MATERIAL CHANGE REPORT
PURSUANT TO

Section 85(1) of the *Securities Act* (British Columbia)
Section 146(1) of the *Securities Act* (Alberta)
Section 75(2) of the *Securities Act* (Ontario)
Section 73 of the *Securities Act* (Québec)

1. REPORTING ISSUER

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

2. DATE OF MATERIAL CHANGE

August 18, 2003

3. PRESS RELEASE

A press release disclosing the material change was issued by the Corporation on August 18, 2003. A copy of the press release is attached hereto as Appendix "A".

4. SUMMARY OF MATERIAL CHANGE

The Corporation announced that it has completed a private placement of 2,300,000 units priced at $2.55 for total gross proceeds of $5,865,000. Each unit consists of one common share in the capital of the Corporation and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to acquire one common share in the capital of the Corporation at a price of $3.25 per share until close of business on February 19, 2005. The private placement was made on a best efforts basis by Loewen, Ondaatje, McCutcheon Limited and Griffiths McBurney & Partners (the "**Agents**"). In consideration for their services, the Agents received a cash commission of $410,550 (7% of the gross proceeds of the offering) and compensation options entitling them to purchase 161,000 common shares in the capital of the Corporation at a price of $2.55 per share until the close of business on August 18, 2005. The aggregate number of common shares in the capital of the Corporation issued or issuable in connection with the offering is 3,611,000. All of the securities issued in connection with the private placement are subject to a four-month hold period under applicable securities laws.

5. FULL DESCRIPTION OF MATERIAL CHANGE

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

6. RELIANCE ON CONFIDENTIALITY SECTION OF THE ACT

This filing is not being made on a confidential basis.

7. OMITTED INFORMATION

None.

8. STATEMENT OF SENIOR OFFICER

Further information regarding the matters described in this report may be obtained from Dr. Paul M. Walker, President and Chief Executive Officer of the Corporation, 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 18th day of August, 2003.

SPECTRAL DIAGNOSTICS INC.

By: "Paul M. Walker"

Name: Dr. Paul M. Walker

Title: President and Chief Executive Officer

APPENDIX "A"
PRESS RELEASE

(see attached)

News release via Canada NewsWire, Toronto 416-863-9350

Attention Business Editors:
Spectral Diagnostics closes $5.9 million private placement

TORONTO, Aug. 18 /CNW/ - Spectral Diagnostics Inc. (TSX: SDI) today, announces that it has completed its previously announced private placement of 2.3 million units at a price of $2.55 per unit for gross proceeds of $5,865,000. Each unit consists of one common share in the capital of the Corporation and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share in the capital of the Corporation, at a price of $3.25 per share, for a period of 18 months.

The private placement was made on a best efforts basis by Loewen, Ondaatje, McCutcheon Limited and Griffiths McBurney & Partners, and was fully subscribed. The Agents received, as a portion of their commission, compensation options entitling them to purchase an aggregate of 161,000 common shares, at a price of $2.55, for a period of 24 months.

The Corporation intends to use $1.2 million of the net proceeds of the offering to pay Elan Corporation, plc the balance of its consideration in connection with the previously announced termination of the joint venture with Elan and acquisition of the Endotoxin Activity Assay (EAA) marketing rights. The balance of the net proceeds will be used by the Corporation for the market launch of the Sepsis product line and for general corporate purposes.

"This funding accelerates Spectral's commercialization strategy for the EAA," stated Dr. Paul Walker, President and CEO of Spectral Diagnostics Inc. "The successful launch of this product line is an important milestone for Spectral as a leader in rapid diagnostic technologies."

After giving effect to the private placement, the Corporation has 16,872,030 common shares issued and outstanding (19,661,334 common shares, on a fully diluted basis.)

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(R) test). New products include rapid diagnostics for sepsis (the EAA). Spectral Diagnostics Inc. manufactures the EAA and Cardiac STATus(R) products. Spectral's common shares are listed on the Toronto Stock Exchange: SDI.

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/For further information: At: Spectral Diagnostics Inc., Dr. Paul M. Walker, Chief Executive Officer, (416) 626-3233/
(SDI.)

CO: Spectral Diagnostics Inc.

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