



SPECTRAL ANNOUNCES FOURTH QUARTER AND FISCAL 2017 RESULTS

TORONTO, Canada – March 29, 2018 – Spectral Medical Inc., (TSX: EDT), a Phase III company developing the first treatment for patients with septic shock guided by a companion diagnostic, today announced its financial results for the fourth quarter and for the year ended December 31, 2017.

Financial Review

Revenue for the three months ended December 31, 2017 was \$918,000 compared to \$806,000 for the same three-month period last year. Revenue for the year ended December 31, 2017 was \$3,806,000 compared to \$3,545,000 for the prior year, representing an increase of \$261,000, or 7%.

For the quarter ended December 31, 2017, the Company reported operating costs of \$1,960,000 compared to \$1,842,000 for the corresponding period in 2016. Operating costs for the year ended December 31, 2017 amounted to \$7,745,000 compared to \$13,762,000 in 2016. Most of the Company's expenses are incurred in its Phase III clinical trial and vary depending on the timing and level of patient enrolment. Apart from clinical trial activities, the Company continues to maintain a low cost operating structure for its base business operations.

Loss for the quarter ended December 31, 2017 was \$1,042,000 (\$0.006 per share) compared to \$1,024,000 (\$0.005 per share) for the same quarter last year. For the year ended December 31, 2017, the Company reported a loss of \$3,939,000, (\$0.02 per share), compared to a loss of \$10,149,000 (\$0.05 per share), for the year ended December 31, 2016.

The Company concluded the 2017 year with cash of \$1,449,000 compared to \$5,080,000 cash on hand as of December 31, 2016.

The total number of common shares outstanding for the Company was 207,459,022 as at December 31, 2017.

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 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.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	December 31 2017 \$	December 31 2016 \$
Assets		
Current assets		
Cash	1,449	5,080
Trade and other receivables	881	642
Inventories	191	244
Prepayments and other assets	73	166
	2,594	6,132
Non-current assets		
Property and equipment	570	634
Intangible asset	309	334
Total assets	3,473	7,100
Liabilities		
Current liabilities		
Trade and other payables	612	1,112
Deferred revenue	26	166
Total liabilities	638	1,278
Equity		
Share capital	63,225	63,084
Contributed surplus	7,849	7,849
Share-based compensation	4,914	4,103
Warrants	132	132
Deficit	(73,285)	(69,346)
Total equity	2,835	5,822
Total liabilities and equity	3,473	7,100

Spectral Medical Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2017 and 2016

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

	2017 \$	2016 \$
Revenue	3,806	3,545
Expenses		
Changes in inventories of finished goods and work-in-process	232	233
Inventory write-down	25	135
Raw materials and consumables used	245	473
Employee benefits	3,534	3,660
Consulting and professional fees	1,829	6,708
Product development	238	67
Regulatory and investor relations	479	866
Travel and entertainment	280	770
Depreciation and amortization	222	224
Foreign exchange loss	67	74
Other expenses	594	552
	7,745	13,762
Operating loss	(3,939)	(10,217)
Finance income	-	68
Loss and comprehensive loss for the year	(3,939)	(10,149)
Basic and diluted loss per common share	(0.02)	(0.05)
Weighted average number of common shares outstanding	207,329,193	204,679,282

Spectral Medical Inc.

Consolidated Statements of Changes in Equity
For the years ended December 31, 2017 and 2016

(in thousands of Canadian dollars)

	Issued capital		Contributed surplus	Share-based compensation	Warrants	Deficit	Total equity
	Number	\$	\$	n	\$	\$	\$
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)	-	200
Loss and comprehensive loss for the year	-	-	-	-	-	(10,149)	(10,149)
Share-based compensation	-	-	-	580	-	-	580
Balance, December 31, 2016	207,165,587	63,084	7,849	4,103	132	(69,346)	5,822
Share options exercised	293,435	141	-	(57)	-	-	84
Loss and comprehensive loss for the year	-	-	-	-	-	(3,939)	(3,939)
Share-based compensation	-	-	-	868	-	-	868
Balance, December 31, 2017	207,459,022	63,225	7,849	4,914	132	(73,285)	2,835

Spectral Medical Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(in thousands of Canadian dollars)

	2017	2016
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Loss and comprehensive loss for the year	(3,939)	(10,149)
Adjustments for:		
Depreciation on property and equipment	197	199
Amortization of intangible asset	25	25
Share-based compensation	868	580
(Gain) loss on disposal of property and equipment	(13)	6
Changes in items of working capital :		
Trade and other receivables	(239)	(12)
Inventories	53	(1)
Prepayments and other assets	93	(25)
Trade and other payables	(500)	(1,738)
Deferred revenue	(140)	(10)
Net cash used in operating activities	(3,595)	(11,125)
Investing activities		
Property and equipment expenditures	(135)	(122)
Proceeds on disposal of property and equipment	15	-
Net cash used in investing activities	(120)	(122)
Financing activities		
Bought deal prospectus offering	-	9,399
Share options exercised	84	279
Broker warrants exercised	-	280
Net cash provided by financing activities	84	9,958
Decrease increase in cash	(3,631)	(1,289)
Cash, beginning of year	5,080	6,369
Cash, end of year	1,449	5,080