



SPECTRAL ANNOUNCES FOURTH QUARTER AND FISCAL 2013 RESULTS

TORONTO, Canada – March 27, 2014 – Spectral Diagnostics Inc., (TSX:SDI) (OTCQX: DIAGF), a Phase III company developing the first theranostic treatment for patients with severe sepsis and septic shock, today announced its audited financial results for the fourth quarter and year ended December 31, 2013.

Fourth Quarter Highlights:

- Continued to enroll patients into the Company's Phase III EUPHRATES trial. As of March 26, 2014, 265 patients have been randomized into the study.
- On January 27, 2014 announced that the Data Safety Monitoring Board (DSMB) had evaluated the safety, efficacy and futility of its EUPHRATES trial based on actual data for 184 randomized patients followed for 28 days. The DSMB recommended that the trial continue, but asked that further analysis be performed before recalculation of the trial's sample size is finalized.
- Subsequent to year end, on February 20, 2014, the Company extended the expiry date of its \$0.60 warrants from March 2, 2014 to September 2, 2014, subject to obtaining all regulatory and shareholder approvals.
- On March 11, 2014, the Company disclosed that it has scheduled the next quarterly DSMB meeting in early April, 2014 at which time it anticipates receiving the recommendations of the DSMB based on its review of the requested detailed analysis, as well as data from additional patients enrolled since the 184 patient cut off for the second interim analysis. The Company expects to announce its clinical path forward after receiving and evaluating the DSMB recommendations.

"The progress that we made in 2013 with the EUPHRATES trial has put us in a good position to better understand the path forward for our Phase III sepsis product," stated Dr. Paul Walker, President and CEO of Spectral. "We look forward to sharing that disclosure with the market in the coming weeks."

Financial Review

Revenue for the three months ended December 31, 2013 was \$713,000 compared to \$647,000 for the same three month period last year. Revenue for the year ended December 31, 2013 was \$2,672,000 compared to \$2,589,000 for the prior year, representing an increase of \$83,000.

For the quarter ended December 31, 2013, the Company reported operating costs of \$4,396,000 compared to \$2,752,000 for the corresponding period in 2012. Operating costs for the year ended December 31, 2013 amounted to \$14,062,000 compared to \$11,313,000 in 2012. The \$2,749,000 increase in operating costs is almost entirely attributable to increased EUPHRATES trial activities. During the year, 19 clinical sites were added and 142 patients were enrolled into the study. Apart from clinical trial activities, the Company continues to maintain a low cost operating structure for its base business operations.

Loss for the quarter ended December 31, 2013 was \$3,673,000 (\$0.03 per share) compared to \$2,067,000 (\$0.02 per share) for the same quarter last year. For the year ended December 31, 2013, the Company reported a loss of \$11,307,000, (\$0.09 per share), compared to a loss of \$8,543,000 (\$0.08 per share), for the year ended December 31, 2012.

The Company concluded the 2013 year with cash and cash equivalents of \$7,229,000 compared to \$10,562,000 cash and cash equivalents on hand as of December 31, 2012.

The total number of shares outstanding for the Company was 134,462,561 as at December 31, 2013.

About Spectral Diagnostics

Spectral is a Phase III company seeking U.S. FDA approval for its lead theranostics product for the treatment of severe sepsis with septic shock. PMX is a therapeutic hemoperfusion device that removes endotoxin,

which can cause sepsis, from the bloodstream. Directed by the Company's Endotoxin Activity Assay (EAA™), the only FDA cleared diagnostic for the risk of developing sepsis. Spectral's EUPHRATES trial is the world's only active and most innovative Phase III study in the area of septic shock.

PMX has been approved for therapeutic use in Japan and Europe, and has been used safely and effectively on more than 100,000 patients to date. In March 2009, Spectral obtained the exclusive development and commercial rights in the U.S. for PMX, and in November 2010, signed an exclusive distribution agreement for this product in Canada. Approximately 350,000 patients are diagnosed with severe sepsis and septic shock in North America each year, representing a greater than \$1 billion market opportunity for Spectral. Spectral is listed on the Toronto Stock Exchange under the symbol SDI, and on the OTCQX under the symbol DIAGF. For more information please visit www.spectraldx.com

Forward-looking statement

Information in this news release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws. Implicit in this information, particularly in respect of the future outlook of Spectral and anticipated events or results, are assumptions based on beliefs of Spectral's senior management as well as information currently available to it. While these assumptions were considered reasonable by Spectral at the time of preparation, they may prove to be incorrect. Readers are cautioned that actual results are subject to a number of risks and uncertainties, including the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of Spectral to take advantage of business opportunities in the biomedical industry, the granting of necessary approvals by regulatory authorities as well as general economic, market and business conditions, and could differ materially from what is currently expected.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this statement.

For further information please contact:

Anthony Businkas
Executive Vice President and CFO
Spectral Diagnostics Inc.
416-626-3233 ext. 2200
tbusinkas@spectraldx.com

Adam Peeler
Investor Relations
TMX Equicom
416-815-0700 ext. 225
apeeler@tmxequicom.com

Spectral Diagnostics Inc.

Statement of Financial Position

(in thousands of Canadian dollars)

	December 31 2013 \$	December 31 2012 \$
Assets		
Current assets		
Cash and cash equivalents	7,229	5,425
Short-term investment	-	5,137
Trade and other receivables	569	590
Inventories	315	277
Prepayments	289	226
	8,402	11,655
Non-current assets		
Property, plant and equipment		
Intangible asset	627	497
	409	434
	1,036	931
Total assets	9,438	12,586
Liabilities		
Current liabilities		
Trade and other payables	3,636	1,913
Deferred revenue	106	99
Total liabilities	3,742	2,012
Equity		
Share capital	33,957	27,101
Contributed surplus	3,864	3,864
Other equity reserves	7,833	8,260
Deficit	(39,958)	(28,651)
Total equity	5,696	10,574
Total liabilities and equity	9,438	12,586

Spectral Diagnostics Inc.

Statement of Loss and Comprehensive Loss
For the years ended December 31, 2013 and 2012

(in thousands of Canadian dollars, except for share and per share data)

	2013	2012
	\$	\$
Revenue	2,672	2,589
Other income	24	110
Expenses		
Changes in inventories of finished goods and work-in-process	274	277
Raw materials and consumables used	593	471
Employee benefits	3,332	2,944
Consulting and professional fees	7,399	4,619
Management services	275	1,013
Regulatory and investor relations	250	502
Travel and entertainment	1,191	772
Depreciation and amortization	238	216
Foreign exchange loss	14	26
Other expenses	496	473
	14,062	11,313
Operating loss	(11,366)	(8,614)
Finance income	59	71
Loss and comprehensive loss for the year	(11,307)	(8,543)
Basic and diluted loss per common share	(0.09)	(0.08)
Weighted average number of common shares outstanding	128,265,141	113,883,394

Spectral Diagnostics Inc.

Statement of Changes in Equity
For the years ended December 31, 2013 and 2012

(in thousands of Canadian dollars)

	Issued capital Number	\$	Contributed surplus \$	Share-based compensation \$	Warrants \$	Deficit \$	Total Equity \$
Balance, January 1, 2012	113,883,394	27,101	3,864	2,939	5,143	(20,108)	18,939
Loss and comprehensive loss for the year	-	-	-	-	-	(8,543)	(8,543)
Share-based compensation	-	-	-	178	-	-	178
Balance, December 31, 2012	113,883,394	27,101	3,864	3,117	5,143	(28,651)	10,574
Private placement	18,666,667	5,480	-	-	-	-	5,480
Share options exercised	450,000	242	-	(106)	-	-	136
Warrants exercised	1,462,500	1,134	-	-	(549)	-	585
Loss and comprehensive loss for the year	-	-	-	-	-	(11,307)	(11,307)
Share-based compensation	-	-	-	228	-	-	228
Balance, December 31, 2013	134,462,561	33,957	3,864	3,239	4,594	(39,958)	5,696

Spectral Diagnostics Inc.

Statement of Cash Flows

For the years ended December 31, 2013 and 2012

(in thousands of Canadian dollars)

	2013 \$	2012 \$
Cash flow provided by (used in)		
Operating activities		
Loss and comprehensive loss for the year	(11,307)	(8,543)
Adjustments for:		
Depreciation on property, plant, and equipment	213	191
Amortization of intangible asset	25	25
Share-based compensation	228	178
Changes in items of working capital :		
Trade and other receivables	21	(75)
Inventories	(38)	18
Prepayments	(63)	181
Trade and other payables	1,723	303
Deferred revenue	7	(3)
Net cash used in operating activities	(9,191)	(7,725)
Investing activities		
Property, plant and equipment expenditures	(343)	(269)
Redemption of short-term investment	15,499	5,086
Purchase of short-term investment	(10,362)	(5,137)
Net cash provided by (used in) investing activities	4,794	(320)
Financing activities		
Private placement	5,480	-
Share options exercised	136	-
Warrants exercised	585	-
Net cash provided by financing activities	6,201	-
Increase(decrease) in cash and cash equivalents	1,804	(8,045)
Cash and cash equivalents, beginning of year	5,425	13,470
Cash and cash equivalents, end of year	7,229	5,425