



HUMAN RESOURCES & COMPENSATION COMMITTEE

CHARTER
of the Human Resources & Compensation Committee
of the Board of Directors
of Spectral Medical Inc.

Purpose

The primary function of the Human Resources and Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Spectral Medical Inc. (the “**Corporation**”) is to assist the Board of Directors in carrying out its responsibilities relating to human resources, including performance, compensation and succession.

Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices.

Approval of Charter

This Committee charter requires approval by the Board.

Future changes of this charter require approval by the Board based on the recommendation of the Committee.

Structure and Composition

The Committee shall consist of two (2) or such other number of Directors as may be determined from time to time by the Board, all of whom shall meet the independence requirements of applicable law and the listing standards of the Toronto Stock Exchange and the New York Stock Exchange.

The members of the Committee shall be appointed by the Board annually or until successors are duly appointed on the recommendation of the Nomination & Governance Committee.

The Board shall normally designate the Chair of the Committee. In the event that a Board designation is not made, the members of the Committee shall elect a Chair by majority vote of the full Committee.

In the event that the Chair of the Committee does not attend a meeting of the Committee, the members of the Committee shall elect a temporary Chair for such meeting by majority vote of the members in attendance at the meeting.

Once appointed, Committee members shall cease to be a member of the Committee only upon:

- (i) resignation from the Board;
- (ii) death;
- (iii) disability, as determined by an independent physician retained by the Board;
- (iv) not being re-appointed pursuant to the annual appointment process described above; or
- (v) at the discretion of the Board, upon recommendation of the Committee

Meetings

The Committee shall meet at least twice annually and more frequently as circumstances dictate.

A majority of Committee members is required for meeting quorum.

The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel to attend a meeting of the Committee or to meet or provide consultations to the Committee or any member thereof.

Notice of all meetings of the Committee shall be sent to Committee members.

Resolutions

Resolutions of the Committee passed at a meeting shall require approval by a simple majority of members voting on such resolution.

Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

Responsibilities and Duties

(i) *Minutes and Reporting to the Board*

The Committee shall prepare written minutes of all of its meetings. In addition, the Chair of the Committee or designate shall report to the Board of Directors after each meeting the significant matters addressed by the Committee at such meeting and a copy of the minutes shall be made available to all members of the Board.

(ii) *Reporting to the Board*

The Committee shall report to the Board on a regular basis, the principal activities which have been considered or carried out by the Committee.

(iii) *Human Resources*

The Committee is responsible for all matters relating to human resources of the Corporation and for reporting and making recommendations to the Board of Directors regarding such matters, including:

- reviewing human resources development and organization structure and approving any significant programs or changes to structure

(iv) *Succession Planning*

- reviewing and reporting to the Board of Directors on the Corporation's succession planning process for the CEO and senior officers reporting to the CEO

(v) *Compensation*

- reviewing compensation principles and practices and approving any significant changes to such principles and practices
- reviewing and making recommendations to the Board of Directors on the compensation of the CEO

- reviewing and reporting to the Board on annual objectives against which to assess the CEO and on its assessment of the CEO's performance against those objectives
- reviewing and approving the compensation of senior officers reporting to the CEO
- evaluating periodically the competitiveness of the cash and equity compensation programs for senior management and initiate action or make recommendations to the Board as appropriate
- reviewing all employee compensation and stock equity plans including short term incentive plan, stock option, stock purchase plans and approve changes to such plans, provided that any plan amendments which will have a material cost increase or material effect on the Corporation or the participants requires Board approval
- administering the Corporation's Employee Stock Option Plan, Stock Purchase Plan and such other equity based plans as may be delegated to it from to time to by the Board
- reporting on an annual basis to the Board and Shareholders, the policies of the Committee for determining executive compensation

(vi) Review of Charter and Self-Assessment

The Committee shall:

- review and reassess annually the adequacy of this Charter
- review annually the Committee's own performance

(vii) Corporate Knowledge and Other Activities

The Committee shall:

- strive to expand continually its knowledge of the Corporation's activities
- carry out such other activities consistent with this Charter, the Corporation's by-laws and governing law, that the Human Resources and Compensation Committee or the Board deem necessary or appropriate

Other Advisors

The Committee shall have the authority to consider and, if appropriate, approve the engagement of outside advisors by any Director at the Corporation's expense.

The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Corporation.