

May 5, 2023



Algernon Pharmaceuticals Announces Closing of Rights Offering

VANCOUVER, British Columbia, May 05, 2023 (GLOBE NEWSWIRE) -- Algernon Pharmaceuticals Inc. (CSE: AGN) (FRANKFURT: AGW0) (OTCQB: AGNPF) (the "**Company**" or "**Algernon**") a Canadian clinical stage pharmaceutical development company announces that it has closed its previously announced rights offering which expired on April 27, 2023 (the "**Rights Offering**"). At closing, the Company issued 4,753,369 units (the "**Units**") at the subscription price of \$0.25 per Unit for total gross proceeds of approximately \$1,188,342. Each Unit consists of one Class A common share (a "**Share**") and one Share purchase warrant (a "**Warrant**"), with each Warrant being exercisable for one Share at the exercise price of \$0.52 until November 5, 2024, subject to acceleration to a date that is not less than 30 days following delivery of an acceleration notice to the holders of the Warrants if the volume weighted average price of the Shares for each of the ten consecutive trading days on the Canadian Securities Exchange exceeds \$1.04.

The Company received subscriptions for 2,871,597 Units pursuant to the basic subscription privilege and 1,881,772 Units pursuant to the additional subscription privilege.

The total number of issued and outstanding Shares of the Company upon completion of the Rights Offering will be 14,550,757, before the exercise of the Warrants.

To the knowledge of the Company, after reasonable inquiry, directors, officers and insiders of the Company purchased 1,418,982 Units under their basic subscription privilege and 600,000 Units under the additional subscription privilege for an aggregate of 2,018,982 Units purchased under the Rights Offering, representing total subscription proceeds of \$504,746. To the knowledge of the Company, after reasonable inquiry, no person became a new shareholder holding more than 10% of the Shares upon closing of the Rights Offering.

The participation in the Rights Offering by certain "related parties" of the Company, namely, directors, officers and 10% shareholders of Company, constitutes a "related party transaction", as such terms are defined by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company is relying on an exemption from the formal valuation and minority approval requirements of MI 61-101 as the fair market value of the participation in the Rights Offering does not exceed 25% of the market capitalization of the Company.

Pursuant to the Dealer Manager Agreement entered into by the Company with Research Capital Corporation ("**RCC**" or the "**Soliciting Dealer**"), the Company paid to RCC a cash fee of \$42,292, of which \$10,000 of the fee was settled by way of the issuance of 40,000 Units, and a corporate finance fee of \$22,600, which was settled by way of the issuance of 90,400 Units. The Company also issued to RCC 165,166 Soliciting Dealer warrants (the "**Soliciting Dealer Warrants**"). Each Soliciting Dealer Warrant is exercisable for one Unit at the exercise price of \$0.25 until November 5, 2024. The securities issued to RCC as compensation are subject to a four month and one day hold period pursuant to applicable

Canadian securities laws.

The proceeds of the Rights Offering are expected to be used for working capital and general corporate purposes and administrative expenses.

About Algernon Pharmaceuticals Inc.

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

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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 Rights Offering and use of proceeds from the Rights Offering and other statements that are not historical facts. 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.



Source: Algernon Pharmaceuticals