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. Rule 5615(a)(3) of the Nasdaq Listing Rules permits a foreign private issuer to follow its home country practice in lieu of 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, including the *Business Corporations Act* (Ontario) and applicable Canadian securities laws, and the 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 Listing Rules is as follows:

Quorum Requirements: Rule 5620(c) of the Nasdaq Listing 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% of our outstanding common shares entitled to vote at the meeting.

Shareholder Approval Requirements: Rule 5635 of the Nasdaq Listing Rules sets forth circumstances under which shareholder approval is required prior to certain types of security issuances. Under Rule 5635(d) of the Nasdaq Listing Rules, a company must receive prior shareholder approval for transactions other than 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. We may not follow Rule 5635 and instead follow applicable Canadian law and the rules of the TSX, including with respect to issuances that may not constitute a public offering under the Nasdaq Listing Rules. Under the rules of the TSX, security holder approval is generally required for, among other things, private placements of more than 25% of our outstanding securities, on a non-diluted basis prior to the date of closing of the transaction, at a price below market price.

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