



## SPECTRAL DIAGNOSTICS ANNOUNCES PROPOSED OFFERING OF UP TO \$18.2 MILLION

Toronto, Ontario, June 11, 2014 – Spectral Diagnostics Inc. (TSX: SDI) (OTC QX: DIAGF) (the “Corporation”) today announced it has entered into agreements for a non-brokered private placement of up to \$18.2 million (the “Proposed Offering”).

“We are very pleased to have reached agreement with certain of our existing investors for this substantial financing at market, without the need for a price discount or warrants, and with terms fair to all shareholders,” stated Anthony Businskas, Executive Vice President and CFO of Spectral. “This financing, and the continued support of our major shareholders, positions us well and gives us great confidence that we should have the necessary funds to successfully complete our EUPHRATES clinical trial,” continued Mr. Businskas.

The Corporation intends to use the net proceeds of the Proposed Offering to fund its EUPHRATES clinical development program for PMX, its lead theranostics product for the treatment of severe sepsis with septic shock and for working capital and general corporate purposes.

The Proposed Offering is comprised of a Tranche “A” component and a Tranche “B” component. The Tranche “A” component is comprised of 45,051,186 common shares of the Corporation (“Shares”) at a subscription price of \$0.293 per Share (being the 20 day volume weighted average trading price of the Shares on the TSX for the 20 day period ending June 6, 2014, the day the Proposed Offering was priced) for aggregate proceeds of \$13.2 million, of which (a) 17,064,846 Shares, for aggregate proceeds of \$5 million, are proposed to be sold by the Corporation to its lead investor Toray Industries, Inc. (“Toray”) pursuant to a private placement agreement between the Corporation and Toray (the “Toray Private Placement Agreement”); (b) 18,259,382 Shares, for aggregate proceeds of \$5.35 million, are proposed to be sold by the Corporation to other insiders pursuant to subscription agreements entered into between the Corporation and such investors; and (c) 9,726,958 Shares, for aggregate proceeds of \$2.85 million, are proposed to be sold by the Corporation to other investors pursuant to subscription agreements entered into between the Corporation and such investors.

The Tranche “B” component of the Proposed Offering is comprised of additional Shares to be sold to Toray by the Corporation of up to \$5 million, if, as and when the Corporation exercises the right (the “Call Right”), granted by Toray to the Corporation in the Toray Private Placement Agreement, exercisable by written notice given by the Corporation to Toray at any time on or after March 1, 2015 until March 15, 2015, to require Toray to purchase from the Corporation, at a subsequent closing to occur on April 1, 2015, up to that number of Shares as is determined by dividing the Call Right amount exercised (up to the \$5 million), as applicable, by the volume weighted average trading price of the Shares on the TSX for the 20 trading days ending on the business day prior to the day the Call Right is exercised. The Shares to be sold to Toray in Tranche “B” will only be sold if the Corporation exercises the Call Right.

In total, an aggregate of 35,324,228 Shares, for aggregate proceeds of \$10,350,000, are proposed to be sold by the Corporation to insiders in Tranche A of the Proposed Offering. The number of Shares sold to insiders in Tranche B of the Offering will depend on whether the Corporation exercises the Call Right, and if so, for what amount, and will also depend on the market price of the Shares at the time the Call Right is exercised.

In connection with the Proposed Offering, the board of directors (the “Board”) of the Corporation engaged Koger Valuations Inc. (“Koger”) to consider the fairness of the Proposed Offering. After the completion of its review and analysis, Koger delivered its opinion to the Board and concluded that the

Proposed Offering is fair, from a financial point of view, to the disinterested shareholders of the Corporation, based upon and subject to the various assumptions, limitations, qualifications and other considerations set forth in the fairness opinion.

The Proposed Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and other approvals, including the approval of the Toronto Stock Exchange. Given the participation of insiders of the Corporation in the Proposed Offering, the completion of the Proposed Offering is also subject to the approval of disinterested shareholders of the Corporation at a special meeting called for July 22, 2014 (the "**Special Meeting**"). The record date for the Special Meeting has been set at June 18, 2014. Subject to obtaining all of the foregoing approvals, the Proposed Offering is scheduled to close shortly after the Special Meeting.

All shareholders are encouraged to read the management information circular of the Corporation with respect to the Proposed Offering, which is expected to be mailed to shareholders of record on or about June 24, 2014 and will be available on SEDAR at [www.sedar.com](http://www.sedar.com). **The Board has unanimously recommended that shareholders vote FOR the Proposed Offering.** Further details of the Proposed Offering are also contained in the Toray Private Placement Agreement and the other subscription agreements, copies and forms of which have been filed on SEDAR.

Shorecrest Group has been retained as the proxy solicitation agent for the Special Meeting. For questions or assistance, please contact Shorecrest toll-free at 1-888-637-5789, locally at 647-931-7454 or by email at [spectral@shorecrestgroup.com](mailto:spectral@shorecrestgroup.com).

### **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 \$2 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](http://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 more information, please contact:

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