FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

   Spectra Inc. ("Spectra")
   Unit 2, 41 Horner Avenue
   Etobicoke, Ontario
   M8Z 4X4

2. **Date of Material Change**

   August 6, 2004.

3. **News Release**

   A press release disclosing in detail the material summarised in this material change report was disseminated through the facilities of Stockwatch on August 6, 2004 and would have been received by the securities commissions where Spectra is a "reporting issuer" and the stock exchanges on which the securities of Spectra are listed and posted for trading in the normal course of their dissemination.

4. **Summary of Material Change**

   On August 6, 2004 Spectra announced that it has entered into a royalty debenture agreement with Dynamic Venture Opportunities Fund Ltd. ("DVOF"), an Ontario labour-sponsored venture Capital fund, whereby DVOF would advance $750,000 to Spectra's wholly owned subsidiary, Spectra Products Inc. ("SPI") in exchange for royalty payments equal to 10% of the total gross revenue generated by SPI and the issuance of 3,000,000 common shares of Spectra at a deemed price of $0.50 per share.

5. **Full Description of Material Change**

   Please see attached press release.

6. **Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102**

   Not applicable.

7. **Omitted Information**

   Not applicable.

8. **Executive Officer**

   For further information: please contact: Andrew J. Malion, Chairman and Chief Executive Officer, Spectra Inc., Telephone: 1-800-308-5255, E-mail: ssa@spectra-ssa.com.

9. **Date of Report**

   August 13, 2004.

Spectra Inc. Announces $750,000 Royalty Debenture Financing

For Immediate Release – August 6, 2004

Toronto, Ontario – Spectra Inc. (SSA: TSX Venture) is pleased to announce that it has entered into an agreement pursuant to which Dynamic Venture Opportunities Fund Ltd. ("DVOF"), an Ontario labour-sponsored venture capital fund, has advanced $750,000 to Spectra Inc.'s wholly-owned subsidiary, Spectra Products Inc. ("SPI").

In consideration of the advance of these funds, DVOF is entitled to receive royalty payments equal to 10% of the total gross revenue generated by SPI. Twenty-five percent of each royalty payment shall be allocated against the principal amount of the debenture. The royalty payments shall continue at 10% of SPI's gross revenue until the earlier of (i) the date that the Royal Debenture has been fully repaid; and (ii) 15 years from issue date, at which time any remaining principal amount shall be due.

As additional consideration, Spectra Inc. has issued 3,000,000 bonus shares to DVOF at a deemed price of $0.05 per share, representing a deemed value equal to 20% of the $750,000 invested.

Spectra's Officers, Michael Faye and Andrew Malion, will file for acceptance by the TSX Venture Exchange, a proposal to convert $200,000 in aggregate of long term debt to common shares of the Company at a deemed price of $0.05 per share. The Company will seek shareholder approval for the proposed shares for debt transaction.

"We are very pleased to have secured a financial investor of the caliber of the Dynamic Venture Opportunities Fund", stated Andrew Malion, Chairman of Spectra Inc. "The investment funds from this leading financial institution will provide the necessary working capital to support our business plan."

Dynamic Venture Opportunities Fund Ltd. is managed by Goodman & Company, a leading Canadian investment firm tracing its portfolio management roots back over 45 years, with approximately $12 billion in assets under management. Goodman & Company, including Dynamic Mutual Funds and its affiliates, offers a wide range of wealth management solutions through registered financial advisors, including mutual funds; fee-based programs, limited partnerships, a labour-sponsored fund, hedge funds and a high net-worth investment counsel. Goodman & Company, Investment Counsel Ltd. is a subsidiary of Dundee Wealth Management Inc. (DW - TSX)

Spectra Inc. is a vertically integrated supplier of innovative products and services to the Commercial Transportation Industry and the Professional Trucker. Spectra's product line increases productivity, reduces maintenance costs and improves fleet safety and includes Brake Safe® and SureStroke™, visual brake stroke indicators, Brake Inspector ® a new, advanced electronic air brake diagnostic system and the Termin-8R™ line of anti-corrosion and extreme pressure lubricants.

On behalf of the Board of Directors,
Andrew J. Malion, Chairman, Spectra Inc. www.spectra-ssa.com
Investor Relations: 1-800-308-5255 E-Mail: ssa@spectra-ssa.com