



SPECTRAL ANNOUNCES THIRD QUARTER 2014 RESULTS

Toronto, Ontario, NOVEMBER 13, 2014 – Spectral Diagnostics Inc. (“Spectral” or the “Company”) (TSX: SDI) (OTC QX: DIAGF), a Phase III company developing the first theranostic treatment for patients with septic shock, today announced its unaudited financial results for the three and nine month periods ended September 30, 2014.

All figures are stated in thousands of Canadian dollars, except for share and per share data.

For the three months ended September 30, 2014, revenues amounted to \$643 compared to \$679 for the corresponding period in the previous year. During the third quarter, the Company reported a loss of \$2,012 (\$0.01 per share) compared to a loss of \$2,517 (\$0.02 per share) during the same period in 2013.

For the nine months ended September 30, 2014, revenues increased to \$2,265 versus \$1,959 during the same period in 2013. The loss for the nine month period in 2014 amounted to \$7,638 (\$0.05 per share) compared to a loss of \$7,659 (\$0.06 per share) during the corresponding period in the previous year. Revenues and expenses in 2014 to date have been relatively consistent with those in the prior year, but are subject to quarterly variations based on timing of customer orders and the level clinical trial activities.

As at September 30, 2014, Spectral had \$11,700 in cash and cash equivalents, compared to \$7,229 as at December 31, 2013 year-end. As described in the news release issued and filed by the Company on July 25, 2014, the increase in cash and cash equivalents is as a result of the Company closing the Tranche “A” component in the amount of \$13,200 as part of an up to \$18,200 private placement.

As at September 30, 2014, the total number of shares issued and outstanding for the Company was 179,737,241.

“The combination of a strong balance sheet and improved visibility in our path to commercialization bodes very well for Spectral’s not too distant future”, stated Dr. Paul Walker, President and CEO of Spectral. “We remain confident and look forward to sharing the results of our successes with all of our constituents in the coming months as we execute our plans.”

About Spectral Diagnostics Inc.

Spectral is a Phase III company seeking U.S. FDA approval for its lead theranostics product for the treatment of endotoxemic septic shock. PMX is a therapeutic hemoperfusion device that removes endotoxin, a main trigger of 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 for a medical device in the area of septic shock.

PMX has been approved for therapeutic use in Japan and Europe, and has been used 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 septic shock in North America each year, representing a greater than \$3 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 statements

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 commercialization of Spectral's septic shock treatment, 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:

Spectral Diagnostics Inc.

Anthony Businkas
Executive Vice President and CFO
416-626-3233 ext. 2200

Ali Mahdavi
Capital Markets & Investor Relations
416-962-3300
am@spinnakercmi.com

Spectral Diagnostics Inc.

Condensed Interim Statement of Financial Position

(in thousands of Canadian dollars)

	September 30 2014 \$ Unaudited	December 31 2013 \$ Audited
Assets		
Current assets		
Cash and cash equivalents	11,700	7,229
Trade and other receivables	610	569
Inventories	179	315
Prepayments	389	289
	12,878	8,402
Non-current assets		
Property, plant and equipment	520	627
Intangible asset	391	409
	911	1,036
Total assets	13,789	9,438
Liabilities		
Current liabilities		
Trade and other payables	2,532	3,636
Deferred revenue	27	106
Total liabilities	2,559	3,742
Equity		
Share capital	46,879	33,957
Contributed surplus	8,413	3,864
Other equity reserves	3,534	7,833
Deficit	(47,596)	(39,958)
Total equity	11,230	5,696
Total liabilities and equity	13,789	9,438

Spectral Diagnostics Inc.

Condensed Interim Statement of Loss and Comprehensive Loss

For the nine months ended September, 2014 and 2013

(Unaudited)

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

	Three months ended September 30		Nine months ended September 30	
	2014 \$	2013 \$	2014 \$	2013 \$
Revenue	643	679	2,265	1,959
Other income	13	5	27	24
Expenses				
Changes in inventories of finished goods and work- in-process	30	114	230	235
Raw materials and consumables used	104	133	315	414
Employee benefits	840	719	2,709	2,173
Consulting and professional fees	1,310	1,793	5,200	4,971
Management services	-	-	-	275
Regulatory and investor relations	51	48	185	179
Travel and entertainment	162	228	726	898
Depreciation and amortization	49	62	172	176
Foreign exchange (gain)loss	2	4	49	4
Other expenses	120	116	344	366
	2,668	3,217	9,930	9,691
Operating loss	(2,012)	(2,533)	(7,638)	(7,708)
Finance income	-	16	-	49
Loss and comprehensive loss for the period	(2,012)	(2,517)	(7,638)	(7,659)
Basic and diluted loss per common share	(0.01)	(0.02)	(0.05)	(0.06)
Weighted average number of common shares outstanding	168,846,613	132,669,898	146,049,893	126,299,847

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 compensation \$	Warrants \$	Deficit \$	Total equity \$
Balance, January 1, 2013	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
Loss and comprehensive loss for the period	-	-	-	-	-	(7,659)	(7,659)
Share-based compensation	-	-	-	169	-	-	169
Balance, September 30, 2013	133,000,061	32,823	3,864	3,180	5,143	(36,310)	8,700
Balance, January 1, 2014	134,462,561	33,957	3,864	3,239	4,594	(39,958)	5,696
Private placement	45,051,186	12,816	-	-	-	-	12,816
Share options exercised	222,500	105	(45)	-	-	-	60
Warrants exercised	994	1	-	-	-	-	1
Warrants expired	-	-	4,594	-	(4,594)	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	(7,638)	(7,638)
Share-based compensation	-	-	-	295	-	-	295
Balance, September 30, 2014	179,737,241	46,879	8,413	3,534	-	(47,596)	11,230

Spectral Diagnostics Inc.

Condensed Interim Statement of Cash Flows

For the nine months ended September 30, 2014 and 2013

(Unaudited)

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

	Nine months ended	
	September 30	September 30
	2014	2013
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Loss and comprehensive loss for the period	(7,638)	(7,659)
Adjustments for:		
Depreciation on property, plant, and equipment	154	158
Amortization of intangible assets	18	18
Share-based compensation	295	169
Changes in items of working capital:		
Trade and other receivables	(41)	80
Inventories	136	(80)
Prepayments	(100)	(79)
Trade and other payables	(1,104)	614
Deferred revenue	(79)	(74)
Net cash used in operating activities	(8,359)	(6,853)
Investing activities		
Property, plant and equipment expenditures	(47)	(281)
Redemption of short-term investment	-	5,137
Purchase of short-term investment	-	(5,189)
Net cash used in investing activities	(47)	(333)
Financing activities		
Private placement	12,816	5,480
Share options exercised	60	136
Warrants exercised	1	-
Net cash provided by financing activities	12,877	5,616
Increase(decrease) in cash and cash equivalents	4,471	(1,570)
Cash and cash equivalents, beginning of period	7,229	5,425
Cash and cash equivalents, end of period	11,700	3,855