

CARDIOL THERAPEUTICS INC.
NASDAQ STATEMENT OF GOVERNANCE DIFFERENCES

As a Canadian corporation listed on Nasdaq, we are not required to comply with certain Nasdaq corporate governance standards. Section 5615(a)(3) of the Nasdaq Stock Market Rules permits Nasdaq to grant exemptions to a foreign private issuer for certain provisions of the Rule 5600 series, Rule 5250(b)(3) and Rule 5250(d). We are organized under the laws of Ontario, Canada and our common shares are listed for trading on the Toronto Stock Exchange (“TSX”). We comply with the applicable laws of Canada and rules and regulations of the TSX, including rules related to corporate governance practices. A description of the significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies pursuant to the Nasdaq Stock Market Rules is as follows:

Quorum Requirements: Rule 5620(c) of the Nasdaq Stock Market Rules requires that the minimum quorum requirement for any meeting of a company’s shareholders be 33 1/3% of the outstanding voting shares. In addition, Rule 5620(c) requires that an issuer listed on Nasdaq state its quorum requirement in its bylaws. Our quorum requirement for a meeting of shareholders is set forth in our By-Law No. 1, which requires at least one person holding or representing by proxy not less than 25% percent of our outstanding common shares entitled to vote at the meeting.

Shareholder Approval Requirements: Rule 5635 of the Nasdaq Stock Market Rules sets forth circumstances under which shareholder approval is required prior to certain types of security issuances. Pursuant to the Nasdaq Stock Market Rules, a company must receive prior shareholder approval for non-public offerings involving the sale, issuance or potential issuance by a listed company of its common shares (or securities convertible into or exercisable for its common shares), which alone or together with sales by officers, directors, or substantial shareholders, is equal to 20% or more of the company’s common shares or 20% or more of the voting power outstanding before the issuance, at less than the price that is the lower of: (i) the Nasdaq official closing price immediately preceding the signing of the binding agreement; or (ii) the average Nasdaq official closing price of the common shares for the five trading days immediately preceding the signing of the binding agreement. In the event of an issuance meeting the criteria set forth above, we may not be required to seek prior shareholder approval under applicable Canadian law and the rules of the TSX.

The foregoing is consistent with the applicable laws in Canada and the rules of the TSX.