DISTRIBUTOR:	Spectral Diagnostics Inc.
SPECTRAL CONTACT	Anthony Businskas
TORAY CONTACT	Akihiro Shimomura
EFFECTIVE DATE:	November 10, 2010

EXCLUSIVE DISTRIBUTION AGREEMENT

THIS EXCLUSIVE DISTRIBUTION AGREEMENT (together with any subsequent addendums, the "Agreement") is made as of the date written above (the "Effective Date") by and among: Toray Medical Co., Ltd., with a principal office at 8-1, Mihama 1-chome, Urayasu, Chiba 279-8555, Japan (the "SUPPLIER"); Toray Industries, Inc., with a principal office at 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo 103-8666, Japan, (the "MANUFACTURER"); and Spectral Diagnostics Inc. with a principal office at 135 The West Mall, Toronto, Ontario, Canada M96 1C2 (the "DISTRIBUTOR").

Background.

(A) The MANUFACTURER is in the business of manufacturing "Toraymyxin", a life saving blood purification device, and has the Canadian medical device license for "Toraymyxin", and the SUPPLIER is in the business of selling it. The MANUFACTURER and the SUPPLIER desire to launch "Toraymyxin" in Canada;

(B) The DISTRIBUTOR wishes to purchase "Toraymyxin" from the MANUFACTURER through the SUPPLIER and distribute "Toraymyxin" in Canada; and

(C) The MANUFACTURER, the SUPPLIER and the DISTRIBUTOR wish to enter into an exclusive distribution agreement for "Toraymyxin" in Canada.

Section 1 Defined Terms.

In this Agreement, unless the context otherwise requires:

(1) **"Fiscal Year"** means each fiscal year which begins on April 1 and ends on March 31.

(2) **"Individual Purchase Order"** has the meaning set out in Section 4(1).

(3) **"Net Sales""** has the meaning set out in Schedule "A" hereto.

(4) **"Preliminary Marketing Activities"** has the meaning set out in Section 3(1)(a) hereto.

(5) **"PRODUCT"** means the Toraymyxin product as described in Schedule "B" hereto.

(6) **"Sub-Distributors"** has the meaning set out in Section 2(2).

(7) **"TERM"** has the meaning set out in Section 2(3).

(8) **"TERRITORY"** means Canada as it exists as of the date of this Agreement.

Section 2 Appointment and Term.

(1) **Appointment of Distributor.** Upon and subject to the terms and conditions of this Agreement, the SUPPLIER hereby appoints the DISTRIBUTOR as the exclusive distributor for the PRODUCT in the TERRITORY while this Agreement remains in effect and the DISTRIBUTOR hereby accepts. For greater certainty, the DISTRIBUTOR shall have the exclusive right to sell the PRODUCT prior to the date of expiration or termination of this Agreement.

(2) **Sub-Distribution.** The DISTRIBUTOR shall have the right, in the DISTRIBUTOR's sole discretion, to use sub-distributors to distribute the PRODUCT in the TERRITORY ("Sub-Distributors") if it deems necessary, and shall supply a list of Sub-Distributors to the SUPPLIER without request. In this case, the DISTRIBUTOR shall require Sub-Distributors to be bound by the terms and conditions of this Agreement and the DISTRIBUTOR shall be responsible for any breach of this Agreement by Sub-Distributors.

(3) **Term and Renewal.** This Agreement shall enter into force after signing of the parties and, unless earlier terminated, shall terminate on March 31, 2021 (the "TERM"). Upon expiry, this Agreement shall be automatically renewed on a year to year basis unless either party gives the other party a written notice not to renew this Agreement at least six (6) months prior to the expiration date of the original term or the extended term of this Agreement.

Section 3 Obligations of the Parties.

(1) **The DISTRIBUTOR's Promotional Efforts.** During the TERM of this Agreement, the DISTRIBUTOR shall make commercially reasonable efforts to promote and advertise the PRODUCT in the TERRITORY. The DISTRIBUTOR's promotional obligations include the following:

(a) Planning and conducting preliminary market research and other activities to raise awareness of the PRODUCT with potential customers in the TERRITORY (the "Preliminary Marketing Activities"). The DISTRIBUTOR and the SUPPLIER agree that the plan for the Preliminary Marketing Activities shall be developed by the DISTRIBUTOR and discussed with the MANUFACTURER and the SUPPLIER. The DISTRIBUTOR shall not implement the plan for the Preliminary Marketing Activities before informing the MANUFACTURER and the SUPPLIER.

(2) **The DISTRIBUTOR's Sales Efforts.** Beginning the Effective Date, the DISTRIBUTOR shall make commercially reasonable efforts to maximize sales of the PRODUCT in the TERRITORY. The parties acknowledge that Spectral's commercially reasonable sales efforts between the Effective Date and April 1, 2012 will be limited to the Preliminary Marketing Activities to establish pricing and create

market awareness of the PRODUCT. The DISTRIBUTOR's sales obligations include the following:

(a) maintaining reasonable inventory levels, after April 1, 2012;

(b) devoting sufficient financial resources and qualified technical personnel;

(c) advertising and promoting the PRODUCT; and

(d) making regular and sufficient contact with present and future customers of the DISTRIBUTOR in the TERRITORY.

(3) **Samples.** The MANUFACTURER and the SUPPLIER agree to provide free samples of the PRODUCT to be used for the activities described in (1) and (2) above. The number of free samples shall be discussed and agreed between the DISTRIBUTOR and the SUPPLIER.

(4) **Reports.**

(a) Beginning after the end of January 2011, the DISTRIBUTOR shall furnish the SUPPLIER with monthly activity reports in the form attached hereto as SCHEDULE C"1" with respect to the PRODUCT in the TERRITORY. Such reports are due within seven (7) days after the end of each month.

(b) Beginning after the end of April 2012, in addition to the monthly activity reports, the DISTRIBUTOR shall furnish the SUPPLIER with monthly sales reports in the form attached hereto as SCHEDULE C"2". Such reports are due within twenty (20) days after the end of each month.

(5) **Sales/Product Manager.** The DISTRIBUTOR will designate a senior staff member, reasonably acceptable to the SUPPLIER, to act as Sales/Product Manager for the PRODUCT during the term of this Agreement and shall be responsible for the selection and training of such individual.

(6) **Non-Competition.** To the extent such restriction is permitted by applicable law in the TERRITORY, during the term of this Agreement and renewals or extensions thereof and for one (1) year thereafter, the DISTRIBUTOR will not enter into, or be party to, either directly or indirectly, any agreement to, or offer for sale or assist in the marketing of any product or device in the TERRITORY that is competitive with the PRODUCT as it exists at the date of termination of this Agreement. The DISTRIBUTOR represents and warrants that it is not currently offering products for sale that are competitive with the PRODUCT.

(7) **Governmental Approval.**

(a) The DISTRIBUTOR shall, at its own expense, investigate and obtain any required establishment license, permit or consent required to allow the DISTRIBUTOR to sell the PRODUCT throughout the TERRITORY. The

SUPPLIER and/or the MANUFACTURER shall use commercially reasonable efforts to assist the DISTRIBUTOR in obtaining such establishment license, and any other government approvals required to sell the PRODUCT throughout the TERRITORY.

(b) The MANUFACTURER shall maintain in good standing the Canadian medical device license for the PRODUCT and the MANUFACTURER and/or the SUPPLIER shall maintain in good standing any other required licenses, certificates, registrations or approvals for the PRODUCT within the TERRITORY upon request by the DISTRIBUTOR.

(c) The MANUFACTURER and/or the SUPPLIER shall register the DISTRIBUTOR with Health Canada as the exclusive distributor of the PRODUCT in the TERRITORY for the period hereunder.

(8) Regulatory Compliance.

(a) The MANUFACTURER and the SUPPLIER shall comply with all applicable provisions of Canadian law, including the *Medical Devices Regulations*, with respect to the safety and effectiveness of the PRODUCT, and the manufacture, packaging, labelling and distribution record-keeping in respect of the PRODUCT. The MANUFACTURER shall ensure that the PRODUCT has a valid Canadian medical device license.

(b) the MANUFACTURER, the SUPPLIER and the DISTRIBUTOR shall enter into a further agreement to govern their respective duties in respect of regulatory compliance matters, including, but not limited to, mandatory problem reporting.

(9) Notification of Changes. Neither the MANUFACTURER nor the SUPPLIER will make any change to a PRODUCT that could reasonably be expected to affect the safety or effectiveness of the PRODUCT without providing the DISTRIBUTOR with ninety (90) days prior written notice, and without the MANUFACTURER applying for and receiving an amended medical device license. If approval for the amended medical device license is not granted, the SUPPLIER shall continue to provide the original PRODUCT that complies with this Agreement.

(10) Promotional Copy. The SUPPLIER shall co-operate with the DISTRIBUTOR in preparing sales literature and customer instruction manuals relating to the PRODUCT and furnish to the DISTRIBUTOR, upon written request, reasonable amounts of information and materials in the English language required to support the DISTRIBUTOR's preparation of such literature and manuals, and suitable copy in the English language and photographs for use by the DISTRIBUTOR in advertising and cataloguing. The DISTRIBUTOR shall be responsible for all translation and printing expenses and shall provide the SUPPLIER, without charge, with two (2) copies of all such sales literature and customer instruction manuals upon their completion.

Section 4 Terms of Sale.

(1) **Forecast and Individual Purchase Orders.** The DISTRIBUTOR shall provide the SUPPLIER with the ordering forecast for the next Fiscal Year at least two (2) months prior to the beginning of such Fiscal Year. The DISTRIBUTOR shall update and provide the SUPPLIER with such forecasts quarterly. The final forecast shall be agreed by the DISTRIBUTOR, the SUPPLIER and the MANUFACTURER. Each individual purchase order submitted by the DISTRIBUTOR to the SUPPLIER for the purchase of PRODUCT (each, an "Individual Purchase Order") shall strictly conform with the terms and conditions stated herein, unless an amendment is expressly agreed to by the parties, pursuant to a written amendment (signed by each party) in an Individual Purchase Order. If there is any conflict between the terms and conditions set forth in any Individual Purchase Order and the terms and conditions set forth in this Agreement, the terms and conditions set forth in this Agreement shall take precedence. The DISTRIBUTOR shall submit in writing its orders for the PRODUCT to the SUPPLIER not less than sixty (60) days in advance of any requested shipping date. The DISTRIBUTOR may not cancel or modify its order or any part thereof without the SUPPLIER's prior written consent.

(2) Provided that a requested order would not result in sales to the DISTRIBUTOR that are in excess of the annual ordering forecast provided for the relevant Fiscal Year, then upon receipt of each Individual Purchase Order, the SUPPLIER shall accept the order and make shipment accordingly. In the event that a requested order cannot be accepted as received, the SUPPLIER shall make commercially reasonable efforts to supply as much of the PRODUCT as possible. The SUPPLIER shall advise the DISTRIBUTOR of the quantity of available PRODUCT, as well as the approximate date of supply for additional PRODUCT, and the DISTRIBUTOR shall have the right to revise the submitted purchase order to accept such revised amounts of the PRODUCT.

(3) **Delivery and Inspection.** Accepted orders of the PRODUCT shall be delivered FOB Japan, as defined in Incoterms 2000. The DISTRIBUTOR shall inspect the PRODUCT as to quality, quantity and appearance within ten (10) days after the receipt of the PRODUCT, and if the DISTRIBUTOR finds any defect or non-conformity, the DISTRIBUTOR shall advise the SUPPLIER of such defect or non-conformity, and advise the SUPPLIER of the reasons for the rejection of the PRODUCT. Defects and non-conformities will be dealt with in accordance with the warranty provisions of Section 4(7) below. The DISTRIBUTOR may accept part of a shipment without prejudice to its right to reject unordered, defective or non-conforming goods in such shipment.

(4) **Pricing.** During the TERM, the DISTRIBUTOR will purchase the PRODUCT from the SUPPLIER at the prices specified in Schedule "A" hereto. The minimum floor on the unit price of the PRODUCT set out in Schedule "A" may be reviewed and revised upon mutual agreement of the SUPPLIER and the DISTRIBUTOR in the event of an adverse change of business circumstance for either the MANUFACTURER, the SUPPLIER or the DISTRIBUTOR, including but not limited

to: a significant increase in sales of products competitive with the PRODUCT in the TERRITORY; a material change in the economics of production of the PRODUCT; a sustained change of longer than ninety (90) days in the exchange rate between the U.S. dollar and the Japanese yen of more than twenty (20) percent from the average exchange rate for the thirty (30) days prior to the date of this Agreement; or any other factor that may materially affect the commercial viability of any business associated with the manufacture, distribution and sale of the PRODUCT in the TERRITORY. For the purpose of this Section 4(4), the exchange rate shall mean the telegraphic transfer selling rate of the Bank of Tokyo-Mitsubishi UFJ, Ltd.

(5) **Terms of Payment.** Unless otherwise agreed in writing by the SUPPLIER, or in the event that all or part of a shipment of PRODUCT is not accepted pursuant to the terms of Section 4(3) above, all payments shall be made within thirty (30) days of the date of invoice, which shall be issued to DISTRIBUTOR on the date that the PRODUCT is shipped from Japan (i.e. bill of lading date), The DISTRIBUTOR agrees to pay, by telegraphic transfer remittance to the bank account designated by the SUPPLIER, a late payment charge of up to 1½% per month (18% per year) on all amounts not paid in full by the due date. The bank charge for the payment shall be borne by the DISTRIBUTOR.

(6) **Minimum Purchase Requirement.** Beginning on April 1, 2012, the DISTRIBUTOR shall purchase from the SUPPLIER in each Fiscal Year not less than the minimum quantity of the PRODUCT as set forth in Schedule "A".

(7) **Warranty.**

(a) The MANUFACTURER warrants that each PRODUCT will be produced in accordance with the specifications set out in Schedule "B", and will be free from any defect in material or workmanship for the term ending on the expiration date of the sterility defined on the label of each PRODUCT (hereinafter referred to as "Warranty Period"). In the event that the DISTRIBUTOR finds a defect or non-conformity in any PRODUCT, the MANUFACTURER shall, at its sole discretion, either supply a replacement for such PRODUCT or alternatively refund the purchase cost of such PRODUCT, subject to the terms of Section 4(7)(b) and to Section 4(7)(d).

(b) Neither the MANUFACTURER nor the SUPPLIER shall be liable for the quality of PRODUCT:

(i) when the PRODUCT has been stored by the DISTRIBUTOR in improper conditions;

(ii) when the PRODUCT is used without following the instructions for use provided by the MANUFACTURER;

(iii) when the PRODUCT is used with improper or defective components;

(iv) when the label on the PRODUCT has been removed, defaced or altered; and/or

(v) when the PRODUCT is improperly repaired or reformed.

(c) No other warranty or condition, whether express or implied, other than the foregoing shall be applied to the PRODUCT sold to the DISTRIBUTOR, and the SUPPLIER and the MANUFACTURER hereby exclude to the extent permitted by law all implied warranties of merchantability and fitness for any particular purpose.

(d) Any warranty claims by the DISTRIBUTOR relating to the PRODUCT shall be made in writing within fifteen (15) days after the DISTRIBUTOR has discovered any defect, evident or latent, in the PRODUCT during Warranty Period. If the DISTRIBUTOR fails to notify and forward full details within such period of time, the DISTRIBUTOR shall be deemed to have waived its right to assert any warranty claim.

(e) Each of the parties hereto shall maintain comprehensive general liability insurance, product liability insurance as well as other types of insurance in type and amount considered to be reasonable and prudent given the types of risks involved in the manufacture and distribution of the PRODUCT. Each of the parties shall maintain such coverage with third party commercial insurance carrier(s), for the term of this Agreement, and for the length of period required to cover the maximum limitation period for product liability claims in the TERRITORY.

Section 5 Limitation of Liability – Exclusion of Certain Types of Damages

(1) NO PARTY SHALL BE RESPONSIBLE TO ANOTHER PARTY FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES OR LOSSES THAT SUCH PARTY MAY INCUR IN CONNECTION WITH A BREACH OF THIS AGREEMENT.

Section 6 Termination.

(1) **Immediate Termination.** Either party shall have the right to terminate this Agreement forthwith on written notice upon the happening of any of the following events:

(a) the other party dissolving, ceasing to do business, becoming insolvent or being unable to pay its debts generally as they become due;

(b) the other party making an assignment for the benefit of creditors;

(c) the institution by or against the other party of insolvency, receivership, or bankruptcy proceedings or other proceedings for settlement of debts, including appointment of a Receiver or Trustee of the other party, provided such appointment is not vacated within thirty (30) days from the date of such appointment;

(2) **Termination.**

(a) This Agreement may be terminated at any time by the either party, effective upon sixty (60) days' written notice, if the other party has breached a material term or condition of this Agreement (including, but not limited to, failure by the DISTRIBUTOR to pay any undisputed invoice for PRODUCT pursuant to the terms of this Agreement), and such breach is not cured within sixty (60) days of receipt of written notice of such breach.

(b) The SUPPLIER may terminate this Agreement in the event that there is a change of control of the DISTRIBUTOR from the party in control of the DISTRIBUTOR at the date of execution of this Agreement to a direct competitor in the Territory of the MANUFACTURER or the SUPPLIER in the manufacture or sale of extracorporeal blood purification medical devices that remove endotoxin. For this purpose, "control" shall mean the power (whether or not normally exercised), to direct the management and affairs of the DISTRIBUTOR, through the direct or indirect ownership of fifty percent (50%) of DISTRIBUTOR'S outstanding voting securities.

(3) **Obligations Following Termination.** Upon termination or expiration of this Agreement for any reason whatsoever, the DISTRIBUTOR shall:

(a) reconvey and release to the SUPPLIER all rights and privileges granted by this Agreement;

(b) return to the SUPPLIER or, upon agreement by the SUPPLIER, destroy all advertising, informational or technical materials provided to the DISTRIBUTOR by the SUPPLIER and/or the MANUFACTURER;

(c) cease holding itself out as a distributor of the PRODUCT in the TERRITORY;

(d) sell out the existing inventory of PRODUCT during a one hundred and twenty (120) day sell-out period following the date of termination of this Agreement, but such sell-out period is not available in the event of termination of this Agreement by the SUPPLIER for material uncured breach pursuant to Section 5(2);

(e) immediately pay all amounts owing by the DISTRIBUTOR to the SUPPLIER;

(f) if requested by the SUPPLIER, provide to the SUPPLIER a listing of customers who have purchased the PRODUCT in the last twelve (12) month period; and

(g) upon the request of the SUPPLIER, the DISTRIBUTOR shall furnish the SUPPLIER with market information, including but not limited to the name of customer hospitals and the prices applied to them, and inventory list of PRODUCT at the time of termination or expiration.

(4) **Ongoing Obligations.** Following the termination or expiration of this Agreement, the SUPPLIER shall:

(a) continue to honour the DISTRIBUTOR's orders for the PRODUCT that relate to contracts that were concluded by the DISTRIBUTOR prior to the date of expiration or termination of this Agreement; and

(b) fulfill all warranty obligations and diligently pursue all complaints relating to the PRODUCT made by the DISTRIBUTOR's customers following termination or expiration of this Agreement for any reason.

(5) **Transition Period.** Immediately upon the receipt by it or issuance by it of a notice of termination of this Agreement in whole or in part, the SUPPLIER shall be free to investigate alternative distributors and to negotiate replacement distribution agreements. The SUPPLIER and the DISTRIBUTOR agree that it is their mutual intention to use their respective best efforts to support customers who have purchased the PRODUCT through the DISTRIBUTOR.

Section 7 Confidentiality.

(1) Confidentiality.

The parties acknowledge and agree that pursuant to this Agreement valuable technical, marketing and other information of a confidential nature may be disclosed by either party to the other; that such information will be retained by the receiving party in confidence; that the transmittal of such information in written form to the receiving party is upon condition that the information is to be used solely for the purpose of carrying out the provisions of this Agreement; and that the receiving party shall not, either during the term of this Agreement or after its termination for a period of five (5) years from the date of disclosure, use for any purpose other than as required under this Agreement, publish or disclose or cause or permit anyone else to use, publish or disclose any such information supplied to it, whether purchased or provided free of charge, except as may be required by law or the by-laws of any recognized stock exchange. Notwithstanding anything in the foregoing, the above restrictions on disclosure and use shall not apply to any information which the receiving party can show by written evidence was known to it at the time of receipt thereof from the disclosing party, or which may subsequently become generally available to the public, or is lawfully obtained from sources other than the disclosing party who are not bound by a duty of confidentiality to the disclosing party. The DISTRIBUTOR covenants and agrees to obtain a similar covenant from any Sub-Distributors. The provisions of this Section 7 shall survive the termination or expiration of this Agreement and shall remain binding upon the parties for the period set forth above.

(2) Remedy.

The parties recognize and acknowledge that the party whose confidential information has been disclosed in breach of this Agreement would not have any adequate remedy at law for the breach of any or one or more of the covenants contained in this Section 7 and agree that in the event of such breach, the disclosing party may, in addition to the other remedies which may be available to it, obtain injunctive relief to enjoin the receiving party from the breach of any of the terms of this section.

Section 8 Force Majeure. In the event of an inability or failure by the MANUFACTURER or the SUPPLIER to manufacture, supply or ship the PRODUCT by reason of any fire, explosion, war, riot, strike, walkout, labour controversy, flood, shortage of water, power, labour, transportation facilities or necessary materials or supplies, default or failure of carriers, breakdown in or the loss of production or anticipated production from plant or equipment, act of God or public enemy, any law, act or Order of any Court, board, government or other authority of competent jurisdiction, or any other direct cause (whether or not of the same character as the foregoing) beyond the reasonable control of the MANUFACTURER or the SUPPLIER, then the MANUFACTURER or the SUPPLIER shall not be liable to the DISTRIBUTOR during the period and to the extent of such inability or failure. Deliveries omitted in whole or in part while such inability remains in effect shall be cancelled. In the event of an inability in the distribution process due to the same reasons, the DISTRIBUTOR shall not be liable the same way.

Section 9 Intellectual Property Rights.

Nothing contained in this Agreement shall be construed as a warranty or representation by the SUPPLIER or the MANUFACTURER as to the validity or scope of any patents, trademarks or other rights of the SUPPLIER or the MANUFACTURER, or as a requirement that the SUPPLIER or the MANUFACTURER shall file or maintain any patent applications relating to the PRODUCT. In the event that the SUPPLIER or the MANUFACTURER decides not to maintain any patent applications or issued patents in the TERRITORY, which are necessary to distribute the PRODUCT, such rights shall be assigned to the DISTRIBUTOR.

Section 10 Infringement of Patent Rights

The SUPPLIER represents that the import, sale, distribution or use of the PRODUCT in the TERRITORY, to the best knowledge of the SUPPLIER or the MANUFACTURER, does not constitute an infringement of any third party's patent rights. In case of any claim or an action brought by a third party regarding the infringement of patents, the DISTRIBUTOR shall immediately inform the SUPPLIER of such claims or any action, and the SUPPLIER and the DISTRIBUTOR shall negotiate to decide how to deal with them.

Section 11 Trademarks etc.

The DISTRIBUTOR agrees that it shall not have and shall not acquire any rights in respect of the SUPPLIER's or the MANUFACTURER's trademarks, trade names, firm names, brand names, designs, patents, patent applications, copyrights or other intellectual property under or in connection with this Agreement or any Individual Purchase Order. The DISTRIBUTOR specifically agrees and undertakes that it will not use, either directly or indirectly, any of such names and rights, unless expressly authorized in writing by the SUPPLIER or the MANUFACTURER or except as required pursuant to this Agreement.

Section 12 Arbitration

All disputes, controversies or differences arising out of or connected with this Agreement which cannot be settled amicably within sixty (60) days after such disputes, controversies or differences are alleged shall be submitted for final decision of a board of arbitration being established and proceeding in compliance with the Rules of Arbitration of the International Chamber of Commerce. Unless otherwise agreed upon in writing, said board of arbitration shall sit in the city of the defendant. The arbitration award shall be final and binding upon the parties hereto. Action for legal acceptance of the arbitration award or an order of enforcement, as the case may be, may be taken before any competent court.

Section 13 General

(1) **Entire Agreement.** This Agreement, including the Schedules hereto, supersedes any previous agreements and constitutes the entire agreement between the parties on the subject matter hereof. There are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties which modify or amend this Agreement. This Agreement may not be amended or modified in any respect except by written instrument signed by the parties hereto.

(2) **Waiver.** The failure at any time to require performance of any provision shall not affect the full right to require performance at any later time. The waiver of a breach of any provision shall not constitute a waiver of the provision or of any succeeding breach.

(3) **Extended Meanings.** In this Agreement, words importing the singular include the plural and vice versa, and words importing the masculine gender include the feminine and neuter genders.

(4) **Headings.** All article, section and subsection headings contained herein are included solely for convenience of reference and are not intended to be full or accurate descriptions of the contents thereof and shall not be considered as part of this Agreement.

(5) **Governing Law.** This Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by and construed in accordance with the laws of Ontario, and the federal laws of Canada applicable therein.

(6) **Time of the Essence.** Time shall be of the essence of this Agreement.

(7) **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

(8) **Notice.** Any notice or other communication required or permitted under this Agreement shall be in writing and may be delivered personally, sent by prepaid courier or by facsimile which is confirmed by prepaid ordinary mail or sent by prepaid registered or certified mail, addressed as follows:

If to the DISTRIBUTOR:

Spectral Diagnostics Inc.
135 The West Mall
Toronto, Ontario
CANADA M9C 1C2
Attention: Executive Vice-President and CFO

Facsimile: 1 (416) 626 2739

With a copy to:

Spectral Diagnostics Inc.
135-2 The West Mall
Toronto, Ontario
CANADA M9C 1C2
Attention: Chief Executive Officer

Facsimile: 1 (416) 626 2739

If to the SUPPLIER:

Toray Medical Co., Ltd.

8-1, Mihama 1-chome, Urayasu
Chiba 279-8555
JAPAN

Attention: Manager,
Export Section,
Critical Care Products Business Division

Facsimile: +81-47-700-7543

If to the MANUFACTURER:

Toray Industries, Inc.,
1-1, Nihonbashi-Muromachi 2-chome
Chuo-ku, Tokyo 103-8666
JAPAN

Attention: General Manager,
Medical Devices Department

Facsimile: +81-47-350-6649

or to such other address as the addressee may have specified by a notice given under this provision. Any such notice or other communication, if delivered personally or sent by facsimile in business hours, shall be deemed to have been given on the date of personal delivery or facsimile transmission (or the next business day, if not delivered or sent during business hours); if sent by prepaid courier, shall be deemed to have been given on the third business day next following the date of delivery to the courier; or, if sent by prepaid registered or certified mail, shall be deemed to have been given on the fifth business day next following the date of mailing. In the event of an actual or threatened interruption in postal services that may reasonably be expected to interfere with the delivery of notice hereunder, such notice shall be given by personal delivery or by facsimile and not sent by prepaid mail.

(9) **Character of Relationship.** Nothing contained in this Agreement shall constitute a party the agent or partner of the other or shall empower a party to bind the other.

(10) **Severability.** Any provision which is held by a court of competent jurisdiction to be illegal, invalid or unenforceable shall be severed and shall not affect the validity of the remaining provisions of this Agreement.

(11) **Assignment.** This Agreement may not be assigned by either party without prior written consent of the other party; provided, however, that the other party shall not unreasonably withhold its consent to the assignment of this Agreement.

(12) **Existing Obligations.** The parties represent and warrant that the terms of this Agreement do not violate any of their existing respective obligations or contracts or any of their respective affiliates. Each shall defend, indemnify and hold harmless the other from and against any and all claims, demands, actions or causes of actions which are hereafter made or brought against such party and which allege any such violation.

(13) **Counterparts.** For convenience of the parties hereto, this Agreement may be executed in one or more counterparts, each of which when taken together shall be deemed an original for all purposes, and may be executed by facsimile, in which event signed originals shall be provided to each party as soon as reasonably possible thereafter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first before written.

The DISTRIBUTOR:

SPECTRAL DIAGNOSTICS INC.

By [redacted]

Print Name: Dr. Paul Walker

Title: Chief Executive Officer

By [redacted]

Print Name: Anthony Businskas,

Title: Executive Vice President and CFO

The SUPPLIER:

Toray Medical Co., Ltd.

By [redacted] Nov. 17. 2010

Print Name: Mitsuru Yamamoto,

Title: Managing Director,

The MANUFACTURER:

Toray Industries, Inc.

By [redacted] November 17, 2010

Print Name: Koichiro Takeshita,

Title: Director, General Manager,

Medical Products Division

SCHEDULE "A"
Product and Pricing

1. The PRODUCT: Toraymyxin PMX-20R, Extracorporeal Hemoperfusion Cartridge

2. [redacted]

3.

4.

[redacted]

SCHEDULE "B"
Specification for the PRODUCT

[redacted]

[redacted]

SCHEDULE C"1"
Form of Monthly Activity Report (Section 3(4))

Monthly Activity Report

1.Topics.
2. Competitive situation with other companies.
2. Information on any Sub-Distributors to distribute Toraymyxin.
3. Changes in governmental and other relevant regulations, when applicable.

SCHEDULE C"2"
Form of Monthly Sales Report (Section 3(4))

Monthly Sales Report

(No.)	Hospital name	Address	Total Net Sales	Total Units	Average Price per Unit
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
Totals					