

MEDWELL CAPITAL CORP.

- and -

SPECTRAL DIAGNOSTICS INC.

ARRANGEMENT AGREEMENT

June 28, 2011

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION	1
Section 1.1 Definitions	1
Section 1.2 Interpretation Not Affected by Headings	5
Section 1.3 Including	5
Section 1.4 No Strict Construction.....	5
Section 1.5 Statutory References	5
Section 1.6 Time	6
Section 1.7 Number and Gender.....	6
Section 1.8 Date for Any Action.....	6
Section 1.9 Time References	6
Section 1.10 Currency	6
Section 1.11 Knowledge	6
Section 1.12 Schedules.....	6
ARTICLE 2 THE ARRANGEMENT.....	6
Section 2.1 Arrangement.....	6
Section 2.2 Interim Order.....	7
Section 2.3 Recommendation of the Medwell Board; Medwell Meeting.....	7
Section 2.4 Recommendation of the Spectral Board; Spectral Meeting	8
Section 2.5 Circulars	9
Section 2.6 Final Order	10
Section 2.7 Court Proceedings.....	10
Section 2.8 Articles of Arrangement and Effective Date	11
Section 2.9 Payment of Consideration	11
Section 2.10 Communications	11
Section 2.11 Withholding Tax	11
ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF MEDWELL	12
Section 3.1 Organization	12
Section 3.2 Authority and Recommendation.....	12
Section 3.3 Execution.....	12
Section 3.4 No Violations	12
Section 3.5 Governmental Authorizations	13
ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SPECTRAL.....	13
Section 4.1 Organization	13
Section 4.2 Authority and Recommendation.....	13
Section 4.3 Execution.....	13
Section 4.4 No Violations	14
Section 4.5 Governmental Authorizations	14
ARTICLE 5 COVENANTS.....	14
Section 5.1 Conduct Prior to Effective Time	14
Section 5.2 Cooperation of the Parties	14

Section 5.3	Notice Provisions	15
Section 5.4	Filings and Authorizations	16
Section 5.5	Medwell Board Representation and Corporate Governance Rights.....	16
Section 5.6	Amendment to Master Services Agreement between the Parties	17
Section 5.7	Clinical Development Plan.....	17
ARTICLE 6 CONDITIONS.....		17
Section 6.1	Mutual Condition Precedents	17
Section 6.2	Additional Conditions Precedent to the Obligations of Medwell.....	18
Section 6.3	Additional Conditions Precedent to the Obligations of Spectral	18
Section 6.4	Notice and Cure Provisions.....	19
Section 6.5	Satisfaction of Conditions	19
ARTICLE 7 AMENDMENT AND TERMINATION		20
Section 7.1	Amendment	20
Section 7.2	Termination.....	20
ARTICLE 8 GENERAL PROVISIONS		21
Section 8.1	Expenses	21
Section 8.2	Notices	21
Section 8.3	Assignment	22
Section 8.4	Binding Effect	22
Section 8.5	Amendments	22
Section 8.6	Waiver.....	23
Section 8.7	Further Assurances.....	23
Section 8.8	Severability.....	23
Section 8.9	Entire Agreement.....	23
Section 8.10	Governing Laws and Jurisdiction.....	23
Section 8.11	Counterparts.....	24

THIS ARRANGEMENT AGREEMENT made the 28th day of June, 2011

B E T W E E N:

MEDWELL CAPITAL CORP., a corporation continued under the laws of Alberta (“**Medwell**”)

- and -

SPECTRAL DIAGNOSTICS INC., a corporation amalgamated under the laws of Ontario (“**Spectral**”)

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions

In this Agreement, unless the context otherwise requires:

“**affiliate**” means an affiliate for the purposes of NI 45-106;

“**Agreement**” or “**Arrangement Agreement**” means this arrangement agreement dated June 28, 2011, as it may be amended, supplemented, restated or otherwise modified from time to time in accordance with its terms;

“**Arrangement**” means an arrangement on the terms and subject to the conditions of the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 8.5 or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Spectral and Medwell, each acting reasonably;

“**Arrangement Resolution**” means the special resolution of the Medwell Shareholders approving the Plan of Arrangement, such resolution to be in form and content agreed by each of the Parties, each acting reasonably;

“**Articles of Arrangement**” means the articles of arrangement of Medwell in respect of the Arrangement which shall be in a form and content satisfactory to the Parties, each acting reasonably;

“**business day**” means any day of the week, other than a Saturday, a Sunday or a statutory or civic holiday observed in Toronto, Ontario or Edmonton, Alberta;

“**Circular**” means, the Medwell Circular or the Spectral Circular, as the context requires, and “**Circulars**” means both the Medwell Circular and the Spectral Circular;

“**Code**” means the United States Internal Revenue Code of 1986, as amended;

“**Confidentiality Agreement**” means the non-disclosure agreement between Spectral and Medwell dated as of August 27, 2009, as amended;

“**Court**” means the Court of Queen’s Bench of Alberta;

“**Development Plan**” has the meaning ascribed thereto in Section 5.7;

“**Effective Date**” means the date shown on the Certificate of Arrangement giving effect to the Plan of Arrangement;

“**Effective Time**” means 12:01 am (Edmonton time) / 2:01 am (Toronto time) on the Effective Date;

“**Escrow Agent**” means Computershare Trust Company of Canada;

“**Escrow Agreement**” means the escrow agreement to be entered into among the Escrow Agent, Medwell and Spectral, in form satisfactory to the Parties, acting reasonably, in connection with the transactions contemplated in Section 3.1 of the Plan of Arrangement;

“**Final Order**” means the final order of the Court in a form acceptable to the Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Parties, each acting reasonably);

“**Governmental Authority**” means: (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, commissioner, board, or authority of any of the foregoing; (c) any self-regulatory authority, including the TSX and the TSXV; or (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**Interim Order**” means the interim order of the Court in a form acceptable to Spectral and Medwell, acting reasonably, providing for, among other things, the calling and holding of the Medwell Meeting, as the same may be amended by the Court with the consent of the Parties, each acting reasonably;

“**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law, Orders, ordinances, judgments, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of or from any Governmental Authority, and the term

“**applicable**” with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

“**Medwell**” has the meaning ascribed thereto in the Preamble;

“**Medwell Board**” means the board of directors of Medwell;

“**Medwell Circular**” means the notice of the Medwell Meeting and the accompanying information circular, including all schedules, appendices and exhibits thereto, to be sent to the Medwell Shareholders in connection with the Medwell Meeting, as it may be amended, supplemented or otherwise modified;

“**Medwell Fairness Opinion**” means an opinion from an advisor to Medwell qualified under applicable Laws to provide the same, to the effect that the consideration to be received for the Transaction is fair, from a financial point of view, to the Medwell Shareholders;

“**Medwell Meeting**” means the special meeting of Medwell Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

“**Medwell Share Subscription**” means the subscription by Medwell for Spectral Shares pursuant to Section 3.1(c) of the Plan of Arrangement;

“**Medwell Shares**” means the voting Class “A” Shares in the capital of Medwell;

“**Medwell Shareholders**” means the holders of Medwell Shares;

“**Meeting**” means the Medwell Meeting or the Spectral Meeting, as the context requires, and “**Meetings**” means both the Medwell Meeting and the Spectral Meeting;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions*;

“**Ministry**” means the Alberta Registrar of Corporations;

“**Misrepresentation**” has the meaning ascribed thereto in the Securities Act;

“**NI 45-106**” means National Instrument 45-106 - *Prospectus and Registration Exemptions*;

“**Order**” means any order, judgment, injunction, award, decree or writ of any Governmental Authority;

“**Outside Date**” has the meaning ascribed thereto in Section 7.2(b);

“**Parties**” means Medwell and Spectral; and “**Party**” means any one of them;

“**Person**” includes any individual, sole proprietorship, partnership, firm, joint venture, limited partnership, limited liability company, unlimited liability company,

unincorporated association, unincorporated syndicate, unincorporated organization, trust, body, corporation, or Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representatives or any other entity, whether or not having legal status;

“Plan of Arrangement” means the plan of arrangement, substantially in the form of Schedule A, and any amendments or variations thereto made in accordance with Section 8.5 hereof or Article 5 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Parties, each acting reasonably;

“Regulatory Approvals” means all approvals required from any Governmental Authority, as applicable;

“Securities Act” means the *Securities Act* (Ontario), R.S.O. 1990, c. S-5;

“Securities Laws” means collectively the Securities Act and all other applicable provincial securities laws, rules and regulations thereunder in Canada;

“Securities Regulatory Authorities” means, collectively, the provincial and territorial securities regulatory authority in the provinces and territories of Canada in which Medwell or Spectral, as applicable, is a reporting issuer (or the equivalent), and the TSX and the TSXV, as applicable;

“SEDAR” has the meaning ascribed thereto in National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval*;

“Shareholders” means, the Medwell Shareholders or the Spectral Shareholders, or both the Medwell Shareholders and the Spectral Shareholders, as the context requires;

“Spectral” has the meaning ascribed thereto in the Preamble;

“Spectral Board” means the board of directors of Spectral;

“Spectral Circular” means the notice of the Spectral Meeting and the accompanying information circular, including all schedules, appendices and exhibits thereto, to be sent to the Spectral Shareholders in connection with the Spectral Meeting, as it may be amended, supplemented or otherwise modified;

“Spectral Shares” means the common shares in the capital of Spectral;

“Spectral Shareholders” means the holders of Spectral Shares;

“Spectral Valuation and Fairness Opinion” means the valuation of the Spectral Shares, and the fairness opinion to the effect the Medwell Share Subscription is fair, from a financial point of view, to Spectral, in each case from an advisor to Spectral qualified under applicable Laws to provide the same;

“Spectral Meeting” means the special meeting of Spectral Shareholders, including any adjournment or postponement thereof, to be called and held to consider, among other things, the Spectral Resolution;

“**Spectral Resolution**” means the special resolution of the Spectral Shareholders approving the Medwell Share Subscription, such resolution to be in form and content agreed by each of the Parties, each acting reasonably;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Taxes**” includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, all license, franchise and registration fees and all employment insurance, health insurance and other government pension plan premiums or contributions;

“**Transaction**” means, collectively the transactions described in Article 3 of the Plan of Arrangement;

“**TSX**” means the Toronto Stock Exchange; and

“**TSXV**” means the TSX Venture Exchange.

Section 1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, Paragraphs, Clauses and Schedules and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, Paragraph, Clause or Schedule by number or letter or both refer to the Article, Section, Paragraph, Clause or Schedule, respectively, bearing that designation in this Agreement.

Section 1.3 Including

Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

Section 1.4 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

Section 1.5 Statutory References

A reference to a statute includes all rules and regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation or rule which amends, supplements or supersedes any such statute or any such regulation or rule.

Section 1.6 Time

Time is of the essence in the performance of the Parties' respective obligations.

Section 1.7 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

Section 1.8 Date for Any Action

Unless otherwise specified, time periods within or following which any payment is to be made or any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next business day following if the last day of the period is not a business day.

Section 1.9 Time References

In this Agreement, unless otherwise specified, any references to time are to local time, Toronto, Ontario.

Section 1.10 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

Section 1.11 Knowledge

Any reference to the knowledge of a Party shall mean, unless otherwise specified, to the best of the knowledge, information and belief of such Party's senior officers after making reasonable inquiries regarding the relevant matter.

Section 1.12 Schedules

The following Schedule is annexed to this Agreement and is incorporated by reference into this Agreement and forms part hereof:

Schedule "A" Plan of Arrangement

ARTICLE 2 THE ARRANGEMENT

Section 2.1 Arrangement

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

Section 2.2 Interim Order

Medwell agrees that, as soon as reasonably practicable after the date hereof but in any event in sufficient time to permit the Medwell Meeting to be convened in accordance with Section 2.3(b)(i), Medwell shall apply in a manner reasonably acceptable to Spectral and, in cooperation with Spectral, prepare, file and diligently pursue an application to the Court for, the Interim Order, which application shall provide, among other things:

- (a) for the persons to whom notice is to be provided in respect of the Arrangement and the Medwell Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite approval for the special resolution of Medwell Shareholders forming part of the Arrangement Resolution shall be two-thirds of the votes cast on such resolution by Medwell Shareholders present in person or represented by proxy at the Medwell Meeting;
- (c) that, in all other respects, the terms, restrictions and conditions of the articles and by-laws of Medwell, including quorum requirements and all other matters, shall apply in respect of the Medwell Meeting;
- (d) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (e) that the Medwell Meeting may be adjourned or postponed from time to time by Medwell without the need for additional approval of the Court.

Section 2.3 Recommendation of the Medwell Board; Medwell Meeting

- (a) Medwell hereby represents that:
 - (i) it has obtained the Medwell Fairness Opinion;
 - (ii) the Medwell Board (A) has approved this Agreement and the transactions contemplated hereby; (B) has, following consultation with its advisors, determined that the Transaction is fair to and in the best interest of Medwell and the Medwell Shareholders; and (C) has resolved to recommend that Medwell Shareholders vote for the Arrangement Resolution at the Medwell Meeting; and
 - (iii) the Medwell Board has been advised and believes that each of the directors and officers of Medwell intends to vote, or cause to be voted, all Medwell Shares of which he or she is the beneficial owner in favour of the Arrangement Resolution.
- (b) Subject to the terms of this Agreement:
 - (i) as promptly as reasonably practicable after the execution and delivery of this Agreement, Medwell shall announce a record date (which shall be on or before July 20, 2011) for notice and voting at the Medwell Meeting;

- (ii) Medwell shall convene and conduct the Medwell Meeting in accordance with the Interim Order and its constating documents as soon as reasonably possible, but not later than August 31, 2011, and not postpone, cancel or adjourn, or propose to postpone, cancel or adjourn, the Medwell Meeting, except solely:
 - (A) as required for quorum purposes or by Law; or
 - (B) for an adjournment for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution.
- (c) Medwell will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution.
- (d) Medwell will give notice to Spectral of the Medwell Meeting and allow Spectral's representatives and legal counsel to attend the Medwell Meeting.
- (e) Medwell will advise Spectral as Spectral may reasonably request as to the aggregate tally of the proxies received by Medwell in respect of the Arrangement Resolution.

Section 2.4 Recommendation of the Spectral Board; Spectral Meeting

- (a) Spectral hereby represents that:
 - (i) it has obtained the Spectral Valuation and Fairness Opinion;
 - (ii) the Spectral Board (A) has approved this Agreement and the transactions contemplated hereby; (B) has, following consultation with its advisors, determined that the Medwell Share Subscription is fair to and in the best interest of Spectral; and (C) has resolved to recommend that the Spectral Shareholders vote for the Spectral Resolution at the Spectral Meeting; and
 - (iii) the Spectral Board has been advised and believes that each of the directors and officers of Spectral intends to vote, or cause to be voted, all Spectral Shares of which he or she is the beneficial owner in favour of the Spectral Resolution.
- (b) Subject to the terms of this Agreement:
 - (i) as promptly as reasonably practicable after the execution and delivery of this Agreement, Spectral shall announce a record date (which shall be on or before July 20, 2011) for notice and voting at the Spectral Meeting;
 - (ii) Spectral shall convene and conduct the Spectral Meeting in accordance with its constating documents as soon as reasonably possible, but not later than August 31, 2011, and not postpone, cancel or adjourn, or propose to postpone, cancel or adjourn, the Spectral Meeting, except solely:

- (A) as required for quorum purposes or by Law; or
 - (B) for an adjournment for the purpose of attempting to obtain the requisite approval of the Spectral Resolution.
- (c) Spectral will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Spectral Resolution.
 - (d) Spectral will give notice to Medwell of the Spectral Meeting and allow Medwell's representatives and legal counsel to attend the Spectral Meeting.
 - (e) Spectral will advise Medwell as Medwell may reasonably request as to the aggregate tally of the proxies received by Spectral in respect of the Spectral Resolution.

Section 2.5 Circulars

- (a) Promptly after the execution of this Agreement, each Party shall prepare and complete, in consultation with the other Party, its Circular, together with any other documents required by Securities Laws and other applicable Laws in connection with its Meeting (and in case of Medwell, the Arrangement), and each Party shall cause its Circular and other documentation required in connection with its Meeting to be filed and to be sent to each of its Shareholders and other Persons, as required by applicable Laws (and in the case of Medwell, promptly after obtaining, and as required by, the Interim Order), to permit its Meeting to be held within the time required by Section 2.3(b) or Section 2.4(b), as applicable.
- (b) Each Party shall ensure that its Circular complies in all material respects with all applicable Laws, including the requirements of MI 61-101, as applicable, and, without limiting the generality of the foregoing, that its Circular (including with respect to any information incorporated therein by reference) will not contain any Misrepresentation (other than in each case with respect to any information furnished by the other Party) and shall provide its Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the applicable Meeting. The Medwell Circular shall include a copy of the Medwell Fairness Opinion and a recommendation by the Medwell Board that the Medwell Shareholders vote in favour of the Arrangement Resolution at the Medwell Meeting. The Spectral Circular shall include a copy of the Spectral Valuation and Fairness Opinion and a recommendation by the Spectral Board that the Spectral Shareholders vote in favour of the Spectral Resolution at the Spectral Meeting.
- (c) Each Party and its legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Circular of the other Party and other documents related thereto, and reasonable consideration shall be given to any comments made by such Party and its counsel to the Circular of the other Party and such documents, provided that all information relating solely to such Party included in its Circular shall be in form and content satisfactory to such Party, acting reasonably.

- (d) Each Party will furnish to the other Party all such information concerning such Party as may be reasonably required by the other Party in the preparation of its Circular and other documents related thereto, and each Party shall ensure that no such information will contain any untrue statement of a material fact or omit to state a material fact required to be stated in the Circular of the other Party in order to make any information so furnished or any information concerning such Party not misleading in light of the circumstances in which it is disclosed.
- (e) Each Party shall promptly notify the other Party if at any time before the Effective Time it becomes aware that either of the Circulars contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to a Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to such Circular, as required or appropriate, and the Party whose Circular is so amended shall promptly mail or otherwise publicly disseminate any amendment or supplement to such Circular to its Shareholders, and, if required by applicable Laws (or in the case of Medwell if required by the Court), file the same with the Securities Regulatory Authorities and as otherwise required.

Section 2.6 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Medwell Meeting as provided for in the Interim Order and the Spectral Resolution is passed at the Spectral Meeting, Medwell shall as soon as reasonably practicable after the Meetings, and in no event later than three business days after the later to occur of the Meetings, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order.

Section 2.7 Court Proceedings

Spectral will cooperate in seeking the Interim Order and the Final Order, including by Spectral providing to Medwell on a timely basis any information required to be supplied by Spectral in connection therewith. Medwell will provide legal counsel to Spectral with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Medwell will also provide legal counsel to Spectral on a timely basis with copies of any notice of appearance and evidence served on Medwell or its legal counsel in respect of the application for the Interim Order or Final Order or any appeal therefrom. Subject to applicable Laws, Medwell will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with Spectral's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that (i) the foregoing shall not apply with respect to materials to be filed with a Court in connection with any dispute involving Medwell on the one hand and Spectral on the other hand, and (ii) that nothing herein shall require Spectral to agree or consent to any decrease in the subscription price for the Spectral Shares to be issued to Medwell under the Plan of Arrangement or other modification or

amendment to such filed or served materials that expands or increases Spectral's obligations set forth in any such filed or served materials or under this Agreement.

Section 2.8 Articles of Arrangement and Effective Date

- (a) The Articles of Arrangement shall implement the Plan of Arrangement. The Articles of Arrangement shall include the Plan of Arrangement, as it may be amended at the reasonable request of Spectral to include such terms and conditions as may be determined by Spectral, acting reasonably, to be necessary or desirable provided that no such term or condition (i) shall be prejudicial to the Medwell Shareholders or Medwell, or be inconsistent with the provisions of this Agreement, or (ii) creates a reasonable risk of delaying, impairing or impeding in any material respect the receipt of any Regulatory Approval or the satisfaction of any other condition set forth in Article 6.
- (b) The Articles of Arrangement shall, unless otherwise agreed to in writing by the Parties, be filed by Medwell not later than the fifth business day after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set forth in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Time). From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law. The closing of the transaction contemplated hereby will take place at the offices of Stikeman Elliott LLP at Commerce Court West, Toronto, or such other location as may be agreed upon by the Parties.

Section 2.9 Payment of Consideration

The Parties will, no later than one business day prior to the expected filing by Medwell of the Articles of Arrangement, provide the Escrow Agent with the consideration and securities required to be provided to the Escrow Agent by them so as to complete all of the transactions contemplated by the Plan of Arrangement, as provided in the Plan of Arrangement.

Section 2.10 Communications

The Parties shall consult with each other before issuing any press release or otherwise making any filings or public statements with respect to this Agreement and the transactions contemplated hereby and shall not issue any such press release without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, in each case subject to applicable Laws and the exercise of such fiduciary duties, as may be appropriate. Each of the Parties agrees that, promptly after the entering into of this Agreement, a joint press release shall be issued announcing the entering into of this Agreement and the Parties' intention to complete the Transaction, which press release shall be satisfactory in form and substance to each of the Parties, each acting reasonably.

Section 2.11 Withholding Tax

Medwell shall be entitled to deduct and withhold from any consideration payable or distributable pursuant to the Plan of Arrangement to any Medwell Shareholder, such amounts

as may be required to be deducted or withheld therefrom under the Tax Act, the Code, and/or under any provision of any applicable Law. To the extent that such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF MEDWELL

Medwell hereby represents and warrants to Spectral, and acknowledges that Spectral is relying upon these representations and warranties in connection with the entering into of this Agreement and the completion of the Transaction, as follows:

Section 3.1 Organization

Medwell has been duly continued under the laws of Alberta, validly exists and has full corporate power and authority to own its properties and conduct its business as presently owned and conducted.

Section 3.2 Authority and Recommendation

Medwell has the requisite corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Medwell and the consummation by Medwell of the transactions contemplated by this Agreement have been duly authorized by the Medwell Board and no other proceedings on the part of the Medwell Board are necessary to authorize this Agreement or the transactions contemplated hereby (other than with respect to the Medwell Circular and other documents relating thereto, the approval of the Medwell Board). The Medwell Board, after consultation with its financial and legal advisors and upon the recommendation of the independent committee of the Medwell Board, has determined unanimously that the Transaction is fair to the Medwell Shareholders and is in the best interests of Medwell and the Medwell Shareholders, and has resolved unanimously to recommend to the Medwell Shareholders that they vote their Medwell Shares in favour of the Arrangement Resolution.

Section 3.3 Execution

This Agreement has been duly executed and delivered by Medwell and constitutes a valid and binding obligation of Medwell, enforceable against it in accordance with its terms subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to or affecting creditors' rights generally and to general principles of equity.

Section 3.4 No Violations

Subject to the timely receipt of all of the authorizations described in Section 3.5, the execution and delivery of this Agreement by Medwell, the performance by Medwell of its obligations hereunder and the completion of the transactions contemplated hereby do not and will not result directly or indirectly (with or without notice or the passage of time) in a violation, default or breach of, or require any consent to be obtained under, or conflict with:

- (a) the constating documents of Medwell; or

(b) any applicable Laws;

in each case that would reasonably be expected to materially or adversely impair the ability of Medwell to perform its obligations under this Agreement.

Section 3.5 Governmental Authorizations

The execution, delivery and performance by Medwell of this Agreement and the consummation by Medwell of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Authority other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; and (iii) compliance with any applicable Securities Laws and stock exchange rules.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SPECTRAL

Spectral hereby represents and warrants to Medwell, and acknowledges that Medwell is relying upon these representations and warranties in connection with the entering into of this Agreement and the completion of the Transaction, as follows:

Section 4.1 Organization

Spectral has been duly amalgamated under the laws of Ontario, validly exists and has full corporate power and authority to own its properties and conduct its business as presently owned and conducted.

Section 4.2 Authority and Recommendation

Spectral has the requisite corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Spectral and the consummation by Spectral of the transactions contemplated by this Agreement have been duly authorized by the Spectral Board and no other proceedings on the part of the Spectral Board are necessary to authorize this Agreement or the transactions contemplated hereby (other than with respect to the Spectral Circular and other documents relating thereto, the approval of the Spectral Board). The Spectral Board, after consultation with its financial and legal advisors and upon the recommendation of the independent committee of the Spectral Board, has determined unanimously that the Medwell Share Subscription is in the best interests of Spectral and has resolved unanimously to recommend to the Spectral Shareholders that they vote their Spectral Shares in favour of the Spectral Resolution.

Section 4.3 Execution

This Agreement has been duly executed and delivered by Spectral and constitutes a valid and binding obligation of Spectral, enforceable against it in accordance with its terms subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to or affecting creditors' rights generally and to general principles of equity.

Section 4.4 No Violations

Subject to the timely receipt of all of the authorizations described in Section 4.5, the execution and delivery of this Agreement by Spectral, the performance by Spectral of its obligations hereunder and the completion of the transactions contemplated hereby do not and will not result directly or indirectly (with or without notice or the passage of time) in a violation, default or breach of, require any consent to be obtained under, or conflict with:

- (a) the constating documents of Spectral; or
- (b) any applicable Laws;

in each case that would reasonably be expected to materially or adversely impair the ability of Spectral to perform its obligations under this Agreement.

Section 4.5 Governmental Authorizations

The execution, delivery and performance by Spectral of this Agreement and the consummation of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Authority other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; and (iii) compliance with any applicable Securities Laws and stock exchange rules.

ARTICLE 5 COVENANTS

Section 5.1 Conduct Prior to Effective Time

Each Party covenants and agrees that, prior to the Effective Time, except (i) in connection with the Transaction as expressly contemplated by this Agreement; or (ii) with the prior written consent of the other Party, not to be unreasonably withheld; it will not take any action that, individually or in the aggregate, would reasonably be expected to cause any of the conditions set forth in Article 6 not to be satisfied.

Section 5.2 Cooperation of the Parties

Each Party shall perform all obligations reasonably required to be performed by it under this Agreement. Subject to the terms hereof, each Party shall cooperate with the other Party in connection with the transactions contemplated herein, and will do all such other acts and things as may be reasonably necessary in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, each Party shall:

- (a) reasonably cooperate with the other Party to obtain all necessary consents, approvals and authorizations that are required to be obtained under applicable Law, including, without limitation, such exemptive applications or orders as may be required or desirable under applicable Securities Laws;
- (b) reasonably cooperate in seeking any required third party consents or waivers under leases, licenses, mortgages or other agreements;

- (c) use commercially reasonable efforts to defend, in consultation with the other Party, all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (d) use its commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the Parties to consummate the transactions contemplated hereby;
- (e) comply promptly in all material respects with all requirements which applicable Laws may impose on them with respect to the transactions contemplated hereby;
- (f) satisfy, or cause the satisfaction of, the conditions set forth in Article 6, to the extent the same is within its control; and
- (g) promptly advise the other Party orally and in writing of any material adverse effect on such Party's ability to complete the Transaction of which it is aware and as it applies to it.

Section 5.3 Notice Provisions

- (a) Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the Effective Time, of any event or state of facts of which it is aware which occurrence or failure would reasonably be expected to:
 - (i) cause any of the representations or warranties of such Party contained herein that are qualified by materiality to be untrue or inaccurate (as so qualified) or cause any of the representations or warranties of such party contained herein that are not so qualified to be untrue or inaccurate in any material respect; or
 - (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder.
- (b) Each Party shall promptly notify the other in writing of:
 - (i) any notice or other communication from any Person alleging that the consent of such Person is required in connection with the transactions contemplated by this Agreement;
 - (ii) any material notice or other material communication from any Governmental Authority in connection with the Agreement, and a copy of any such notice or communication shall be furnished to the other Party;
 - (iii) any filing made with any Governmental Authority in connection with the transactions contemplated by this Agreement, and a copy of any such filing shall be furnished to the other Party; and

- (iv) any (A) material actions, suits, claims, investigations, proceedings, audits or assessments commenced or, to its knowledge, threatened (including communications indicating that same may be contemplated) against, relating to or involving or otherwise affecting such Party, or that relate to the consummation of the transactions contemplated by this Agreement; or (B) material actions, suits, claims, investigations or assessments (including communications indicating that same may be contemplated) in respect of any matter pertaining to Taxes; provided, however, that no such notification shall affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

Section 5.4 Filings and Authorizations

Each of the Parties, as promptly as practicable after the execution and delivery of this Agreement, will: (i) make, or cause to be made, all such filings and submissions under all Laws applicable to it, as may be required for it to make and consummate the Transaction as it applies to it; (ii) use all its commercially reasonable efforts to obtain, or cause to be obtained, and secure all Regulatory Approvals as promptly as practicable; and (iii) use all commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement including fulfilling as soon as is practicable any reasonable requests for additional information. Subject to any applicable Laws and to the Confidentiality Agreement, the Parties will coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing including, without limitation, keeping each other generally apprised as to the status of the review process and providing each other with all notices and information supplied or filed with any Governmental Authority, and all notices and correspondence received from any Governmental Authority and ensuring that each of the Parties, where acceptable to the Governmental Authority, is represented at any meetings with or other appearances before any Governmental Authority with respect to the transactions contemplated by this Agreement. All filing fees incurred in connection with any Regulatory Approval shall be borne by the Party seeking such Regulatory Approval.

Section 5.5 Medwell Board Representation and Corporate Governance Rights

- (a) Subject to compliance with applicable Laws and the constating documents of Spectral, from the Effective Date, and for so long as Medwell owns in the aggregate not less than 10% of the issued and outstanding Spectral Shares, calculated on a non-diluted basis, Medwell shall be entitled (but not obliged) to specify two of the board nominees in any management proxy circular of Spectral prepared and sent to the Spectral Shareholders from time to time in respect of a meeting of Spectral Shareholders at which directors are to be elected. Each such board nominee will be an individual who consents in writing to act as a director of Spectral and is not disqualified from acting as a director of Spectral under any applicable Law.
- (b) Spectral hereby represents that the Spectral Board has resolved that Kevin Giese will be appointed as the Chairman of the Spectral Board promptly following the Effective Time, subject to the completion of the Plan of Arrangement.

Section 5.6 Amendment to Master Services Agreement between the Parties

The Parties covenant that, promptly following the Effective Time, the master services agreement between the Parties dated January 1, 2010 will be extended on its current terms to expire on the later of: (i) December 31, 2013; and (ii) the completion of the current EUPHRATES (Evaluating the Use of Polymyxin B Hemoperfusion in a Randomized controlled trial of adults Treated for Endotoxemia and Septic shock) clinical trials currently being undertaken by Spectral in the United States comparing standard of care versus Toraymyxin plus standard of care.

Section 5.7 Clinical Development Plan

The Parties have agreed to a development program detailing key clinical regulatory and other associated activities with a target time line and budget ("**Development Plan**") for the EUPHRATES clinical trial. Spectral covenants to use its commercially reasonable efforts to execute on the Development Plan as it may be reasonably amended by the Spectral Board from time to time, and to prioritize the use of proceeds from the Medwell Share Subscription towards executing on such Development Plan.

ARTICLE 6 CONDITIONS

Section 6.1 Mutual Condition Precedents

The obligations of the Parties to complete the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived by the mutual consent of the Parties:

- (a) the Arrangement Resolution shall have been approved by the Medwell Shareholders holders at the Medwell Meeting in accordance with the Interim Order and applicable Laws;
- (b) the Spectral Resolution shall have been approved by the Spectral Shareholders at the Spectral Meeting in accordance with applicable Laws, including MI 61-101;
- (c) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (d) all Regulatory Approvals shall have been obtained or concluded;
- (e) no Governmental Authority shall have enacted, issued, promulgated, applied for (or advised either Medwell or Spectral in writing that it has determined to make such application), made any order or enforced or entered any Law (whether temporary, preliminary or permanent) that restrains, enjoins or otherwise prohibits consummation of, or dissolves the Transaction or the other transactions contemplated by this Agreement; and
- (f) this Agreement shall not have been terminated in accordance with its terms.

Section 6.2 Additional Conditions Precedent to the Obligations of Medwell

The obligations of Medwell to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Medwell and may be waived only by Medwell):

- (a) at the Effective Time, all representations and warranties of Spectral made in or pursuant to this Agreement shall be true and correct in all respects, without regard to any materiality qualification contained therein, as though made at the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not reasonably be expected to have a material adverse effect on Spectral's ability to complete the Transaction, provided that the representations and warranties in Section 4.2 and Section 4.3 shall be true and correct in all respects, and Medwell shall have received a certificate signed for and on behalf of Spectral by two officers of Spectral (without personal liability) confirming the same as at the Effective Time; and
- (b) (i) the covenants of Spectral contained in this Agreement and any other covenants or agreements delivered in connection with this Agreement to be performed prior to the Effective Time shall have been performed in all material respects; and (ii) Medwell shall have received a certificate signed for and on behalf of Spectral by two officers of Spectral (without personal liability) confirming the same as at the Effective Time.

Section 6.3 Additional Conditions Precedent to the Obligations of Spectral

The obligations of Spectral to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Spectral and may be waived only by Spectral):

- (a) at the Effective Time, all representations and warranties of Medwell made in or pursuant to this Agreement shall be true and correct in all respects, without regard to any materiality qualification contained therein, as though made as at the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure to be so true and correct in all respects would not reasonably be expected to have a material adverse effect on Medwell's ability to complete the Transaction, provided that the representations and warranties in Section 3.2 and Section 3.3 shall be true and correct in all respects, and Spectral shall have received a certificate signed for and on behalf of Medwell by two senior officers of Medwell (without personal liability) confirming the same as at the Effective Time; and
- (b) (i) the covenants of Medwell contained in this Agreement and any other covenants or agreements delivered in connection with this Agreement to be performed prior to the Effective Time shall have been performed in all material respects; and (ii) Spectral shall have received a certificate signed for and on

behalf of Medwell by two senior officers of Medwell (without personal liability) confirming the same as at the Effective Time.

Section 6.4 Notice and Cure Provisions.

The Parties will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the Effective Time, of any event or state of facts of which it is aware which occurrence or failure would, or would be reasonably likely to:

- (a) cause any of the representations or warranties of it or the other Party contained herein to be untrue or inaccurate on the date hereof or on the Effective Date; or
- (b) result in the failure in any material respect to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it or the other Party hereunder at or prior to the Effective Time.

Neither Party may seek to rely upon any conditions precedent contained in Section 6.1, Section 6.2 or Section 6.3, or exercise any termination right arising therefrom, unless such Party prior to the filing of the Articles of Arrangement for acceptance by the Ministry (which Articles will not in such circumstances be filed without the consent of Medwell, acting reasonably), has delivered a written notice to the other specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which such Party is asserting as the basis for the non-fulfilment of the applicable condition precedent or the exercise of the termination right, as the case may be. If any such notice is delivered, provided that Spectral or Medwell, as the case may be, is proceeding diligently to cure such matter, if such matter is capable of being cured, the other may not terminate this Agreement as a result thereof until the earlier of the Outside Date and the expiration of a period of 30 days from such notice. If such notice has been delivered prior to the date of the Meetings (or the date of the earlier of the Meetings if the Meetings are not scheduled to occur on the same day), the Meetings shall, unless the Parties agree otherwise, be postponed or adjourned until the expiry of such period, provided that such period does not extend beyond the Outside Date. If such notice has been delivered prior to the making of the application for the Final Order or the filing of the Articles of Arrangement with the Ministry, such application and such filing shall be postponed until the expiry of such period, provided that such period does not extend beyond the Outside Date.

Section 6.5 Satisfaction of Conditions.

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 shall be conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, a Certificate of Arrangement in respect of the Arrangement is issued by the Ministry. For greater certainty, and notwithstanding the terms of the Escrow Agreement, all funds and other securities held in escrow by the Escrow Agent pursuant to Section 2.9 hereof shall be deemed to be released from escrow when the Certificate of Arrangement is issued by the Ministry.

**ARTICLE 7
AMENDMENT AND TERMINATION**

Section 7.1 Amendment

This Agreement may not be amended except by written instrument signed by each of the Parties.

Section 7.2 Termination

This Agreement may be terminated by notice in writing:

- (a) at any time prior to the Effective Time by mutual consent of the Parties;
- (b) by either Party after September 30, 2011 (the "**Outside Date**"), if the Transaction shall not have been completed by then, provided however that the right to terminate under this Section 7.2(b) shall not be available to a Party if such Party's actions or failure to act has been a principal cause or resulted in the failure of the completion of the Transaction on or before the Outside Date and such actions or failure to act constitutes a material breach of this Agreement, and provided further however that if the completion of the Transaction is delayed by (i) an injunction or order made by a Governmental Authority of competent jurisdiction, or (ii) the Parties not having obtained any Regulatory Approval, then, provided that such injunction or order is being contested or appealed or such Regulatory Approval is actively being sought, and there is a reasonable prospect that it will be obtained, as applicable, the Outside Date shall be extended to and the termination rights pursuant to this Section 7.2(b) shall not be available until October 31, 2011;
- (c) subject to Section 6.4, by Medwell, at any time if any of the representations and warranties made herein by Spectral shall have become untrue or incorrect after the date hereof such that the condition in Section 6.2(a) would not be satisfied as at the Effective Time;
- (d) subject to Section 6.4, by Medwell, at any time if Spectral is in default of any covenant or obligation to be performed under this Agreement such that the condition in Section 6.2(b) would not be satisfied as at the Effective Time;
- (e) subject to Section 6.4, by Spectral, at any time if any of the representations and warranties made herein by Medwell shall have become untrue or incorrect after the date hereof such that the condition in Section 6.3(a) would not be satisfied as at the Effective Time;
- (f) subject to Section 6.4, by Spectral, at any time if Medwell is in default of any covenant or obligation to be performed under this Agreement such that the condition in Section 6.3(b) would not be satisfied as at the Effective Time;
- (g) by either Party, if the Arrangement Resolution is not approved at the Medwell Meeting (or any adjournment or postponement thereof) in accordance with the Interim Order; or

- (h) by either Party, if the Spectral Resolution is not approved at the Spectral Meeting (or any adjournment or postponement thereof).

If the termination rights are exercised in accordance with the foregoing provisions of this Section 7.2, no Party shall have any further liability to perform its obligations under this Agreement, except as set forth in Section 7.2, Section 8.1, and Section 8.10, which provisions shall survive the termination of this Agreement as shall the Confidentiality Agreement.

ARTICLE 8 GENERAL PROVISIONS

Section 8.1 Expenses

Except as otherwise expressly provided in this Agreement, the Parties agree that all out-of-pocket expenses of the Parties relating to the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Party incurring such expenses.

Section 8.2 Notices

(1) All notices and other communications which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by facsimile (with a copy by e-mail), in each case addressed to the particular Party at:

- (a) If to Medwell to:

6030 – 88th Street
Edmonton, AB T6E 6G4
Attention: Kevin Giese
Facsimile No.: (780) 408-3040
Email: kgiese@medwellcapiat.com

with a copy (which shall not constitute notice) to:

Anfield Sujir Kennedy & Durno LLP
Barristers and Solicitors
1600-609 Granville Street
P.O. Box 10068
Pacific Centre
Vancouver, BC V7Y 1C3
Attention: Michael Kennedy
Facsimile No.: (604) 669-3877
Email: mkennedy@askdlaw.com

(b) If to Spectral to:

135 - 2 The West Mall
Toronto, ON M9C 1C2

Attention: Tony Businskas, Chief Financial Officer
Facsimile No.: (416) 626-2739
Email: TBusinskas@spectraldx.com

with a copy (which shall not constitute notice) to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Donald Belovich
Facsimile No.: (416) 947-0866
Email: dbelovich@stikeman.com

or at such other address of which any Party may, from time to time, advise the other Parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the business day following the date of delivery or facsimile transmission thereof.

Section 8.3 Assignment

This Agreement shall not be assignable by any Party hereto without the prior written consent of the other Party hereto, which consent may be unreasonably withheld in such other Party's discretion.

Section 8.4 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Section 8.5 Amendments

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meetings but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order, the Final Order and Laws, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) modify any representation or warranty contained herein or in any document delivered pursuant hereto;

- (c) modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or
- (d) modify any mutual conditions precedent herein contained.

Section 8.6 Waiver

The Parties may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other Party hereto. For any such waiver or consent to be effective, it must be in writing executed by the Party granting such waiver or consent. No waiver shall operate as an ongoing waiver or as a waiver of any other matter whatsoever.

Section 8.7 Further Assurances

The Parties agree to co-operate in good faith and shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, including by completing separately and contemporaneously with closing any portion of the transaction contemplated herein not expressly included in the Interim Order, the Final Order or the final approved Plan of Arrangement, and each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

Section 8.8 Severability

If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

Section 8.9 Entire Agreement

This Agreement, the agreements and other documents herein referred to and the Confidentiality Agreement constitute the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties hereto. Except as expressly represented and warranted herein, neither Party shall be considered to have given any other express or implied representations or warranties including, without limitation, as a result of oral or written statements.

Section 8.10 Governing Laws and Jurisdiction

This Agreement shall be governed in all respects, including validity, interpretation and effect, exclusively by the laws of the Province of Alberta and the federal laws of Canada applicable therein, without giving effect to the principles of conflict of laws thereof. The Parties

hereby irrevocably and unconditionally consent to and submit to the exclusive jurisdiction of the courts of the Province of Alberta for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by registered mail to the addresses of the Parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such courts. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Alberta and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

Section 8.11 Counterparts

This Agreement may be executed by the Parties in one or more counterparts, and may be executed and delivered by PDF copy via email and all such counterparts shall be deemed to be an original but all of which together shall constitute one and the same instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement.

MEDWELL CAPITAL CORP.

By: (Signed) Kevin Giese

Name: Kevin Giese

Title: President and Chief Executive Officer

SPECTRAL DIAGNOSTICS INC.

By: (Signed) Anthony Busiskas

Name: Anthony Busiskas

Title: Executive Vice-President and Chief
Financial Officer

SCHEDULE "A"
PLAN OF ARRANGEMENT - MEDWELL CAPITAL CORP.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, capitalized terms used herein and not otherwise defined have the respective meanings ascribed to them below or otherwise as set forth in the Arrangement Agreement.

"Arrangement Agreement" means the arrangement agreement dated June 28, 2011 between Medwell and Spectral, as it may be amended, supplemented, restated or otherwise modified from time to time in accordance with its terms; and

"Medwell Articles" means the articles of continuance of Medwell.

"Medwell Notes" means non-interest bearing, unsecured promissory notes of Medwell, with each whole Medwell Note having a principal amount equal to the fair market value of one Spectral Share at the time of issuance of such note, and which note is repayable only by the delivery of one Spectral Share.

"New Medwell Common Shares" means a new class of shares consisting of an unlimited number of voting common shares of Medwell, which have the terms and conditions set out in the attached Appendix "A".

"New Medwell Preferred Shares" means a new class of shares consisting of an unlimited number of preferred shares of Medwell, which have the terms and conditions set out in the attached Appendix "A".

"Note Distribution Amount" means the quotient obtained when 18,133,333 is divided by the number of Medwell Shares that are issued and outstanding immediately prior to the Effective Time.

"Old Medwell Class "A" Shares" means the voting Class "A" shares in the capital of Medwell.

"Old Medwell Other Shares" means, collectively, (i) the voting Class "B" Shares in the capital of Medwell; (ii) the non-voting Class "C" Shares in the capital of Medwell; (iii) the non-voting Class "D" Shares in the capital of Medwell; (iv) the Class "E", Class "F" and Class G non-voting redeemable retractable preferred Shares in the capital of Medwell; and (v) the Class "H" and Class "I" non-voting redeemable retractable preferred Shares in the capital of Medwell.

"paid-up capital" has the meaning ascribed to such term for purposes of the Tax Act.

“**Share Distribution Amount**” means the quotient obtained when 36,149,501 is divided by the number of Medwell Shares that are issued and outstanding immediately prior to the Effective Time.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

1.2 Certain Rules of Interpretation

In this Plan of Arrangement:

- (a) **Currency** - Unless otherwise specified, all references to money amounts are to lawful currency of Canada.
- (b) **Headings** - The insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement.
- (c) **Including** - Where the word “including” or “includes” is used in this Plan of Arrangement, it means “including (or includes) without limitation”.
- (d) **Number and Gender** - In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.
- (e) **Statutory References** - A reference to a statute includes all rules and regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation or rule which amends, supplements or supersedes any such statute or any such regulation or rule.
- (f) **Time** - Time is of the essence in every matter or action contemplated hereunder. Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next business day if the last day of the period is not a business day.

ARTICLE 2 EFFECT OF THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement will become effective at the Effective Time and will be binding at and after the Effective Time on:

- (a) Medwell;

- (b) all of the Medwell Shareholders;
- (c) the registrar and transfer agent in respect of the Medwell Shares;
- (d) Spectral;
- (e) the registrar and transfer agent in respect of the Spectral Shares; and
- (f) the Escrow Agent.

ARTICLE 3 ARRANGEMENT

3.1 Events Occurring Within the Plan

Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur, except as otherwise expressly noted, two minutes apart and in the following order without any further authorization, act or formality required on the part of any Person, except as expressly provided herein:

- (a) The authorized share capital of Medwell shall be reorganized as follows:
 - (i) the Old Medwell Other Shares shall be removed as classes of authorized shares from the share capital of Medwell, and the Medwell Articles shall be amended accordingly;
 - (ii) the New Medwell Common Shares and the New Medwell Preferred Shares shall be created, and the Medwell Articles shall be amended accordingly;
 - (iii) each issued and outstanding Old Medwell Class "A" Share shall be exchanged, and shall be deemed to be exchanged with Medwell (without any action on the part of the holder of the Old Medwell Class "A" Share) in consideration for:
 - (A) one New Medwell Share,
 - (B) the Share Distribution Amount of a Spectral Share, and
 - (C) the Note Distribution Amount of a Medwell Note,

provided that the aggregate number of Spectral Shares and Medwell Notes received by each former holder of Old Medwell Class "A" Shares in exchange for all Old Medwell Class "A" Shares held by such holder pursuant to the exchange described in this paragraph (a)(iii) shall be rounded down to the nearest whole number of Spectral Shares and Medwell Notes and no compensation will be paid to such former holder of Old Medwell Class "A" Shares in respect of such fractional Spectral Shares and Medwell Notes;

- (iv) upon the exchange described in paragraph (a)(iii), each Old Medwell Class "A" Share shall thereupon be cancelled;
 - (v) each former holder of Old Medwell Class "A" Shares shall cease to be the holder of such Old Medwell Class "A" Shares so exchanged and such holder's name shall be removed from the central securities register of Medwell in respect of such shares at such time;
 - (vi) each former holder of Old Medwell Class "A" Shares shall be and shall be deemed to be the holder of the New Medwell Common Shares, free and clear of any lien, exchanged for the Old Medwell Class "A" Shares on the Effective Date and shall be entered in the central securities register of Medwell as the holder thereof;
 - (vii) each certificate which immediately prior to the Effective Time represented any Old Medwell Class "A" Shares shall be deemed after the Effective Time to represent New Medwell Common Shares, as contemplated by Section 3.1(a)(iii) and the terms of this Plan of Arrangement; and
 - (viii) the stated capital of Medwell in respect of the issued and outstanding New Medwell Common Shares will be equal to the amount, if any, by which the aggregate paid-up capital in respect of the Old Medwell Class "A" Shares immediately prior to the exchange described in paragraph (a)(iii) above exceeds the aggregate fair market value of the Spectral Shares and Medwell Notes received by the former holders of Old Medwell Class "A" Shares in connection with paragraph (a)(iii) above.
- (b) The Medwell Articles shall be amended to provide that meetings of the shareholders of Medwell may be held outside Alberta.
 - (c) Medwell shall subscribe for such number of Spectral Shares (rounded down to the nearest whole Spectral Share) as is equal to the quotient obtained when \$10,000,000 is divided by \$0.30 and Spectral shall issue to Medwell such number of fully paid and non-assessable Spectral Shares.
 - (d) The Medwell Notes shall be redeemed and Medwell shall satisfy in full its obligations under such Medwell Notes by delivering to the holders of such Medwell Notes one Spectral Share for each whole Medwell Note held by them, and each such Medwell Note shall thereupon be cancelled.
 - (e) Following the events outlined above in this Article 3.1, the authorized share capital of Medwell shall consist of the New Medwell Common Shares and the New Medwell Preferred Shares.
 - (f) The by-laws of Medwell shall be amended to provide that, in the case of an equality of votes at a meeting of the board of directors of Medwell, the chairman of the board shall be entitled to a second or casting vote.

**ARTICLE 4
PAYMENTS AND DELIVERABLES**

4.1 Payment of Consideration by Medwell and Delivery of Securities

On or before the Effective Date, in satisfaction of its obligations under this Plan of Arrangement:

- (a) Pursuant to events contemplated in Section 3.1(a) hereof, Medwell shall deliver certificates representing an aggregate of 36,149,501 fully paid and non-assessable Spectral Shares to the Escrow Agent for the benefit of the Medwell Shareholders;
- (b) Pursuant to subscription by Medwell for the Spectral Shares contemplated in Section 3.1(c) hereof:
 - (i) Medwell shall pay the sum of \$10,000,000 to the Escrow Agent for the benefit of Spectral; and
 - (ii) Spectral shall deliver to the Escrow Agent certificates representing such number of fully paid and non-assessable Spectral Shares (rounded down to the nearest whole Spectral Share) as is equal to the quotient obtained when \$10,000,000 is divided by \$0.30.

4.2 Delivery of Consideration by the Escrow Agent

Promptly following the Effective Date, in satisfaction of its delivery obligations under, and pursuant to, this Plan of Arrangement and the Escrow Agreement, the Escrow Agent shall:

- (a) pay the sum of \$10,000,000 to or to the order of Spectral in respect of the events contemplated in Section 3.1(c);
- (b) distribute certificates representing the fully paid and non-assessable Spectral Shares to the Medwell Shareholders in respect of the events contemplated in Sections 3.1(a) and (d); and
- (c) distribute certificates representing the fully paid and non-assessable Spectral Shares to Medwell in respect of the events contemplated in Sections 3.1(c) and (d).

4.3 Withholding Taxes

Medwell (and the Escrow Agent on behalf of Medwell) shall be entitled to deduct and withhold from any amount payable hereunder, all Taxes which Medwell (and the Escrow Agent on behalf of Medwell), are required or are entitled to deduct and withhold under the Tax Act, the Code and/or under any provision of any applicable Law. Any such withheld amounts shall be timely remitted by Medwell (and the Escrow Agent on behalf of Medwell), to the appropriate Governmental Authority. To the extent that such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Plan of Arrangement as having been paid to the person to whom such amounts would otherwise have been paid.

ARTICLE 5 AMENDMENTS

5.1 Amendments

Medwell reserves the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is:

- (a) filed with the Court and, if made following the Medwell Meeting, approved by the Court;
- (b) communicated to Medwell Shareholders in the manner required by the Court (if so required); and
- (c) approved by Spectral, acting reasonably.

5.2 Effectiveness of Amendments Made Prior to or at the Fund Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Medwell at any time prior to or at the Medwell Meeting (provided that Spectral shall have consented thereto, acting reasonably) with or without any other prior notice or communication, and, if so proposed and accepted by the Medwell Shareholders voting at the Medwell Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

5.3 Effectiveness of Amendments Made Following the Medwell Meeting

- (a) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Medwell Meeting shall be effective only if: (i) it is consented to by each of Medwell and Spectral (in each case, acting reasonably); and (ii) if required by the Court, it is consented to by some or all of the Medwell Shareholders voting in the manner directed by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date if consented to by each of Medwell and Spectral (in each case, acting reasonably), provided that it concerns a matter which, in the reasonable opinion of Medwell and Spectral, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic or financial interests of any Medwell Shareholder.

**ARTICLE 6
FURTHER ASSURANCES**

6.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

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APPENDIX "A"

TERMS AND CONDITIONS OF NEW MEDWELL COMMON SHARES AND THE NEW MEDWELL PREFERRED SHARES

The authorized share capital of Medwell Capital Corp. (the "Corporation") is as follows:

1. An unlimited number of common shares (the "Common Shares"), without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:
 - a) Except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class, the holders of the Common Shares shall be entitled to receive notice of, to attend and to vote at every meeting of the shareholders of the Corporation and shall have one vote thereat for each Common Share so held.
 - b) Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares of the Corporation, the Board of Directors of the Corporation may from time to time declare dividends on the Common Shares, and the Corporation shall, out of the monies of the Corporation properly applicable to the payment of dividends, pay such dividends to the holders of the Common Shares. For the purpose hereof, the holders of the Common Shares may receive such dividends as shall be determined from time to time by the Board of Directors, whose determination shall be conclusive and binding upon the Corporation and the holders of the Common Shares.
 - c) Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares of the Corporation, in the event of a distribution of the remaining property of the Corporation on a liquidation, dissolution or winding-up of the Corporation or upon any distribution of the assets of the Corporation among shareholders being made (other than by way of dividend out of the monies properly applicable to the payment of dividends), the holders of the Common Shares shall be entitled, on a proportionate basis, to share equally.
2. An unlimited number of Preferred Shares, without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:
 - a) The Board of Directors of the Corporation may from time to time issue the Preferred Shares in one or more series, each series to consist of such number of shares as may before issuance thereof be determined by the Board of Directors.
 - b) The Board of Directors of the Corporation may by resolution amend the articles of the Corporation (subject as hereinafter provided) to create any series of Preferred Shares and to fix, before issuance, the designation, rights, privileges, restrictions and conditions to attach to the Preferred Shares of each series, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of preferential dividends, the dates and place of payment thereof, the redemption price, terms, procedures and conditions of redemption, if any, voting rights and conversion rights (if any) and any sinking

fund, purchase fund or other provisions attaching to the Preferred Shares of such series; and provided, however, that no shares of any series shall be issued until the Corporation has filed articles of amendment with the Registrar of Corporations, or such designated person in any other jurisdiction in which the Corporation may be continued.

- c) If any cumulative dividends or amounts payable on a return of capital in respect of a series of Preferred Shares are not paid in full, the shares of all series shall participate rateably in respect of accumulated dividends and return of capital.
- d) The Preferred Shares shall be entitled to preference over the Common Shares of the Corporation and any other shares of the Corporation ranking junior to the Preferred Shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, and may also be given such other preferences over the Common Shares and any other shares of the Corporation ranking junior to the Preferred Shares as may be fixed by the resolution of the Board of Directors of the Corporation as to the respective series authorized to be issued.
- e) The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to the priority of payment of dividends and in the distribution of assets in the event of a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, exclusive of any conversion rights that may affect the aforesaid.
- f) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Corporation ranking junior to the Preferred Shares unless all dividends, if any, up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Corporation ranking junior to the Preferred Shares, nor shall the Corporation call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the Preferred Shares (less than the total amount then outstanding) or any shares of the Corporation ranking junior to the Preferred Shares unless all dividends, if any, up to and including the dividend payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.
- g) The Preferred Shares of any series may be purchased for cancellation or made subject to redemption by the Corporation out of capital pursuant to the provisions of the Business Corporations Act, if the Board of Directors of the Corporation so provide in the resolution of the Board of Directors relating to the issuance of such Preferred Shares, and upon such other terms and conditions as may be specified in the designations, rights, privileges, restrictions and

conditions attaching to the Preferred Shares of each such series as set forth in the said resolution of the Board of Directors and the articles of amendment of the Corporation relating to the issuance of such series.

- h) The holders of the Preferred Shares shall not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Corporation now or hereafter authorized.
- i) No class of shares may be created, or have its rights and privileges increased, to rank on a parity with, or in priority to, the Preferred Shares with regard to the rights and privileges thereof, and without limiting the generality of the foregoing, capital and dividends, without the approval of the holders of the Preferred Shares.
- j) Except where required by the Business Corporations Act, the holders of the Preferred Shares shall not, as such, be entitled to receive notice of, to attend or to vote at meetings of the shareholders of the Corporation.