

SPECTRAL ANNOUNCES SECOND QUARTER 2013 RESULTS

TORONTO, Canada – August 13, 2013 – 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 unaudited financial results for the second quarter ended June 30, 2013.

Second Quarter Highlights:

- Enrolled patients into the Company's Phase III EUPHRATES trial at an accelerated rate compared to the prior year. Directed by the Company's Endotoxin Activity Assay (EAA™), which is the only FDA-cleared diagnostic for the risk of developing sepsis, Spectral's EUPHRATES trial is targeted to enroll 306 evaluable patients. Contingent on maintaining current enrollment rates and timely site start ups, the trial should be fully enrolled in the second half of 2014. As of August 12, 2013, 159 patients have been randomized into Spectral's EUPHRATES trial.
- Announced the appointment of Dr. Gualtiero Guadagni as the Company's Vice President, Sales and Marketing. Dr. Guadagni will primarily be responsible for the development and expansion of commercial activities and market preparation plans for Toraymyxin and Spectral's Endotoxin Activity Assay (EAA™) in Canada, the United States and Europe.
- Closed a private placement for gross proceeds of \$5.6 million.
- Concluded the reporting period with approximately \$10.6 million in cash, cash equivalents and short-term investments.
- Subsequent to quarter end, disclosed that the trial's composite 28-day mortality rate was approximately 33 per cent for randomized patients. The composite mortality rate continues to suggest that the Company is enrolling patients who are most likely to benefit from Spectral's treatment.

"We made excellent progress with the trial's patient enrollment in the second quarter, which moves us closer to the study's planned, second interim analysis," stated Dr. Paul Walker, President and CEO of Spectral. "We are optimistic that the results from the second interim analysis should support the successful completion of the trial."

At the second interim analysis, the Data and Safety Monitoring Board will advise the Company on the trial's safety, efficacy or futility, with stopping rules in place for efficacy and futility. A sample size recalculation will be done if necessary. Management intends to disclose the results of the interim analysis after 184 patients have been randomized and followed for 28 days, and the data from the analysis has been thoroughly reviewed.

Spectral remains on track to disclose information from the second interim analysis in late 2013 or early 2014.

Financial Review

Revenue for the three months ended June 30, 2013 was \$572,000 compared to \$599,000 for the same period in the preceding year. For the six months ended June 30, 2013 revenue was \$1,280,000 compared to \$1,275,000 for the same period in 2012. It is anticipated that revenue in 2013 will remain consistent with levels achieved in 2012.

Total expenses for the three months ended June 30, 2013 were \$3,642,000 compared to \$2,798,000 in the second quarter of 2012. For the six months ended June 30, 2013, total expenses were \$6,449,000 compared to \$5,774,000 for the same period in 2012. The increase of \$675,000 for the six months ended June 30, 2013 is primarily attributable to higher EUPHRATES trial costs (\$1,261,000) due to the accelerated patient enrollment rate, offset by a \$475,000 reduction in management service fees.

The Company continues to maintain a low cost operating structure for its base business and expects no material increase in non clinical operating costs in 2013.

The Company concluded the second quarter of 2013 with cash, cash equivalents and short-term investment of \$10,600,000 compared to \$10,562,000 as at December 31, 2012.

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. Toraymyxin 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 first theranostics trial in the area of sepsis.

Toraymyxin 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 Toraymyxin, and in November 2010, signed an exclusive distribution agreement for this product in Canada. More than 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, the ability to manufacture products and supply the market, 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.

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Spectral Diagnostics Inc.

Condensed Interim Statement of Financial Position

(in thousands of Canadian dollars)

	June 30 2013 \$	December 31 2012 \$
	Unaudited	Audited
Assets		
Current assets		
Cash and cash equivalents	5,459	5,425
Short-term investment	5,189	5,137
Trade and other receivables	563	590
Inventories	418	277
Prepayments	311	226
	11,940	11,655
Non-current assets		
Property, plant and equipment	631	497
Intangible assets	422	434
	1,053	931
Total assets	12,993	12,586
Liabilities		
Current liabilities		
Trade and other payables	1,925	1,913
Deferred revenue	50	99
Total liabilities	1,975	2,012
Equity		
Share capital	32,556	27,101
Contributed surplus	3,864	3,864
Other equity reserves	8,366	8,260
Deficit	(33,768)	(28,651)
Total equity	11,018	10,574
Total liabilities and equity	12,993	12,586

Spectral Diagnostics Inc.

Condensed Interim Statement of Loss and Comprehensive Loss
For the six months ended June, 2013 and 2012
(Unaudited)

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

	Three months ended		Six months ended	
	June 30		June 30	
	2013	2012	2013	2012
	\$	\$	\$	\$
Revenue	572	599	1,280	1,275
Other income	14	30	19	66
Expenses				
Changes in inventories of finished goods and work- in-process	38	52	121	151
Raw materials and consumables used	170	103	281	202
Employee benefits	714	641	1,454	1,406
Consulting and professional fees	1,874	1,056	3,178	2,246
Management services	175	375	275	750
Regulatory and investor relations	58	99	106	222
Travel and entertainment	451	313	670	459
Depreciation and amortization	59	55	114	106
Foreign exchange (gain)loss	(9)	(7)	-	4
Other expenses	112	111	250	228
	3,642	2,798	6,449	5,774
Operating loss	(3,056)	(2,169)	(5,150)	(4,433)
Finance income	16	18	33	34
Loss and comprehensive loss for the period	(3,040)	(2,151)	(5,117)	(4,399)
Basic and diluted loss per common share	(0.02)	(0.02)	(0.04)	(0.04)
Weighted average number of common shares outstanding	132,139,805	113,883,394	123,062,031	113,883,394

Spectral Diagnostics Inc.

Condensed Interim Statement of Changes in Equity
(Unaudited)

(in thousands of Canadian dollars, except number of shares)

	Issued capital Number	\$	Contributed surplus \$	Share-based compensatio n \$	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 period	-	-	-	-	-	(4,399)	(4,399)
Share-based compensation	-	-	-	123	-	-	123
Balance, June 30, 2012	113,883,394	27,101	3,864	3,062	5,143	(24,507)	14,663
Balance, January 1, 2013	113,883,394	27,101	3,864	3,117	5,143	(28,651)	10,574
Loss and comprehensive loss for the period	-	-	-	-	-	(5,117)	(5,117)
Private placement	18,666,667	5,455	-	-	-	-	5,455
Share-based compensation	-	-	-	106	-	-	106
Balance, June 30, 2013	132,550,061	32,556	3,864	3,223	5,143	(33,768)	11,018

Spectral Diagnostics Inc.

Condensed Interim Statement of Cash Flows
For the six months ended June 30, 2013 and 2012
(Unaudited)

	Six months ended	
	June 30	June 30
	2013	2012
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Loss and comprehensive loss for the period	(5,117)	(4,399)
Adjustments for:		
Depreciation on property, plant, and equipment	102	94
Amortization of intangible assets	12	12
Share-based compensation	106	123
Changes in items of working capital :		
Trade and other receivables	27	(125)
Inventories	(141)	50
Prepayments	(85)	133
Trade and other payables	12	35
Deferred revenue	(49)	(11)
Net cash used in operating activities	(5,133)	(4,088)
Investing activities		
Property, plant and equipment expenditures	(236)	(140)
Redemption of short-term investment	5,137	5,086
Purchase of short-term investment	(5,189)	(5,102)
Net cash used in investing activities	(288)	(156)
Financing activities		
Private placement	5,455	-
Net cash provided by financing activities	5,455	-
Increase(decrease) in cash and cash equivalents	34	(4,244)
Cash and cash equivalents, beginning of period	5,425	13,470
Cash and cash equivalents, end of period	5,459	9,226