*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement, together with the short form base shelf prospectus dated July 3, 2020 to which it relates, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories and, possessions, any state of the United States or the District of Columbia (the "**United States**") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".*

Information has been incorporated by reference in this prospectus supplement 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 Corporate Secretary of Spectral Medical Inc. at 135 The West Mall, Unit 2, Toronto, Ontario, M9C 1C2, telephone 1.888.426.4264, and are also available electronically under Spectral Medical Inc.'s profile at www.sedar.com.*

PROSPECTUS SUPPLEMENT
(TO A SHORT FORM BASE SHELF PROSPECTUS DATED JULY 3, 2020)

New Issue July 23, 2021

SPECTRAL MEDICAL INC.

$10,000,250
23,530,000 Units

This prospectus supplement (the "**Prospectus Supplement**") of Spectral Medical Inc. (the "**Company**" or "**Spectral**"), together with the short form base shelf prospectus dated July 3, 2020 to which it relates (the "**Prospectus**"), qualifies the distribution (the "**Offering**") of 23,530,000 units of the Company (the "**Units**") at a price of $0.425 per Unit (the "**Offering Price**"). Each Unit consists of one common share of the Company (each, a "**Unit Share**") and one-half of one common share purchase warrant of the Company (each whole warrant being, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one Common Share (as defined herein) (each, a "**Warrant Share**") at an exercise price of $0.50 per Warrant Share, until 4:30 p.m. (Eastern Time) on the date that is three years following the Closing Date (as defined herein). The Warrants will be governed by a warrant indenture (the "**Warrant Indenture**") to be entered into on the Closing Date between the Company and Computershare Trust Company of Canada, as warrant agent (the "**Warrant Agent**"). See "*Details of the Offering*" and "*Plan of Distribution*".

The Offering is being made pursuant to an underwriting agreement dated July 23, 2021 (the "**Underwriting Agreement**") between the Company and Paradigm Capital Inc. as lead underwriter and sole bookrunner (the "**Lead Underwriter**"), and A.G.P./Alliance Global Partners (together with the Lead Underwriter, the "**Underwriters**"). The Units will be offered in all of the provinces of Canada, except Québec, and the United States directly and through the Underwriters' broker-dealer affiliates or agents. Subject to applicable law, the Underwriters may offer the Units in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriters. See "*Plan of Distribution*". A.G.P./Alliance Global Partners is not registered to sell the securities being distributed under the Offering in any Canadian jurisdiction and, accordingly, will only sell Units outside of Canada.

The Underwriters, as principal, conditionally offers the Units, subject to prior sale, if, as and when issued by the Company and delivered to and accepted by the Underwriters in accordance with the terms and conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. The Offering Price was determined by arm's length negotiation between the Company and the Lead Underwriter with reference to the

prevailing market price of the Common Shares and other factors. See "*Plan of Distribution*". The Units will be issued to persons or companies outside of Canada, and have not been, or will be, registered under the U.S. Securities Act. This Prospectus qualifies the distribution of the Units, Unit Shares, Warrants, Warrant Shares, Broker Warrants (as defined herein) and Broker Shares (as defined herein).

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about July 27, 2021, or such other date as may be agreed upon by the Company and the Lead Underwriter, but in any event no later than 42 days following the date hereof (the "**Closing Date**"). See "*Plan of Distribution*".

Each of Anthony Bihl (Director), Jun Hayakawa (Director), John Nosenzo (Director), Jan D'Alvise (Director), and Dr. John Kellum (Chief Medical Officer), who reside outside of Canada, have appointed the Company, at its registered address at 135 The West Mall, Unit 2, Toronto, Ontario, M9C 1C2, as his agent for service of process in Canada. Prospective 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, see "*Risk Factors*".

The Company's head and registered office is located at 135 The West Mall, Unit 2, Toronto, Ontario, M9C 1C2.

Price: $0.425 per Unit

	Price to the Public[(1)]	**Underwriters' Fee**[(2),]	**Net Proceeds**[(3)]
Per Unit	$0.425	$0.028	$0.397
Total Offering[(4)]	$10,000,250	$650,016.25	$9,350,233.75

Notes:

(1) The Offering Price was determined by agreement between the Company and the Lead Underwriter, with reference to the prevailing market price of the Common Shares.

(2) In consideration for the services rendered by the Underwriters in connection with the Offering, the Company has agreed to pay the Underwriters a cash fee equal to 6.5% (the "**Underwriters' Fee**") of the gross proceeds of the Offering (including any gross proceeds of the Over-Allotment Option). As additional consideration for the services rendered in connection with the Offering, the Company has agreed to issue the Underwriters that number of broker warrants of the Company (the "**Broker Warrants**") as is equal to 6.5% of the number of Units sold under the Offering (including in respect of any exercise of the Over-Allotment Option). Each Broker Warrant will be exercisable to purchase, subject to adjustment in certain circumstances, one Common Share (a "**Broker Share**") at a price of $0.486 for a period of 24 months following the Closing Date. This Prospectus qualifies the issuance of the Broker Warrants. See "*Plan of Distribution*".

(3) After deducting the Underwriters' Fee, but before deducting the expenses of the Offering (estimated to be approximately $300,000) payable by the Company, which will be paid from the proceeds of the Offering.

(4) The Company has granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part at any time until the date that is 30 days following the Closing Date (as defined herein), to purchase up to an additional 15% of the number of Units sold under the Offering, being up to 3,529,500 Units (the "**Over-Allotment Units**") and/or up to 3,529,500 Common Shares ("**Over-Allotment Shares**") and/or up to 1,764,750 Warrants ("**Over-Allotment Warrants**"), to cover the Underwriters over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters to acquire: (a) Over-Allotment Units at the Offering Price; (b) Over-Allotment Shares at a price of $0.397 per Over-Allotment Share; (c) Over-Allotment Warrants at a price of $0.055 per Over-Allotment Warrant; or (d) any combination of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Shares and Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 3,529,500 Over-Allotment Shares and 1,764,750 Over-Allotment Warrants. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Fee and net proceeds to the Company (before deducting expenses of the Offering) will be $11,500,287.50, $747,518.69 and $10,752,768.81, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units issuable upon exercise of the Over-Allotment Option. A person who acquires securities forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*" and the table below.

The following table sets out the maximum number of securities that may be issued by the Company to the Underwriters pursuant to the options granted to the Underwriters:

Underwriters' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	**3,529,500 Over-Allotment Units 3,529,500 Over-Allotment Shares 1,764,750 Over-Allotment Warrants**	**Up to the 30th day following the Closing Date**	**$0.425 per Over-Allotment Unit $0.397 per Over-Allotment Share $0.055 per Over-Allotment Warrant**
Broker Warrants	**1,726,367 Broker Warrants**	**24 months from the Closing Date**	**$0.486 per Broker Warrant**

Unless context otherwise requires, when used herein, all references to the "Offering", "Units", "Unit Shares", "Warrants", "Warrant Shares", "Broker Warrants" and Broker Shares" assumes the exercise of the Over-Allotment Option and includes the securities issuable upon the exercise of the Over-Allotment Option.

The Company has received conditional approval to list the Unit Shares, the Warrant Shares and the Broker Shares on the Toronto Stock Exchange (the "**TSX**"). Listing is subject to the approval of the TSX in accordance with its listing requirements and will be subject to the Company fulfilling all of the listing requirements of the TSX. The Company does not intend to apply to list the Warrants on the TSX or any other securities exchange or other trading system. **There is currently no market through which the Warrants may be sold and purchasers may not be able to resell Warrants purchased under this Prospectus Supplement. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation.** See "*Risk Factors*".

The issued and outstanding common shares of the Company (the "**Common Shares**") are listed on the TSX under the symbol "EDT" and in the United States on the OTC Pink Open Market operated by OTPC Markets Group under the symbol "EDTXF". On July 22, 2021, being the last trading day completed prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was $0.395. On July 22, 2021, the last trading day completed prior to the announcement of the Offering, the closing price of the Common Shares on the OTC Markets in the United States was US$0.32.

An investment in the Units is speculative and involves a high degree of risk. The risk factors identified in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein should be carefully reviewed and evaluated before purchasing the Units. See "*Risk Factors*" in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein.

The Underwriters propose to initially offer the Units at the Offering Price. After a reasonable effort has been made to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Accordingly, the Underwriters may offer the Units at a lower price than that stated above. Any such reduction will not affect the proceeds received by the Company. See "*Plan of Distribution*".

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market of the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period. See "*Plan of Distribution*".

The Unit Shares and Warrants comprising the Units will be deposited on the Closing Date with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee in electronic form, except in certain limited circumstances. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through whom such securities are purchased and who is a CDS participant (the "**CDS Participant**"). No certificates evidencing the Unit Shares, Warrants and Warrant Shares will be issued to investors except in limited circumstances. See "*Non-Certificated Inventory System*".

No Canadian securities regulator has approved or disapproved of the securities offered hereby, passed upon the accuracy or adequacy of this Prospectus Supplement or the Prospectus or determined if this Prospectus Supplement or the Prospectus are truthful or complete. Any representation to the contrary is an offence.

Neither the United States Securities and Exchange Commission, nor any state securities commission, has approved or disapproved of the securities that may be offered under this prospectus supplement, nor have any of these regulatory authorities determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

In this Prospectus Supplement, all references to "$" or "Canadian dollars" mean the lawful currency of Canada and all references to "US$", "U.S. dollars" or "United States dollars" mean the lawful currency of the United States.

The Company's head and registered office is located at 135 The West Mall, Unit 2, Toronto, Ontario, M9C 1C2.

PROSPECTUS SUPPLEMENT

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PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this Prospectus Supplement, which describes the terms of the Offering and also adds to and updates information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Offering. If the information varies between this Prospectus Supplement and the Prospectus, the information in this Prospectus Supplement supersedes the information in the accompanying Prospectus.

No person is authorized by the Company to provide any information or to make any representation other than as contained in this Prospectus Supplement or the Prospectus in connection with the issue and sale of the Units hereunder. Investors should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Prospectus in connection with the purchase of the Units. Information in this Prospectus Supplement updates and modifies the information in the accompanying Prospectus and information incorporated by reference therein. Investors should assume that the information appearing in this Prospectus Supplement and the Prospectus is accurate only as of the date on the front of such documents and that information contained in any document incorporated by reference is accurate only as of the date of that document unless specified otherwise. The Company's business, financial condition, financial performance and prospects may have changed since those dates.

The address of the Company's website is www.spectraldx.com. Information contained on the Company's website does not form part of this Prospectus Supplement or the Prospectus nor is it incorporated by reference herein or therein. Investors should rely only on information contained or incorporated by reference in this Prospectus Supplement and the Prospectus.

Unless otherwise noted or the context indicates otherwise, the "Company", "Spectral", "we", "us" and "our" refer to Spectral Medical Inc. and its subsidiaries.

Unless otherwise indicated, information contained or incorporated by reference in this Prospectus Supplement and the Prospectus concerning the Company's industry and the markets in which it operates or seeks to operate is based on information from third party sources, industry reports and publications, websites and other publicly available information, and management studies and estimates. Unless otherwise indicated, the Company's estimates are derived from publicly available information released by third party sources as well as data from the Company's own internal research, and include assumptions which the Company believes to be reasonable based on management's knowledge of the Company's industry and markets. The Company's internal research and assumptions have not been verified by any independent source, and the Company has not independently verified any third-party information. While the Company believes that such third-party information to be generally reliable, such information and estimates are inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance or the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein.

This Prospectus Supplement, the Prospectus and the documents incorporated therein by reference include references to the Company's trademarks, which is protected under applicable intellectual property laws and are the Company's property. The Company's trademarks and trade names referred to in this Prospectus Supplement, the Prospectus and the documents incorporated therein by reference may appear without the ® or ™ symbol, but references to the Company's trademarks and trade names in the absence of such symbols are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names. All other trademarks and trade names used in this Prospectus Supplement, the Prospectus or in documents incorporated therein by reference are the property of their respective owners.

The financial statements of Spectral incorporated by reference in this Prospectus Supplement and the Prospectus are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Certain calculations included in tables and other figures in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein may have been rounded for clarity of presentation.

MARKETING MATERIALS

Any "template" version of any "marketing materials" (as such terms are defined under applicable Canadian securities laws), including the Term Sheet (as such term is hereinafter defined), that are prepared in connection with the Offering are not part of this Prospectus Supplement and the Prospectus to the extent that the contents of the template version of any such marketing materials have been modified or superseded by a statement contained in this Prospectus Supplement or the Prospectus. Any template version of any marketing materials, including the Term Sheet, that has been, or will be, filed on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com in connection with the Offering after the date of this Prospectus Supplement and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any such marketing materials) is deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus solely for the purposes of the Offering.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, and the documents incorporated herein by reference, include forward-looking statements and information (collectively, "**Forward-Looking Statements**") within the meaning of securities laws. Forward-Looking Statements may relate to our future outlook and anticipated events or results and may include statements regarding our future financial position, business, strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans, and objectives. In some cases, Forward-Looking Statements can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. These statements are based on certain factors and assumptions regarding, among other things, expected growth, results of operations, receipt of regulatory approvals, performance and business prospects and opportunities. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect.

Forward-Looking Statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or developments in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such Forward-Looking Statements. Forward-Looking Statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to: the completion of the Offering on the terms set out herein or at all, the receipt of final stock exchange approval in connection with the listing of the Unit Shares, the Warrant Shares and the Broker Shares and the proposed use of the net proceeds of the Offering, the future business strategies, competitive strengths, goals, expectations and growth of the Company's business, operations and plans; the successful and timely completion of the Company's pre-clinical studies and clinical trials; the estimated costs associated with the Company's clinical trials, potential side effects and product failure that could delay or prevent regulatory approval or commercialization; the granting of necessary approvals by regulatory authorities; the expected pricing of the Company's products upon achieving commercialization; the availability and sufficiency of funds and resources to pursue development projects; the Company's need for additional financing; the volatile market price of the Common Shares; the Company's ability to take advantage of business opportunities in the biomedical industry; the Company's ability to retain and attract key management and other experienced personnel; market acceptance of current and new products; competition from new or existing diagnostics or medical devices; patent infringement by the Company and the Company's protection of its intellectual property in foreign jurisdictions; uncertainties in health care reimbursement and reform; manufacturing and marketing capability; reliance on key distributors and various contractors; reliance on third party manufacturing; as well as general economic, market and business conditions, including the ongoing impact of COVID-19.

Prospective purchasers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such Forward-Looking Statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, prospective purchasers should not place undue reliance on Forward-Looking Statements, including the documents incorporated herein by reference, as statements containing Forward-Looking Statements involve significant risks and uncertainties and should not be read as guarantees of future results, performance, achievements, prospects and opportunities. The Forward-Looking Statements contained herein are presented for the purposes of assisting prospective purchasers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes.

The global pandemic related to an outbreak of the novel strain of coronavirus disease ("**COVID-19**") has cast uncertainty on each of these assumptions. There can be no assurance that they continue to be valid. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business remain unknown at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, net realizable value of inventory, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations. In addition, management cannot predict how businesses and consumers will respond once physical-distancing measures are lifted or relaxed across Canada and internationally. The list of risk factors set out in this Prospectus Supplement, the Prospectus and any of the document incorporated by reference herein are not exhaustive of the factors that may affect any Forward-Looking Statements of the Company. Actual results, performance or achievements could differ materially from those projected.

The Forward-Looking Statements contained in this Prospectus, including the documents incorporated herein by reference, represent the Company's views and expectations as of the date of this Prospectus and Forward-Looking Statements contained herein represent the Company's views as of the date of hereof. The Company anticipates that subsequent events and developments may cause its views to change. However, while the Company may elect to update such Forward-Looking Statements at a future time, it has no current intention of doing so except to the extent required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this Prospectus Supplement 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 Corporate Secretary of Spectral Medical Inc. at 135 The West Mall, Unit 2, Toronto, Ontario, M9C 1C2, telephone 1.888.426.4264, and are also available electronically under Spectral Medical Inc.'s profile at www.sedar.com.

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purposes of this Offering. Other documents are also incorporated or are deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof.

As of the date of this Prospectus Supplement, the following documents, filed by the Company with the various securities commissions or similar authorities in each of the provinces of Canada, except Québec, are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Prospectus as of the date of this Prospectus Supplement:

a) the template version of the indicative term sheet dated July 20, 2021, filed on SEDAR in connection with the Offering, and as amended and re-filed on July 21, 2021 (the "**Term Sheet**");

b) the Company's annual information form dated March 25, 2021 (the "**AIF**");

c) the Company's management's discussion and analysis of the financial condition and results of the operations of the Company for the year ended December 31, 2020;

d) the Company's audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019 and related notes together with the independent auditor's report thereon;

e) the Company's management's discussion and analysis of the financial condition and results of the operations of the Company for the three months ended March 31, 2021;

f) the Company's condensed interim consolidated financial statements for the three months ended March 31, 2021 and related notes (the "**Interim Financial Statements**"); and

g) the Company's management information circular dated April 29, 2021 for the annual general and special meeting of shareholders held on June 3, 2021 (the "**Meeting**").

Any documents of the type required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements (in each case, including any applicable exhibits containing updated earnings coverage information) and the independent auditor's report thereon, management's discussion and analysis and information circulars of the Company

filed by the Company with securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus Supplement, the Prospectus and the documents incorporated or deemed to be incorporated by reference herein and therein.

Any statement contained in this Prospectus Supplement, the Prospectus or any document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or the Prospectus for the purposes of the Offering shall be deemed to be modified or superseded for purposes of this Prospectus Supplement and the Prospectus to the extent that a statement contained in this Prospectus Supplement, the Prospectus or any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus Supplement or the Prospectus modifies or supersedes such prior 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 which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus Supplement or the Prospectus, except as so modified or superseded. References to our website in any documents that are incorporated by reference into this Prospectus Supplement and the Prospectus do not incorporate by reference the information on such website into this Prospectus Supplement or the Prospectus, and we disclaim any such incorporation by reference.

DESCRIPTION OF THE BUSINESS

Business of the Company

The Company's primary strategic focus is on the regulatory development and commercialization of its products in the areas of septic shock and kidney disease. The Company's products for the treatment of septic shock include its Endotoxin Activity Assay™ diagnostic ("**EAA**") and the Toraymyxin™ ("**PMX**") therapeutic device. This unique approach first identifies patients with high endotoxin levels that could benefit from a targeted therapy and then applies a treatment, PMX that removes endotoxin from the blood stream. PMX has been approved for therapeutic use in Japan and Europe, and has been used on more than 300,000 patients to date with a less than 0.1% rate of a serious adverse event ("**SAE**"). If approved, this will be the first targeted therapy guided by a specific diagnostic in the area of sepsis and only therapy approved in the U.S. for treatment of sepsis. In the area of kidney disease, the Company has developed a platform to perform renal replacement therapy ("**RRT**") including hemodialysis initially targeting the acute kidney injury segment of the market and continuing to the chronic dialysis-dependent population including those on home hemodialysis. Furthermore, the Company is continuing its legacy business of manufacturing and selling certain proprietary reagents.

The EAA™ is a rapid in-vitro diagnostic test that measures the presence of the bacterial cell wall component lipopolysaccharide, also known as endotoxin, in a whole blood sample. Increased blood levels of endotoxin are indicative of a severe bacterial infection or leakage of endotoxin from the gut. Endotoxin initiates a systemic inflammatory response which can rapidly lead to organ dysfunction, septic shock and ultimately death. According to the Centers for Disease Control and Prevention (the "**CDC**"), the incidence of sepsis is approximately 1.7 million cases annually in the United States (with 270,000 sepsis related deaths), of which 330,000 patients are expected to develop septic shock. Accordingly, septic shock is considered a leading cause of death in U.S. intensive care units. The Company believes that out of the number of patients expected to develop septic shock annually, approximately 120,000-150,000 would meet the criteria for the Company's TIGRIS clinical trial for PMX (NCT03901807) ("**TIGRIS**"). These patient population estimates were established based on experience from the Company's EUPHRATES trial and data available from the National Inpatient Sample database. This targeted patient group faces a short term (i.e. 28 days) mortality of greater than 40% with limited treatment options. The Company received Health Canada approval for the EAA™ in December 2002 and clearance from the Food and Drug Administration ("**FDA**") in June 2003. Currently, the EAA™ is the first FDA cleared test for risk stratification of patients for developing severe sepsis and one of two products, the other being a procalcitonin test, on the market. The EAA™ is the only assay available to determine the endotoxin burden in patients with sepsis and hence identify patients for PMX therapy.

PMX is manufactured in Japan by Toray Industries Inc. ("**Toray**"). The Company has exclusive rights for commercialization and marketing of PMX. These include an exclusive license in the United States and Puerto Rico to Toray's intellectual property rights to PMX and exclusive distribution rights in Canada. The PMX device has demonstrated in clinical trials as well as through many years of commercial use that it safely and effectively removes endotoxin and reduces mortality in patients with septic shock. PMX has been on the market in many countries outside the U.S. and has been used in more than 300,000 patients to date.

Recruiting for TIGRIS is currently underway in the U.S. TIGRIS is designed to confirm a minimum of a 10% difference in mortality rates for those treated with PMX versus those receiving standard of care. The trial's enrolment completion date is expected to occur in mid-2022, with the final completion study date expected to occur during the third quarter of 2022. TIGRIS is a follow-on study that builds upon knowledge gained from EUPHRATES, a large prospective randomized blinded trial performed in North America and completed in 2016. Data from EUPHRATES was submitted as part of a modular PMA with the FDA having reviewed and accepted the first three modules which are based mainly on manufacturing. The clinical study report for EUPHRATES demonstrated a 28-day mortality benefit for a subset of randomized subjects included in the trial as well as benefits across secondary endpoints. The results also showed that patients with an EAA greater than 0.9, a very large load of endotoxin, received no benefit from 2 doses of PMX intervention. When those patients were removed, a 10% improvement in mortality was observed for those treated with PMX. This formed the basis for the FDA submission and subsequently for the design of the TIGRIS trial. The importance of removing endotoxin was further studied by examining the amount of endotoxin that was removed compared with the outcome of mortality. The amount of endotoxin removed was measured by different methods but for all of them, patients with a greater reduction in endotoxin had improved organ function as well as an overall better survival. The findings of a study done on the results from EUPHRATES suggest that reducing EAA levels with PMX as measured by comparison to a median reduction or when a treatment target is established, may result in improvements in mortality and organ function. The main results from EUPHRATES have been published in the Journal of American Medical Association and two other publications appear in Intensive Care Medicine, and Critical Care Explorations. Published evidence on the use of PMX in other studies occurring outside North America are numerous. There have been over 400 published papers and approximately 11,000 patients entered into PMX trials worldwide.

TIGRIS is a prospective randomized, open labelled trial of 150 patients with a 2:1 randomization favoring the treatment arm. This confirmatory trial is focused specifically on the population of patients that showed a benefit in EUPHRATES. Using a Bayesian statistical approach, 179 patients from EUPHRATES U.S. sites will be included in the final analysis with a proposed target weight of 75% (whereas the 150 new patients will be weighted at 100%). The new patients under TIGRIS will be subject to the same inclusion and exclusion criteria used in EUPHRATES but will target the treatable range of EAA of 0.6-0.9. The costs of TIGRIS are estimated to be up to approximately $11 million. To date, the Company has spent approximately $4.4 million on TIGRIS. Trial enrolment began with 9 study sites just prior to the March 2020 COVID-19 pandemic. Current indications are that the trial will be fully enrolling with 15 study sites by September 2021 and that the last enrolled patient will be in mid-2022. The Company anticipates that a potential pre-market approval ("PMA") from the FDA following the completion of TIGRIS could be granted in late 2022. An approved PMA provides 7-10 years of market exclusivity in the United States for PMX due to the fact that any competitor would have to repeat a similar trial and show efficacy.

The Company believes that PMX will be a premium priced product in the United States with gross margins anticipated at over 70%. The Company believes that pricing of a PMX column could be approximately US$7,500 in the United States, based on current European pricing of approximately US$6,000 per PMX column and information provided by an independent consultant to the Company. Based on the experience of the Company's management team with respect to medical device distribution agreements, the Company anticipates a range from 40-60% revenue sharing on PMX with potential for up to 40% U.S. market penetration through strategic distribution partnerships.

Dialco Medical Inc. ("**Dialco**"), a wholly owned subsidiary of the Company, is currently seeking regulatory approval of DIMI, a renal replacement instrument aimed at the home hemodialysis ("**HHD**") market, for use at home in the U.S. Dialco obtained the exclusive license for commercializing DIMI in US and Canada from Infomed SA, a Swiss based medical device company which developed, and is manufacturing, DIMI. The DIMI device has FDA 510(k) clearance to treat patients with acute and/or chronic renal failure using hemodialysis, hemodiafiltration, hemofiltration and/or ultrafiltration in hospital or clinical settings; and is Health Canada licensed for hemodialysis, hemodiafiltration and ultrafiltration for patients weighing 20 kgs or more, in all settings – including at home. Dialco is required to conduct a usability trial to demonstrate the safety and efficacy of DIMI for performing hemodialysis in the home environment to obtain its FDA 510(k) clearance for use at home. Dialco expects to initiate enrollment of patients into

the usability trial in September 2021 and anticipates FDA regulatory approval for DIMI in home use around the third quarter of 2022.

SAMI, Dialco's proprietary continuous renal replacement therapy ("**CRRT**") instrument, utilizes an open platform design, specifically intended to assist health care providers to deliver therapy safely and efficiently. SAMI's built-in intelligence is intended to reduce complexity while increasing efficiency and reducing consumable cost while delivering customized therapy. In addition, SAMI complements the PMX/EAA development as it can be used to deliver the Company's therapy in the ICU and reduces reliance on third party instrumentation. This state-of-the-art equipment will enable the Company to provide a fully integrated and user-friendly septic shock treatment system to the ICU. SAMI, which is Health Canada licensed and FDA cleared, continues successful clinical evaluation in key hemodialysis centres in North America, as the Company continues to advance towards term commercialization. SAMI has a strong commercialization pipeline through the Company's participation in certain RFPs and clinical evaluation activity. The Company is in active negotiation in three centres in the U.S. and Canada with respect to SAMI and added two major hospitals as customers for SAMI.

The Company believes that the growing niches of acute care and home care within the U.S. dialysis market that would be served by the DIMI and SAMI could be a market in excess of US$1 billion dollars. This estimate is based on a 2016 report which showed estimates of a then current market for CRRT estimated at US$200 million with a growth rate of 10% per year and a then current market for HHD estimated at US$500 million with a growth rate of 14% per year. The Company is an early market entrant in the U.S. for HHD and in Canada for both CRRT and HHD. At the current time, there is limited competition in these niche markets with only Baxter (Canada and U.S. for CRRT), NxStage Medical, Inc. (for HHD and for US only CRRT), and Outset Medical, Inc. (U.S. for HHD) as the Company's competitors.

The following chart outlines the current development stages of the Company's products:

Product	**Device Development**	**Clinical Studies**	**Regulatory**	**Manufacturing**	**Commercialization**
EAA	Completed	Completed	FDA, HC, CE marked	On site at the Company's facility in Toronto	Globally through a non-exclusive agreement with Baxter and through select non-exclusive distributors for Europe/Asia
PMX	Completed	Ongoing phase III clinical study in US (TIGRIS)	HC, CE marked. Regulatory trial underway in US.	Toray	Baxter to commercialize in North America (Canada has been approved, US approval outstanding)
SAMI	Completed	Completed	FDA, HC	Manufacturing Partner in Switzerland	Direct by Spectral in North America
DIMI	Completed	510k human factor trials required	HC licensed for in-centre and at home use, FDA 510k cleared for in-centre use including in hospital and clinical settings.	Manufacturing Partner in Switzerland	Commercialization path to be determined. The Company is reviewing alternatives

The Company also develops, produces and markets recombinant cardiac proteins, antibodies and calibrators. These are sold for use in research and development as well as in products manufactured by other diagnostic companies.

Additional information with respect to the Company's business is provided in the AIF, which is incorporated by reference in this Prospectus.

Recent Developments

On April 15, 2021, the Company announced that over the course of the prior month, it had received approximately $3.0 million in gross proceeds from the exercise of 6,669,830 share purchase warrants, which entitled the warrant holders the right to purchase common shares of Spectral at an exercise price of $0.45 until April 20, 2021.

On April 8, 2021, the Company announced that Dialco had entered into an expanded, long-term licensing agreement with Infomed SA for the DIMI hemodialysis system, extending Dialco's exclusive rights in the United States and Canada through 2041. The initial term of the agreement was extended to December 31, 2026, with automatic extensions for three additional five-year periods.

On March 31, 2021, the Company announced that Dialco had obtained its Health Canada license for the DIMI RRT system. As per the Health Canada license, DIMI is a prescription only medical device indicated for hemodialysis, hemodiafiltration and ultrafiltration for patients weighing 20 kgs or more, and can be used in hospitals, clinics and at home, by a trained and qualified individual considered to be competent in the use of this device.

On March 8, 2021, the Company announced the appointment of Chris Seto to Chief Executive Officer, effective April 1, 2021 and that in his new role, Mr. Seto would continue to serve as the Company's Chief Financial Officer. The Company also announced that Dr. Paul Walker, the former Chief Executive Officer of the Company, would remain as a member of the board of directors.

On February 23, 2021, the Company announced that Dialco had been granted IDE authorization by the FDA to conduct a usability trial to demonstrate the safety and efficacy of DIMI for performing hemodialysis in the home environment.

On February 1, 2021, the Company announced that the appointment of Dr. John Kellum, MD, MCCM as Chief Medical Officer, effective March 1, 2021. Dr. Kellum is responsible for leading all medical, scientific and clinical activities, as well as the scientific evaluation of partnership opportunities. Dr. Kellum is considered one of the leading critical care researchers and world's foremost experts on blood purification and acute kidney injury.

On November 24, 2020, the Company announced that Dialco had received its Medical Device Single Audit Program certification for "the design, manufacture, installation and service of equipment for extracorporeal blood purification and its related disposable" under ISO 13485 for Canada (Medical Devices Regulations – Part 1- SOR 98/282) and United States (21 CFR 820, 21 CFR 803, 21 CFR 806, 21 CFR 807 (Subparts A to D), 21 CFR 821

On August 31, 2020, the Company announced that Dialco had been granted 510(k) clearance by the FDA for DIMI to treat patients with acute and/or chronic renal failure with or without fluid overload using hemodialysis, hemodiafiltration, hemofiltration and/or ultrafiltration in hospital or clinical settings.

On August 10, 2020, the Company announced that the FDA had approved a protocol amendment to Spectral's TIGRIS trial allowing for an increase in the number of clinical sites to 15 from the 10 in the initial protocol.

On August 4, 2020, the Company announced the appointment of Mr. John Nosenzo as an independent director to the Board of Directors.

On June 18, 2020, the Company announced it had closed an offering to raise gross proceeds of $5,100,000. That offering was led by the Lead Underwriter and consisted of the issuance of 8,500,000 units of the Company (including the partial exercise of an over-allotment option). Each unit consisted of one common share and one-half of one common share purchase warrant, each whole common share purchase warrant entitling the holder thereof to acquire one Common Share at a price of $0.75 per share until June 18, 2022. In connection with that offering, the Lead Underwriter was also issued 510,000 broker warrants, each such broker warrant entitling the holder thereof to acquire one common share at a price of $0.60 per share until June 18, 2022.

On April 20, 2020, the Company announced that Health Canada had issued an Interim Order expanding the already approved indications for use of the Company's PMX cartridges specifically for patients with COVID-19. The Interim Order allows for the use of PMX to treat COVID-19 patients, particularly those with acute respiratory failure, diffuse alveolar damage or difficulty with maintaining oxygenation, in the presence of hypotensive shock.

On April 14, 2020, the Company announced the FDA approved a supplemental IDE for the use of the Company's PMX cartridges in the treatment of patients with COVID-19. The IDE approval provides the opportunity for the use of PMX in COVID-19 patients suffering from septic shock and recognizes that there is sufficient safety and effectiveness data to allow clinicians to use PMX to treat patients that are similar to patients in TIGRIS, who are also COVID-19 positive. Additionally, the IDE approval allows for an initial 20 sites and 75 patient enrollment, with data collection requirements. COVID-19 patients have been treated at multiple U.S. hospitals, with an average of 2.5 PMX columns per patient, the majority of such patients having a rapid and positive response based on lowering oxygen and vasopressor requirements. Further, SAMI has been used to treat COVID-19 patients with renal failure at a prominent U.S. university-based hospital and the Company has recorded the first instance of EAA, PMX and SAMI being simultaneously utilized to treat a single patient.

On February 4, 2020, the Company announced that it had entered into a distribution agreement (the "**Baxter Distribution Agreement**") with Baxter for PMX and the *EAA™*. The initial term of the Baxter Distribution Agreement is 10 years with an automatic renewal term for two additional 5-year periods. As part of the Baxter Distribution Agreement, Baxter has agreed to pay the Company a series of milestone payments including a US$5 million upfront rights payment. Baxter will be the Company's exclusive distributor of the PMX filter in the U.S. and Canada and has non-exclusive rights to distribute the *EAA™* globally. The Company will receive access to Baxter's market capabilities while retaining control over the PMX regulatory approval process. Baxter has the option to maintain exclusive rights for PMX through future milestone payments and maintaining certain performance obligations, including a milestone payment within 60 days receipt of TIGRIS interim data (60% patient enrolment) (the "**Baxter Interim Payment**") and within 90 days of FDA approval of PMX (such payment varies based on a Relative Morality Benefit threshold).

The Baxter Distribution Agreement outlines the responsibilities of both the Company and Baxter with respect to commercialization of PMX. The Company is solely responsible for all costs and expenses over the PMX regulatory process (including TIGRIS). The costs of TIGRIS are estimated to be up to approximately $11 million. As exclusive distributor under the Baxter Distribution Agreement, Baxter is required to use commercially reasonable efforts to commercialize PMX at its sole expense. Baxter has the sole responsibility and control over, and will bear all costs and expenses of, the marketing materials and strategy for commercializing PMX in North America.

With respect to the PMX regulatory pathway, TIGRIS is expected to continue to enroll subjects until the middle of 2022. After final patient enrollment, there is a process for ensuring the database is complete and then becomes locked and amenable to data analyses. Then the Clinical Study Report for PMX will be prepared by the Company for FDA submission with a targeted submission date in the third quarter of 2022. The Company anticipates that the FDA review will be accelerated given the Company's submission as a modular PMA, and as such the Company has already completed and submitted three modules which were reviewed and accepted by the FDA. Therefore, the Company anticipates FDA approval for PMX could be received in late 2022.

The Company understands that Baxter would typically begin preparatory sales and marketing activity twelve months in advance of an anticipated FDA approval date and further understands that Baxter usually implements more robust marketing initiatives 60 days in advance of an anticipated FDA approval date. As of the date of the Prospectus, Baxter has not initiated any sales of PMX in Canada and the Company expects Baxter to move forward with harmonized commercialization of PMX in North America in connection with the anticipated FDA approval in 2022. The Company therefore expects commercial revenue in connection with PMX to begin upon receipt of FDA approval in 2022. The Company's costs through the end of TIGRIS until the launch of PMX are limited to training and technical support to Baxter and its employees. These support costs are expected to be negligible to the Company as these functions will be carried out by existing employees. See "Risk Factors".

The Baxter Distribution Agreement provides the Company access to Baxter's large installed base of critical care devices in hospitals across the U.S. and Canada. While the EAA is currently cleared by the FDA, Baxter plans to commercialize the EAA and PMX filter together following successful completion of TIGRIS and subsequent FDA approval. The Company and Baxter will form a joint steering committee of equal representation to facilitate dialogue with respect to the activities contemplated under the Baxter Distribution Agreement.

Additional information with respect to the Baxter Distribution Agreement is provided in the Baxter MCR, which is incorporated by reference in this Prospectus.

Significant Milestones

The Company anticipates the following significant milestones within the next twelve (12) months:

- Tigris interim enrollment (60% enrollment),
- DIMI usability trial initial enrollment in September 2021,
- DIMI usability trial completion in Q2 2022,
- 15 sites on-boarded and open to enrollment at end of Q3 2021,
- Tigris last patient enrolled estimated for the end of Q2 2022

For certain other details about the Company's business, please refer to the AIF and other documents incorporated by reference in this Prospectus Supplement and the Prospectus that are available on SEDAR at www.sedar.com.

USE OF PROCEEDS

The net proceeds to the Company from the Offering will be $9,350,233.75 (assuming no exercise of the Over-Allotment Option), determined after deducting the payment of the Underwriters' Fee of $650,016.25, but before deducting the expenses of the Offering (estimated to be $300,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company will be $10,752,768.81. The Company intends to use the net proceeds from the Offering as follows:

- approximately $5.0 million will be used for its Phase III registration trial for its PMX treatment for endotoxemic septic shock, including data analysis and submission of documentation to the FDA,
- approximately $0.5 million will be used at the clinical sites for an EAA sub-study,
- approximately $2.5 million will be used at the clinical sites, including site start-up costs and patient enrollment into the DIMI usability trial,
- approximately $1.2 million for product development and regulatory approval of dialysate bags for use with the DIMI device, and
- the balance (including any proceeds from the exercise of the Over-Allotment Option) will be used for working capital and general corporate purposes.

The Company expects to complete its Phase III registration trial for its TIGRIS treatment with full enrolment by the end of second quarter of 2022, and to complete all analysis and submit the final PMA module to the FDA during the third quarter of 2022. The clinical trial is being managed internally by the Company, an independent contract research organization, and third-party logistics support. The Company expects to implement its post-approval marketing plans in order to target a product launch at the end of 2022. See "*Risk Factors – COVID-19 Outbreak*".

The above-noted allocation represents the Company's intention with respect to its use of proceeds based on current knowledge and planning by management of the Company. There may be circumstances where, for business reasons, the Company reallocates the use of proceeds in a manner that management of the Company believes to be in the best interests of the Company. In such circumstances, the actual amount that the Company spends in connection with each of the intended use of proceeds may vary significantly from the amounts specified above and may depend on a number of factors. See "*Risk Factors – Use of Proceeds*".

During the fiscal year ended December 31, 2020 and for the three months ended March 31, 2021, the Company had negative cash flow from operating activities. The Company has a limited history of revenues from its operating activities and anticipates it will continue to have negative cash flow from operating activities in future periods. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from the sale of the Units may be used to fund such negative cash flow from operating activities. See "*Risk Factors – Negative Cash Flow from Operations*".

While the Company currently anticipates that it will use the net proceeds of the Offering as set forth above, the Company may re-allocate the net proceeds of the Offering from time to time, giving consideration to its strategy relative to the market, development and changes in the cannabis and hemp industries and regulatory landscape, as well

as other conditions relevant at the applicable time. Consistent with the high level of activity in the sector, Spectral has discussed various potential strategic transactions. At the present time, there is insufficient information to provide with respect to potential transactions. The Company intends to continue to monitor industry developments and may have further discussions in respect of strategic transactions in the future, but the Company can offer no assurance that any transaction would result from any such future discussions. See "*Risk Factors – Discretion in the Use of Proceeds*".

Until utilized, some or all of the net proceeds of the Offering may be held in cash balances in the Company's bank account or invested at the discretion of the Board, in short-term, high-quality, interest-bearing corporate, government-issued or government-guaranteed securities. Management will have discretion concerning the use of the net proceeds of the Offering, as well as the timing of their expenditure. See "Risk Factors" in this Prospectus Supplement, the Prospectus and the AIF.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Company's consolidated capitalization as of July 22, 2021 on an actual basis prior to the Offering, after giving effect to the Offering (assuming the maximum Offering and no exercise of the Over-Allotment Option) and after giving effect to the Offering (assuming the exercise of the Over-Allotment Option in full). The following table is based on the unaudited consolidated balance sheet of the Company as at July 22, 2021 and should be read in conjunction with the Interim Financial Statements and other information included in the documents incorporated by reference in this Prospectus Supplement and the Prospectus.

	As at July 22, 2021 before giving effect to the Offering	**As at July 22, 2021 after giving effect to the Offering (assuming no exercise of the Over-Allotment Option)**	**As at July 22, 2021 after giving effect to the Offering (assuming the Over-Allotment Option is exercised in full)**
Cash	$3,878,415	$13,228,648.75 [2]	$14,565,933.81 [3]
Common Shares	$96,487,206.16[1] (244,271,408 Common Shares)	$105,781,556.16[1] (267,801,408 Common Shares)	$107,175,708.66[1] (271,330,908 Common Shares)
Common Share Purchase Warrants[4], [5]	4,760,000	18,054,450	20,048,647
Stock Options[6]	9,807,680	9,807,680	9,807,680
Restricted Share Units ("**RSUs**") [7]	790,588	790,588	790,588

Notes:

(1) Calculation based on a price of $0.395, the last closing price of the Company's Common Shares listed on the TSX as of July 22, 2021.
(2) Calculation based on net proceeds to the Company of $9,382,733.75 (assuming the Over-Allotment Option is not exercised) and after deducting payment of the Underwriters Fee of $650,016.25, but before deducting expenses of the Offering expected to be $300,000.
(3) Calculation based on net proceeds to the Company of $10,785,268.81 (assuming the Over-Allotment Option is exercised in full) and after deducting payment of the Underwriters Fee of $747,518.69, but before deducting expenses of the Offering expected to be $300,000.
(4) As at July 20, 2021, the Corporation has 4,760,000 Common Share purchase warrants outstanding, each exercisable for one Common Share, 4,250,000 exercisable at a price of $0.75 and 510,000 exercisable at a price of $0.60 per Common Share and expiring on June 18, 2022.
(5) Subsequent to March 31, 2021, 15,001 Common Share purchase warrants expired unexercised.
(6) As at July 20, 2021, the Corporation has 9,807,680 stock options outstanding, each exercisable for one Common Share. The outstanding stock options are exercisable at prices between $0.30 and $0.63 per Common Share and expiring between February 28, 2022 and June 22, 2026.
(7) Subsequent to March 31, 2021, 165,587 RSUs were granted.

NON-CERTIFICATED INVENTORY SYSTEM

No certificates representing the Units to be sold in the Offering will be issued to purchasers under this Prospectus Supplement, except in certain limited circumstances. Registration will be made in the depository service of CDS, or to its nominee, and electronically deposited with CDS on the Closing Date. Each purchaser of Units will typically only receive a customer confirmation of purchase from the CDS Participants from or through which such Units are purchased, in accordance with the practices and procedures of such CDS Participant, subject to limited exceptions. Transfers of ownership of Units will be effected through records maintained by the CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book-entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

DESCRIPTION OF THE SECURITIES

The Units

The Offering consists of 23,530,000 Units at a price of $0.425 per Unit, with each Unit consisting of one Unit Share and one-half of a Warrant. Each Warrant will entitle the holder thereof to acquire one Warrant Share at an exercise price of $0.50 per Warrant Share, until 4:30 p.m. (Eastern time) on the date that is three years following the Closing Date, subject to customary adjustments in connection with certain events. The Units will be issued on the Closing Date, and on the closing of the exercise of the Over-Allotment Option, if applicable, pursuant to the Underwriting Agreement. The Units will immediately separate into Unit Shares and Warrants upon issuance. The Units will not be certificated.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares. Holders of Common Shares are entitled to one vote per Common Share at all meetings of the Company's shareholders, are entitled to dividends if, as and when declared by the board of directors of the Company, and are entitled to participate rateably with respect to the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets for the purpose of winding up the Company's affairs. There are no restrictions on the issue, transfer or ownership of the Common Shares.

Warrants

The Warrants will be governed by the terms of the Warrant Indenture to be entered into on or before the Closing Date between the Company and the Warrant Agent. Under the Warrant Indenture, each Warrant will entitle the holder thereof to acquire, subject to adjustment in accordance with the Warrant Indenture, one Warrant Share at an exercise price of $0.50 per Warrant Share at any time prior to 4:30 p.m. (Toronto time) on the date that is three years following the Closing Date, after which time the Warrants shall be void and of no value or effect.

The following is a summary of certain anticipated provisions of the Warrant Indenture and does not purport to be complete and is subject in its entirety to the detailed provisions of the executed Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which, following the closing of the Offering (i) will be filed on SEDAR under the issuer profile of the Company at www.sedar.com, or (ii) may be obtained on request without charge from the Company at 135 The West Mall, Unit 2, Toronto, Ontario, M9C 1C2, telephone 1.888.426.4264.

The Warrant Indenture is expected to provide customary adjustment provisions designed to protect the holders of Warrants against dilution including provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of certain events including any subdivision, consolidation, or reclassification of the shares, payment of dividends outside of the ordinary course, or amalgamation/merger of the Company.

No fractional Warrant Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrant Shares except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or preemptive rights or any other rights of a holder of Common Shares.

The Company will also covenant in the Warrant Indenture, during the period in which the Warrants are exercisable, to give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least fourteen (14) days prior to the record date or effective date, as the case may be, of such event.

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the

Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on counsel, the rights of the holders of Warrants are not prejudiced, as a group.

The Warrant Indenture will also contain provisions making binding upon all resolutions of holders of Warrants passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding a specified percentage of the Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, will be subject to approval by an "Extraordinary Resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of Warrant Shares which may be acquired pursuant to all the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 ⅔% of the aggregate number of Warrant Shares that may be acquired on exercise of all of the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 ⅔% of the aggregate number of Warrants Shares that may be acquired on exercise of all of the then outstanding Warrants.

The Warrants will not be exercisable in the United States or by or on behalf of a U.S. Person, nor will certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available.

The principal transfer office of the Warrant Agent in Toronto, Ontario is the location at which Warrants may be surrendered for exercise or transfer.

Broker Warrants

As partial consideration for their services in connection with the Offering, the Underwriters will receive 1,529,450 Broker Warrants to purchase an aggregate of up to 1,529,450 Broker Shares (or 1,758,867 Broker Shares if the Over-Allotment Option is exercised in full) at a price of $0.486 per Broker Share. The Broker Warrants will have a term of 24 months from the Closing Date. The terms to be set out in the certificates representing the Broker Warrants will include, among other things, customary provisions for the appropriate adjustment of the number of Broker Shares issuable pursuant to any exercise of the Broker Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any capital reorganization of the Company, or any merger, consolidation or amalgamation of the Company with another corporation or entity. The Underwriters, as holder of the Broker Warrants, will not as such have any voting right or other right attached to Common Shares until and unless the Broker Warrants are duly exercised as provided for in the certificates representing the Broker Warrants. The Broker Warrants will be issued on a stand-alone certificated basis and will not be issued pursuant to the Warrant Indenture.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters has agreed to purchase, as principal, on a "bought deal" basis, on the Closing Date, 23,530,000 Units at the Offering Price, for aggregate gross consideration of $10,000,250 payable in cash to the Company against delivery of the Units subject to the terms and conditions of the Underwriting Agreement. The Offering Price was determined by arm's length negotiation between the Company and the Lead Underwriter with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are subject to certain closing conditions and may be terminated at their discretion on the basis of "material change out", "disaster out", "regulatory out" and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are obligated to take up and pay for all of the Units under the Underwriting Agreement.

The Company has granted to the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, at any time, and from time to time, for a period of 30 days from and including the Closing Date, to purchase: (i) up to an aggregate of 3,529,500 Over-Allotment Units at the Offering Price; (ii) up to an aggregate of 3,529,500 Over-Allotment Shares at a price of $0.397 per Over-Allotment Share; (iii) up to an aggregate of 1,764,750 Over-Allotment Warrants at a price of $0.055 per Over-Allotment Warrant; or (iv) any combination of (i), (ii) and (iii) provided that, in each case, the aggregate number of Over-Allotment Shares and the

aggregate number of Over-Allotment Warrants that may be issued under the Over-Allotment Option (in each case either as underlying components of the Over-Allotment Units or otherwise) does not exceed 3,529,500 Over-Allotment Shares and 1,764,750 Over-Allotment Warrants, to cover over-allocations, if any, and for market stabilization purposes. The Over-Allotment Units and Over-Allotment Warrants have the same terms as the Units and the Warrants. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the securities to be issued upon exercise of the Over-Allotment Option. A person who acquires securities forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters' Fee equal to 6.5% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option). The Underwriters will also receive Broker Warrants to purchase that number of Broker Shares that is equal to 6.5% of the Units sold pursuant to the Offering (including any exercise of the Over- Allotment Option). Each Broker Warrant is exercisable to purchase one Broker Share at a price of $0.486 for a period of 24 months from the Closing Date. This Prospectus also qualifies the distribution of the Broker Warrants.

The Offering is being made in each of the provinces of Canada, except for the province of Québec. The Units will be offered in each of the relevant provinces of Canada through the Lead Underwriter or its affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Lead Underwriter. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer and resell the Units in the United States pursuant to the exemption from registration provided in Rule 144A under the U.S. Securities Act to investors who qualify as "qualified institutional buyers" within the meaning of Rule 144A ("**Qualified Institutional Buyers**") by one or more of the Underwriters directly or acting through their United States registered broker-dealer affiliates, and such other jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriters, in each case in accordance with applicable laws provided that no prospectus, registration statement or similar document is required to be filed in any such jurisdiction. A.G.P./Alliance Global Partners is not registered to sell the securities being distributed under the Offering in any Canadian jurisdictions and, accordingly, will only sell Units outside of Canada.

The Company has received conditional approval to list the Unit Shares, the Warrant Shares and the Broker Shares on the TSX. Listing will be subject to the approval of the TSX in accordance with applicable listing requirements**.** There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "*Risk Factors*".

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to use its reasonable commercial efforts to cause each of the executive officers and directors of the Company to execute, concurrently with the closing of the Offering, a lock-up agreement pursuant to which each such executive officer or director shall not, for a period commencing on the Closing Date and ending 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to do any of the foregoing whether through the facilities of a stock exchange, by private placement or otherwise, any Common Shares or other securities of the Company convertible into, exchangeable for or exercisable to acquire, shares, directly or indirectly, unless (i) they first obtain the prior consent of the Underwriters, such consent not to be unreasonably withheld or delayed, or (ii) there occurs a take-over bid, arrangement or similar transaction involving the acquisition of the Company.

Upon completion of the Offering, the Company has agreed that it will not, without the prior consent of the Underwriters, such consent not to be unreasonably withheld, create, issue or sell any Common Shares or any securities convertible into or exchangeable for Common Shares, or enter into an agreement to do any of the foregoing, for the period up to and including the date which is 90 days following the Closing Date other than (i) pursuant to the Offering (including the Over-Allotment Option and any exercise by the Strategic Investors (as defined herein) of their Participation Rights (as defined herein) existing on the date hereof); (ii) pursuant to the exercise of options issued pursuant to the Company's share incentive plan and other share compensation arrangements; (iii) pursuant to the exercise of options or warrants outstanding on the date hereof; or (iv) in connection with the bona fide acquisition by the Company of the shares or assets of other corporations or entities.

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about July 27, 2021, or such other date as may be agreed upon by the Company and the Underwriters, but in any event no later than 42 days following the date hereof.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters and their directors, officers, employees, and agents against certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

The Underwriters propose to initially offer the Units at the Offering Price. After a reasonable effort has been made to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will have the effect of reducing the compensation realized by the Underwriters by the amount that the aggregate price paid by the purchasers for the Units is less than the Offering Price and will not affect the proceeds received by the Company.

Pursuant to policy statements of certain securities regulators, the Underwriters will not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSX, in the over-the-counter market or otherwise.

The Offering will be conducted under the book-based system. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system.

The summary of certain provisions of the Underwriting Agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the provisions of the Underwriting Agreement, a copy of which has been filed with the securities commissions in Canada and is available on SEDAR at www.sedar.com.

United States Matters

The Unit Shares, the Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any securities or "blue sky" laws of any of the states of the United States, and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons except in accordance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Except as permitted in the Underwriting Agreement, and as expressly permitted by applicable laws of the United States, the Underwriters will not offer or sell the Units within the United States or to, or for the account or benefit of, U.S. Persons. The Underwriting Agreement will enable the Underwriters, by or through certain United States registered broker-dealers that may be appointed by the Underwriters as sub-agents, to offer the Units in the United States or to, or for the account or benefit of, U.S. Persons each of whom are Qualified Institutional Buyers, as defined in Rule 144A under the U.S. Securities Act ("**QIBs**"), for resale by the Underwriters (through their U.S. registered broker-dealer affiliates)in compliance with the exemption afforded by Rule 144A and similar exemptions under state securities laws. Moreover, the Underwriting Agreement will provide that the Underwriters will offer and sell the Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Units, including the Unit Shares and the Warrants comprising the Units, that are sold in the United States, or to, or for the account or benefit of, U.S. Persons, and any Warrant Shares issued to U.S. holders of the Warrants, will be "restricted securities" within the meaning of Rule 144 of the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act and may

only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units within the United States or to, or for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units offered hereby within the United States or to, or for the account or benefit of, U.S. Persons by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made pursuant to an exemption under the U.S. Securities Act.

PARTICIPATION RIGHTS

The Company entered into an agreement with Toray, dated March 7, 2013 (the "**Toray Private Placement Agreement**"), and an agreement with the Birch Hill Equity Partners Management Inc. ("**Birch Hill**"), as the general partner of each of Birch Hill Equity Partners IV, LP, Birch Hill Equity Partners (US) IV, LP, and Birch Hill Equity Partners (Entrepreneurs) IV, LP (collectively, the "**Birch Hill LPs**"), dated June 10, 2014 (the "**Birch Hill Private Placement Agreement**"), in each case, pursuant to which, among other things, it has granted Toray and the Birch Hill LPs with a contractual right to participate in certain issuances by the Company of Common Shares to maintain their pro rata ownership percentage of the Company (the "**Participation Rights**"). Toray and the Birch Hill LPs are collectively referred to herein as the "Strategic Investors".

Pursuant to such Participation Rights, the Company has undertaken to provide written notice of the proposed issuance by the Company of any additional Common Shares from time to time (each a "**Common Share Issue Notice**"). Upon receipt of a Common Share Issue Notice, Toray and the Birch Hill LPs have the right, exercisable within 30 days (in the case of Toray) and 10 business days (in the case of the Birch Hill LPs) of receiving such notice, to subscribe for and purchase from the Company, such number of Common Shares that will allow the respective Strategic Investor to maintain an aggregate percentage ownership interest in the Company equal to the aggregate percentage ownership interest in the Company that the respective Strategic Investor held prior to any such new issuance of Common Shares (the "**New Issuance**"), at a price per Common Share equal to the issue price per Common Share under the New Issuance.

The Offering triggers the Participation Rights of the Strategic Investors, entitling them to purchase from the Company up to the number of Common Shares necessary to maintain their respective percentage equity ownership interests in the Company at the Offering Price. Toray currently owns 45,630,105 Common Shares, or approximately 18.7% of the issued and outstanding Common Shares, calculated on a non-diluted basis. Toray has waived its Participation Rights with respect to the Offering. The Birch Hill LPs currently own or control 36,210,017 Common Shares, or approximately 14.8% of the issued and outstanding Common Shares, calculated on a non-diluted basis. As of the date of the Prospectus Supplement, Birch Hill, on behalf of the Birch Hill LPs, has not waived its Participation Rights with respect to the Offering. In the event that Birch Hill, on behalf of the Birch Hill LPs, elects to exercise their Participation Rights in full in accordance with their terms, the Company will issue an additional 4,011,214 Units to the Birch Hill LPs in connection therewith.

The Participation Rights granted to Toray in the Toray Private Placement Agreement terminate on the date that Toray sells, assigns or transfers any of the Common Shares purchased under the Toray Private Placement Agreement to any person other than to an affiliate of Toray. The Participation Rights granted to the Birch Hill LPs in the Birch Hill Private Placement Agreement terminate on the date that the Birch Hill LPs no longer own in the aggregate 5% or more of the Common Shares outstanding from time to time (calculated on a non-diluted basis).

PRIOR SALES

For the 12-month period before the date of this Prospectus Supplement, the Company issued the following Common Shares and securities exercisable or convertible into Common Shares:

Date (D/M/Y)	Type of Security Issued	Number of Securities Issued	Issuance/Exercise Price per Security
4/Aug/2020	Common Share Options	100,000	$0.51
1/Dec/2020	Common Shares[(2)]	50,000	$0.30

Date (D/M/Y)	Type of Security Issued	Number of Securities Issued	Issuance/Exercise Price per Security
3/Dec/2020	Common Shares[2]	100,000	$0.36
8/Dec/2020	Common Share Options	12,750	$0.38
11/Jan/2021	Common Share Options	8,700	$0.44
29/Jan/2021	Common Share Options	400,000	$0.47
19/Feb/2021	Common Shares[1]	33,333	$0.45
1/Mar/2021	Common Share Options	1,426,063	$0.63
1/Mar/2021	RSUs	625,001	N/A.
22/Mar/2021	Common Shares[1]	166,666	$0.45
22/Mar/2021	Common Shares[1]	125,000	$0.45
22/Mar/2021	Common Shares[1]	300,000	$0.45
22/Mar/2021	Common Shares[1]	200,000	$0.45
22/Mar/2021	Common Shares[1]	40,000	$0.45
18/Mar/2021	Common Shares[1]	1,250,000	$0.45
26/Mar/2021	Common Shares[1]	100,000	$0.45
26/Mar/2021	Common Shares[1]	333,333	$0.45
26/Mar/2021	Common Shares[1]	50,000	$0.45
30/Mar/2021	Common Shares[1]	50,000	$0.45
30/Mar/2021	Common Shares[1]	500,000	$0.45
30/Mar/2021	Common Shares[1]	46,400	$0.45
1/Apr/2021	Common Share Options	241,440	$0.53
1/Apr/2021	RSUs	94,340	N/A.
9/Apr/2021	Common Shares[1]	100,000	$0.45
9/Apr/2021	Common Shares[1]	50,000	$0.45
9/Apr/2021	Common Shares[1]	300,000	$0.45
9/Apr/2021	Common Shares[1]	400,000	$0.45
9/Apr/2021	Common Shares[1]	50,000	$0.45
9/Apr/2021	Common Shares[1]	50,000	$0.45
9/Apr/2021	Common Shares[1]	125,000	$0.45
9/Apr/2021	Common Shares[1]	625,000	$0.45
9/Apr/2021	Common Shares[1]	50,000	$0.45
9/Apr/2021	Common Shares[1]	83,432	$0.45
9/Apr/2021	Common Shares[1]	50,000	$0.45
13/Apr/2021	Common Shares[1]	500,000	$0.45
19/Apr/2021	Common Shares[1]	166,666	$0.45
19/Apr/2021	Common Shares[1]	200,000	$0.45
19/Apr/2021	Common Shares[1]	150,000	$0.45
20/Apr/2021	Common Shares[1]	175,000	$0.45
13/Apr/2021	Common Shares[1]	50,000	$0.45
19/Apr/2021	Common Shares[1]	50,000	$0.45
19/Apr/2021	Common Shares[1]	300,000	$0.45
19/Apr/2021	Common Shares[1]	100,000	$0.45

Date (D/M/Y)	Type of Security Issued	Number of Securities Issued	Issuance/Exercise Price per Security
20/Apr/2021	Common Shares[(1)]	100,000	$0.45
20/Apr/2021	Common Shares[(1)]	150,000	$0.45
20/Apr/2021	Common Shares[(1)]	177,500	$0.45
22/Apr/2021	Common Shares[(1)]	100,000	$0.45
22/Apr/2021	Common Shares[(1)]	110,000	$0.45
5/May/2021	Common Shares[(1)]	50,000	$0.45
3/June/2021	Common Share Options	234,288	$0.44
3/June/2021	RSUs	71,247	N/A
22/June/2021	Common Share Options	100,000	$0.44
9/Jul/2021	Common Shares[(2)]	58,333	$0.36

Notes:

[(1)] Common Shares issued pursuant to the exercise of common share purchase warrants.
[(2)] Common Shares issued pursuant to the exercise of stock options.

TRADING PRICE AND VOLUME

The outstanding Common Shares are traded on the TSX under the trading symbol "EDT" and on the Pink Markets in the United States under the symbol "EDTXF". The following table sets forth the reported price range and total monthly trading volumes of the outstanding Common Shares as reported by the TSX for the periods indicated:

	Price Range[(1)]		
Date	High ($)	Low ($)	Monthly Trading Volume[(2)]
July 2-22, 2021	$0.55	$0.39	2,247,052
June 2021	$0.54	$0.44	1,487,974
May 2021	$0.55	$0.44	1,048,146
April 2021	$0.59	$0.50	914,417
March 2021	$0.65	$0.47	2,694,917
February 2021	$0.76	$0.48	3,645,000
January 2021	$0.54	$0.40	1,786,268
December 2020	$0.44	$0.36	1,776,383
November 2020	$0.42	$0.35	2,085,595
October 2020	$0.48	$0.36	2,281,943
September 2020	$0.55	$0.43	1,434,478
August 2020	$0.71	$0.50	1,332,002
July 2020	$0.64	$0.49	866,187

Notes:
(1) Includes intra-day lows and highs.
(2) Total volume traded in the month.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Units pursuant to this Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of Common Shares and Warrants acquired pursuant to this

Offering and who, for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), and at all relevant times: (i) deals at arm's length with the Company and the Underwriter; (ii) is not affiliated with either the Company or the Underwriter; and (iii) holds the Common Shares and Warrants as capital property (a "**Holder**"). Common Shares and Warrants will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules), (ii) an interest in which would be a "tax shelter investment" (as defined in the Tax Act), (iii) that is a "specified financial institution" (as defined in the Tax Act), (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, (v) that has entered or will enter into a "derivative forward agreement" or "synthetic disposition arrangement" (as defined in the Tax Act) with respect to the Common Shares or Warrants, or (vi) that is a corporation resident in Canada and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident person, or group of non-resident persons not dealing with each other at arm's length, for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Any such Holder should consult its own tax advisor with respect to an investment in the Units.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder ("**Regulations**") in force as of the date hereof, all specific proposals ("**Proposed Amendments**") to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). No assurance can be given that the Proposed Amendments will be enacted or otherwise implemented in their current form, if at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described below in all cases. Other than the Proposed Amendments, this summary does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

Holders will be required to allocate on a reasonable basis their cost of each Unit between the Unit Share and the one-half Warrant in order to determine their respective costs for purposes of the Tax Act. For its purposes, the Company intends to allocate $0.397 to each Common Share and $0.028 to each one-half Warrant. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or the Holder.

The adjusted cost base to a Holder of each Unit Share comprising a part of a Unit acquired pursuant to this Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act ("**Resident Holder**"). A Resident Holder whose Common Shares might not otherwise

qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Such election is not available in respect of Warrants. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant immediately prior to such expiry. The tax treatment of capital gains and capital losses is discussed in greater detail below under "*Holders Resident in Canada - Capital Gains and Capital Losses*".

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Common Shares.

Such dividends received by a Resident Holder that is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as "eligible dividends". There may be limitations on the ability of the Company to designate dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances a dividend or deemed dividend received by a Resident Holder that is a corporation may be treated as a capital gain or proceeds of disposition. Such Resident Holders should consult their own tax advisors.

A Resident Holder that is a "private corporation" or a "subject corporation", as defined in the Tax Act, will generally be liable to pay a tax under Part IV of the Tax Act (which generally is refundable, subject to the detailed rules of the Tax Act) on dividends received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. A "subject corporation" is generally a corporation (other than a private corporation) controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts).

Dispositions of Common Shares and Warrants

A disposition or a deemed disposition of a Common Share (other than a disposition to the Company) or Warrant (other than a disposition arising on the exercise or expiry of a Warrant) by a Resident Holder will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share or Warrant, as the case may be, exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Holders Resident in Canada - Capital Gains and Capital Losses*".

Capital Gains and Capital Losses

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares or where a partnership or trust, of which a corporation is a member or a beneficiary, is a member of a partnership or a beneficiary of a trust that owns Common Shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Other Income Taxes

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a tax (which generally is refundable, subject to the detailed rules of the Tax Act) on its "aggregate investment income" (as defined in the Tax Act) for the year, including taxable capital gains.

In general terms, a Resident Holder that is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in connection with carrying on a business in Canada (a "Non-Resident Holder"). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act). Such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non- Resident Holder on the Common Shares will be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Tax Convention (1980)*, as amended, and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions of Common Shares and Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant unless the Common Share or Warrant (as applicable) is, or is deemed to be, "taxable Canadian property" of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Common Share or Warrant (as applicable) will not constitute taxable Canadian property of a Non-Resident Holder at the time of disposition provided that at the time of disposition, the Common Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the TSX), unless at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of (a) the Non- Resident Holder, (b) persons with whom the Non- Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists. Notwithstanding the foregoing, a

Common Share or Warrant Share may also be deemed to be taxable Canadian property to a Non- Resident Holder under the provisions of the Tax Act.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the headings "*Holders Resident in Canada - Dispositions of Common Shares and Warrants*" and "*Capital Gains and Capital Losses*" will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act and the Regulations, in force as of the date hereof, the Unit Shares, Warrants, and Warrant Shares, if issued on the date hereof, would be qualified investments for trusts governed by a "registered retirement savings plan", "registered retirement income fund", "registered education savings plan", "registered disability savings plan", "tax-free savings account" (collectively referred to as "**Registered Plans**", each a "**Registered Plan**") or a deferred profit sharing plan ("**DPSP**") (as defined in the Tax Act), provided that:

(i) in the case of Unit Shares and Warrant Shares, such Unit Shares or Warrant Shares, as the case may be, are listed on a designated stock exchange in Canada for the purposes of the Tax Act (which currently includes the TSX) or the Company qualifies as a "public corporation" (as defined in the Tax Act); and

(ii) in the case of the Warrants, the Warrant Shares are qualified investments as described in (i) above, and neither the Company, nor any person with whom the Company does not deal at arm's length, is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Registered Plan or DPSP.

Notwithstanding the foregoing, the holder of, or annuitant or subscriber under, a Registered Plan ("**Controlling Individual**") will be subject to a penalty tax in respect of Unit Shares, Warrant Shares or Warrants held in the Registered Plan if such securities are a prohibited investment for the particular Registered Plan. A Unit Share, Warrant Share or Warrant generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with the Company for the purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in the Company. In addition, the Unit Shares and Warrant Shares will not be prohibited investment if such securities are "excluded property" (as defined in the Tax Act) for the Registered Plan. **Persons who intend to hold the Units in a Registered Plan or DPSP should consult their own tax advisors in regard to the application of these rules in their particular circumstances.**

RISK FACTORS

An investment in the Units offered hereunder involves certain risks. When evaluating the Company and its business, prospective purchasers of the Units should consider carefully the information set out in this Prospectus and the risks described in the documents incorporated by reference in this Prospectus. These risks include, without limitation, the following, as well as the risks identified and discussed under the heading "Risk Factors" in the AIF, which is incorporated by reference herein. Any of the risks described herein or therein, including currently unknown risks or risks currently deemed immaterial by the Company, could materially adversely affect the Company and its business.

Risks Relating to the Offering and the Units

Completion of the Offering

The completion of the Offering remains subject to a number of conditions. There can be no certainty that the Offering will be completed. Failure by the Company to satisfy all of the conditions precedent to the Offering would result in the Offering not being completed. If the Offering is not completed, the Company may not be able to raise the funds required for the purposes contemplated under "*Use of Proceeds*" from other sources on commercially reasonable terms or at all.

Discretion in the Use of Proceeds

Management of the Company will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application

of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading "*Use of Proceeds*" if they believe it would be in the Company's best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

Negative Cash Flow from Operations

During the fiscal year ended December 31, 2020, and the three months ended March 31, 2021, the Company had negative cash flows from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, all or a portion of the net proceeds from the Offering may be used to fund such negative cash flow from operating activities.

Need for Additional Capital

The Company will require substantial additional funds to complete the commercialization of its products. While the Company currently expects to fund such commercialization activities from its ongoing operations, it is possible that such funds from operations will be insufficient, in which case the Company will need to seek additional external funding through public or private equity or debt financing, joint venture arrangements, and/or from other sources. There can be no assurance that additional funding will be available on acceptable terms or at all to enable us to continue and complete the successful commercialization of our products.

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives. The Company expects to fund its business objectives by way of additional offerings of equity and/or debt financing. The failure to raise or procure such additional funds could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities or convertible debt, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve the granting of security against assets of the Company and also contain restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company will require additional financing to fund its operations until positive cash flow is achieved. See "*Risk Factors – Additional Issuance of Common Shares May Result in Dilution*" and "*Risk Factors – Negative Cash Flow from Operations*".

Volatile Market Price of the Common Shares

The market price of the Common Shares cannot be predicted and has been and may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or competitive, regulatory or economic trends, adverse changes in the economic performance or market valuations of companies in the industry in which the Company operates, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments or other material public announcements by the Company or its competitors or government and regulatory authorities, operating and share price performance of the companies that investors deem comparable to the Company, addition or departure of the Company's executive officers and other key personnel, the COVID-19 pandemic, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue or

arise, the Company's operations may be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Sales of substantial amounts of Common Shares

Sales of substantial amounts of Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

No current market for Warrants

There is currently no market through which the Warrants may be sold and purchasers of Units may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

The Warrants are speculative in nature and may not have any value

The Warrants do not confer any rights of common share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire Common Shares and pay an exercise price of $0.50 per Warrant Share, subject to certain adjustments, prior to 36 months following the Closing Date, after which date any unexercised Warrants will expire and have no further value. Moreover, following this Offering, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price. There can be no assurance that the market price of the Common Shares will ever equal or exceed the exercise price of the Warrants, and consequently, whether it will ever be profitable for holders of the Warrants to exercise the Warrants.

A large number of Common Shares may be issued and subsequently sold upon the exercise of the Warrants. The sale or availability for sale of these Warrants or other securities convertible in Common Shares may depress the price of the Common Shares

To the extent that purchasers of Warrants sell Common Shares issued upon the exercise of those Warrants, the market price of the Common Shares may decrease due to the additional selling pressure in the market. The risk of dilution from issuances of Common Shares underlying the Warrants that may be issued pursuant hereto may cause shareholders to sell their Common Shares, which could further contribute to any decline in the Common Share market price. Any downward pressure on the price of Common Shares caused by the sale of Common Shares issued upon the exercise of the Warrants could encourage short sales by third parties which could place downward pressure on the price of the Common Shares by increasing the number of Common Shares being sold, which could lead to a decline in the market price of the Common Shares.

Additional Issuance of Common Shares May Result in Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and pursuant to the Toray Private Placement Agreement and the Birch Hill Private Placement Agreement, the Strategic Investors have Participation Rights, which provide each Strategic Investor with the right to maintain its then existing aggregate percentage ownership interest in the Company in the event that the Company issues additional Common Shares in certain circumstances. The board of directors of the Company has discretion to determine the price and the terms of further issuances. As part of the Offering, the Company expects to issue 23,530,000 Units (or 27,059,500 Units if the Over-Allotment Option is exercised in full). Except as described under the "*Plan of Distribution*", the Company may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable or exercisable for Common Shares and pursuant to the exercise of Participation Rights by the Strategic Investors). Moreover, additional Common Shares will be issued by the Company on the exercise, conversion or redemption of certain outstanding securities of the Company, in accordance with their terms. The Company may also issue Common Shares to finance future acquisitions. The Company cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such

issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its revenue per share.

Strategic Investors Exercise Control over the Company

As at the date of this Prospectus, Toray holds approximately 18.7% of the issued and outstanding Common Shares and Birch Hill holds approximately 14.8% of the issued and outstanding shares. By virtue of their shareholdings, the Strategic Investors will be able to exert a significant degree of influence over the Company's management and affairs. Due to their aggregate shareholdings, to the extent that each of them similarly vote for or against matters that are submitted to shareholders for approval, such as significant corporate transactions or those involving a change of control, such votes may be determinative of the outcome, which may not be beneficial to the other shareholders of the Company. The concentration of ownership may facilitate, delay or prevent a change in control of the Company and may affect the market price of the Common Shares. In some cases, the interests of the Strategic Investors may not be the same as those of the Company's other shareholders or each other, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or its other shareholders.

No Dividend Payments

The Company does not currently intend to pay any cash dividends on its Common Shares in the foreseeable future. The Company has never paid any cash dividends on its Common Shares. The Company does not anticipate paying any cash dividends on its Common Shares in the foreseeable future because, among other reasons, the Company currently intends to retain any future earnings to finance its business. The future payment of cash dividends will be dependent on factors such as cash on hand and achieving profitability, the financial requirements to fund growth, the Company's general financial condition and other factors the board of directors of the Company may consider appropriate in the circumstances. See "*Dividend Policy*".

Risks Relating to the Company

COVID-19 Outbreak

Catastrophic events in general can have a material impact on the potential continuity of the business. The continued spread of COVID-19 globally could adversely affect our business as healthcare providers may have heightened exposure to COVID-19 if an outbreak occurs in their geography. The Company's operations may also be negatively impacted if the pandemic results in a diversion of intensive care unit resources, a change in patient intake patterns and needs or reduced availability of physicians and/or support staff, which in turn could have a negative impact on enrollment TIGRIS and timelines for completion of TIGRIS. Further, the COVID-19 outbreak could result in adverse effects on our business and operations due to prioritization of clinic resources toward the outbreak or if quarantines and/or restrictions (such as travel restrictions) impede physician, staff or patient movement or interrupt healthcare services.

The spread of COVID-19, which has caused a broad impact globally, may materially affect the Company economically and could result in volatility and disruption to global supply chains, mobility of people and the financial markets, which could affect the business, financial condition, results of operations and other factors relevant to the Company. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Company's ability to access capital.

The global outbreak of COVID-19 continues to evolve rapidly. The extent to which COVID-19 may impact the Company's business, operations and financial performance will depend on future developments, including but not limited to, matters such as (a) the duration and/or severity of the outbreak, (b) government policies, restrictions and requirements as they relate to social distancing, forced quarantines and other requirements, (c) non- governmental influences or challenges such as the failure of banks and/or (d) any kind of ripple effect caused by the substantial economic damage that can be inflicted on society by a pandemic like COVID-19 such as lawlessness. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

As of the date of the Prospectus, there has not been a material adverse impact on the Company's business due to the COVID-19 pandemic. The Company is in close contact with all of its suppliers, manufacturers and distributors and it

has not experienced any material issues such as business interruption, requests for change in terms, supply shortages or similar negative impacts. Further, as of the date hereof, recruitment of patients into the TIGRIS trial has been negatively impacted by the COVID-19 pandemic. Recruitment for the trial slowed at the beginning of March 2020, with patient enrollment mostly impacted at three sites which had finalized training and had been activated in late 2019. The other six sites that were open for enrollment had finalized their clinical training in late January and early February of 2020 and it typically takes three months post-clinical training for sites to enroll their first patient. Accordingly, these six sites were not projected to reach their normalized enrollment rate until sometime in and around June 2020.

Should the COVID-19 pandemic in the US prolong limited ICU access at TIGRIS sites, there is a risk that last patient enrollment could be delayed. The Company has developed mitigation strategies to reduce or eliminate any timing delays, including: (i) increasing the number of sites in TIGRIS from 10 to 15. The Company has identified and is currently onboarding these sites; and (ii) the Company has developed comprehensive on-line training and site support to mitigate any travel restrictions.

Costs for TIGRIS are variable and are driven directly by patient enrollment. Any delays to TIGRIS, due to patient enrollment or otherwise, do not have a material adverse impact on the overall costs of TIGRIS.

The COVID-19 pandemic has increased demand for SAMI and since such sales and installations are able to be done virtually, there has been no impact on the Company's ability to commercialize SAMI. The regulatory process for DIMI with the FDA continues and has only been minimally delayed as of the date hereof. The Company anticipates, at most, a one quarter delay in the regulatory pathway for DIMI and the Company still anticipates obtaining regulatory approvals for DIMI in 2022.

For further details concerning the risks relating to the Company, please see the risks described under the heading "Risk Factors" in the AIF, which is incorporated by reference herein.

MATERIAL CONTRACTS

The only material contracts the Company has entered into, other than those contracts entered into in the ordinary course of business or described in the AIF, since the beginning of the last fiscal year before the date of this Prospectus, or entered into prior to such date but which contract is still in effect is the Baxter Distribution Agreement, a copy of which is available under the Company's profile on SEDAR at www.sedar.com.

LEGAL MATTERS

Certain legal matters relating to the Offering have been passed upon on behalf of the Company by Stikeman Elliott LLP and on behalf of the Lead Underwriter by Cassels Brock & Blackwell LLP. As of the date hereof, partners and associates of each of Stikeman Elliott LLP and Cassels Brock & Blackwell LLP and as a group, beneficially own, directly or indirectly, less than 1% of any of our securities or any of our associates or affiliates.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Company is PricewaterhouseCoopers LLP, PwC Centre, 354 Davis Road, Suite 600, Oakville ON Canada L6J 0C5. The auditor is independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

AGENT FOR SERVICE OF PROCESS

Anthony Bihl, Jun Hayakawa John Nosenzo, and Jan D'Alvise, who are each directors of the Company who reside outside of Canada, and Dr. John Kellum, who is an officer of the Company who resides outside of Canada, have each appointed the Company at its address at 135 The West Mall, Unit 2, Toronto, Ontario, M9C 1C2 as the 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.

STATUTORY 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 any amendment. In several of the provinces of Canada, 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 any amendment 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 adviser.

In an offering of warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the warrants are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: July 23, 2021

The short form prospectus, together with the documents incorporated in the prospectus by reference, will, as of the date of this supplement to the prospectus relating to the securities offered by the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada (except Québec).

SPECTRAL MEDICAL INC.

(Signed) *"Chris Seto"*
Chief Executive Officer

(Signed) *"Paul Walker"*
Director

On behalf of the Board of Directors

(Signed) *"William Stevens"*
Director

(Signed) *"Tony Bihl"*
Director

CERTIFICATE OF THE LEAD UNDERWRITER

July 23, 2021

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

PARADIGM CAPITAL INC.

(Signed) "*David Roland*"
Chief Executive Officer