MATERIAL CHANGE REPORT

PURSUANT TO

Section 85(1) of the *Securities Act* (British Columbia)
Section 146(1) of the *Securities Act* (Alberta)
Section 84(1) of *The Securities Act, 1988* (Saskatchewan)
Section 75(2) of the *Securities Act* (Ontario)
Section 81(2) of the *Securities Act* (Nova Scotia)
Section 112 of the *Securities Act* (Manitoba)
Section 76(2) of *The Securities Act, 1990* (Newfoundland and Labrador)

1. **REPORTING ISSUER**

Spectral Diagnostics Inc. ("**Spectral**")

2. **DATE OF MATERIAL CHANGE**

March 31, 2003.

3. **PRESS RELEASE**

A press release disclosing the material change was issued by Spectral on March 31, 2003. A copy of the press release is attached hereto as Appendix "A".

4. **SUMMARY OF MATERIAL CHANGE**

On March 31, 2003 Spectral announced that the U.S. Food and Drug Administration has determined that Spectral's Endotoxin Activity Assay qualifies for market clearance through the "de novo" classification process. Following a comprehensive review of Spectral's Pre-market Notification (510(k)) submission, the FDA concluded that Spectral's Endotoxin Activity Assay can be safe and effective in identifying patients at risk for developing severe sepsis on admission to the Intensive Care Unit (ICU).

5. **FULL DESCRIPTION OF MATERIAL CHANGE**

Please see the press release attached hereto as Appendix "A".

6. **RELIANCE ON CONFIDENTIALITY SECTION OF THE ACT**

Not applicable.

7. **OMITTED INFORMATION**

Not applicable.

8. **STATEMENT OF SENIOR OFFICER**

Further information regarding the matters described in this report may be obtained from Dr. Paul M. Walker, Chief Executive Officer of Spectral, who is knowledgeable about the details of the material change and may be contacted at (416) 626-3233.

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 10th day of April, 2003.

SPECTRAL DIAGNOSTICS INC.

By: (Signed) "Paul M. Walker"
Dr. Paul M. Walker
Chief Executive Officer

Appendix "A"
Press Release

March 31, 2003

CONTACT:

At: Spectral Diagnostics Inc.
Dr. Paul Walker
Chief Executive Officer
416-626-3233

SEDAR
Filer Profile Number: 00002006

SPECTRAL'S ENDOTOXIN ACTIVITY ASSAY QUALIFIES FOR MARKET CLEARANCE UNDER FDA "DE NOVO" CLASSIFICATION PROCESS

TORONTO, ON – March 31, 2003 - Spectral Diagnostics Inc. (TSX: SDI) today reports that the U.S. Food and Drug Administration (U.S. FDA) has determined that Spectral's Endotoxin Activity Assay (EAA) qualifies for market clearance through the "de novo" classification process. Following a comprehensive review of Spectral's Pre-market Notification (510(k)) submission, the FDA concluded that Spectral's Endotoxin Activity Assay can be safe and effective in identifying patients at risk for developing severe sepsis on admission to the Intensive Care Unit (ICU). The "de novo" process is a relatively new provision of the U.S. Food, Drug and Cosmetic Act that allows new, unique, and low-risk medical devices to be evaluated under 510(k) procedures.

Sepsis remains a serious and growing health risk for patients admitted to the ICU and a significant financial burden on the healthcare system. There are more than 5 million patients admitted to ICUs in North America and Europe, and estimates suggest that over $20 billion is spent annually in North America alone in treating critically ill patients. Sepsis is caused by an overwhelming response by the body to infection, trauma, cancer, or major surgery. There are well over 250,000 deaths annually from sepsis in North America, as many as occur due to acute heart attacks. Prior to Spectral's assay, a major challenge has been to determine which patients were at risk so that interventions could be initiated as early as possible and outcomes improved.

Dr. Paul Walker, President and CEO of Spectral, states, "We are very pleased with this decision by the FDA as we move forward in the commercialization of our novel assay, to address this very large unmet medical need. Spectral's Endotoxin Activity Assay will be the first FDA cleared method to measure endotoxin in patients. Since the results of this assay are available within one hour, it will assist clinicians in the management of critical care patients at risk for developing sepsis. "

Dr. John Marshall, Professor of Surgery, University of Toronto, and Director of Research for Critical Care, University Health Network, explains, "This promises to be an important advance in the management of patients with sepsis as it marks the first time that we will be able to rapidly and reliably detect one of the most important triggers of the disease."

Spectral is a developer of innovative technologies for comprehensive disease management. Spectral provides accurate and timely information to clinicians enabling the early initiation of appropriate and targeted therapy. Current products are rapid format tests measuring markers of myocardial infarction (Cardiac STATus™ test). New products include rapid diagnostics for sepsis (the Endotoxin Activity Assay). The EAA and Cardiac STATus™ products are manufactured by Spectral Diagnostics.

This press release contains certain forward-looking statements and information based on beliefs of the Company's senior management as well as assumptions made by, and information currently available to it. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks and uncertainties. Actual results, events and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

- 30 -