No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement together with the short form base shelf prospectus to which it relates dated November 30, 2018, amending and restating the short form base shelf prospectus dated November 23, 2017, and each document incorporated or deemed to be incorporated by reference in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities being offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold in the United States of America or to U.S. persons (as defined herein). See "Plan of Distribution".

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus to which it relates dated November 30, 2018, amending and restating the short form base shelf prospectus dated November 23, 2017, from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Finance of Bellus Health Inc. at 275 Armand-Frappier Blvd., Laval, Québec, H7V 4A7, Tel: 450 680 4500 and are also available electronically at www.sedar.com.*

PROSPECTUS SUPPLEMENT

TO THE SHORT-FORM BASE SHELF PROSPECTUS DATED NOVEMBER 30, 2018, AMENDING AND RESTATING THE SHORT FORM BASE SHELF PROSPECTUS DATED NOVEMBER 23, 2017

New Issue

December 13, 2018

BELLUS HEALTH INC.

Up to $34,999,999.75
Up to 36,842,105 Common Shares

This prospectus supplement, together with the accompanying short form base shelf prospectus dated November 30, 2018, amending and restating the short form base shelf prospectus dated November 23, 2017, qualifies the distribution (the "**Offering**"), ìn each of the Provinces of Canada, of up to 36,842,105 common shares (the "**Offered Shares**") of Bellus Health Inc. ("**BELLUS Health**" or the "**Company**") at a price of $0.95 per Offered Share (the "**Offering Price**"). The Offered Shares will be issued and sold in each of the Provinces of Canada pursuant to an agency agreement (the "**Agency Agreement**") dated as of December 13, 2018 among the Company, Bloom Burton Securities Inc. and Mackie Research Capital Corporation (collectively, the "**Agents**"). The Offering Price of the Offered Shares was determined by negotiations between the Company and the Agents. See "Plan of Distribution".

Price: $0.95 per Offered Share

	Price to the Public	Agents' Fee[(1)]	Net Proceeds to the Company[(2)]
Per Offered Share[(3)]	$0.95	$0.04207	$0.90793
Total[(3)]	$34,999,999.75	$1,549,970	$33,450,029.75

(1) The Company will pay to the Agents a cash fee equal to (i) 4.5% of the gross proceeds raised in connection with the sale of Offered Shares (excluding any Offered Shares sold under the President's List, as described under "Plan of Distribution"), and (ii) 3.0% of the gross proceeds raised in connection with Offered Shares sold under the President's List, as described under "Plan of Distribution". In addition, the Company will grant to the Agents that number of warrants (the "**Broker Warrants**") equal to (i) 4.0% of the number of Offered Shares issued under the Offering (excluding any Offered Shares sold under the President's List), plus (ii) 3.0% of the number of Offered Shares sold under the President's List, as described under "Plan of Distribution". Each Broker Warrant shall entitle the Agents to buy one common share in the capital of the Company (each, a "**Broker Share**") at an exercise price per Broker Share equal to the Offering Price. The term of the Broker Warrants shall be for eighteen (18) months from the closing of the Offering. This prospectus supplement, together with the accompanying short form base shelf prospectus dated November 30, 2018, amending and restating the short form base shelf prospectus dated November 23, 2017, also qualifies the distribution of the Broker Warrants. See "Plan of Distribution".

(2) Before deducting the expenses of the Offering, estimated to be $1,000,000, which, together with the Agents' fee, will be paid for by the Company out of the gross proceeds of the Offering. See "Use of Proceeds".

(3) Assuming the Offering is subscribed in full and that 585,500 Offered Shares are sold under the President's List, on a direct, non-brokered basis without any cash fee paid, nor Broker Warrants issued, to the Agents in respect of such shares.

The following table sets out the number of compensation securities that may be issued by the Company to the Agents:

Agents' Position	Maximum Offering	Exercise Period	Exercise Price
Broker Warrants	Up to 1,450,264[(1)] Broker Warrants	Up to 18 months following the Closing Date	$0.95 per Broker Share

(1) Assuming that 585,500 Offered Shares are sold under the President's List, on a direct, non-brokered basis without any Broker Warrants issued to the Agents in respect of such shares.

The Agents conditionally offer the Offered Shares on a "best efforts" basis and, subject to prior sale, if, as and when issued by the Company and delivered and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the Offering on behalf of the Company by Davies Ward Phillips & Vineberg LLP, and on behalf of the Agents by Norton Rose Fulbright Canada LLP. Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. **There is no minimum amount of funds that must be raised under this Offering. This means that the Company could complete the Offering after raising only a small proportion of the proceeds of the Offering set out above.**

It is expected that closing of the Offering will occur on or about December 18, 2018 or such other date as the Company and the Agents may agree upon (the "**Closing Date**"). Except in certain limited circumstances, the Offered Shares will be issued and deposited in electronic form as non-certificated inventory with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee pursuant to the book-based system administered by CDS, certificates evidencing the Offered Shares will not be issued to purchasers, and purchasers will receive only a customer confirmation from the Agents or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased. See "Plan of Distribution".

The Company's outstanding common shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "BLU". On December 12, 2018, the closing price of the common shares of the Company on the TSX was $1.14. The Company has applied to list the Offered Shares on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX.

Investing in the Offered Shares involves substantial risks that should be carefully considered by a prospective purchaser before purchasing Offered Shares. See the "Risk Factors" section of the prospectus, as well as "Risks Related to the Offered Shares" in this prospectus supplement.

The Company's head office is located at 275 Armand-Frappier Boulevard, Laval, Quebec H7V 4A7, Canada.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, including the documents incorporated by reference, which describes the specific terms of the Offering. The second part is the accompanying short form base shelf prospectus dated November 30, 2018, amending and restating the short form base shelf prospectus dated November 23, 2017, which gives more general information, some of which may not apply to the Offered Shares being offered pursuant to this prospectus supplement. The accompanying short form base shelf prospectus is referred to as the "prospectus" in this prospectus supplement. Under our base shelf registration, we may sell any combination of the securities described in the prospectus up to a total dollar amount of $60 million, of which this Offering is a part. In December 2017, we completed a $20 million equity offering under the prospectus and a prospectus supplement dated December 7, 2017. This prospectus supplement adds to and updates certain information contained in the prospectus and the documents incorporated by reference therein.

Unless stated otherwise or the context otherwise requires, in this prospectus supplement (excluding the documents incorporated by reference herein) the terms "Company", "we", "us" and "our" refer to BELLUS Health and its subsidiary. References in this prospectus supplement (excluding the documents incorporated by reference herein) to "$" and dollars are to Canadian dollars and all dollar amounts herein are in Canadian dollars, unless otherwise indicated.

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**") and are stated in Canadian dollars.

Unless otherwise indicated, market data and certain industry data and forecasts included in this prospectus supplement and the documents incorporated by reference herein concerning our industry and the markets in which we operate or seek to operate were obtained from internal company surveys, market research, publicly available information, reports of governmental agencies and industry publications and surveys. The Company has relied upon industry publications as its primary sources for third-party industry data and forecasts. Industry surveys, publications and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Company has not independently verified any of the data from third-party sources, nor has the Company ascertained the underlying assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based upon management's knowledge of the industry, have not been independently verified, and the Company does not know what assumptions were used in preparing those. By their nature, forecasts are particularly subject to change or inaccuracies, especially over long periods of time. While the Company is not aware of any misstatements regarding the industry data presented herein, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Forward-Looking Information" and "Risks Related to the Offered Shares" in this prospectus supplement and the documents incorporated by reference herein. While the Company believes its internal business research is reliable and market definitions are appropriate, neither such research nor definitions have been verified by any independent source.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference in the prospectus solely for the purpose of the Offering of the Offered Shares hereunder. Other documents are also incorporated, or are deemed to be incorporated, by reference in the prospectus and reference should be made to the prospectus for full particulars thereof.

The following document filed by us with the securities commission or similar authority in each of the provinces of Canada is specifically incorporated by reference in, and forms an integral part of, this prospectus supplement and the prospectus:

1. the term sheet dated December 11, 2018 filed on SEDAR in connection with this Offering (the "**Term Sheet**").

Any documents of the types referred to above and any material change reports (excluding confidential material change reports) filed by us with the securities regulatory authorities in Canada after the date of this prospectus supplement and prior to the termination of this Offering will be deemed to be incorporated by reference in this prospectus supplement and the prospectus.

Any statement contained in this prospectus supplement, the prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or the prospectus shall be deemed to be modified or superseded for the purposes of this prospectus supplement and the prospectus to the extent that a statement contained in this prospectus supplement, or in any subsequently filed document which also is or is deemed to be incorporated by reference in this prospectus supplement or the prospectus, modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this prospectus supplement or the prospectus except as so modified or superseded.

Copies of the documents incorporated by reference in this prospectus supplement and in the prospectus may be obtained on request without charge from the Vice President, Finance of Bellus Health Inc. at 275 Armand-Frappier Blvd., Laval, Québec, H7V 4A7, Tel: 450 680 4500. These documents may also be obtained over the Internet at the Canadian Securities Administrators' website at www.sedar.com.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the prospectus. Neither we nor the Agents have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information in this prospectus supplement and the prospectus, including the information in any document incorporated by reference herein and therein, is accurate only as of its respective date.

MARKETING MATERIALS

The Term Sheet does not form part of this prospectus supplement or the prospectus to the extent that the contents of the Term Sheet have been modified or superseded by any statement contained in this prospectus supplement or any amendment. Any "template version" of "marketing materials" (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements* (referred to in Québec as *Regulation 41-101 respecting General Prospectus Requirements*)) filed with the securities commission or similar regulatory authority in each of the provinces of Canada in connection with this Offering after the date of this prospectus supplement but prior to the termination of the distribution of the Offered Shares will be deemed to be incorporated by reference into the prospectus and into this prospectus supplement.

FORWARD-LOOKING INFORMATION

This prospectus supplement and the prospectus (including the documents incorporated by reference herein and therein) includes "forward-looking information" within the meaning of applicable Canadian securities laws. This forward-looking information includes, but is not limited to, statements with respect to our objectives and strategies to achieve those

objectives, as well as statements with respect to our beliefs, plans, targets, expectations, anticipations, estimates or intentions. This forward-looking information also includes, but is not limited to, references to:

- our aim to develop and commercialize BLU-5937;
- our aim to complete additional preclinical studies on BLU-5937;
- our aim to initiate a Phase 2 clinical study on BLU-5937 in 2019 and later stage clinical trials thereafter;
- our expectations relating to the timing and cost of significant preclinical and clinical trial milestones;
- our expectations with respect to the timing and cost of the research and development activities of BLU-5937;
- the function, potential benefits, effectiveness and safety of our drug candidates, including BLU-5937;
- our estimates and assessment of the potential markets for our drug candidates;
- our expectations regarding pricing and acceptance of our drug candidates by the market;
- the benefits and risks of our drug candidates as compared to others;
- our aim to obtain regulatory approvals to market our drug candidates;
- our expectations with respect to the cost of preclinical and clinical trials and commercialization of our drug candidates, including BLU-5937;
- our current and future capital requirements and anticipated sources of financing or revenue;
- our expectations regarding the protection of our intellectual property;
- our business strategy;
- potential milestone payments and royalties pursuant to license agreements and other partnerships;
- our development and partnership plans and objectives;
- the size of the Offering;
- our use of proceeds from the Offering; and
- the closing of the Offering and timing thereof.

The words “could”, “expect”, “may”, “anticipate”, “assume”, “believe”, “intend”, “estimate”, “plan”, “project”, “guidance” and similar expressions are intended to identify statements containing forward-looking information, although not all forward-looking statements include such words.

Conclusions, forecasts and projections set out in forward-looking information are based on our current objectives and strategies and on expectations and estimates and other factors and assumptions that we believe to be reasonable at the time applied but may prove to be incorrect. These include, but are not limited to, the following material factors and assumptions:

- the satisfaction of all conditions of closing and the successful completion of the Offering within the anticipated timeframe, including receipt of regulatory approvals (including stock exchange);
- that no event will occur which would allow the Agents to terminate their obligations under the Agency Agreement;
- the function, potential benefits, effectiveness and safety of BLU-5937;
- the benefits and risks of our drug candidates as compared to others;
- progress, timing and costs related to the development, completion and potential commercialization of our drug candidates;
- estimates and projections regarding our industry;
- market acceptance of our drug candidates;
- future success of current research and development activities;
- achievement of development and commercial milestones, including forecasted preclinical and clinical trial milestones;
- that the timeline and costs for our preclinical and clinical programs are not incorrectly estimated or affected by unforeseen circumstances;
- absence of material deterioration in general business and economic conditions;
- the receipt of regulatory and governmental approvals for research and development projects and timing thereof;
- the availability of tax credits and financing for research and development projects, and the availability of financing on favorable terms;
- the accuracy of our estimates regarding future financing and capital requirements and expenditures;
- the achievement of our forecasted cash burn rate;
- the sufficiency and validity of our intellectual property rights;

- our ability to secure, maintain and protect our intellectual property rights, and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights owned or licensed by us;
- our ability to source and maintain licenses from third-party owners on acceptable terms and conditions;
- absence of significant changes in Canadian dollar-US dollar and other foreign exchange rates or significant variability in interest rates;
- the absence of material changes in market competition;
- our ability to attract and retain skilled staff;
- our ability to maintain ongoing relations with employees and business partners, suppliers and other third parties;
- the availability of tax credits;
- the accuracy of the market research, third-party industry data and forecasts relied upon by us; and
- the absence of adverse changes in relevant laws or regulations.

Except as otherwise indicated, forward-looking information in this prospectus supplement and the prospectus (including the documents incorporated by reference herein and therein) does not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be considered or announced or may occur after the date the statement containing the forward-looking information is made.

We caution that all forward-looking information, including any statement regarding our current objectives, strategies and intentions and any factor or assumption underlying the forward-looking information, is inherently subject to change and uncertainty and that actual results may differ materially from those expressed or implied by the forward-looking information. A number of risks, uncertainties and other factors could cause actual results and events to differ materially from those expressed or implied in the forward-looking information or could cause our current objectives, strategies and intentions to change. These risks, uncertainties and other factors include, but are not limited to:

- the failure to receive regulatory approvals (including stock exchange) or otherwise satisfy the conditions to the completion of the Offering or delay in completing the Offering and the funds thereof not being available to the Company in the time frame anticipated or at all;
- the occurrence of an event which would allow the Agents to terminate their obligations under the Agency Agreement;
- risks related to the early stage of our drug candidates, including safety, efficacy, drug metabolism, pharmacokinetic profile, tolerability, manufacturing, formulation and distribution;
- our heavy reliance on BLU-5937, our lead drug candidate;
- our heavy dependence on licensed intellectual property, including our ability to source and maintain licenses from third-party owners;
- general conditions in the pharmaceutical industry;
- the risk of unknown side effects;
- unfavourable general economic conditions;
- uncertainties related to forecasts, costs and timing of preclinical and clinical trials and product development, and potential negative outcomes;
- difficulties, delays or failures in obtaining regulatory approvals for the initiation of preclinical and clinical trials or to market our drug candidates;
- significant additional future capital needs and unavailability of additional financing and access to capital, on reasonable terms, or at all;
- our history of negative operating cash flow and uncertainty regarding our ability to become profitable or be able to sustain profitability;
- uncertainty of the size and existence of a market opportunity for, and insufficient demand and market acceptance of, our drug candidates;
- intellectual property risks, including the possibility that patent applications may not result in issued patents;
- reliance on key personnel, collaborative partners, suppliers and other third parties;
- changes in the regulatory environment in the jurisdictions in which the Company does business;
- stock market volatility;
- fluctuations in costs, or inaccuracy of our estimates regarding future financing and capital requirements and expenditures;
- changes to the competitive environment due to consolidation;

- our failure to achieve our forecasted burn rate;
- the impact of changes in Canadian dollar-US dollar and other foreign exchange rates on our costs and results;
- potential payments/liability in relation to indemnity agreements and contingent value rights;
- the ability to expand and develop the Company's project pipeline;
- achievement of forecasted preclinical and clinical trial milestones and that actual results may vary once the final and quality controlled verification of data and analyses has been completed;
- the timing of achievement and the receipt of milestone payments from current or future collaborators; and
- failure to enter into new or the expiration or termination of current agreements with collaborators.

In addition, the length of the Company's drug candidates development process, their market size and commercial value, as well as the sharing of proceeds between the Company and its potential partners from potential future revenues, if any, are dependent upon a number of factors. Many of these factors are beyond our control and current expectation or knowledge.

Should one or more of the above risks, uncertainties or other factors materialize, our objectives, strategies or intentions change, or any of the factors or assumptions underlying the forward-looking information prove incorrect, our actual results and our plans and targets could vary significantly from what we currently foresee. Accordingly, we warn investors to exercise caution when considering statements containing forward-looking information and that it would be unreasonable to rely on such statements as creating legal rights regarding our future results or plans or targets. All of the forward-looking information in this prospectus supplement and the prospectus (including the documents incorporated by reference herein and therein) is qualified by the cautionary statements herein.

Before making any investment decision in respect of the Offered Shares and for a detailed discussion of the risks and uncertainties associated with our business, its operations and its financial targets, performance and condition and the material factors and assumptions underlying the forward-looking information herein and therein, fully review the disclosure incorporated by reference in and included in this prospectus supplement and the prospectus, including the risks referenced in the "Risk Factors" section of the prospectus and the risks described under "Risks Related to the Offered Shares" in this prospectus supplement.

Statements containing forward-looking information included in this prospectus supplement, the prospectus and the documents incorporated by reference herein and therein are made only as of the date of such document. We expressly disclaim any obligation to update or alter any statements containing forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, our counsel, and Norton Rose Fulbright Canada LLP, the Agents' counsel, based on the current provisions of the Income Tax Act (Canada) (the "**Tax Act**") and the regulations thereunder (the "**Regulations**"), the Offered Shares, if issued on the date hereof and provided that they are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the TSX), would be "qualified investments" under the Tax Act and the Regulations for a trust governed by a "registered retirement savings plan" ("**RRSP**"), a "registered retirement income fund" ("**RRIF**"), a "deferred profit sharing plan" ("**DPSP**"), a "registered education savings plan" ("**RESP**"), a "registered disability savings plan" ("**RDSP**") or a "tax-free savings account" ("**TFSA**" and, together with RRIF, DPSP and RDSP, collectively, "**Registered Plans**") (as those terms are defined in the Tax Act).

Notwithstanding that the Offered Shares may be a "qualified investment" for a trust governed by a Registered Plan, the holder of a TFSA or RDSP, the annuitant of an RRSP or RRIF, or the subscriber of the RESP, as the case may be, will be subject to a penalty tax in respect of Offered Shares held in the Registered Plan if such Offered Shares are a "prohibited investment" within the meaning of the Tax Act. The Offered Shares will not be a "prohibited investment" provided that, for purposes of the Tax Act, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF, or the subscriber of the RESP, as the case may be, does not have a "significant interest" in the Company and deals at arm's length with the Company. Generally, a holder, annuitant or subscriber will have a significant interest in the Company if the holder, annuitant, subscriber and/or persons not dealing at arm's length with the holder, annuitant or subscriber own, at any time in the year, directly or indirectly 10% or more of the issued shares of any class or series of the capital stock of the Company or any corporation

related to the Company within the meaning of the Tax Act. In addition, the Offered Shares will not be a prohibited investment if such Offered Shares are "excluded property" (as defined in the Tax Act) for trusts governed by a Registered Plan.

Prospective purchasers who intend to invest through a Registered Plan should consult their own tax advisors with respect to whether Offered Shares would be prohibited investments having regard to their particular circumstances.

THE COMPANY

The Company is a clinical-stage biopharmaceutical company developing novel therapeutics for conditions with high unmet medical need. Its pipeline of projects includes its lead drug candidate BLU-5937 for chronic cough and other partnered clinical-stage drug development programs.

The Company was incorporated on April 12, 2012 under the Canada Business Corporations Act (the "**CBCA**") and is the successor of Bellus Health Inc., a company incorporated on June 17, 1993. References herein to our business and operations include activities prior to May 25, 2012, date of the strategic partnership and financing with Pharmascience Inc., on the basis that such historical business and operations have been continued by the Company.

Board Representation Agreement between BELLUS and OrbiMed

OrbiMed Advisors LLC ("**OrbiMed**") currently owns 3,569,400 common shares of BELLUS (representing 3% of our outstanding common shares) and has committed to purchase an additional 16,899,800 common shares under the Offering, thereby increasing its ownership in BELLUS to 13% of the outstanding common shares of the Company, after giving effect to the Offering. It is a condition of OrbiMed's subscription under the Offering that BELLUS enter into a board representation agreement on the Closing Date (the "**Board Representation Agreement**"). Under the Board Representation Agreement, OrbiMed will be entitled to select one nominee to be included in the list of management nominees proposed for election to the Board of the Company at each shareholders meeting, such nominee to be initially Chau Q. Khuong. OrbiMed's nomination right pursuant to the Board Representation Agreement will terminate on the date it ceases to beneficially own at least 10% of our issued and outstanding common shares.

USE OF PROCEEDS

Assuming the Offering is subscribed in full, we estimate that the net proceeds from the Offering will be approximately $32.5 million, after deducting the Agents' fee of $1,549,970 and the expenses of the Offering payable by us, which we estimate to be $1,000,000. We intend to use the net proceeds of the Offering primarily to fund research and development activities, general and administrative expenses, working capital needs and other general corporate purposes.

Based on management's estimate, our cash equivalents and short-term investments and estimated available working capital, together with the estimated net proceeds of the Offering, assuming the Offering is subscribed in full, are expected to be sufficient to fund our operations for a period of approximately 28 months from the Closing Date, to the second quarter of 2021**.** The reduction of the funding period compared to the period provided in the Company's prospectus supplement dated December 7, 2017 is mainly attributable to additional studies to further the development of the BLU-5937 program, including later stage clinical studies, preclinical studies (mainly reproduction and chronic toxicology studies) as well as other research and development activities, including manufacturing, formulation and scale-up of BLU-5937. The use of proceeds in 2018 was in line with estimated amounts provided in the Company's prospectus supplement dated December 7, 2017.

As at September 30, 2018, the Company had available cash, cash equivalents and short-term investments totalling $18,095,000, and management estimates that they totaled approximately $17,049,000 as at November 30**,** 2018**.** Our estimated consolidated working capital was approximately $16,379,000 as at November 30, 2018. The aforementioned cash and short-term investments and working capital as at November 30, 2018 are provided on a preliminary and best estimates basis only, and therefore remain subject to change.

We intend to allocate net proceeds of the Offering, together with our cash, cash equivalents and short-term investments on hand, to the research and development of BLU-5937 as follows:

Purpose	Estimated Amount ($)
Clinical Studies, Including Phase 2	**21 million**
Preclinical Studies	**10 million**
Manufacturing, Formulation and Scale-Up	**7 million**
Other Research and Development Activities	**6 million**
General and Administrative Expenses, Working Capital and Other General Corporate Purposes	**6 million**

Subject to applicable regulatory approval, we expect to start a clinical Phase 2 study for BLU-5937 in chronic cough patients in mid-2019, with top-line results in mid-2020. This will be a dose escalation crossover design study to assess the efficacy, safety and tolerability of BLU-5937 in chronic cough patients. A total of 50 patients with refractory unexplained chronic cough are expected to be enrolled in approximately 10 clinical sites located in the United Kingdom and United States. We also plan to continue working on preclinical studies, on the manufacturing, formulation and scale-up of BLU-5937 as well as on other research and development activities. Following our clinical Phase 2 study, and subject to the results thereof and to applicable regulatory approvals, we expect to initiate later stage clinical studies.

We intend to continue planning, supervising and managing the development of BLU-5937 internally, while subcontracting out our research and development activities.

See "Risk Factors" in the prospectus and "Risks Related to the Offered Shares" – "The Company may not be able to maintain its operations and research and development without additional funding." in this prospectus supplement.

We expect to use a portion of our general working capital to fund negative cash flow in future periods. We had a negative cash flow from operating activities of approximately $4.4 million during the year ended December 31, 2017 and $7.2 million for the nine-month period ended September 30, 2018. We anticipate that we will continue to have negative cash flow for the foreseeable future and expect to spend the totality of the net proceeds of the Offering to fund such negative cash flow.

The above projections are based on management estimates and judgments and financing requirements may vary significantly depending on a number of factors, including those listed under "Risk Factors" in the prospectus and "Risks Related to the Offered Shares" in this prospectus supplement, as well as results of and the further preparation for the Company's preclinical studies and clinical trials and subsequent discussions with regulatory authorities or unforeseen events.

While we currently intend to use the net proceeds of the Offering as set forth above, our actual expenditures may differ from these amounts and allocations if management believes it is in our best interest to do so. See "Risks Related to the Offered Shares".

CONSOLIDATED CAPITALIZATION

The following table summarizes our consolidated capitalization as at September 30, 2018 on an actual basis and as adjusted to give effect to the issuance and sale of the Offered Shares offered hereby, the issuance of the Broker Warrants and our receipt of the estimated net proceeds therefrom, assuming the Offering is subscribed in full. There have been no material changes in our share or loan capital, on a consolidated basis, from September 30, 2018 to the date of this prospectus supplement. This table should be read together with our audited consolidated financial statements as at and for the years ended December 31, 2017 and 2016, including the notes thereto, and our unaudited condensed consolidated interim financial statements as at September 30, 2018 and for the three and nine-month periods ended September 30, 2018 and 2017, including the notes thereto, each of which is incorporated by reference in this prospectus supplement and the prospectus.

	As at September 30, 2018	
	Actual	**As Adjusted[(1)]**
	(Dollars in millions)	
Cash, cash equivalents and short-term investments	$18.1	$50.6 [(2)]
Long-term debt (including current portion)	Nil	Nil
Shareholders' equity:		
Common shares (outstanding – 120,197,581; as adjusted – 157,039,686 [(3)])	$467.7 [(3)]	$499.8 [(4)(5)(6)]
Other equity	26.5	26.9
Deficit	(473.6)	(473.6)
Total shareholders' equity	$20.6	$53.1 [(4)(5)(6)]
Total capitalization	$20.6	$53.1 [(4)(5)(6)]

(1) Assuming the Offering is subscribed in full and that 585,500 Offered Shares are sold under the President's List, on a direct, non-brokered basis without any cash fee paid, nor Broker Warrants issued, to the Agents in respect of such shares.

(2) After deducting the Agents' fee of $1,549,970 and estimated expenses of the Offering of $1,000,000.

(3) Based on 120,197,581 common shares outstanding as at September 30, 2018. Does not include an aggregate of 11,593,000 common shares issuable to certain directors, officers and employees upon exercise of options and 1,106,735 common shares issuable upon exercise of broker warrants issued in relation to the December 2017 offering, outstanding as at September 30, 2018.

(4) Assuming no exercise of the Broker Warrants. Upon the exercise of all of the Broker Warrants issuable under the Offering into common shares, there would be issued and outstanding an additional 1,450,264 common shares.

(5) After deducting the Agents' fee of $1,549,970, estimated expenses of the Offering of $1,000,000 and the estimated fair value of the Broker Warrants of $398,000.

(6) Does not include an aggregate of 11,593,000 common shares issuable to certain directors, officers and employees upon exercise of options and 1,106,735 common shares issuable upon exercise of broker warrants issued in relation to the December 2017 offering, outstanding as at September 30, 2018.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated December 13, 2018 (the "**Agency Agreement**") between us and the Agents, we have appointed the Agents to arrange on a "best efforts" basis for purchasers of up to 36,842,105 Offered Shares of the Company, at a price of $0.95 per Offered Share, payable in cash to the Company against delivery of the Offered Shares purchased on the Closing Date or such other date as may be agreed by the Company and the Agents, subject to the termination rights described below and to compliance with all necessary legal requirements and terms and conditions of the Agency Agreement. The Offering Price and other terms of the Offering were determined by negotiation between us and the Agents.

Pursuant to the Agency Agreement, we are entitled to offer and sell Offered Shares sold pursuant to the Offering in an aggregate amount of up to $2,000,000 to certain excluded subscribers, including certain of our directors and officers (the "**President's List**"). As of the date hereof, certain of our directors and officers have indicated to us that they will be purchasing 585,500 Offered Shares under the President's List as part of the Offering, on a direct, non-brokered basis without any cash fee paid, nor Broker Warrants issued, to the Agents in respect of such shares.

For their services in connection with the Offering, we have agreed to pay to the Agents a cash fee equal to (i) 4.5% of the gross proceeds raised in connection with the sale of Offered Shares (excluding any Offered Shares sold under the President's List), and (ii) 3.0% of the gross proceeds raised in connection with Offered Shares sold under the President's List. The Company has also agreed to grant such number of Broker Warrants to the Agents as is equal to (i) 4.0% of the number of Offered Shares issued under the Offering (excluding any Offered Shares sold under the President's List), plus (ii) 3.0% of the number of Offered Shares sold under the President's List. Each Broker Warrant shall entitle the Agents to buy one common share in the capital of the Company at an exercise price per Broker Share equal to the Offering Price. The term of the Broker Warrants shall be for eighteen (18) months from the closing of the Offering.

The obligations of the Agents under the Agency Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated on the occurrence of certain stated events specified in the Agency Agreement including "disaster out", "market out", "material adverse change out", "litigation out" and "regulatory out" rights of termination. While the Agents have agreed to use best efforts to sell the Offered Shares offered hereby, the Agents are not obligated directly or indirectly to advance their own funds to purchase any of the Offered Shares that are not sold. The Agency Agreement provides that the Company will indemnify the Agents and their subsidiaries and affiliates, and their respective directors, officers, partners, agents, shareholders and employees against certain liabilities and expenses.

It is expected that the Closing Date will occur on or about December 18, 2018, or such other date as the Company and the Agents may agree (subject to the termination rights described above). Subscriptions for the Offered Shares will be received by the Agents subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Except in certain limited circumstances, the Offered Shares will be issued and deposited in electronic form as non-certificated inventory with CDS or its nominee pursuant to the book-based system administered by CDS, certificates evidencing the Offered Shares will not be issued to purchasers, and purchasers will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased.

The Company has applied to list the Offered Shares and any common shares issuable pursuant to the Broker Warrants on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX.

The Offered Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and accordingly, may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. Except as expressly permitted by applicable laws of the United States, the Agents will not offer, sell or deliver the Offered Shares within the United States or to, or for the account or benefit of U.S. Persons. The prospectus and this prospectus supplement do not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares hereby in the United States or to, or for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of this Offering, an offer or sale of Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

DESCRIPTION OF THE COMMON SHARES

We are authorized to issue an unlimited number of common shares and an unlimited number of non-voting preferred shares, all without nominal or par value. See “Description of Share Capital – Common Shares” in the prospectus for a description of the material attributes and characteristics of our common shares and preferred shares. As of the date hereof, 120,197,581 common shares of the Company were issued and outstanding, all of which are fully paid and non-assessable. After giving effect to the Offering (assuming the Offering is subscribed in full and no exercise of the Broker Warrants), there will be 157,039,686 common shares outstanding.

PRIOR SALES

The following table summarizes our issuances of our common shares or securities convertible into our common shares in the twelve-month period prior to the date hereof:

Date of Issuance	Securities Issued	Number of Securities Issued	Price per Security
September 12, 2018	Common shares	700,000	$0.38

Date of Issuance	Securities Issued	Number of Securities Issued	Exercise Price
February 20, 2018	Stock Options	4,150,000	$0.35
July 10, 2018	Stock Options	150,000	$0.57

The common shares mentioned in the above table were issued in connection with the exercise of broker warrants issued in relation to the December 2017 offering.

TRADING PRICE AND VOLUME

Our outstanding common shares are listed on the TSX under the trading symbol "BLU". The following table presents the high and low trading prices and the trading volumes of our common shares on the TSX, on a monthly basis, for each of the months (or, if applicable, partial months) in the period from December 1, 2017 to December 12, 2018:

	TSX		
	High (C$)	Low (C$)	Trading Volume
2017			
December	0.435	0.33	1,345,983
2018			
January	0.42	0.36	1,509,203
February	0.41	0.33	2,415,656
March	0.50	0.39	11,934,854
April	0.60	0.46	1,116,752
May	0.62	0.49	3,186,760
June	0.60	0.50	1,159,689
July	0.59	0.51	1,900,418
August	1.20	0.55	10,242,008
September	1.10	0.87	13,601,956
October	1.15	0.67	3,298,545
November	1.04	0.66	4,113,051
December	1.18	0.97	2,430,063

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, our counsel, and Norton Rose Fulbright Canada LLP, the Agents' counsel, the following summary describes the principal Canadian federal income tax considerations under the Tax Act and the Regulations generally applicable as of the date hereof to a person who acquires, as beneficial owner, Offered Shares pursuant to the Offering and who at all relevant times, for the purposes of the Tax Act and the Regulations: (a) is resident or deemed to be a resident in Canada, (b) deals at arm's length with the Company and each of the Agents; (c) is not affiliated with the Company or any of the Agents; and (d) acquires and holds the Offered Shares as capital property (a "**Holder**").

Generally, the Offered Shares will be considered to be capital property to a Holder provided the Holder does not acquire or hold those Offered Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Offered Shares might not otherwise constitute capital property may be entitled to make, in certain circumstances, an irrevocable election, in accordance with subsection 39(4) of the Tax Act, to have their Offered Shares and every other "Canadian security", as defined in subsection 39(6) of the Tax Act, held by them deemed to be capital property for the purposes of the Tax Act. Holders contemplating such an election should first consult with their own tax advisors.

This summary is not applicable to a Holder: (a) that is a "financial institution", as defined in subsection 142.2(1) of the Tax Act, for the purposes of the mark-to-market rules; (b) that is a "specified financial institution", as defined in subsection 248(1) of the Tax Act; (c) an interest in which is a "tax shelter", as defined in subsection 237.1(1) of the Tax Act, or a "tax shelter investment", as defined in subsection 143.2(1) of the Tax Act; (d) that reports its "Canadian tax results", as defined in subsection 261(1) of the Tax Act, in a currency other than Canadian currency; (e) who has entered into or will

enter into, in respect of the Offered Shares a "derivative forward agreement", or a "synthetic disposition arrangement", as defined in subsection 248(1) of the Tax Act; (f) that is a partnership; (g) that receives dividends on Offered Shares of the Company under or as part of a "dividend rental arrangement" as defined in subsection 248(1) of the Tax Act; (h) that is exempt from tax under Part I of the Tax Act; or (i) that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Shares, controlled by a non-resident corporation for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of the Offered Shares. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Offered Shares.

This summary is based on the current provisions of the Tax Act and of the Regulations in force as of the date hereof, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsels' understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published in writing by it prior to the date hereof. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or changes in the CRA's administrative policies and assessing practices, nor does it take into account or consider any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. This summary assumes that the Proposed Amendments will be enacted as currently proposed, although no assurance can be given that the Proposed Amendments will be enacted in their current form or at all. There can be no assurance that the CRA will not change its administrative policies or assessing practices.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Holder or prospective Holder. Accordingly, Holders and prospective Holders should obtain independent advice regarding the income tax consequences of investing in Offered Shares of the Company pursuant to the Offering, with reference to their particular circumstances.

Taxation of Dividends on Offered Shares

In the case of a Holder who is an individual (excluding certain trusts), dividends received or deemed to be received on the Offered Shares will be included in computing the Holder's income and will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from "taxable Canadian corporations". Provided that appropriate designations are made by the Company, such dividend will be treated as an "eligible dividend" for the purposes of the Tax Act and a Holder who is such an individual will be entitled to an enhanced dividend tax credit in respect of such dividend. There may be limitations on the ability of the Company to designate dividends and deemed dividends as "eligible dividends".

Dividends received or deemed to be received on the Offered Shares by a Holder that is a corporation will be required to be included in computing the corporation's income for the taxation year in which such dividends are received, but such dividends will generally be deductible in computing the corporation's taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. A Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a 38⅓% refundable tax on dividends received or deemed to be received on the Offered Shares to the extent that such dividends are deductible in computing the Holder's taxable income for the taxation year.

Dividends received by a Holder who is an individual (excluding certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act.

Dispositions of Offered Shares – Taxation of Capital Gains and Capital Losses

Upon a disposition or deemed disposition of Offered Shares (except to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market), a capital gain (or capital loss) will generally be realized by a Holder to the extent that the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of the Offered Shares to the Holder immediately before the disposition or deemed disposition and any reasonable costs of disposition. The adjusted cost base of an Offered Share to a Holder will be determined by averaging the cost of such Offered Share with the adjusted cost base of all other common shares of the Company held by the Holder and by making certain other adjustments required under the Tax Act. The Holder's

cost for purposes of the Tax Act of Offered Shares will include all amounts paid or payable by the Holder for the Offered Shares, subject to certain adjustments under the Tax Act.

Generally, one-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year must be included in the Holder's income in the year. Subject to and in accordance with the provisions of the Tax Act, one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must be deducted by such Holder against taxable capital gains realized by such Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or in any subsequent year (against net taxable capital gains realized in such years) to the extent and under the circumstances described in the Tax Act. If the Holder is a corporation, the amount of any such capital loss realized on the sale of Offered Shares may, in certain circumstances, be reduced by the amount of any dividends, including deemed dividends, which have been received on such Offered Shares or common shares of the Company. Analogous rules may apply where an Offered Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Taxable capital gains realized by a Holder who is an individual (excluding certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout its taxation year may be liable to pay a 10⅔% refundable tax on certain investment income, including taxable capital gains. Such Holders should consult their own tax advisors regarding their particular circumstances.

RISKS RELATED TO THE OFFERED SHARES

An investment in the Offered Shares involves risk. In addition to the risks set forth below and the other information contained in this prospectus supplement and the prospectus, you should consider carefully the risks and uncertainties described in the documents incorporated by reference in this prospectus supplement and the prospectus, including the Company's annual information form for the year ended December 31, 2017, under "Risk Factors". These are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us, or that we currently consider immaterial, may also materially and adversely affect us. If any of the events identified in these risks and uncertainties were to actually occur, our business, financial condition or results of operations could be materially harmed.

The Company may not be able to maintain its operations and research and development without additional funding.

The Company has incurred significant operating losses and negative cash flows from operations since inception. As at September 30, 2018, the Company had available cash, cash equivalents and short-term investments totalling $18,095,000. Based on management's estimate and current level of operations, the Company expects its current liquidity position, together with the estimated net proceeds of the Offering, to be sufficient to finance its operations for a period of approximately 28 months from the Closing Date, to the second quarter of 2021**.** We will need to raise additional capital to fund our operations and to develop our drug candidates. Our future capital requirements will be substantial and may increase beyond current expectations depending on many factors, such as the duration, scope, rate of progress, results and costs of any clinical and preclinical trials for drug candidates; unexpected delays or developments in seeking regulatory approvals and the outcome thereof; the time and cost in preparing, filing, prosecuting, maintaining, and enforcing patent claims; other unexpected developments encountered in implementing the Company's business development and commercialization strategies; the outcome of any litigation; and arrangements with collaborators. Further, changing circumstances may cause us to consume capital significantly faster than we currently anticipate. We have based the foregoing estimates on assumptions that may prove to be wrong, and we could utilize our available financial resources sooner than we currently expect.

The Company may seek to raise additional funds through public or private equity or debt financing, collaborations agreements with other companies and/or from other sources. We have no committed source of additional capital and additional funding may not be available on terms that are acceptable to us, or at all. If adequate funding is not available on reasonable terms, BELLUS Health may need to obtain funds on terms less favorable than it would otherwise accept. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of those securities could result in dilution to the Company's shareholders. Moreover, the incurrence of debt financing could result in a substantial portion of BELLUS Health's future operating cash flow, if any, being dedicated to the payment of principal and interest on such indebtedness and could impose restrictions on operations. This could render the Company more vulnerable to competitive pressures and economic downturns. If we are unable to raise additional capital in sufficient amounts or on terms

acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of BLU-5937 or other drug candidates or other research and development initiatives. We could be required to seek collaborators for our product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available or relinquish or license on unfavorable terms our rights to our product candidates in markets where we otherwise would seek to pursue development or commercialization ourselves.

No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favourable to the Company. The failure to obtain additional financing on favorable terms, or at all, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's prospects currently depend heavily on the success and market acceptance of BLU-5937, which is still in clinical development.

We currently have no drug products for sale and may never be able to successfully develop drug products. We currently believe that our growth and future prospects are mainly dependent on the successful development, regulatory approval and commercialization of our lead product candidate BLU-5937, which may never occur. We are investing the vast majority of our efforts and resources into the development of BLU-5937. Our business thus depends heavily on the successful preclinical and clinical development, regulatory approval and commercialization of BLU-5937, for which the Company must conduct additional preclinical and clinical trials, undergo further development activities and seek and receive regulatory approval prior to commercial launch. Further development of BLU-5937 will require substantial investment, access to sufficient commercial manufacturing capacity and significant marketing efforts before we can generate any revenue from product sales, if approved.

We anticipate that our ability to generate revenues will depend mainly on the commercial success of BLU-5937, which will depend upon its market acceptance by purchasers in the pharmaceutical market and the future market demand and medical need for products and research utilizing BLU-5937. Most prescription drug candidates never reach the clinical development stage and even those that do reach clinical development have only a small chance of successfully completing clinical development and gaining regulatory approval. If the Company is unable to successfully commercialize BLU-5937, it may never generate meaningful revenues. There is also the risk that the actual market size or opportunity for BLU-5937 is not certain. If BLU-5937 reaches commercialization and there is low market demand for BLU-5937 or the market for BLU-5937 develops less rapidly than the Company anticipates, the Company may not have the ability to shift its resources to the development of alternative products. Failure to gain market acceptance of BLU-5937 or an incorrect estimate in the nature and size of its market could have a material adverse effect on the Company.

Lack of Supporting Clinical Data

The preclinical toxicology studies and the Phase 1 top-line data announced in November 2018 demonstrated that BLU-5937 has a good safety and tolerability profile. However, the clinical safety of BLU-5937 has to be demonstrated through further clinical studies. The clinical effectiveness of BLU-5937 and of the Company's other drug candidates is not yet supported by clinical data and the medical community has not yet developed a large body of peer reviewed literature that supports the safety and efficacy of the Company's products, including BLU-5937. If future studies call into question the safety or efficacy of BLU-5937 or any of the Company's other products, the Company's business, financial condition, and results of operations could be adversely affected.

Even if BLU-5937 or any of the Company's other products successfully complete clinical trials and receive the regulatory approval necessary to market a drug candidates to the public, there is also the risk of unknown side effects, which may not appear until a drug candidate is on the market and may result in delay or denial of regulatory approval or withdrawal of previous approvals, product recalls or other adverse events, which could materially adversely affect the Company.

We are heavily dependent on licensed intellectual property. If we were to lose our rights to licensed intellectual property, we would not be able to continue developing or commercializing BLU-5937. If we breach any of the agreements under which we license the use, development and commercialization rights to BLU-5937 or any other product candidate or technology from third parties or if certain insolvency events were to occur, we could lose license rights that are critical to our business.

The Company has an exclusive worldwide license to develop and commercialize BLU-5937 pursuant to a license agreement with NEOMED that is critical to its business, which is subject to termination for breach of its terms, and therefore

its rights may only be available to it for as long as NEOMED agrees that the Company's development and commercialization activities are sufficient to meet the terms of the license. In addition, we may need to enter into additional license agreements in the future. Our existing license agreements impose, and we expect that any future license agreements will impose on us, various development, regulatory and/or commercial diligence obligations, payment of milestones and/or royalties and other obligations. If we fail to comply with our obligations under these agreements, or we are subject to a bankruptcy, the licensor may have the right to terminate the license, in which event we would not be able to market products covered by the license, which would have a material adverse effect on our business and financial condition. Moreover, our current or future licenses may provide for a reversion to the licensor of our rights in regulatory filings or other intellectual property or data that we regard as our own in the event the license terminates under certain circumstances, such as due to breach.

Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues. Disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including with respect to:

• the scope of rights granted under the license agreement and other interpretation-related issues;

• whether and the extent to which our technology and processes infringe on intellectual property of the licensors that is not subject to the licensing agreement;

• the rights of our licensors under the license agreements;

• our right to sublicense patent and other rights to third parties under collaborative development relationships;

• our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates, and what activities satisfy those diligence obligations; and

• the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

Any disputes with our licensors over intellectual property that we have licensed from them may prevent or impair our ability to maintain our current licensing arrangements on acceptable terms. Termination or expiry of our license agreements could result in the loss of significant rights and could materially harm our ability to further develop and commercialize BLU-5937 or other product candidates.

The Company depends on its licensors to protect a significant portion of its proprietary rights that derive from license agreements, including its exclusive worldwide license with NEOMED to develop and commercialize BLU-5937. BLU-5937 is covered by a patent that is not owned by the Company but is instead licensed to the Company by NEOMED. Moreover, our licensors under current licenses retain and our licensors under future licenses may retain certain rights and obligations. For example, the licensor may retain control over patent prosecution and maintenance under a license agreement, in which case we may not be able to adequately influence patent prosecution or prevent inadvertent lapses of coverage due to failure to pay maintenance fees. Similarly, the licensor may retain the sole right or a first right to enforce the licensed patents against infringement, in which case we may not be able to adequately influence or may be delayed in enforcing certain licensed patents. If such licensors fail to adequately maintain, prosecute or protect these patents or patent applications, the Company may have the right to take further action on its own to protect its technology. However, the Company may not be successful or have adequate resources to do so.

Our business could suffer, for example, if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to protect our intellectual property rights or prevent infringement by third parties, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms.

We rely completely on one third-party contract manufacturer to manufacture the active pharmaceutical ingredient (API) for BLU-5937 and another third party contract manufacturer to manufacture final drug product, and we intend to rely on third parties to produce non-clinical, clinical and commercial supplies of our product candidates, including BLU-5937.

We do not currently have, nor do we plan to acquire, the infrastructure or capability to internally manufacture our clinical drug supply of BLU-5937, or any other product candidates, for use in the conduct of our research and development activities, preclinical studies and clinical trials, and we lack the internal resources and the capability to manufacture any product candidates on a clinical or commercial scale. We currently have the API for BLU-5937 manufactured by one contract manufacturer and final drug product supplied by another contract manufacturer, and we do not currently have backup manufacturing capacity.

We plan to continue to rely on contract manufacturers for the foreseeable future to produce quantities of products and substances necessary for research and development, preclinical trials, human clinical trials and product commercialization, and to perform their obligations in a timely manner and in accordance with applicable government regulations. While we intend to contract for the commercial manufacture of our product candidates, we may not be able to identify and qualify contractors or obtain favorable contracting terms.

If our current or future third party manufacturers do not perform as agreed, breach or terminate their agreements with us, significant additional time and costs would be required to effect a transition to a new contract manufacturer. If we are unable to retain our current contractors, or are unable to secure arrangements with new contractors to provide manufacturing services in a timely manner and on acceptable terms as needed, it will delay or prevent the development, promotion, marketing, or sale of our product candidates, including BLU-5937 and have a negative effect on our operations and financial condition. Moreover, if a replacement to our current or future contract manufacturers were required, the ability to establish second-sourcing or find a replacement manufacturer may be difficult due to the lead times generally required to manufacture drugs and the need for regulatory compliance inspections and approvals of any replacement manufacturer, all of which factors could result in production delays and additional costs.

Our reliance on these contract manufacturers also exposes us to the possibility that they, or third parties with access to their facilities, will have access to and may appropriate our trade secrets or other proprietary information.

The common shares are equity interests and are subordinate to our existing and future indebtedness.

The common shares are equity interests. This means our common shares will rank junior to all of our indebtedness and to other non-equity claims on us and our assets available to satisfy claims on us, including claims in bankruptcy or similar proceedings. Future indebtedness may restrict payment of dividends on the common shares. Further, the common shares place no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the voting rights available to shareholders generally.

Our use of the net proceeds from the Offering is subject to change.

We currently intend to apply the net proceeds we receive from the Offering as described under “Use of Proceeds” of this prospectus supplement. However, management will have discretion in the actual application of those net proceeds, and may elect to apply them differently than is described under “Use of Proceeds” if management believes it would be in our best interest to do so. The failure by management to apply the net proceeds effectively could have a material adverse effect on our business.

Unstable market conditions may have serious adverse consequences on our business.

Our business may be adversely affected by unpredictable and unstable market conditions. If the current equity and credit markets deteriorate it may make any necessary equity or debt financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. Global economic volatility and uncertainty may also have an adverse effect on the Company’s the ability to obtain strategic partner support or commercialization opportunities and alliances for the Company’s drug candidates, and to obtain continued services and supplies. There is a risk that one or more of our current or future strategic partners may encounter difficulties during challenging economic times, which would directly affect our ability to attain our operating goals on schedule and on budget.

Potential Implications of Brexit

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. While the terms of any withdrawal are subject to an ongoing negotiation period, the referendum has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may lead to a weakening in consumer, corporate and financial confidence in such markets. The referendum has also created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal, and has also given rise to calls for the governments of other European Union member states to consider withdrawal. The risks of changing laws and regulations in the United Kingdom are creating uncertainty for companies such as BELLUS Health. Compliance with any such changing laws and regulations may be costly and consume substantial financial and management resources, as well as delay or prevent the development, promotion, marketing, or sale of the Company's product candidates. The extent and process by which the United Kingdom may exit the European Union, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This mid-to-long-term uncertainty may have an adverse effect on global economic conditions and on the ability of BELLUS to carry out its plans with respect to the development of BLU-5937, which in turn could have a material adverse effect on our business and financial condition.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon on our behalf by Davies Ward Phillips & Vineberg LLP, our counsel. Certain legal matters will be passed upon for the Agents by Norton Rose Fulbright Canada LLP, the Agents' counsel. As of the date of this prospectus supplement, the respective partners and associates of each of Davies Ward Phillips & Vineberg LLP and Norton Rose Fulbright Canada LLP own beneficially, directly or indirectly, less than 1% of our outstanding securities of any class and less than 1% of the outstanding securities of any class of our associates or affiliates.

CERTIFICATE OF THE COMPANY

Date: December 13, 2018

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

(Signed) ROBERTO BELLINI
President and Chief Executive Officer

(Signed) FRANÇOIS DESJARDINS
Vice President, Finance

On behalf of the Board of Directors

(Signed) FRANCESCO BELLINI
Director

(Signed) PIERRE LAROCHELLE
Director

CERTIFICATE OF THE AGENTS

Date: December 13, 2018

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

BLOOM BURTON SECURITIES INC.

(Signed) JOLYON BURTON

MACKIE RESEARCH CAPITAL CORPORATION

(Signed) DAVID KEATING


Bellus
HEALTH