state in any such document any fact required to be stated in such document or necessary to make any statement in such document not misleading in light of the circumstances under which it was made;
  - (iii) any information or statement in any of the Offering Circular or any Supplementary Material containing or being alleged to contain a misrepresentation or being or being alleged to be untrue, or based upon any omission or alleged omission to state in any of the Offering Circular or any Supplementary Material any material fact required to be stated in those documents or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;
  - (iv) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority, stock exchange or by any other competent authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation contained in any of the Offering Circular or any Supplementary Material or any other document or material filed or delivered on behalf of the Company pursuant to this Agreement, preventing or restricting the trading in or the sale or distribution of the Rights, the Units, the Common Shares, the Warrants, the Warrant Shares, the Compensation Warrants, or any other securities of the Company;
  - (v) the non-compliance by the Company with any applicable Securities Laws or other regulatory requirements or the rules of the Exchange including the Company’s non-compliance with any statutory requirement to make any document available for inspection;

- (vi) any statement contained in the Disclosure Record which at the time and in the light of the circumstances under which it was made, contained or is alleged to have contained a misrepresentation or untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances in which they were made;
  - (vii) any misrepresentation or alleged misrepresentation by or on behalf of the Company relating to the Rights Offer, whether oral or written and whether made during and in connection with the Rights Offer, where such misrepresentation may give or gives rise to any other liability under any statute in any jurisdiction which is in force on the date of this Agreement;
  - (viii) any failure or alleged failure to make timely disclosure of a material change by the Company, where such failure or alleged failure occurs during the Rights Offer or during the period of distribution of the Units or where such failure relates to the Rights Offer or the Units, and may give or gives rise to any liability under any statute in any jurisdiction which is in force on the date of this Agreement; or
  - (ix) any breach of any representation or warranty of the Company contained herein or the failure of the Company to comply with any of its covenants or other obligations contained herein or to satisfy any conditions contained herein required to be satisfied by the Company.
- (b) If for any reason (the foregoing indemnification is unavailable to the Dealer Manager and/or any Personnel or insufficient to hold them harmless, then the Indemnitor shall contribute to the amount paid or payable by the Dealer Manager as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Dealer Manager on the other hand but also the relative fault of the Indemnitor and the Dealer Manager, as well as any relevant equitable considerations; provided that the Indemnitor shall, in any event, contribute to the amount paid or payable by the Dealer Manager or any Personnel as a result of such expense, loss, claim, damage or liability, any excess of such amount over the amount of the fees received by the Dealer Manager hereunder pursuant to this Agreement.
- (c) The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or the Dealer Manager and/or any Personnel by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnitor and/or the Dealer Manager and any Personnel of the Dealer Manager shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Dealer Manager, the Dealer Manager shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Dealer Manager for time spent by its Personnel in connection therewith) and out-of-pocket expenses incurred by its Personnel in connection therewith shall be paid by the Indemnitor as they occur.

- (d) Promptly after receipt of notice of the commencement of any legal proceeding against the Dealer Manager or any of its Personnel or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Dealer Manager will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed.
- (e) The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Personnel of the Dealer Manager and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Dealer Manager and any of the Personnel of the Dealer Manager. The foregoing provisions shall survive the completion of professional services rendered here or any termination of the authorization given hereby.
- (f) The parties acknowledge and agree that the benefit of this Section 10 is held by the Dealer Manager in trust for and on behalf of and for the benefit of each of its Personnel.

## 11. Fees

For the services to be provided hereunder, the Company shall pay the following fees to the Dealer Manager:

- (a) For providing corporate finance services and acting as Dealer Manager in connection with the Offering, RCC will be entitled to receive and the Company will pay a fee in the amount of \$20,000, plus applicable taxes thereon (the “**Corporate Finance Fee**”). The Corporate Finance Fee will be payable upon completion of the Rights Offer and will be satisfied by way of issuing such number of Units to RCC as is equal to the Corporate Finance Fee divided by the Subscription Price.
- (b) For acting as soliciting dealer in connection with the Rights Offer, RCC will be entitled to receive a cash commission equal to 5.0% of the gross proceeds raised in the Rights Offer in the Jurisdictions (the “**Commission**”), subject to a reduction to 2.0% of the gross proceeds for any Units issued pursuant to the President’s List in the Jurisdictions (as detailed below). The Commission will be payable from the proceeds of the Rights Offer in the Jurisdictions on closing of the Rights Offer. As additional compensation, RCC will be granted warrants (the “**Soliciting Dealer’s Warrants**”) entitling RCC to acquire that number of Units equal to the sum of: (a) 8.0% of the number of Units distributed pursuant to the Rights Offer on the Offering Shortfall, plus (b) 5.0% of the number of Units distributed pursuant to the Rights Offer in the Jurisdictions, subject to a reduction for any Units issued pursuant to the President’s List as further detailed below. Each Soliciting Dealer’s Warrant will entitle the holder thereof to purchase one Unit at an exercise price equal to the Subscription Price, for a period of 18 months from the date of issuance. For greater clarity, no Commission will be payable, nor Soliciting Dealer Warrants issuable, in connection with proceeds raised and Units issued outside of the Jurisdictions.

Notwithstanding the foregoing, to the extent any Units are issued to purchasers in the Jurisdictions on a president's list for up to 25.0% of the Rights Offer (the "**President's List**"), as agreed between the Company and RCC, in a format satisfactory to the Dealer Manager (such that the Company provides a completed control document spreadsheet), the Company will pay to RCC a 2.0% Commission and 2.0% Soliciting Dealer's Warrants.

The Dealer Manager acknowledges that the Soliciting Dealer's Warrants, the underlying Units, the Common Shares and Warrants comprising such Units, and the Warrant Shares issuable upon exercise of such Warrants, have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. In connection with the issuance of such securities, the Dealer Manager represents, warrants and covenants that (i) it is acquiring the Soliciting Dealer's Warrants as principal for its own account and not for the benefit of any other person; (ii) it is not a U.S. Person and is not acquiring the Soliciting Dealer's Warrants in the United States, or for the account or benefit of a U.S. Person or a person located in the United States; and (iii) this Agreement was executed and delivered outside the United States. The Dealer Manager acknowledges and agrees that the Soliciting Dealer's Warrants, and Warrants comprising part of the underlying Units, may not be exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless such exercise is exempt from the registration requirements of the U.S. Securities Act and the applicable U.S. state securities laws, and the holder of such securities has delivered an opinion of counsel reasonably satisfactory to the Company to such effect.

## **12. Expenses**

The Company will pay for all costs associated with the Rights Offer and will reimburse the Dealer Manager for all reasonable out-of-pocket expenses incurred by the Dealer Manager in entering into and performing this Agreement (including, without limitation, legal fees up to a maximum of \$10,000 plus applicable taxes and disbursements, and printing, courier, travel and long-distance telephone charges). For greater certainty, the Company shall reimburse the Dealer Manager for its expenses in accordance with this Section 12 without regard to the completion of the Rights Offer. Upon the completion of the Rights Offer, the Company shall reimburse the Dealer Manager for the expenses which it has incurred in connection with the Rights Offer other than legal expenses of the Dealer Manager, which shall be paid to RCC in advance on the date of this Agreement.

## **13. Closing**

The closing shall take place at the Closing Time at the office of McMillan LLP in Vancouver, British Columbia, or at such other time and place as may be agreed to in writing by the Company and the Dealer Manager. At the Closing Time, the Company shall deliver to the Dealer Manager (i) a certified cheque or bank draft representing the Corporate Finance Fee, the Commission and the expenses of the Dealer Manager described in Section 12 of this Agreement; and (ii) certificates representing the Soliciting Dealer's Warrants registered as directed by the Dealer Manager.

## **14. Notice**

Any notice required to be given by a party hereunder shall be in writing and shall be given by personal delivery or by facsimile, receipt of transmission acknowledged, and if so given shall be

deemed to have been received upon delivery or upon receipt of transmission. The addresses for notice (which may be changed by notice given in compliance herewith) are:

(a) in the case of the Company, to:

Algernon Pharmaceuticals Inc.  
Suite 400 – 601 West Broadway  
Vancouver, BC  
V5Z 4C2

Email: <redacted – personal information>  
Attention: Christopher Moreau, Chief Executive Officer

with a copy of any such notice (which shall not constitute notice to the Company) to:

McMillan LLP  
Royal Centre, Suite 1500  
1055 West Georgia Street, PO Box 11117  
Vancouver, British Columbia, V6E 4N7

Email: <redacted – personal information>  
Attention: <redacted – personal information>

(b) in the case of the Dealer Manager, to:

Research Capital Corporation  
199 Bay Street, Suite 4500  
Commerce Court West, Box 368  
Toronto, Ontario M5L 1G2

Email: <redacted – personal information>  
Attention: <redacted – personal information>

and with a copy of any such notice (which shall not constitute notice to the Underwriter) to:

Fasken Martineau DuMoulin LLP  
333 Bay Street, Suite 2400  
Toronto, Ontario M5H 2T6

Email: <redacted – personal information>  
Attention: <redacted – personal information>

Any party may change its address by notice to the other party as provided.

## 15. Early Termination

- (a) The obligations of the Dealer Manager hereunder may be immediately terminated at the election of the Dealer Manager upon written notice thereof to the Company, if prior to the Expiration Time:
- (i) any order to cease or suspend trading in any securities of the Company, or prohibiting or restricting the distribution of any of the securities is made, or proceedings are announced or commenced for the making of any such order, by any Securities Commission or similar regulatory authority, and has not been rescinded, revoked or withdrawn;
  - (ii) any inquiry, action, suit, investigation (formal or informal) or other proceeding is commenced, threatened or announced or any order is issued under or pursuant to any law or there is any change of law or the interpretation or administration thereof, which, in the reasonable opinion of the Dealer Manager, operates or could operate to prevent or restrict trading in or distribution of the Rights, the Units (or any securities comprising the Units) or any of them;
  - (iii) the Company shall be in breach of, default under or non-compliance with any representation, warranty, covenant, term or condition of this Agreement or if the Dealer Manager has reasonable grounds to believe that the Company is failing to perform its obligations under this Agreement;
  - (iv) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any action by government, law, regulation, inquiry or other occurrence of any nature whatsoever which, in the Dealer Manager's reasonable opinion, materially adversely affects or could materially adversely affect the financial markets or the business, operations or affairs of the Company taken as a whole;
  - (v) the state of financial markets is such that, in the Dealer Manager's reasonable opinion, the distribution of the Units should not proceed or it would no longer be practicable to continue its obligations under this Agreement; or
  - (vi) the Dealer Manager is not satisfied with the results of any due diligence investigations and examinations with respect to the Company conducted by or on behalf of the Dealer Manager.
- (b) Any such termination shall be effected by giving written notice to the Company at any time prior to the Closing Time. In the event of a termination by the Dealer Manager pursuant to this Section 15, there shall be no further liability on the part of the Dealer Manager or the Company except in respect of the payment of such of the expenses referred to in Section 12 payable by the Company as shall previously have been incurred and any liability of the Company to the Dealer Manager which may have arisen or may thereafter arise under Section 10.

## 16. Due Diligence

RCC shall have the right to conduct reasonable "due diligence" investigations into the business and affairs of the Company and to obtain satisfactory results therefrom prior to the closing of the Rights Offer (including the right to have question and answer sessions with senior management, legal counsel and other consultants of the Company, which the Company agrees to use its reasonable best efforts to make available). The Company agrees to provide RCC and its representatives with reasonable access to all books and records of the Company for this purpose.

**17. Waiver**

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

**18. Advertisement**

Provided that the Dealer Manager is not in breach of any material provision hereof, the Dealer Manager shall be permitted to publish such advertisements or announcements relating to the services provided hereunder in such newspaper and other publications as the Dealer Manager considers appropriate.

**19. Survival**

The representations, warranties and obligations contained herein shall survive the completion of the services of the Dealer Manager hereunder and shall not be limited or prejudiced by any investigation made by or on behalf of the Dealer Manager in the course of the preparation of the Prospectus or any Supplementary Material.

**20. Time of the Essence**

Time shall, in all respects, be of the essence hereof.

**21. Further Assurances**

Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

**22. Governing Law**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**23. Headings**

The division of this Agreement into sections and parts and the provision of headings thereto is for the convenience of reference only, and does not affect or limit the construction or interpretation thereof.

**24. Entire Agreement**

This Agreement constitutes the entire agreement between the Dealer Manager and the Company relating to the subject matter hereof and supersedes and replaces all prior agreements between the Dealer Manager and the Company relating to the subject matter hereof.

**25. Severability**

To the extent that any provision of this Agreement shall be determined to be unenforceable or invalid but capable of severance, the remainder of this Agreement shall remain enforceable to the maximum extent permitted by law.

**26. Successors and Assigns; Assignment**

This Agreement may not be assigned by either party without the prior written consent of the other party to this Agreement other than an assignment by the Dealer Manager to an affiliate thereof provided that the Dealer Manager guarantees the performance of the assignee's obligations under this Agreement. Any such assignee shall become entitled to all of the rights and subject to all of the obligations of the Dealer Manager hereunder.

**27. Counterpart Execution**

This Agreement may be executed by the parties in separate counterparts each of which when so executed and delivered shall together constitute one and the same instrument. Delivery of a facsimile transmission of an originally signed copy of this Agreement shall be deemed to be equivalent to delivery of the original.

**[signatures on next page]**

If the foregoing is in accordance with your understanding, please sign and return the accompanying duplicate copy hereof, whereupon this letter and the acceptance shall together constitute a binding agreement between the Company and the Dealer Manager.

Yours very truly,

**RESEARCH CAPITAL CORPORATION**

By: /s/ David Keating  
Name: David Keating  
Title: Managing Director,  
Head of Equity Capital Markets, Co-Head of  
Capital Markets

Accepted as of this 5<sup>th</sup> day of April, 2023.

**ALGERNON PHARMACEUTICALS INC.**

By: /s/ Christopher Moreau  
Name: Christopher Moreau  
Title: Chief Executive Officer