SPECTRAL MEDICAL INC.

BOUGHT DEAL PUBLIC OFFERING OF UNITS

Term Sheet – July 21, 2021

The Units will be offered by way of a prospectus supplement in each of the provinces of Canada other than Quebec. A prospectus supplement containing important information relating to the Units has not yet been filed with the applicable Canadian securities regulatory authorities.

A final base shelf prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces of Canada other than Quebec. A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus, and any applicable shelf prospectus supplement that has been filed is required to be delivered with this document. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable prospectus supplement, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This term sheet shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Units in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Terms and Conditions

Issuer:	Spectral Medical Inc. ("**Company**").
Offered Securities:	23,530,000 units of the Company (the "**Units**"), with each Unit consisting of one common share (a "**Common Share**") in the capital of the Company and one-half (½) of one Common Share purchase warrant (each whole Common Share purchase warrant, a "**Warrant**") of the Company. Each Warrant shall be exercisable to acquire one Common Share (a "**Warrant Share**") at an exercise price of $0.50 per Warrant Share for a period of 36 months following the Closing Date (as herein defined).
Offering Size:	C$10,000,250.
Issue Price:	C$0.425 per Unit (the "**Issue Price**").
Over-Allotment Option:	The Company will grant to the Underwriters (as hereinafter defined) an option to offer for sale up to an additional 15% of the Offering, exercisable in whole or in part at the Underwriters' sole discretion, at any time until the date that is 30 days from and including the closing date of the Offering, to cover over-allotments, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). For greater certainty, the Over-Allotment Option shall be exercisable for additional Units, Warrants, and/or Common Shares (or any combination thereof).
Use of Proceeds:	The Company intends to use the net proceeds from the Offering for its Phase III registration trial for its PMX treatment for endotoxemic septic shock, patient enrolment into the DIMI usability trial, product development and regulatory approval for the DIMI device, an observational study in support of Tigris, and for general corporate and working capital purposes
Form of Offering:	Bought deal offering by way of a prospectus supplement to the Company's short form base shelf prospectus dated July 3, 2020 (the "**Prospectus**") subject to termination clauses including "material adverse change" out, "disaster" out, and "breach" out.

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Jurisdictions:	The qualifying jurisdictions for this Offering will be all the provinces of Canada, other than Quebec. The Units may also be sold outside of Canada and in the United States on a private placement basis pursuant to available exemptions in accordance with all applicable laws and provided that no prospectus or registration statement filing or comparable obligation arises.
Listing:	The Company will apply to have the Common Shares and Warrants Shares (including the Common Shares underlying the Compensation Options (as defined below)) listed on the Toronto Stock Exchange ("**TSX**"). The Common Shares are currently listed on the TSX under the symbol "EDT".
Eligibility:	Eligible under the usual statutes and for RRSPs, RRIFs, RESPs, RDSPs, and TFSAs.
Standstill Period:	The Company will be subject to a 90 day standstill period, subject to certain exceptions.
Lock-Up Period:	The Company's directors and executive officers will be subject to a 90 day lock-up period, subject to certain exceptions.
Underwriters:	Paradigm Capital Inc. (the "**Lead Underwriter**") on behalf of a syndicate of underwriters including A.G.P/Alliance Global Partners (collectively, the "**Underwriters**").
Commission:	A cash commission of 6.5% of the aggregate gross proceeds from the Offering (including on any exercise of the Over-Allotment Option); provided that the cash commission on the sales of up to $1,000,000 to certain parties as mutually agreed to by the Company and the Lead Underwriter (the "**President's List Sales**") shall be reduced to 3.25%. The Company shall also issue to the Underwriters that number of compensation options (the "**Compensation Options**") as is equal to 6.5% of the Units issued under the Offering (including on any exercise of the Over-Allotment Option); provided that the number of compensation options for the President's List Sales shall be reduced to 3.25%. Each Compensation Option will be exercisable for one Common Share at an exercise price of $0.485 for a period of two years from the Closing Date.
Closing Date:	On or about July 27, 2021.

Investing in the Units involves significant risks. Prospective investors should carefully read and consider the risk factors described or referenced under the heading "Risk Factors" in the Prospectus, contained in any of the documents incorporated by reference therein, and in the Prospectus Supplement, before purchasing Units.

There is currently no market through which the Units and Warrants may be sold and purchasers may not be able to resell any Units or Warrants purchased under the Prospectus. This may affect the pricing of such Units and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of such Units and Warrants and the extent of issuer regulation. See "Risk Factors" in the Prospectus and the "Risk Factors" section in the Prospectus Supplement.