



SPECTRAL ANNOUNCES FOURTH QUARTER AND FISCAL 2016 RESULTS

TORONTO, Canada – March 30, 2017 – 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, 2016.

Financial Review

Revenue for the three months ended December 31, 2016 was \$806,000 compared to \$715,000 for the same three month period last year. Revenue for the year ended December 31, 2016 was \$3,545,000 compared to \$3,089,000 for the prior year, representing an increase of \$456,000, or 15%.

For the quarter ended December 31, 2016, the Company reported operating costs of \$1,842,000 compared to \$3,039,000 for the corresponding period in 2015. Operating costs for the year ended December 31, 2016 amounted to \$13,762,000 compared to \$12,696,000 in 2015. Most of the Company's expenses are incurred in its Phase III clinical trial and will 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, 2016 was \$1,024,000 (\$0.005 per share) compared to \$2,400,000 (\$0.01 per share) for the same quarter last year. For the year ended December 31, 2016, the Company reported a loss of \$10,149,000, (\$0.05 per share), compared to a loss of \$9,524,000 (\$0.05 per share), for the year ended December 31, 2015.

The Company concluded the 2016 year with cash and cash equivalents of \$5,080,000 compared to \$6,369,000 cash and cash equivalents on hand as of December 31, 2015.

The total number of shares outstanding for the Company was 207,165,587 as at December 31, 2016.

Business Update

Subsequent to year end, the Company received approval of the third module of its rolling premarket approval (PMA) submission from the United States Food and Drug Administration (FDA) for Toraymyxin[®]. The third PMA module details the device description, principles of operation and all manufacturing processes, including risk management and quality system integration.

Spectral remains on track to file the fourth and final module of its PMA submission with the FDA, containing clinical data, early in the second quarter of 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 2016 \$	December 31 2015 \$
Assets		
Current assets		
Cash	5,080	6,369
Trade and other receivables	642	630
Inventories	244	243
Prepayments and other assets	166	141
	6,132	7,383
Non-current assets		
Property and equipment	634	717
Intangible asset	334	359
	968	1,076
Total assets	7,100	8,459
Liabilities		
Current liabilities		
Trade and other payables	1,112	2,850
Deferred revenue	166	176
Total liabilities	1,278	3,026
Equity		
Share capital	63,084	53,058
Contributed surplus	7,849	7,849
Share-based compensation	4,103	3,723
Warrants	132	-
Deficit	(69,346)	(59,197)
Total equity	5,822	5,433
Total liabilities and equity	7,100	8,459

Spectral Medical Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2016 and 2015

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

	2016 \$	2015 \$
Revenue	3,545	3,089
Expenses		
Changes in inventories of finished goods and work-in-process	233	199
Inventory write-down	135	-
Raw materials and consumables used	473	469
Employee benefits	3,660	3,546
Consulting and professional fees	6,708	6,114
Product development	67	16
Regulatory and investor relations	866	676
Travel and entertainment	770	976
Depreciation and amortization	224	172
Foreign exchange loss (gain)	74	(12)
Other expenses	552	540
	13,762	12,696
Operating loss	(10,217)	(9,607)
Finance income	68	83
Loss and comprehensive loss for the year	(10,149)	(9,524)
Basic and diluted loss per common share	(0.05)	(0.05)
Weighted average number of common shares outstanding	204,679,282	188,064,621

Spectral Medical Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

(in thousands of Canadian dollars)

	Issued capital Number	\$	Contributed surplus \$	Share-based compensation \$	Warrants \$	Deficit \$	Total equity \$
Balance, January 1, 2015	179,737,241	46,879	7,849	3,542	-	(49,450)	8,820
Private placement	11,049,464	6,021	-	-	-	-	6,021
Shares repurchased under NCIB	(480,000)	(132)	-	-	-	(223)	(355)
Share options exercised	464,700	290	-	(124)	-	-	166
Loss and comprehensive loss for the year	-	-	-	-	-	(9,524)	(9,524)
Share-based compensation	-	-	-	305	-	-	305
Balance, December 31, 2015	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 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

Spectral Medical Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2016 and 2015

(in thousands of Canadian dollars)

	2016 \$	2015 \$
Cash flow provided by (used in)		
Operating activities		
Loss and comprehensive loss for the year	(10,149)	(9,524)
Adjustments for:		
Depreciation on property and equipment	199	147
Amortization of intangible asset	25	25
Share-based compensation	580	305
Loss on disposal of property and equipment	6	7
Changes in items of working capital :		
Trade and other receivables	(12)	(47)
Inventories	(1)	(77)
Prepayments and other assets	(25)	44
Trade and other payables	(1,738)	(43)
Deferred revenue	(10)	27
Net cash used in operating activities	(11,125)	(9,136)
Investing activities		
Property and equipment expenditures	(122)	(403)
Proceeds on disposal of property and equipment	-	22
Net cash used in investing activities	(122)	(381)
Financing activities		
Bought deal prospectus offering	9,399	-
Private placement	-	6,021
Share options exercised	279	166
Broker warrants exercised	280	-
Shares repurchased under NCIB	-	(355)
Net cash provided by financing activities	9,958	5,832
Decrease increase in cash	(1,289)	(3,685)
Cash, beginning of year	6,369	10,054
Cash, end of year	5,080	6,369