



SPECTRAL ANNOUNCES THIRD QUARTER RESULTS

TORONTO, Canada – November 14, 2017 – Spectral Medical Inc., (TSX: EDT), a Phase III company developing the first treatment for patients with endotoxemic septic shock, today announced its unaudited financial results for the third quarter ended September 30, 2017.

Financial Review

Revenue for the three months ended September 30, 2017 was \$857,000 compared to \$807,000 for the same period in the preceding year. For the nine months ended September 30, 2017 revenues were \$2,888,000 compared to \$2,739,000 in the same period of 2016. Revenues for both the quarter and the year were consistent with prior year levels and this trend is expected to continue for the remainder of the year.

Operating costs for the quarter ended September 30, 2017 amounted to \$1,677,000 compared to \$3,458,000 in 2016. Operating costs for the nine months ended were \$5,785,000 a decrease of \$6,135,000 from \$11,920,000 for the first nine months of 2016. The decrease is almost entirely attributable to lower costs for the EUPHRATES trial. The Company continues to maintain a low cost operating structure for its base business operations.

For the three months ended September 30, 2017, the Company reported a loss of \$820,000 (\$0.004 per share) compared to a loss of \$2,633,000 (\$0.01 per share) for the three months ended September 30, 2016. The loss for the nine months ended September 30, 2017 was \$2,897,000 (\$0.01 per share) compared to \$9,125,000 (\$0.04 per share) for the same nine-month period in the prior year.

The Company concluded the third quarter of 2017 with cash on hand of \$2,271,000 compared to \$5,080,000 as of December 31, 2016.

The total number of shares outstanding for the Company was 207,449,337 as at September 30, 2017.

About Spectral

Spectral is a Phase III company seeking U.S. FDA approval for its unique product for the treatment of patients with endotoxemic septic shock, Toraymyxin™ ('PMX'). PMX is a therapeutic hemoperfusion device that removes endotoxin, which can cause sepsis, from the bloodstream.

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 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 Medical Inc.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

(in thousands of Canadian dollars)

	September 30 2017 \$	December 31 2016 \$
Assets		
Current assets		
Cash	2,271	5,080
Trade and other receivables	739	642
Inventories	222	244
Prepayments and other assets	173	166
	<hr/> 3,405	<hr/> 6,132
Non-current assets		
Property and equipment	564	634
Intangible asset	315	334
	<hr/> 879	<hr/> 968
Total assets	<hr/> 4,284	<hr/> 7,100
Liabilities		
Current liabilities		
Trade and other payables	784	1,112
Deferred revenue	61	166
Total liabilities	<hr/> 845	<hr/> 1,278
Equity		
Share capital	63,221	63,084
Contributed surplus	7,849	7,849
Share-based compensation	4,480	4,103
Warrants	132	132
Deficit	(72,243)	(69,346)
Total equity	<hr/> 3,439	<hr/> 5,822
Total liabilities and equity	<hr/> 4,284	<hr/> 7,100

Spectral Medical Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the nine months ended September 30, 2017 and 2016
(Unaudited)

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

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
		\$		\$
Revenue	857	807	2,888	2,739
Expenses				
Changes in inventories of finished goods and work- in-process	78	106	204	189
Raw materials and consumables used	56	106	167	404
Employee benefits	748	886	2,632	2,995
Product development	-	-	50	67
Consulting and professional fees	406	1,689	1,610	6,323
Regulatory and investor relations	59	276	220	684
Travel and entertainment	81	172	226	642
Depreciation and amortization	56	53	168	144
Foreign exchange loss	39	29	73	59
Other expenses	154	137	435	414
	1,677	3,458	5,785	11,920
Operating loss	(820)	(2,651)	(2,897)	(9,181)
Finance income	-	18	-	56
Loss and comprehensive loss for the period	(820)	(2,633)	(2,897)	(9,125)
Basic and diluted loss per common share	(0.004)	(0.01)	(0.01)	(0.04)
Weighted average number of common shares outstanding	207,446,674	206,865,470	207,288,352	203,882,419

Spectral Medical Inc.

Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2017 and 2016
(Unaudited)

(in thousands of Canadian dollars)

	Issued capital Number	\$	Contributed surplus \$	Share-based compensation \$	Warrants \$	Deficit \$	Total equity \$
Balance, January 1, 2016	190,771,405	53,058	7,849	3,723	-	(59,197)	5,433
Bought deal prospectus offering	15,106,804	9,163	-	-	236	-	9,399
Share options exercised	887,378	479	-	(200)	-	-	279
Broker warrants exercised	400,000	384	-	-	(104)	-	280
Loss and comprehensive loss for the period	-	-	-	-	-	(9,125)	(9,125)
Share-based compensation	-	-	-	528	-	-	528
Balance, September 30, 2016	207,165,587	63,084	7,849	4,051	132	(68,322)	6,794
Balance, January 1, 2017	207,165,587	63,084	7,849	4,103	132	(69,346)	5,822
Share options exercised	283,750	137	-	(56)	-	-	81
Loss and comprehensive loss for the period	-	-	-	-	-	(2,897)	(2,897)
Share-based compensation	-	-	-	433	-	-	433
Balance, September 30, 2017	207,449,337	63,221	7,849	4,480	132	(72,243)	3,439

Spectral Medical Inc.

Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2017 and 2016
(Unaudited)

(in thousands of Canadian dollars)

	Nine months ended	
	2017	2016
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Loss and comprehensive loss for the period	(2,897)	(9,125)
Adjustments for:		
Depreciation on property and equipment	149	125
Amortization of intangible asset	19	19
Share-based compensation	433	528
(Gain)loss on disposal of property and equipment	(4)	6
Changes in items of working capital :		
Trade and other receivables	(97)	50
Inventories	22	(141)
Prepayments and other assets	(7)	(32)
Trade and other payables	(328)	(339)
Deferred revenue	(105)	(106)
Net cash used in operating activities	(2,815)	(9,015)
Investing activities		
Property and equipment expenditures	(90)	(132)
Proceeds on disposal of property and equipment	15	-
Net cash used in investing activities	(75)	(132)
Financing activities		
Share options exercised	81	279
Bought deal prospectus offering	-	9,399
Broker warrants exercised	-	280
Net cash provided by financing activities	81	9,958
(Decrease)increase in cash	(2,809)	811
Cash, beginning of period	5,080	6,369
Cash, end of period	2,271	7,180