This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale therein and only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form base shelf prospectus 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 Boulevard, Laval, Quebec H7V 4A7, Tel: 450-680-4500 and are also available electronically at www.sedar.com.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue July 26, 2019

BELLUS HEALTH INC.

US$150,000,000
Common Shares

This short form base shelf prospectus relates to the offering for sale from time to time, during the 25-month period that this prospectus, including any amendments hereto, remains valid, of common shares (the "**Common Shares**") of BELLUS Health Inc. (the "**Company**"), with a total offering price of such securities of up to US$150 million (or its equivalent in any other currency used to denominate the securities at the time of offering).

The securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions and other factors. The specific terms of any offering of securities will be provided in one or more prospectus supplements which will accompany this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest.

The securities may be sold to or through underwriters or dealers purchasing as principals, and may also be sold to one or more purchasers directly or through agents. The prospectus supplement relating to a particular issue of securities will identify each underwriter, dealer or agent engaged by us in connection with the offering and sale of those securities, and will set forth the terms of the offering of such securities, including, to the extent applicable, the net proceeds to be received, and any compensation payable to underwriters, dealers or agents, by us. See "Plan of Distribution".

Two of the Company's directors reside outside of Canada and have appointed the Company as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

No underwriter, dealer, placement agent, other intermediary or agent has been involved in the preparation of this short form base shelf prospectus or performed any review of its contents.

Our outstanding Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "BLU".

Our head office is located at 275 Armand-Frappier Boulevard, Laval, Quebec H7V 4A7, Canada.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in or incorporated by reference in this short form base shelf prospectus or any applicable prospectus supplement. References to this "prospectus" refer to this short form base shelf prospectus, including documents incorporated by reference herein. We have not authorized anyone to provide you with information that is different. We are not making an offer of these securities in any jurisdiction where the offer is not permitted by law.

Unless stated otherwise or the context otherwise requires, in this prospectus (excluding the documents incorporated by reference herein) the terms "BELLUS Health", the "Company", "we", "us" and "our" refer to BELLUS Health Inc. and its subsidiaries. References to "Cdn$" and "$" are to Canadian dollars and "US$" are to U.S. dollars.

All information permitted under applicable laws to be omitted from this prospectus will be contained in one or more prospectus supplements that will be delivered to purchasers together with this prospectus. Each prospectus supplement will be incorporated by reference in this prospectus for the purposes of securities legislation as of the date of the prospectus supplement and only for the purposes of the distribution of those securities to which the prospectus supplement pertains.

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

Unless otherwise indicated, market data and certain industry data and forecasts included in this prospectus 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 "Risk Factors" in this prospectus 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.

Under this prospectus, we may sell common shares of BELLUS Health Inc. (the "**Common Shares**") up to a total dollar amount of US$150 million.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus 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 Boulevard, Laval, Quebec 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.

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

1. our annual information form for the year ended December 31, 2018 dated March 13, 2019 (the "**2018 AIF**");
2. our audited annual consolidated financial statements as at and for the years ended December 31, 2018 and 2017 together with the independent auditors' report thereon;
3. the management's discussion and analysis dated February 20, 2019 for the years ended December 31, 2018 and 2017;
4. our unaudited interim condensed consolidated financial statements as at March 31, 2019 and for the three-month periods ended March 31, 2019 and 2018 and management's discussion and analysis dated May 8, 2019 in respect of those statements; and
5. our management information circular dated March 13, 2019 in connection with our annual and special meeting of shareholders held on May 8, 2019.

Any documents of the types referred to above and any material change reports (excluding confidential material change reports) and any business acquisition reports filed by us with the securities regulatory authorities in Canada after the date of this short form base shelf prospectus and prior to 25 months from the date hereof shall be deemed to be incorporated by reference in this prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, 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 except as so modified or superseded.

Upon a new annual information form and the related annual audited comparative financial statements and accompanying management's discussion and analysis being filed with and, where required, accepted by, the applicable securities regulatory authorities in Canada during the currency of this prospectus, the previous annual information form, the previous annual audited comparative financial statements and accompanying management's discussion and analysis and all interim financial reports and accompanying management's discussion and analysis, material change reports, information circulars and business acquisition reports filed prior to the commencement of the then current fiscal year will be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of securities hereunder. Upon an interim financial report and accompanying management's discussion and analysis being filed by us with and, where required, accepted by, the applicable securities regulatory authorities in Canada during the currency of this prospectus, all interim financial reports and accompanying management's discussion and analysis filed prior to the new interim financial report shall be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of securities hereunder.

A prospectus supplement containing the specific terms of an offering of the securities will be delivered to purchasers of such securities together with this prospectus and will be deemed to be incorporated into this prospectus as of the date of such prospectus supplement but only for purposes of the offering of securities covered by that prospectus supplement. Any "template version" of any "marketing materials" (as such terms are defined in National Instrument 41-101 of the Canadian Securities Administrators) pertaining to an offering of securities that is filed by us with the securities regulatory authorities in Canada after the date of the prospectus supplement for that offering and before the termination of the distribution of such securities will be deemed to be incorporated by reference in that prospectus supplement.

FORWARD-LOOKING INFORMATION

This short form base shelf prospectus (including the documents incorporated by reference herein) 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 for the treatment of hypersensitization disorders, including chronic cough;
- our aim to complete additional preclinical studies on BLU-5937;
- our aim to pursue the Phase 2 study on BLU-5937 for the treatment of unexplained or refractory chronic cough patients in 2019 and initiate later stage clinical studies thereafter;
- our aim to further explore the potential of BLU-5937 for the treatment of other afferent hypersensitization-related conditions;
- 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 expectations with respect to pre-commercialization activities related to the commercial launch of 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; and
- our plans to pursue a listing on a major exchange in the United States.

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 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 (including the documents incorporated by reference herein) 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:

- 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 and any prospectus supplement (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 securities 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 and any prospectus supplement, including the risks described in the "Risk Factors" section of this prospectus.

Statements containing forward-looking information included in this prospectus or any prospectus supplement 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.

THE COMPANY

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. The Company's Common Shares trade on the Toronto Stock Exchange ("**TSX**") under the symbol BLU. The Company's head office is located at 275 Armand-Frappier Boulevard, Laval, Quebec H7V 4A7, Canada.

As at July 26, 2019, BELLUS Health Inc. had one wholly-owned subsidiary, BELLUS Health Cough Inc., a CBCA company incorporated on March 16, 2017.

BUSINESS OF THE COMPANY

Overview

BELLUS Health is a clinical-stage biopharmaceutical company developing novel therapeutics for the treatment of chronic cough and the treatment of other hypersensitization-related disorders. BLU-5937 is the Company's lead product candidate for the treatment of chronic cough. In addition to chronic cough, BLU-5937 may potentially have clinical benefit in other afferent hypersensitization-related disorders mediated by the P2X3 receptor.

BLU-5937

The Company's lead drug candidate, BLU-5937, is a potent, highly selective, orally bioavailable small molecule antagonist of the P2X3 receptor, a clinically validated target for chronic cough.

In November 2018, we announced positive top-line results from the clinical Phase 1 study for BLU-5937. The Phase 1 study data demonstrated that BLU-5937 is safe and well tolerated, with an excellent pharmacokinetic profile supporting twice-a-day (BID) dosing. Plasma half-life was established at 4 to 9 hours, supporting BID dosing. Based on preclinical efficacy studies and comparison with drug levels achieved with a clinically validated comparator, we anticipate that drug levels required for optimal inhibition of cough will be achieved at 50 mg or 100 mg BID. BLU-5937 plasma concentration increased dose-proportionally and was not affected by food, supporting BLU-5937 administration without regard to meals.

The overall incidence of adverse events was comparable between placebo (50%) and BLU-5937 (44%). At the anticipated therapeutic doses of 50 mg or 100 mg, BLU-5937 did not cause any loss of taste perception and only one subject out of 24 (4%) reported transient taste alteration. No subject reported total loss of taste at any dose level. This taste effect was reported only on the first day out of seven days of dosing, by a subject receiving 100 mg BID.

At supra-therapeutic doses (200 mg – 1200 mg), two subjects out of 48 (4%) reported transient and sporadic partial loss of taste, and 13 subjects out of 48 (27%) reported transient and sporadic taste alteration. No subject out of 16 reported any taste loss or taste alteration at 200 mg. All taste-related events were transitory and sporadic in nature; one was rated moderate and all others were rated mild. The other most frequent adverse events reported in the Phase 1 study (>5%) were: headache (11%), numbness (11%), nausea (8%), dizziness (6%), and heartburn (6%).

There were no serious adverse events and no subjects withdrew prematurely due to an adverse event during the study. No significant trends of mean changes in vital signs, electrocardiogram (ECG) and clinical laboratory values have been observed in the Phase 1 study for BLU-5937. One subject had a mild elevation of liver enzymes at 400 mg BID that normalized at the follow up visit. This increase in liver enzyme levels was not associated with any signs of liver toxicity (e.g. no increase in bilirubin and no clinical symptoms of liver toxicity). There was also a slight increase in bilirubin in some subjects dosed at 400 mg BID. This elevation in bilirubin was not associated with any concomitant increases in liver enzyme levels and returned to baseline value two days after drug discontinuation, which suggests that it is most likely benign and due to an interaction between BLU-5937 and bilirubin hepatic disposition.

The clinical Phase 1 study was a randomized, double-blind, placebo-controlled study of orally administered BLU-5937 in 90 healthy adult subjects. The primary objectives of this study were to assess the safety, tolerability (including taste perception) and pharmacokinetic profile of BLU-5937 in healthy subjects. The study was divided in two parts:

- Part 1: A single ascending dose (SAD) study was conducted in 60 healthy subjects. Subjects were randomized into 6 cohorts of 10 subjects (8 BLU-5937: 2 placebo). The study evaluated single oral doses of BLU-5937 from 50 to 1200 mg.

- Part 2: A multiple ascending dose (MAD) study was conducted in 30 healthy subjects. Subjects were randomized into 3 cohorts of 10 subjects (8 BLU-5937: 2 placebo). The study evaluated multiple oral doses of BLU-5937 of 100, 200 and 400 mg administered twice-a-day (BID) for 7 consecutive days.

The Phase 1 top-line data demonstrated that BLU-5937 has a favorable safety and tolerability profile, as well as a pharmacokinetic profile supporting twice-a-day (BID) dosing. At the anticipated therapeutic doses of 50 to 100 mg, BLU-5937 did not cause any loss of taste perception; only 1 out of 24 subjects reported transient taste alteration. Based on these

data, we are advancing BLU-5937 into a clinical Phase 2 study in chronic cough patients, for which the first patient dosed is expected in the coming weeks.

Based on the positive data from the Phase 1 study, we are advancing BLU-5937 in a Phase 2 study in patients with unexplained or refractory chronic cough, for which the first patient dosed is expected in the coming weeks. The study will be a dose-escalation, placebo-controlled and crossover design to assess the efficacy, safety, and tolerability of BLU-5937 at four doses; 25, 50, 100 and 200 mg, administered orally, twice-daily (BID). Approximately 65 patients with unexplained or refractory chronic cough are expected to be enrolled at twelve clinical sites in the United States and United Kingdom. Completion of enrollment in the study is expected in Q1 2020, and top-line results are anticipated in mid-2020.

The primary efficacy endpoint of the study is the change from baseline in awake cough frequency as measured by a cough recorder at the end of each dose level. Secondary endpoints include the change in 24-hour cough frequency and change in the Leicester Cough Questionnaire, Cough Severity Visual Analogue Scale (VAS) and the Global Rating of Change Scale.

Patients enrolled in the study will have had unexplained or refractory chronic cough for at least one year, a cough count of $\geq$ 10 per hour (Awake Cough Count at Screening) and a score of $\geq$ 40mm on the Cough Severity VAS at Screening. Current or past smokers, and patients with diagnosis of chronic obstructive pulmonary disease, bronchiectasis, and/or idiopathic pulmonary fibrosis, are key exclusion criteria.

Given its high selectivity to P2X3 vs P2X2/3 receptors, BLU-5937 is likely to have little to no taste perception side effects in unexplained or refractory chronic cough patients. To fully characterize the taste disturbance effects, a questionnaire will be provided to patients who report taste side effects in the study, if any.

The four selected doses were based on pharmacokinetic/pharmacodynamic modeling, using data gathered from preclinical cough studies and the Phase 1 study. It is anticipated that the therapeutic doses will be 50 to 100 mg BID, which are expected to give the optimal therapeutic window. To allow a broad characterization of the dose response range and proper dose selection for future clinical studies, doses of 25 mg BID, 50 mg BID, 100 mg BID and 200 mg BID will be evaluated.

The Phase 2 study will be conducted by Illingworth Research Group, a clinical research organization which has conducted multiple clinical studies in chronic cough. Each of the study sites is experienced with conducting chronic cough studies, including at least one P2X3 antagonist study. Many of the sites are Centers of Excellence for the treatment of chronic cough and have access to a significant basin of patients.

BELLUS Health's BLU-5937 program is protected by a comprehensive patent estate comprised of issued and allowed patents, as well as pending patent applications. The main patent family, incorporating composition of matter and methods of use claims for a broad array of potent and selective P2X3 antagonist compounds including BLU-5937, has been granted in all major pharmaceutical markets. These patents have an expiration date of 2034, excluding any potential patent term extension. In addition, a U.S. patent claiming P2X3 selectivity as a means of minimizing taste effects for BLU-5937 was granted in October 2018, extending BLU-5937's patent protection to 2038.

Chronic cough is classified as a cough lasting more than eight weeks. The condition is associated with significant adverse physical, social and psychosocial effects on health and quality of life. In October 2018, the Company commissioned Bluestar BioAdvisors LLC (formerly known as Torreya Insights LLC) to conduct a market assessment through an evaluation of chronic cough epidemiology and pricing estimates. Based on primary and secondary research, the report concludes that, in the United States alone, more than 26 million adults suffer from chronic cough. Of these patients, more than 2.6 million have unexplained or refractory chronic cough lasting for more than a year.

RECENT DEVELOPMENTS

At our annual and special meeting held on May 8, 2019, our shareholders approved the amendment of our articles of incorporation to allow us to consolidate the issued and outstanding Common Shares, such that the trading price of the post-consolidation Common Shares is between US$5.00 and US$7.50 per post-consolidation Common Share. The share consolidation has not yet been implemented and will only be effective when our Board of Directors determines to make it effective. The potential benefits of a higher post-consolidation price include the ability to meet the initial listing requirements of major exchanges in the United States. We are currently contemplating such a listing.

CONSOLIDATED CAPITALIZATION

At our annual and special meeting held on May 8, 2019, our shareholders approved the amendment of our articles of incorporation to allow us to consolidate the issued and outstanding Common Shares, such that the trading price of the post-consolidation Common Shares is between US$5.00 and US$7.50 per post-consolidation Common Share. See "Recent Developments".

As at March 31, 2019, there were 157,957,111 Common Shares issued and outstanding. As at July 26, 2019, there were 158,899,609 Common Shares issued and outstanding. Changes in the number of outstanding Common Shares since March 31, 2019 resulted from the issuance by the Company of 802,498 Common Shares following the exercise of 802,498 of the 1,649,574 broker warrants issued by the Company in relation to our December 2017 offering and the 2018 Offering (as defined below) that were outstanding on March 31, 2019, as well as from the issuance by the Company of 140,000 Common Shares following the exercise of 140,000 of the 15,238,000 stock options that were outstanding on March 31, 2019.

Except as otherwise disclosed in this prospectus or in the documents incorporated by reference herein, there have been no material changes in our consolidated share and loan capital, on a consolidated basis, from March 31, 2019 to the date of this short form base shelf prospectus.

USE OF PROCEEDS

The aggregate proceeds of distributions of securities under this prospectus shall not exceed US$150,000,000. The net proceeds to be received by the Company from the distribution from time to time of securities under this prospectus will be the gross proceeds of such issue less any commissions and expenses paid in connection therewith.

Any net proceeds expected to be received from the sale of securities, and each of the principal purposes for which we will use those net proceeds, will be set forth in a prospectus supplement relating to that sale. Unless otherwise specified in the applicable prospectus supplement, we will use the net proceeds that we receive from the sale of securities for any one or more of research and development activities, working capital, acquisitions, debt repayment or other general corporate purposes. More detailed information regarding the use of proceeds from the sale of the securities will be described in any applicable prospectus supplement.

Negative Cash Flow

The Company has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit of $484,014,000 as at March 31, 2019. The ability of the Company to continue as a going concern is dependent upon raising additional financing through equity and non-dilutive funding and partnerships. There can be no assurance that the Company will have sufficient capital to fund its ongoing operations, develop or commercialize any products without future financings. If the Company is unable to obtain additional financing when required, the Company may have to substantially reduce or eliminate planned expenditures or the Company may be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability to fund its research and development programs and defend its patent rights. We anticipate that we will continue to have negative cash flow for the foreseeable future and expect that any proceeds from the sale of securities under the prospectus will be used to fund anticipated negative cash flow from operating activities, as described above.

December 2018 Offering

On December 18, 2018, the Company completed an equity offering (the "**2018 Offering**"), issuing 36,842,105 Common Shares from treasury at a price of $0.95 per share for aggregate gross proceeds of $35 million.

The Company intends to allocate net proceeds of the 2018 Offering, together with the cash, cash equivalents and short-term investments on hand at the time of closing, to the research and development of BLU-5937, including clinical and preclinical studies, manufacturing, formulation and scale-up, other research and development activities as well as general and administrative expenses, working capital and other general corporate purposes.

The table below provides estimated amounts (as indicated in the Company's prospectus supplement dated December 13, 2018 to its short form base shelf prospectus dated November 30, 2018), amounts used as of March 31, 2019 and anticipated material variance, if any:

Intended Use of Proceeds	Estimated amount (in millions $)	Amount used as of March 31, 2019 (in millions $)	Anticipated Variance
Clinical studies, including Phase 2	21	2	None
Preclinical studies	10	1	None
Manufacturing, formulation and scale-up	7	1	Note 1
Other R&D activities	6	-	None
General and Administrative expenses, working capital and other general corporate purposes	6	1	None

Note 1: Higher anticipated costs for additional work associated with larger scale production and preparation for scale up of BLU-5937.

PLAN OF DISTRIBUTION

We may offer and sell the securities, separately or together to or through one or more underwriters or dealers purchasing as principals, and also may offer and sell securities to one or more purchasers directly or through agents. The distribution of securities may be effected from time to time in one or more transactions at a fixed price or prices or at prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers, including sales in transactions that are deemed to be "at-the-market" distribution", as defined in National Instrument 44-102 - *Shelf Distributions*, including sales made directly on the TSX or other existing trading markets for the securities. The price at which securities will be offered and sold may vary from purchaser to purchaser and during the distribution period.

The prospectus supplement with respect to any securities being offered will set forth the terms of the offering of those securities, including:

- the name or names of any underwriters, dealers or other placement agents,
- the purchase price of, and form of consideration for, those securities and the net proceeds to us from such sale,
- any delayed delivery arrangements,
- any underwriting discounts or commissions and other items constituting underwriters' compensation,
- any offering price (or the manner of determination thereof if offered on a non-fixed price basis),
- any discounts, commissions or concessions allowed or reallowed or paid to dealers, and
- any securities exchanges on which those securities may be listed.

Only the underwriters, dealers, placement agents, other intermediaries or agents named in a prospectus supplement are deemed to be underwriters in connection with the securities offered by that prospectus supplement.

Under agreements that may be entered into by BELLUS Health, underwriters, dealers, placement agents, other intermediaries or agents who participate in the distribution of securities may be entitled to indemnification by the Company against certain liabilities, including liabilities under any applicable securities legislation, or to contributions with respect to payments that such underwriters, dealers, placement agents, other intermediaries or agents may be required to make in that respect. In connection with an offering, the underwriters, dealers, placement agents, other intermediaries or agents, if any, may overallot or effect transactions that stabilize or maintain the market price of the Common Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time and would be subject to applicable law.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Owning any of the Common Shares may subject holders to tax consequences. The applicable prospectus supplement may describe certain Canadian federal income tax consequences to an investor of acquiring, owning and disposing of any of the Common Shares offered thereunder. Prospective investors should consult their own tax advisors prior to deciding to purchase any of the Common Shares.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Owning any of the Common Shares may subject holders who are U.S. persons (within the meaning of the U.S. Internal Revenue Code of 1986, as amended) to U.S. tax consequences. The applicable prospectus supplement may describe certain U.S. federal income tax consequences of the acquisition, ownership and disposition of any of the Common Shares offered thereunder by an initial investor who is a U.S. person. Prospective investors should consult their own tax advisors prior to deciding to purchase any of the Common Shares.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares ("**Preferred Shares**"), issuable in series. As of July 26, 2019 the Company had 158,899,609 Common Shares issued and outstanding, all of which are fully paid and non-assessable, and 174,832,873 Common Shares on a fully diluted basis, including 15,098,000 stock options granted under the stock option plan and 835,264 broker warrants.

In this description, the words "we", "us", "our", "Company" and "BELLUS Health" refer to BELLUS Health Inc. (or its successors, if any,) and not any of its subsidiaries.

Common Shares

Each Common Share entitles the holder thereof to one vote at any meeting of the shareholders of the Company, except meetings at which only holders of a specified class of shares are entitled to vote. Subject to the rights of holders of the Preferred Shares, the Common Shares are entitled to receive, as and when declared by our Board of Directors, dividends in such amounts as shall be determined by our Board of Directors. The holders of Common Shares have the right, subject to the rights of the holders of Preferred Shares, to receive the remaining property of the Company in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

Preferred Shares

No Preferred Shares are currently issued; however they may be issued from time to time in one or more series, the terms of each series, including the number of shares, the designation, rights, preferences, privileges, priorities, restrictions, conditions and limitations, to be determined at the time of creation of each such series by our Board of Directors without shareholder approval, provided that all Preferred Shares will rank, with respect to dividends and return of capital in the event of liquidation, dissolution, winding-up or other distribution of the Company's assets for the purpose of winding-up its affairs, *pari passu* among themselves and in priority to all Common Shares or shares of any class ranking junior to the Preferred Shares. Except as provided for in the Company's articles of incorporation (as amended), the holders of Preferred Shares shall not be entitled to receive notice of meetings of the Company's shareholders nor to attend thereat and shall not be entitled to vote at any such meeting.

BOOK-BASED SYSTEM

Except as otherwise provided in the applicable prospectus supplement, securities will be issued by way of instant deposit under the book-based system administered by CDS Clearing and Depository Services Inc. or a successor (collectively, "**CDS**"), registered in the name of CDS or its nominee. No purchaser of securities will receive a certificate or other instrument from us or CDS evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a participant ("**Participant**") in the depository service of CDS acting on behalf of such purchaser. Each purchaser of securities will receive a customer confirmation of purchase from the registered dealer from which the securities are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly

after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the securities.

Transfer, Conversion, Exchange or Redemption of Securities

Transfer of ownership, conversion, exchange or redemptions of securities will be effected through records maintained by CDS or its nominee for such securities with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. An owner of a beneficial interest in a security in "book-entry" form who desires to sell or otherwise transfer that interest may do so only through Participants. The ability of that owner to pledge its interest in the security or otherwise take action with respect to its interest in the security may be limited due to the lack of a physical certificate.

Special Situations When Global Security Will be Terminated

If we determine, or CDS notifies us in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the securities and we are unable to locate a qualified successor, or if we at our option elect, or are required by law, to terminate the book-entry system, then the securities will be issued in fully registered form to beneficial owners or their nominees.

TRADING PRICE AND VOLUME OF COMMON SHARES

Trading prices and volume of the Common Shares will be provided, as required, in each applicable prospectus supplement to this prospectus.

RISK FACTORS

Investing in BELLUS Health's securities involves a significant amount of risk. You should carefully consider the risks described below and in the documents incorporated by reference herein and, if applicable, those described in a prospectus supplement relating to a specific offering of securities, before making an investment decision. If any of these risks actually occurs, the Company's business, financial condition or results of operations could be materially adversely affected. 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. In such an event, the trading price of the Company's Common Shares could decline and you may lose part or all of your investment in our securities. Any reference in this section to the Company's "products" includes a reference to BELLUS Health's product or product candidates and future products that may be developed.

BELLUS Health may not be able to maintain its operations and research and development without additional funding, and the Company may not have access to sufficient capital.

To date, the Company has financed its operations primarily through public offerings of Common Shares, private placements, the issuance of convertible notes and research tax credits. The Company has incurred significant operating losses and negative cash flows from operations since inception. As at March 31, 2019, the Company had available cash, cash equivalents and short-term investments totaling $45,442,000. Based on management's estimate and current level of operations, the Company believes that the current liquidity position is sufficient to finance its operations into the first quarter of 2021. The Company will need to raise additional capital to fund its operations and to develop its drug candidates. The Company's 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 the Company to consume capital significantly faster than it currently anticipates. The Company has based the foregoing estimates on assumptions that may prove to be wrong, and the Company could utilize its available financial resources sooner than it currently expects.

BELLUS Health may seek to raise additional funds through public or private equity or debt financing, collaborations agreements with other companies and/or from other sources. The Company has no committed source of additional capital and

additional funding may not be available on terms that are acceptable to the Company, 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 BELLUS Health is unable to raise additional capital in sufficient amounts or on terms acceptable to the Company, it 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. The Company could be required to seek collaborators for its 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 its rights to its product candidates in markets where the Company otherwise would seek to pursue development or commercialization itself.

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.

BELLUS Health has a history of losses and has not generated any significant product sales revenue to date. The Company may never achieve or maintain profitability.

BELLUS Health's potential drug candidates are still only in development, and as a result, the Company has not generated significant revenues from drug sales to date. BELLUS Health has incurred substantial expenses in its efforts to develop drugs, and consequently, has generated operating losses each year since its inception. As of March 31, 2019, the Company had an accumulated deficit of $484,014,000. BELLUS Health's losses have adversely affected, and will continue to adversely impact, working capital, total assets, and shareholders' equity. The Company does not expect to generate any significant revenues from drug sales in the immediate future. The Company may never successfully commercialize any drugs. Even if BELLUS Health succeeds in developing commercial drugs, it expects to incur additional operating losses for at least the next several years. If the Company does not ultimately commercialize drugs and achieve or maintain profitability, an investment in its shares could result in a significant or total loss.

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

BELLUS Health currently has no drug products for sale and may never be able to successfully develop drug products. The Company currently believes that its growth and future prospects are mainly dependent on the successful development, regulatory approval and commercialization of its lead product candidate BLU-5937, which may never occur. The Company is investing the vast majority of its efforts and resources into the development of BLU-5937. BELLUS Health's 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 the Company can generate any revenue from product sales, if approved.

The Company anticipates that its 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.

BELLUS Health relies on third parties to conduct preclinical studies and clinical trials for BLU-5937, and if they do not properly and successfully perform their obligations to the Company, the Company may not be able to obtain regulatory approvals for BLU-5937.

BELLUS Health has designed the clinical trials for BLU-5937. However, the Company relies on contract research organizations and other third parties to assist in managing, monitoring and otherwise carrying out these trials. The Company competes with many other companies for the resources of these third parties. The third parties on whom the Company relies generally may terminate their engagements at any time, and having to enter into alternative arrangements would delay development and commercialization of its drug candidate. The FDA and comparable foreign regulatory authorities require compliance with regulations and standards for designing, conducting, monitoring, recording, analyzing, and reporting the results of clinical trials to assure that the data and results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Although the Company relies on third parties to conduct its clinical trials, they are not the Company's employees, and the Company is responsible for ensuring that each of these clinical trials is conducted in accordance with its general investigational plan, protocol and other requirements. The Company's reliance on these third parties for research and development activities will reduce its control over these activities but will not relieve the Company of its responsibilities.

If these third parties do not successfully carry out their duties under their agreements, if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to clinical trial protocols or to regulatory requirements, or if they otherwise fail to comply with clinical trial protocols or meet expected deadlines, the clinical trials of the Company's drug candidate may not meet regulatory requirements. If clinical trials do not meet regulatory requirements or if these third parties need to be replaced, preclinical development activities or clinical trials may be extended, delayed, suspended or terminated. If any of these events occur, the Company may not be able to obtain regulatory approval of its drug candidate on a timely basis or at all.

BELLUS Health relies 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 BELLUS Health intends to rely on third parties to produce non-clinical, clinical and commercial supplies of its product candidates, including BLU-5937.

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

BELLUS Health plans 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 BELLUS Health intends to contract for the commercial manufacture of its product candidates, BELLUS Health may not be able to identify and qualify contractors or obtain favorable contracting terms.

If BELLUS Health's current or future third party manufacturers do not perform as agreed, breach or terminate their agreements with the Company, significant additional time and costs would be required to effect a transition to a new contract manufacturer. If BELLUS Health is unable to retain its current contractors, or is 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 its product candidates, including BLU-5937 and have a negative effect on its operations and financial condition. Moreover, if a replacement to BELLUS Health's current or future contract manufacturers was 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.

Manufacturing of API and final drug products is complex and requires significant expertise. Difficulties could be encountered in production, particularly in scaling up and validating production. There can be no assurance that contract manufacturers will be successful at scaling up and producing BLU-5937 with the required quality and in the quantities and

timelines that will be needed for clinical and/or commercial purposes. So far we have produced small quantities of BLU-5937 at kilogram scale for use in preclinical and clinical studies.

BELLUS Health's reliance on these contract manufacturers also exposes the Company to the possibility that they, or third parties with access to their facilities, will have access to and may appropriate the Company's trade secrets or other proprietary information.

The clinical effectiveness of BLU-5937 and of the Company's other drug candidates is not yet supported by 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 the clinical trials and receive the regulatory approval necessary to market the drug candidates to the public, there is also the risk of unknown side effects, which may not appear until the drug candidates are 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.

BELLUS Health's clinical trials may not yield results that will enable the Company to obtain regulatory approval for its or its partnered drug candidates.

The Company will only receive regulatory approval for a drug candidate if it can demonstrate in carefully designed and conducted clinical trials that the drug candidate is safe and effective. BELLUS Health does not know whether its current or any future clinical trials will demonstrate sufficient safety and efficacy to obtain the requisite regulatory approvals or if they will result in marketable drugs.

Clinical trials are lengthy, complex, costly, and uncertain processes. It takes several years to complete testing, and failure can occur at any stage of testing. The early stage of the Company's drug candidates involves risks related to safety, efficacy, drug metabolism, pharmacokinetic profile, tolerability, manufacturing, formulation and distribution, among others. Results attained in preclinical testing and early clinical studies or trials may not be indicative of results that are obtained in later studies. The Company has suffered, and may suffer further, significant setbacks in advanced clinical trials, even after promising results in earlier studies. Based on results at any stage of clinical trials, BELLUS Health may decide to repeat or redesign a trial or discontinue the development of a drug candidate. Furthermore, actual results may vary once the final and quality-controlled verification of data and analyses has been completed. If the Company fails to adequately demonstrate the safety and efficacy of a drug under development, BELLUS Health will not be able to obtain the required regulatory approvals to commercialize that drug candidate.

Clinical trials are subject to continuing oversight by governmental regulatory authorities and institutional review boards, and must meet the requirements of these authorities; must meet requirements for informed consent; and must meet requirements for good clinical practices.

BELLUS Health may not be able to comply with these requirements. The Company relies on third parties, including contract research organizations and outside consultants, to assist in managing and monitoring clinical trials. BELLUS Health's reliance on these third parties may result in delays in completing, or in failing to complete, these trials if one or more third parties fail to perform with the speed and level of competence expected. If clinical trials for a drug candidate are unsuccessful, BELLUS Health will be unable to commercialize such drug candidate. If one or more of the clinical trials is delayed, the Company will be unable to meet its anticipated development or commercialization timelines. Either circumstance could cause the price of the Company's Common Shares to decline.

If BELLUS Health encounters difficulties enrolling patients in clinical trials, the trials could be delayed or otherwise adversely affected.

Clinical trials for drug candidates require to identify and enroll a large number of patients with the disorder under investigation. The Company or its partner may not be able to enroll a sufficient number of patients to complete clinical trials in a timely manner. Patient enrollment is a function of many factors, including the following: design of the protocol, size of the patient population, eligibility criteria for the study in question, perceived risks and benefits of the drug under study, availability of competing therapies, efforts to facilitate timely enrollment in clinical trials, patient referral practices of physicians, and availability of clinical trial sites. If BELLUS Health or its partner has difficulty enrolling a sufficient number of patients to conduct its clinical trials as planned, it may need to delay or terminate ongoing clinical trials.

Setbacks in any of the clinical trials would likely cause a drop in the price of the Company's Common Shares.

Setbacks in any phase of the clinical development of a product candidate would have an adverse financial impact and could jeopardize U.S. Food and Drug Administration (FDA), European Medicines Agency (EMA) or Japanese Pharmaceuticals and Medical Devices Agency (PMDA) approval, and would likely cause a further drop in the price of the Company's Common Shares.

BELLUS Health does not have the required approvals to market any of its drug candidates, and the Company does not know if it will ever receive such approvals.

To date, none of the Company's drug candidates has received regulatory approval for commercial sale. BELLUS Health cannot market a drug in any jurisdiction until it has completed rigorous clinical trials as well as such jurisdiction's extensive regulatory approval process. In general, significant research and development and clinical studies are required to demonstrate the safety and efficacy of BELLUS Health's drug candidates before the Company can submit regulatory applications. Preparing, submitting, and advancing applications for regulatory approval is sometimes complex, costly, and time consuming and entails significant uncertainty.

Even if BELLUS Health or its partners obtain regulatory approvals for its drug candidates, the Company will be subject to ongoing government regulation.

Even if regulatory authorities approve any of the Company's drug candidates, the manufacturing, marketing, and sale of such drugs will be subject to strict and ongoing regulation. Compliance with such regulation may be costly and consume substantial financial and management resources. For example, an approval for a drug may be conditioned on conducting costly post-marketing follow-up studies. In addition, if, based on these studies, a regulatory authority does not believe that the drug demonstrates a benefit to patients, such authority could limit the indications for which the drug may be sold or revoke the drug's regulatory approval.

BELLUS Health and its contract manufacturers are required to comply with applicable current Good Manufacturing Practice ("**cGMP**") regulations for the manufacture of drugs. These regulations include requirements relating to quality assurance, as well as the corresponding maintenance of records and documentation. Manufacturing facilities must be approved before they can be used in the commercial manufacturing of products and are subject to subsequent periodic inspection by regulatory authorities. In addition, material changes in the methods of manufacturing or changes in the suppliers of raw materials are subject to further regulatory review and approval.

If the Company or any future marketing collaborators or contract manufacturers fail to comply with applicable regulatory requirements, BELLUS Health may be subject to sanctions, including fines, drug recalls or seizures, injunctions, total or partial suspension of production, civil penalties, withdrawals of previously granted regulatory approvals, and criminal prosecution. Any of these penalties could delay or prevent the promotion, marketing, or sale of the Company's drugs.

If BELLUS Health's drugs do not gain market acceptance, the Company may be unable to generate significant revenues.

Even if the Company's drugs are approved for sale, they may not be successful in the marketplace. Market acceptance of any of BELLUS Health's drugs will depend on a number of factors including demonstration of clinical effectiveness and safety, the advantages and disadvantages of the Company's drugs relative to alternative treatments, the

availability of acceptable pricing and adequate third-party reimbursement, and the effectiveness of marketing and distribution methods for the drugs. If BELLUS Health's drugs do not gain market acceptance among consumers, physicians, patients, and others in the medical community, the ability to generate significant revenues from its drugs would be limited.

BELLUS Health may not achieve its projected development goals in the announced and expected time frames.

The Company sets goals for and makes public statements regarding timing of the accomplishment of objectives material to its success, such as the commencement and completion of clinical trials, anticipated regulatory submission and approval dates, and time of drug launch. The actual timing of these events can vary dramatically due to factors such as delays or failures in clinical trials, the uncertainties inherent in the regulatory approval process, and delays in achieving manufacturing or marketing arrangements sufficient to commercialize drugs. There can be no assurance that BELLUS Health's clinical trials will be completed, that it will make regulatory submissions or receive regulatory approvals as planned, or that the Company will be able to adhere to its current schedule for the launch of any of its drugs. If BELLUS Health fails to achieve one or more of these milestones as planned, the price of its Common Shares would likely decline.

If BELLUS Health or its partners fail to obtain acceptable prices or adequate reimbursement for its drugs, the Company's ability to generate revenues will be diminished.

BELLUS Health's ability to successfully commercialize drugs would depend significantly on the ability to obtain acceptable prices and the availability of reimbursement to the patient from third-party payers, such as government and private insurance plans. While the Company has not commenced discussions with any such parties, these third-party payers frequently require companies to provide predetermined discounts from list prices, and they are increasingly challenging the prices charged for pharmaceuticals and other medical products. BELLUS Health's drugs may not be considered cost-effective, and reimbursement to the patient may not be available or sufficient to allow the Company to sell its drugs on a competitive basis. BELLUS Health may not be able to negotiate favorable reimbursement rates for its drugs.

In addition, the continuing efforts of third-party payers to contain or reduce the costs of healthcare through various means may limit the Company's commercial opportunity and reduce any associated revenue and profits. BELLUS Health expects proposals to implement similar government controls to continue. In addition, increasing emphasis on managed care will continue to put pressure on the pricing of pharmaceutical and biopharmaceutical products. Cost-control initiatives could decrease the price that the Company or any current or potential collaborators could receive for any of the drugs and could adversely affect profitability. In addition, in Canada and in many other countries, including in the US, where significant healthcare reforms are currently under discussion, pricing and/or profitability of some or all prescription pharmaceuticals and biopharmaceuticals are subject to government control. If BELLUS Health fails to obtain acceptable prices or an adequate level of reimbursement for its drugs, the sales of the drugs would be adversely affected or there may be no commercially viable market for the Company's drugs.

Competition in the biopharmaceutical industry is intense, and development by other companies could render BELLUS Health's drugs or technologies non-competitive.

The biopharmaceutical industry is intensely competitive and is subject to rapid and significant change. We face potential competition from many sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies. We consider our primary competitors to be those companies that are developing drugs specifically to treat chronic cough that, when approved, could be used off label to treat cough. We are aware of other companies targeting chronic cough as the primary outcome measure in clinical studies of drugs. There are multiple companies developing products at varying stages of development specifically intended to treat chronic cough including Merck, Bayer, Shionogi, Attenua and Nerre Therapeutics, some of which have substantially greater drug development capabilities and financial, scientific, marketing, and human resources than the Company. Of these companies, Merck, Bayer and Shionogi are developing P2X3 antagonists for chronic cough that could compete directly with BLU-5937.

BELLUS Health is heavily dependent on licensed intellectual property. If the Company was to lose its rights to licensed intellectual property, it would not be able to continue developing or commercializing BLU-5937. If the Company breaches any of the agreements under which it licenses 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, it could lose license rights that are critical to its 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 the Company's development and commercialization activities are sufficient to meet the terms of the license. In addition, the Company may need to enter into additional license agreements in the future. BELLUS Health's existing license agreements impose, and any future license agreements may impose on the Company, various development, regulatory and/or commercial diligence obligations, payment of milestones and/or royalties and other obligations. If the Company fails to comply with its obligations under these agreements, or it is subject to a bankruptcy, the licensor may have the right to terminate the license, in which event the Company would not be able to market products covered by the license, which would have a material adverse effect on its business and financial condition. Moreover, the Company's current or future licenses may provide for a reversion to the licensor of its rights in regulatory filings or other intellectual property or data that it regards as its own in the event the license terminates under certain circumstances, such as due to breach.

Licensing of intellectual property is of critical importance to BELLUS Health's business and involves complex legal, business and scientific issues. Disputes may arise between the Company and its 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; the rights of the Company's licensors under the license agreements; the Company's diligence obligations with respect to the use of the licensed technology in relation to its development and commercialization of its product candidates, and what activities satisfy those diligence obligations; and any disputes with the Company's licensors over intellectual property that it has licensed from them may prevent or impair its ability to maintain its current licensing arrangements on acceptable terms.

Termination or expiry of the Company's license agreements could result in the loss of significant rights and could materially harm its 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, BELLUS Health's licensors under current licenses retain and its licensors under future licenses may retain certain rights and obligations.

BELLUS Health's business could suffer, for example, if the licensed patents or other rights are found to be invalid or unenforceable, or if the Company is unable to enter into necessary licenses on acceptable terms.

BELLUS Health may not obtain adequate protection for its drugs through its intellectual property.

BELLUS Health's success depends, in large part, on its ability to protect the Company's competitive position through patents, trade secrets, trademarks, and other intellectual property rights. The patent positions of pharmaceutical and biopharmaceutical firms, including BELLUS Health's, are uncertain and involve complex questions of law and fact for which important legal issues remain unresolved. The patents issued or to be issued to BELLUS Health may not provide it with any competitive advantage. The Company's patents may be challenged by third parties in patent litigation, which is becoming widespread in the biopharmaceutical industry. In addition, it is possible that third parties with drugs that are very similar to BELLUS Health will circumvent patents by means of alternate designs or processes. The Company may have to rely on method of use protection for its compounds in development and any resulting drugs, which may not confer the same protection as protection of its compounds *per se*. BELLUS Health may be required to disclaim part of the term of certain patents. There may be prior art of which the Company is not aware that may affect the validity or enforceability of a patent claim. There also may be prior art of which BELLUS Health is aware, but which it does not believe affects the validity or enforceability of a claim, which may, nonetheless ultimately be found to affect the validity or enforceability of a claim. No assurance can be given that the Company's patents would, if challenged, be held by a court to be valid or enforceable or that a competitor's technology or drug would be found by a court to infringe BELLUS Health's patents. Applications for patents and trademarks in Canada, the US, and in foreign markets have been filed and are being actively pursued. Pending patent

applications may not result in the issuance of patents, and the Company may not develop additional proprietary drugs that are patentable.

Patent applications relating to or affecting the Company's business may have been filed by a number of pharmaceutical and biopharmaceutical companies and academic institutions. A number of the technologies in these applications or patents may conflict with BELLUS Health's technologies, patents, or patent applications, and such conflict could reduce the scope of patent protection that the Company could otherwise obtain. BELLUS Health could become involved in interference proceedings in the US in connection with one or more of its patents or patent applications to determine priority of invention. The Company's granted patents could also be challenged and revoked in opposition proceedings in certain countries outside of the US. In addition to patents, the Company relies on trade secrets and proprietary know-how to protect its intellectual property. BELLUS Health generally requires employees, consultants, outside scientific collaborators, and sponsored researchers and other advisors to enter into confidentiality agreements. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with the Company is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all of the technology that is conceived by the individual during the course of employment is the exclusive property of BELLUS Health. These agreements may not provide meaningful protection or adequate remedies in the event of unauthorized use or disclosure of proprietary information. In addition, it is possible that third parties could independently develop proprietary information and techniques substantially similar to the Company's or otherwise gain access to BELLUS Health's trade secrets.

BELLUS Health may obtain the right to use certain technology under license agreements with third parties. The Company's failure to comply with the requirements of material license agreements could result in the termination of such agreements, which could cause BELLUS Health to terminate the related development program and cause a complete loss of investment in that program. As a result of the foregoing factors, the Company may not be able to rely on its intellectual property to protect its products in the marketplace.

BELLUS Health may infringe the intellectual property rights of others.

The Company's commercial success depends significantly on its ability to operate without infringing on the patents and other intellectual property rights of third parties. There could be issued patents of which BELLUS Health is not aware that its products infringe or patents that the Company believes it does not infringe, but that it may ultimately be found to infringe. Moreover, patent applications are, in some cases, maintained in secrecy until patents are issued. The publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and patent applications were filed. Because patents can take many years to issue, there may be currently pending applications of which BELLUS Health is unaware that may later result in issued patents that its products infringe. For example, pending applications may exist that provide support or can be amended to provide support for a claim that results in an issued patent that the Company's drug infringes.

The biopharmaceutical industry has produced a proliferation of patents, and it is not always clear to industry participants which patents cover various types of products. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. BELLUS Health is aware of, and has reviewed, third-party patents relating to the treatment of amyloid-related diseases, and the Company believes that its drug candidates do not infringe any valid claim of these patents, although there can be no assurances of this. In the event of an infringement or violation of another party's patent, BELLUS Health may not be able to enter into licensing arrangements or make other arrangements at a reasonable cost. Any inability to secure licenses or alternative technology could result in delays in the introduction of drugs or lead to prohibition of the manufacture or sale of drugs by the Company.

Patent litigation is costly and time consuming and may subject BELLUS Health to liabilities.

The Company's involvement in any patent litigation, interference, opposition, or other administrative proceedings will likely cause BELLUS Health to incur substantial expenses, and the efforts of technical and management personnel will be significantly diverted. In addition, an adverse determination in litigation could subject the Company to significant liabilities.

BELLUS Health may not obtain trademark registrations.

The Company has filed applications for trademark registrations in connection with its drug candidates in various jurisdictions, including in the US. BELLUS Health does not believe that any of these current trademarks is critical to the success of the drug candidate to which it relates. No assurance can be given that any of BELLUS Health's trademarks will be registered in the US or elsewhere, or that the use of any trademark will confer a competitive advantage in the marketplace. Furthermore, even if the Company is successful in these trademark registrations, the FDA has its own process for drug nomenclature and its own views concerning appropriate proprietary names. It also has the power, even after granting market approval, to request that a corporation reconsider the name for a drug because of evidence of confusion in the market place. No assurance can be given that the FDA or any other regulatory authority will approve any of the Company's trademarks or will not request reconsideration of one of these trademarks at some time in the future.

Unstable market conditions may have serious adverse consequences on BELLUS Health's business.

BELLUS Health's 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 the Company's growth strategy, financial performance and stock price and could require the Company 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 the Company's current or future strategic partners may encounter difficulties during challenging economic times, which would directly affect its ability to attain its operating goals on schedule and on budget.

Brexit may create volatility in markets and uncertainty regarding future laws and regulations in the United Kingdom and the rest of Europe.

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 Health 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.

The market price of the Company's Common Shares experiences a high level of volatility due to factors such as the volatility in the market for biotechnology stocks generally and the short-term effect of a number of possible events.

BELLUS Health is a public growth company in the biotechnology sector. As frequently occurs among these companies, the market price for the Company's Common Shares may experience a high level of volatility. During the year ended December 31, 2018, BELLUS Health's Common Shares traded between $0.33 and $1.30 per share on the TSX. Numerous factors, including many over which the Company has no control, may have a significant impact on the market price of its Common Shares, including, among other things, the following: (1) clinical and regulatory developments regarding the Company's drugs and drug candidates and those of its competitors; (2) arrangements or strategic partnerships by BELLUS Health or its competitors; (3) other announcements by the Company or its competitors regarding technological, drug development, sales, or other matters; (4) patent or other intellectual property achievements or adverse developments; (5) arrivals or departures of key personnel; (6) changes in financial estimates and recommendations by securities analysts; (7)

government regulatory action affecting BELLUS Health's drug candidates and its competitors' drugs in the US, Canada, and foreign countries; (8) actual or anticipated fluctuations in revenues or expenses; (9) general market conditions and fluctuations for the emerging growth and biopharmaceutical market sectors; (10) failure to enter into favorable third-party manufacturing agreements; (11) events related to threatened, new, or existing litigation; (12) economic conditions in the US, Canada, or abroad; (13) purchases or sales of blocks of BELLUS Health's securities; and (14) difficulties in the Company's ability to obtain additional financing.

Listing on the TSX may increase share price volatility due to various factors, including that the stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These broad market fluctuations may adversely affect the price of the Company's Common Shares, regardless of its operating performance. In addition, sales of substantial amounts of its Common Shares in the public market after any offering, or the perception that those sales may occur, could cause the market price of the Company's Common Shares to decline.

As at March 13, 2019, OrbiMed Advisors LLC ("**OrbiMed**"), Victoria Square Ventures Inc. ("**VSVI**"), a subsidiary of Power Corporation of Canada, and Rocabe Investments Inc. ("**Rocabe**"), a company in which Mr. Roberto Bellini has a 50% equity interest, (the "**Major Shareholders**") own, directly or indirectly, respectively 13.5%, 11.3% and 10.4% of the Company's outstanding Common Shares. A decision by one or more of the foregoing persons, or any other significant shareholder, to sell a substantial amount of the Company's Common Shares could cause the trading price of such Common Shares to decline substantially. Furthermore, shareholders may initiate securities class action lawsuits if the market price of BELLUS Health's stock drops significantly, which may cause the Company to incur substantial costs and could divert the time and attention of its management.

These factors, among others, could depress the trading price of the Company's securities. Because BELLUS Health may experience high volatility in its Common Shares, individuals or entities should not invest in the stock unless prepared to absorb a significant loss of capital. At any given time, investors may not be able to sell their shares at a price that is acceptable. The market liquidity for BELLUS Health's stock is low. While a more active trading market may develop in the future, the limited market liquidity for the Company's stock may affect investor's ability to sell at a price that is satisfactory to them.

BELLUS Health does not expect to pay any cash dividends for the foreseeable future.

Investors should not rely on an investment in BELLUS Health's Common Shares to provide dividend income. The Company does not anticipate that it will pay any cash dividends to holders of its Common Shares in the foreseeable future. Instead, the Company plans to retain any earnings to maintain and expand its operations. In addition, any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on its Common Shares. Accordingly, investors must rely on sales of their Common Shares after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase the Company's Common Shares.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research about BELLUS Health's business, its share price and trading volume could decline.

The trading market for BELLUS Health's Common Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. If one or more of the analysts who cover the Company downgrade its stock or publish inaccurate or unfavorable research about the Company's business, its stock price would likely decline. In addition, if the Company's operating results fail to meet the forecasts of analysts, its stock price would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on the Company regularly, demand for the Company's Common Shares could decrease, which might cause its share price and trading volume to decline.

BELLUS Health's revenues and expenses may fluctuate significantly and any failure to meet financial expectations may disappoint securities analysts or investors and result in a decline in the price of its Common Shares.

The Company's revenues and expenses have fluctuated in the past and are likely to do so in the future. These fluctuations could cause BELLUS Health's share price to decline. Some of the factors that could cause revenues and

expenses to fluctuate include the following: the inability to complete drug development in a timely manner that results in a failure or delay in receiving the required regulatory approvals or allowances to commercialize drug candidates; the timing of regulatory submissions and approvals; the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize the drug candidates; the outcome of any litigation; changes in foreign currency fluctuations; the conversion of any convertible; the timing of achievement and the receipt of milestone payments from current or future collaborators; failure to enter into new or the expiration or termination of current agreements with collaborators; failure to introduce the drug candidates to the market in a manner that generates anticipated revenues; the potential payments in relation to indemnity agreements and accounting policies adopted by the Company, including the fair value determination of financial instruments based on the Company's share price.

Due to fluctuations in the Company's revenues and expenses, BELLUS Health believes that period-to-period comparisons of its results of operation are not indicative of future performance. It is possible that in some future quarter or quarters, revenues and expenses will be below the expectations of securities analysts or investors. In this case, the price of the Company's Common Shares could fluctuate significantly or decline.

BELLUS Health would not be able to successfully commercialize drug candidates if the Company is unable to create sales, marketing, and distribution capabilities or make adequate arrangements with third parties, including entering into collaborations with partners, for such purposes.

In order to commercialize the Company's drug candidates successfully, BELLUS Health could, on a product-by-product basis, either develop internal sales, marketing, and distribution capabilities or make arrangements with third parties, including entering into collaborations with partners, to perform some or all of these services. The Company currently has no marketing capabilities and sales force. To the extent that BELLUS Health internally develops a sales force, the cost of establishing and maintaining a sales force would be substantial and may exceed its cost effectiveness. In addition, in marketing the Company's drugs, BELLUS Health would likely compete with many companies that currently have extensive and well-funded marketing and sales operations. Despite marketing and sales efforts, BELLUS Health may be unable to compete successfully against these companies. The Company may not be able to do so on favorable terms. The Company could rely on third parties to market and sell its drugs in certain territories, rather than establishing an internal sales force. When BELLUS Health contracts with third parties, including entering into collaborations with partners, for the sale and marketing of its drugs, revenues depend upon the efforts of these third parties, which may not be successful. If the Company fails to establish successful marketing and sales capabilities or to make arrangements with third parties for such purposes, BELLUS Health's business, financial condition, and results of operations will be materially adversely affected.

BELLUS Health is subject to intense competition for skilled personnel. The loss of key personnel or the inability to attract additional personnel could impair the Company's ability to conduct operations.

BELLUS Health is highly dependent on its management and staff; the loss of whose services might adversely impact the Company's ability to achieve its objectives. Recruiting and retaining qualified management and other personnel is critical to BELLUS Health's success. Competition for skilled personnel is intense, and the ability to attract and retain qualified personnel may be affected by such competition.

BELLUS Health is subject to the risk of drug liability claims, for which the Company may not have, or may not be able to obtain, adequate insurance coverage.

Human therapeutic products involve the risk of drug liability claims and associated adverse publicity. Currently, BELLUS Health's principal risks relate to participants in the clinical trials who may suffer unintended consequences. Claims might be made directly by consumers, patients, healthcare providers, or pharmaceutical companies or others selling or consuming BELLUS Health's drugs. The Company may not have or be able to obtain or maintain sufficient and affordable insurance coverage, including coverage for potentially very significant legal expenses. Without sufficient coverage, any claim brought against BELLUS Health could have a materially adverse effect on its business, financial condition, or results of operations.

Legislative actions, potential new accounting pronouncements, and higher insurance costs are likely to impact the Company's future financial position or results of operations.

Future changes in financial accounting standards may cause adverse, unexpected revenue or expense fluctuations and affect BELLUS Health's financial position or results of operations. New pronouncements and varying interpretations of pronouncements have occurred with greater frequency and are expected to occur in the future, and the Company may make, or may be required to make, changes in its accounting policies in the future. Compliance with changing regulations of corporate governance and public disclosure, notably with respect to internal controls over financial reporting, may result in additional expenses. Changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for companies such as BELLUS Health, and insurance costs are increasing as a result of this uncertainty.

BELLUS Health may incur losses associated with foreign currency fluctuations.

The Company's functional and reporting currency is the Canadian dollar. BELLUS Health's operations are, in some instances, conducted in currencies other than the Canadian dollar (principally in US dollars) and a portion of the Company's net monetary assets is denominated in other currencies (principally in US dollars). Fluctuations in the value of foreign currencies relative to the Canadian dollar could cause BELLUS Health to incur currency exchange losses.

BELLUS Health may incur losses due to adverse decisions by tax authorities

The Company's income tax reporting is subject to audit by tax authorities. The effective tax rate may change from year to year based on the mix of income; non-deductible expenses; changes in tax law; and changes in the estimated values of future income tax assets and liabilities.

BELLUS Health may enter into transactions and arrangements in the ordinary course of business in which the tax treatment is not entirely certain. The Company must therefore make estimates and judgments in determining its consolidated tax provision. In addition, BELLUS Health applies for numerous tax credits that play an important role in its financial planning and it is not certain that the tax authorities will grant them. The final outcome of any audits by taxation authorities may differ from estimates and assumptions used in determining the consolidated tax provisions and accruals. This could result in a material effect on the Company's consolidated research tax credits, income tax provision, financial position and the net income/loss for the period in which such determinations are made.

The Company is subject to taxation in Canada and was subject to taxation in certain foreign jurisdictions prior to the corporate reorganization. The Company's effective tax rate and tax liability are determined by a number of factors, including the amount of taxable income in particular jurisdictions, the tax rates in these jurisdictions, tax treaties between jurisdictions, the extent to which it transfers funds to and repatriates funds from its subsidiaries and future changes in laws. An adverse interpretation or ruling by one of the taxing authorities in a jurisdiction in which the Company operates or a change in law could increase its tax liability or result in the imposition of penalty payments, which could adversely impact its operating results.

The Major Shareholders have influence over BELLUS Health's business and corporate matters, including those requiring shareholder approval. This could delay or prevent a change in control. Sales of Common Shares by BELLUS Health's largest shareholders could have an impact on the market price of the Company's Common Shares.

The Major Shareholders own, directly or indirectly, an aggregate of approximately 35.2% of BELLUS Health's outstanding Common Shares as at March 13, 2019. Pursuant to a Board representation agreement dated December 18, 2018, between the Company and OrbiMed (the "**2018 Board Representation Agreement**"), OrbiMed is entitled to cause one nominee to be included in the list of management nominees to be proposed for election to the Board at each shareholders meeting occurring following that date. OrbiMed's right to one nominee shall terminate on the date OrbiMed ceases to beneficially hold at least 10% of the issued and outstanding Common Shares. OrbiMed's nominated candidate is Mr. Khuong. In addition, pursuant to board representation agreements dated April 16, 2009, between the Company and each of VSVI and a predecessor to Rocabe (the "**2009 Board Representation Agreements**"), each of VSVI and Rocabe is entitled to cause two nominees to be included in the list of management nominees to be proposed for election to the Board at each shareholders meeting occurring following that date. Despite their rights, each of VSVI and Rocabe has only nominated one candidate. VSVI's and Rocabe' right to two nominees each shall terminate on the date each of VSVI, on the one hand, and Rocabe, FMRC and 1324286 Alberta Limited, a wholly-owned subsidiary of the FMRC, collectively, on the other hand,

ceases to beneficially hold at least 7.5% of the issued and outstanding Common Shares. Therefore, OrbiMed, VSVI, FMRC, Rocabe and certain persons related to such entities have the ability to exercise some degree of influence over BELLUS Health's business and the outcome of various corporate matters, including those requiring shareholder approval. In particular, this concentration of ownership may have the effect of delaying or deferring a change in control of the Company and may adversely affect the price of its Common Shares.

The Company may be required to make a payment under an indemnity agreement.

In March 2017, the Company entered into a Share Purchase Agreement with Taro for the sale of the Company's wholly-owned subsidiary Thallion, including all the rights to the drug candidate Shigamab™. The Company agreed to indemnify Taro, subject to certain conditions and limitations, for losses which it may suffer or incur, arising out of any debts, liabilities, commitments or obligations of any nature resulting from any matters, actions, events, facts or circumstances related to the activities or affairs of Thallion, which occurred prior to the effective time of the Share Purchase Agreement. No indemnity provision has been recorded by the Company as at December 31, 2018.

A share consolidation involves certain risks.

The Company's total market capitalization immediately after a share consolidation may be lower than immediately before the share consolidation. There are numerous factors and contingencies that could affect the Common Share price prior to or following a share consolidation, including the status of the market for the Common Shares at the time, the status of the Company's reported financial results in future periods, and general economic, geopolitical, stock market and industry conditions. Accordingly, the market price of the Common Shares may not be sustainable at the direct arithmetic result of a share consolidation and may be lower. If the market price of the Common Shares is lower than it was before a share consolidation on an arithmetic equivalent basis, the Company's total market capitalization (the aggregate value of all Common Shares at the then market price) after the share consolidation may be lower than before such share consolidation.

A decline in the market price of the Common Shares after a share consolidation may result in a greater percentage decline than would occur in the absence of the share consolidation, and the liquidity of the Common Shares could be adversely affected following the share consolidation – if a share consolidation is implemented and the market price of the Common Shares declines, the percentage decline may be greater than it would otherwise occur in the absence of the share consolidation. The market price of the Common Shares will, however, also be based on the Company's performance and other factors, which are unrelated to the number of the Common Shares outstanding.

The liquidity of the Common Shares could be adversely affected by the reduced number of Common Shares that would be outstanding after a share consolidation.

A share consolidation may result in some shareholders owning "odd lots" of less than 100 Common Shares on a post-consolidation basis, which may be more difficult to sell, or require greater transaction costs per Common Share to sell than Common Shares held in "board lots" of even multiples of 100 Common Shares.

There is no assurance whatsoever that the Common Shares of the Company will be listed on a national securities exchange in the United States following the occurrence of a share consolidation.

An investor may be unable to bring actions or enforce judgments against us and certain of our directors and officers.

BELLUS Health is incorporated under the laws of Canada, and its principal executive offices are located in Canada. Most of the Company's directors and officers and most of the experts named in this prospectus reside outside of the United States and all or a substantial portion of the Company's assets and the assets of these persons are located outside the United States. Consequently, it may not be possible for an investor to effect service of process within the United States on the Company or those persons. Furthermore, it may not be possible for an investor to enforce judgments obtained in United States courts based upon the civil liability provisions of United States federal securities laws or other laws of the United States against those persons or the Company. There is doubt as to the enforceability, in original actions in Canadian courts, of liabilities based upon United States federal securities laws and as to the enforceability in Canadian courts of judgments of United States courts obtained in actions based upon the civil liability provisions of the United States federal securities laws. Therefore, it may not be possible to enforce those actions against the Company, certain of the Company's directors and officers or the experts named in this prospectus. Additionally, some of the directors and officers of the Company reside

outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for a purchaser to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons.

The Company expects that it will be classified as a "passive foreign investment company" for U.S. federal income tax purposes, which would subject U.S. investors that hold the Company's Common Shares to potentially significant adverse U.S. federal income tax consequences.

If the Company is classified as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes in any taxable year, U.S. investors holding the Company's Common Shares generally will be subject, in that taxable year and all subsequent taxable years (whether or not the Company continued to be a PFIC), to certain adverse US federal income tax consequences. The Company will be classified as a PFIC in respect of any taxable year in which, after taking into account its income and gross assets (including the income and assets of 25% or more owned subsidiaries), either (i) 75% or more of its gross income consists of certain types of "passive income" or (ii) 50% or more of the average quarterly value of its assets is attributable to "passive assets" (assets that produce or are held for the production of passive income). PFIC status is a factual determination that needs to be made annually after the close of each taxable year, on the basis of the composition of the Company's income, the relative value of its active and passive assets, and its market capitalisation. For this purpose, the Company's PFIC status depends in part on the application of complex rules, which may be subject to differing interpretations, relating to the classification of the Company's income and assets. Based on the Company's interpretation of the law, its recent financial statements, and taking into account expectations about its income, assets and activities, the Company believes that it was a PFIC for the taxable year ended December 31, 2018 and expects that it will be a PFIC for the current taxable year.

If the Company is a PFIC for any year during a U.S. holder's holding period, then such U.S. holder generally will be required to treat any gain realized upon a disposition of Common Shares, or any "excess distribution" received on its Common Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distribution, unless the U.S. holder makes a timely and effective "qualified electing fund" election ("**QEF Election**") or a "mark-to-market" election with respect to its Common Shares. A U.S. holder who makes a QEF Election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. However, U.S. holders should be aware that there can be no assurance that the Company will satisfy the record keeping requirements that apply to a QEF, or that the Company will supply U.S. holders with information that such U.S. holders require to report under the QEF Election rules, in the event that the Company is a PFIC and a U.S. holder wishes to make a QEF Election. Thus, U.S. holders may not be able to make a QEF Election with respect to their Common Shares. A U.S. holder who makes a mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Common Shares over the taxpayer's basis therein. Each U.S. holder should consult its own tax advisors regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

LEGAL MATTERS

Unless specified in the applicable prospectus supplement, certain legal matters relating to securities offered by this short form base shelf prospectus will be passed upon on our behalf by Davies Ward Phillips & Vineberg LLP, our Canadian counsel. As of the date of this prospectus, the partners and associates of Davies Ward Phillips & Vineberg LLP, as a group, 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.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are KPMG LLP, Chartered Professional Accountants ("**KPMG**"), 1500 - 600, De Maisonneuve Boulevard West, Montreal, Québec, Canada, H3A 0A3. The transfer agent and registrar for our Common Shares is Computershare Investor Services, Inc. through its offices in Montreal, Québec.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Agents for Service and Process

Two of our directors reside outside of Canada. Each of the individuals listed below has appointed the agent for service of process indicated beside his name:

Name	Agent
Franklin Berger	BELLUS Health Inc., 275 Armand-Frappier Boulevard, Laval, Quebec H7V 4A7
Chau Q. Khuong	BELLUS Health Inc., 275 Armand-Frappier Boulevard, Laval, Quebec H7V 4A7

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and accompanying prospectus supplement relating to the securities purchased by a purchaser and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and accompanying prospectus supplement relating to the securities purchased by a purchaser and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Date: July 26, 2019

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus 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