

March 21, 2023



Algernon Pharmaceuticals Announces Launch of Rights Offering

VANCOUVER, British Columbia, March 21, 2023 (GLOBE NEWSWIRE) -- Algernon Pharmaceuticals Inc. (CSE: AGN) (FRANKFURT: AGW0) (OTCQB: AGNPF) (the "Company" or "Algernon") a Canadian clinical stage pharmaceutical development company announces it is undertaking a rights offering to raise gross proceeds of approximately \$2,416,747 (the "Rights Offering"). The Company will be offering 9,666,988 rights (the "Rights") to holders (the "Shareholders") of its Class A common shares (the "Shares") at the close of business on the record date of March 29, 2023 (the "Record Date") on the basis of one (1) Right for each one (1) Share held. Each one (1) Right will entitle the holder to subscribe for one unit (a "Unit") at the subscription price of \$0.25 per Unit.

Each Unit will consist of one Share and one Share purchase warrant (a "Warrant"), with each Warrant being exercisable for one Share at the exercise price of \$0.52 for a period of 18 months after the date of issue of the Warrants, 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 (the "CSE") exceeds \$1.04. Pricing of the Rights Offering is mandated by applicable Canadian securities law and the policies of the CSE which require the Company to offer existing Shareholders a significant discount to purchase new securities in order to provide a meaningful incentive to Shareholders to participate in the Rights Offering. Upon completion of the Rights Offering and assuming all Rights are exercised, the Company will have 19,333,976 Shares outstanding, of which the Shares issued under the Rights Offering represent 50%, assuming no Warrants issued pursuant to the Rights Offering are exercised.

It is expected that the Rights will trade on the CSE under the symbol "AGN.RT" commencing on or about March 28, 2023 and will trade until 9:00 a.m. (Pacific time) on or about April 27, 2023. The Rights will expire at 2:00 p.m. (the "Expiry Time") on April 27, 2023 (the "Expiry Date"), after which time unexercised Rights will be void and of no value. Shareholders who fully exercise their Rights under the basic subscription privilege will be entitled to subscribe for additional Units, if available, as a result of unexercised Rights prior to the Expiry Time on the Expiry Date, subject to certain limitations as set out in the Company's Rights Offering circular dated March 21, 2023 (the "Circular"), which will be filed on SEDAR under Algernon's profile at www.sedar.com, along with the Notice of Rights Offering on form 45-106F14 (the "Notice"). The Notice and the Rights DRS advice/subscription will be mailed to Shareholders in the Eligible Jurisdictions as of the Record Date on or about April 5, 2023. The Company expects to close the Rights Offering on or before May 3, 2023.

The Rights will be offered to Shareholders resident in all provinces and territories of Canada (the "Eligible Jurisdictions").

Registered Shareholders in the Eligible Jurisdictions who wish to exercise their Rights must

forward the completed subscription form, together with the applicable funds, to the rights agent, TSX Trust Company (the “Rights Agent”), on or before the Expiry Time on the Expiry Date. Shareholders who own their Shares through an intermediary, such as a bank, trust company, securities dealer, or broker, will receive materials and instructions from their intermediary.

Subject to the detailed provisions of the Circular, Rights certificates or DRS advises and subscription forms will not be mailed to Shareholders resident outside of the Eligible Jurisdictions, unless such Shareholders are able to establish to the satisfaction of the Company that they are eligible to participate in the Rights Offering, and provide such evidence to the Company and the Rights Agent by April 20, 2023. After April 20, 2023, the Rights Agent will attempt, on a commercially reasonable basis, to sell the Rights of ineligible Shareholders (other than those Shareholders from whom the Company accepts subscriptions) over the facilities of the CSE. The Rights Agent will mail cheques representing the net proceeds, without interest, from such sales, to such ineligible Shareholders. The Company believes that its directors and senior officers who own Shares intend to exercise the majority of their Rights to purchase Units under their basic subscription privilege; however, the number of approximate Rights that will be exercised by directors and senior officers cannot be ascertained as at this date.

AlphaNorth Asset Management an “insider” (as such term is defined under applicable securities laws) and holder of greater than 10% of the issued and outstanding Shares of the Company, has advised the Company that it intends to exercise, subject to relevant restrictions, its basic subscription privilege to acquire 1,268,040 Units for total gross proceeds to the Company of \$317,010.

The Company has also entered into an agreement with Research Capital Corporation (“RCC” or the “Soliciting Dealer”) pursuant to which RCC has been appointed as the exclusive soliciting dealer for and on behalf of the Company on a commercially reasonable efforts basis. RCC will also have the right, but not the obligation, to purchase up to \$500,000 of Units for which subscriptions have not been received by the Expiry Time on the Expiry Date (the “Top-up Right”). RCC will receive a commission of five percent of the gross proceeds of the Rights Offering, excluding those Rights exercised by Shareholders on the president’s list (the “President’s List”) for which a commission of two percent will be paid to a maximum of 25% of the gross proceeds of the Rights Offering. RCC will also receive that number of Soliciting Dealer warrants (the “Soliciting Dealer Warrants”) equal to five percent of the Units subscribed for under the Rights Offering, excluding those Units subscribed for by Shareholders on the President’s List for which they will receive two percent in Soliciting Dealer Warrants and those Units resulting from the exercise of the Top-up Right. Additionally, the Soliciting Dealer will receive that number of Soliciting Dealer Warrants equal to eight percent of the Units issued under the exercise of the Top-up Right. Each Soliciting Dealer Warrant entitles the holder thereof to purchase one Unit at the Unit subscription price, for a period of 18 months from the date of issuance. The Company will also pay to RCC a corporate finance fee of \$20,000 plus tax.

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

The Rights and the underlying Shares and Warrants, and the 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 any U.S. state securities laws. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities within the United States, and the securities may not be offered or sold in the United States, or to or for the account or benefit of any person in the United States or any U.S. person, unless registered under the U.S. Securities Act and applicable U.S. state securities laws, or pursuant to an exemption from such registration requirements described in the Circular. There shall be no offer or sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful absent registration or qualification of such securities under the laws of any such jurisdiction. In addition, 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. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

About Algernon Pharmaceuticals Inc.

Algernon Pharmaceuticals is a Canadian clinical stage drug development and repurposing company investigating multiple drugs for unmet global medical needs. Algernon Pharmaceuticals has active research programs for IPF with chronic cough, and chronic kidney disease, and is the parent company of a newly created private subsidiary called Algernon NeuroScience, that is advancing a psychedelic program investigating a proprietary form of DMT for stroke and traumatic brain injury.

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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, closing of 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