



Spectral Enters into Technology Transfer Transaction And Provides Update on US FDA Process

TORONTO, Canada – October 1, 2018 – Spectral Medical Inc. (“Spectral” or the “Company”) (TSX: EDT), a Phase III company developing the first treatment for patients with endotoxemic septic shock guided by a companion diagnostic, today announced that it has entered into a technology transfer agreement (the “Agreement”) pursuant to which Spectral has transferred certain technology and related materials to an undisclosed third party.

Under the terms of the Agreement, there are four milestones which are targeted to be met in 2018 and 2019. Provided all milestones are met it will generate a total of CDN\$2 million in payment to Spectral.

“The proceeds from this transaction will be used to further support Spectral’s ongoing clinical and regulatory program to seek FDA approval for Toraymyxin™, a device for removing endotoxin in the bloodstream in patients with septic shock guided by our proprietary diagnostic, the Endotoxin Activity Assay (EAA),” noted Dr. Paul Walker, CEO of Spectral Medical. “Spectral continues its interactive process with the US FDA to finalize the clinical protocol and statistical analysis plan which is expected to add more data to the EUPHRATES trial results.”

In the EUPHRATES trial a specific group of patients with EAA levels of ≥ 0.6 and < 0.9 showed a clinically significant reduction in relative risk of death at 28 days. Upon the FDA’s agreement we will add to the data from the EUPHRATES trial in a prospective approach now termed the TIGRIS trial.

Septic shock continues to be a major clinical challenge with an unmet need for new therapies to influence a mortality rate of approximately 40% within 28 days of diagnosis. The latest figures from the CDC are that 250,000 patients die each year in the United States from sepsis and septic shock.

About Spectral

Spectral is a Phase III company seeking U.S. FDA approval for its unique product for the treatment of patients with septic shock, Toraymyxin™ (“PMX”). PMX is a therapeutic hemoperfusion device that removes endotoxin, which can cause sepsis, from the bloodstream and is guided by the Company’s Endotoxin Activity Assay (EAA™), the only FDA cleared diagnostic for the risk of developing sepsis.

PMX has been approved for therapeutic use in Japan and Europe, and has been used safely and effectively on more than 150,000 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. Spectral is listed on the Toronto Stock Exchange under the symbol EDT. 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, general economic, market and business conditions, as well as other risks and uncertainties which are more fully described in Spectral's Annual Information Form dated March 28, 2018, and in other filings of Spectral with securities and regulatory authorities which are available at www.sedar.com. Spectral does not undertake any obligation to update forward-looking statements should these assumptions change. Nothing in this document should be construed as either an offer to sell or a solicitation to buy or sell Spectral securities.

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

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