FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Spectral Medical Inc. ("**Spectral**" or the "**Company**")
135-2 The West Mall
Toronto, Ontario
M9C 1C2

Item 2 Date of Material Change

May 30, 2024

Item 3 News Release

The Company issued a news release disclosing the material change through the facilities of GlobeNewswire on May 30, 2024 and filed it on SEDAR+ under the Company's profile at www.sedarplus.com. Refer to the press release as attached as Schedule "A".

Item 4 Summary of Material Change

On May 30, 2024, Spectral closed its previously announced "bought deal" private placement of 9.0% convertible unsecured senior notes due May 1, 2028 (the "**Notes**") of the Company at a price of US$1,000 per note (the "**Issue Price**") for gross proceeds of US$6,232,000 (the "**Offering**").

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On May 30, 2024 (the "**Closing Date**"), the Company closed its previously announced Offering for gross aggregate proceeds of US$6,232,000.

The Notes have a face value of US$1,000 per Note, bear interest of 9% and are due on May 1, 2028 (the "**Maturity Date**"). Holders of the Notes may convert all or any portion of the Notes into common shares of the Company (the "**Common Shares**") in integral multiples of US$1,000 principal amount at any time prior to the Maturity Date. Each Note is convertible into approximately 2625 Common Shares, subject to customary anti-dilution and make-whole fundamental change adjustments.

In connection with the Offering, Paradigm Capital Inc. received a cash commission of US$373,920 and 981,540 compensation options (the "**Compensation Options**"), with each Compensation Option entitling the holder thereof to acquire one Common Share at an exercise price equal to CDN$0.45 until the date that is four (4) years following today's date.

The Company intends to use the net proceeds from the Offering for its Phase III registration trial (Tigris Study) for its PMX Product treatment for endotoxic septic shock and for general corporate and working capital purposes.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The following senior officer of the Company is knowledgeable about the material change described in this report:

Chris Seto
Chief Executive Officer
Spectral Medical Inc.
Tel: 416-626-3233 x 2004
cseto@spectraldx.com

Item 9 Date of Report

June 4, 2024.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of applicable Canadian securities laws that involve known and unknown risks and uncertainties, most of which are beyond the Company's control. Should one or more of the risks or uncertainties underlying these forward-looking statements materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements. Accordingly, undue reliance should not be placed on these forward-looking statements. The forward-looking statements contained herein are made as of the date of this report and, other than as required by applicable securities laws, the Company does not assume any obligation to update or revise it to reflect new events or circumstances. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

SCHEDULE “A”

Spectral Medical Inc. Announces Closing of Approximately C$8.5 Million Convertible Notes Financing

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO THE UNITED STATES OF AMERICA OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OF AMERICA, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA.

TORONTO, May 30, 2024 -- Spectral Medical Inc. (TSX:EDT) (the "**Company**" or "**Spectral**"), is pleased to confirm the closing of previously announced offering of 9% convertible notes of the Company at a price of US$1,000 per convertible note due on May 1, 2028 for gross proceeds of approximately C$8.5 million (the "**Offering**"). Paradigm Capital Inc. acted as the underwriter for the Offering. The net proceeds from the Offering are expected to be primarily used by the Company on its Phase III registration trial (Tigris) for its PMX treatment for endotoxemic septic shock and for general corporate and working capital purposes.

The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and may not be offered or sold in the United States without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an applicable exemption therefrom. This press release does not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor may there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About SPECTRAL MEDICAL INC.

Spectral is a Phase 3 company seeking U.S. FDA approval for its unique product for the treatment of patients with septic shock, Toraymyxin™ ("**PMX**"). PMX is a therapeutic hemoperfusion device that removes endotoxin, which can cause sepsis, from the bloodstream and is guided by the Company's Endotoxin Activity Assay (EAA™), the only FDA cleared diagnostic for the risk of developing sepsis.

PMX is approved for therapeutic use in Japan and Europe and has been used safely and effectively on more than 340,000 patients to date. In March 2009, Spectral obtained the exclusive development and commercial rights in the U.S. for PMX, and in November 2010, signed an exclusive distribution agreement for this product in Canada. In July 2022, the U.S. FDA granted Breakthrough Device Designation for PMX for the treatment of endotoxic septic shock. Approximately 330,000 patients are diagnosed with septic shock in North America each year.

The Tigris Trial is a confirmatory study of PMX in addition to standard care vs standard care alone and is designed as a 2:1 randomized trial of 150 patients using Bayesian statistics. Endotoxic septic shock is a malignant form of sepsis https://www.youtube.com/watch?v=6RANrHHi9L8.

The trial methods are detailed in "**Bayesian methods: a potential path forward for sepsis trials**".

Spectral is listed on the Toronto Stock Exchange under the symbol EDT. For more information, please visit www.spectraldx.com.

Forward-looking Information Cautionary Statement

Information in this news release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws. Implicit in this information, particularly in respect of the future outlook of Spectral and anticipated events or results, are assumptions based on beliefs of Spectral's senior management as well as information currently available to it. While these assumptions were considered reasonable by Spectral at the time of preparation, they may prove to be incorrect. Readers are cautioned that actual results are subject to a number of risks and uncertainties, including the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of Spectral to take advantage of business opportunities in the biomedical industry, the granting of necessary approvals by regulatory authorities as well as general economic, market and business conditions, and could differ materially from what is currently expected.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this statement.

For further information, please contact:

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