



NOMINATION & GOVERNANCE COMMITTEE

CHARTER
of the Nomination & Governance Committee
of the Board of Directors
of Spectral Medical Inc.

Purpose

The primary function of the Nomination and Governance 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 in matters of corporate governance.

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 no fewer than two (2) members from among the Board, all of whom shall meet the independence requirements of applicable law and the listing of 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.

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

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

- resignation from the Board;
- death;
- disability, as determined by an independent physician retained by the Board;
- not being re-appointed pursuant to the annual appointment process described above; or
- 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.

The Corporate Secretary of the Corporation shall normally attend meetings of the Committee. Others may also attend meetings as the Committee may request.

Notice of all meetings of the Committee shall be sent to all 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 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 make regular reports to the Board, but not less frequently than bi-annually.

(iii) Corporate Governance

The Committee is responsible for all matters relating to the governance of the Corporation and for reporting and making recommendations to the Board regarding such matters. Without limiting the generality of the foregoing, the Committee shall:

- develop and recommend to the Board, corporate governance guidelines application to the Corporation
- annually review the corporate governance guidelines and policies of the Corporation and, if appropriate, recommend changes to such guidelines and policies to the Board or management
- monitor the appropriateness of the Corporation's governance systems with regard to external governance standards and with emphasis on "continuous improvement"
- review regularly the effectiveness of the Board and its committees in meeting its governance objectives and in its relationship with management
- review any shareholder proposal received by the Corporation and recommend to the Board the Corporation's response

(iv) Nominating

The Committee is responsible for all matters relating to director recruitment, director's orientation and continuing education, and for the regular evaluation of the Board. Without limiting the generality of the foregoing, the Committee shall:

- review the makeup and needs of the Board, identifying and recommending candidates for Board membership
- establish criteria for membership; such criteria should cover, among other things, diversity, experience, skill set and the ability to act on behalf of shareholders
- in consultation with the Board and the CEO and, on an ongoing basis, maintain a database of potential candidates
- utilize such outside agencies or third parties at the cost of the Corporation, as the Committee deems necessary to assist in identifying potential candidates
- review and make recommendations from time to time on the Guidelines for selection, term, retirement and evaluation of Directors
- recommending to the Board the annual slate of nominees to the Board for presentation to the shareholders

(v) Director Compensation

The Committee shall:

- review and recommend to the Board the form and adequacy of the compensation for independent directors

(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 Finance & Audit Committee or the Board deem necessary or appropriate

(viii) Director Indemnification and D&O Insurance

The Committee shall be responsible for reviewing and recommending to the Board the appropriateness and adequacy of the policy of indemnification of Directors. In that regard, the Chair of the Committee and the Chair of the Finance & Audit Committee shall consult in connection with any renewal or change to the Directors and Officers liability insurance coverage.

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.