



SPECTRA7 REPORTS FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2013

Substantial revenue growth over prior quarter, with solid gross margins

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August 14, 2013 – Toronto, ON and Palo Alto, CA – (TSX-V:SEV) Spectra7 Microsystems Inc. (“Spectra7” or the “Company”), a high performance analog semiconductor company delivering unprecedented speed, resolution and signal fidelity to consumer and wireless infrastructure products, today announced its unaudited financial results for the three and nine months ended June 30, 2013. Unless otherwise indicated, all references to dollar amounts herein are in U.S. dollars.

Quarterly revenues were \$1.1 million, surpassing the million dollar mark for the first time since Spectra7 was formed, and representing an increase of 293% over the prior quarter. In the current quarter, the Company shipped 800,000 chips into the consumer electronics market and achieved a gross margin of 70%. The Company's unaudited interim financial report for the three and nine months ended June 30, 2013 is available on the Spectra7 website at www.spectra7.com or SEDAR at www.sedar.com.

New alliances were announced with several companies in multiple, high growth market segments including the HD Display market where it announced that Konka Group has incorporated Spectra7's SimplyRF™ silicon tuners in nine of its flat panel HDTV models to make them thinner and less expensive than prior models. Konka group is one of China's top HDTV manufacturers with annual shipments of over ten million TVs.

In the consumer connectivity segment Spectra7 demonstrated its new DisplayDirect™ technology with Monster Cable at New York City's annual Engadget + gdgt Live consumer and gaming conference, where Monster unveiled its first cable intended for 4K Ultra High-Definition video and 4K gaming that utilizes Spectra7's technology.

Spectra7 continues to expand into new market segments with its technology base, including the mobile wireless infrastructure. Shortly following the end of the quarter, on July 23, 2013, it announced a strategic collaboration with PureWave Networks to incorporate Spectra7's ActiveDX™ active silicon duplexer into high performance Small Cell applications. Small Cells enable mobile internet connectivity platforms having a fraction of the size of traditional “cell towers”. Spectra7's proprietary methodology and semiconductors will be utilized to reduce existing base station electromechanical assemblies into ultra small silicon.

The Company continued to strengthen its management team by appointing Mr. Guy Anthony as Chief Financial Officer on June 17, 2013. Mr. Anthony brings over 25 years of operational and strategic experience to the Company from his tenure at multiple technology companies, including Intel Corporation where he held key finance and operations positions for 22 years.

Spectra7 raised gross proceeds of Cdn.\$5.4M in a fully marketed brokered private placement. Proceeds from the private placement will be used to continue building out Spectra7's product portfolio, and for general corporate and working capital purposes.

"I am encouraged by our performance in the quarter," commented Tony Stelliga, CEO of Spectra7. "Our differentiated technology and strategy to reduce weight, complexity and cost of the mechanical assemblies that make consumer and industrial electronic products thick and bulky is now starting to show results."

Subsequent to the end of the quarter, on July 26, 2013, the Company closed a second tranche of its previously announced private placement, issuing 66,666 common shares for gross proceeds of approximately Cdn.\$40,000. In connection with the closing of the second tranche, an agent received a cash commission of Cdn.\$1,200. All securities issued pursuant to the second tranche are subject to a statutory hold period which expires on November 27, 2013.

Spectra7 also today announced that it has agreed, subject to approval of the TSX Venture Exchange, to issue 154,046 common shares at a deemed issuance price of Cdn.\$0.59 per share to settle approximately Cdn.\$91,000 owing to certain arm's length and non-arm's length parties for past services. All common shares issued in connection with the shares for debt transaction are subject to a four month statutory hold period, in accordance with applicable securities legislation.

Pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), the shares for debt transaction constitutes a "related party transaction" as a related party of the Company subscribed for 48,282 common shares. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101, based on a determination that the securities of the Company are only listed on the TSX Venture Exchange and that the fair market value of the transaction, insofar as it involves interested parties, does not exceed \$2,500,000 and/or 25% of the market capitalization of the Company at the time the transaction was initially announced.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

ABOUT SPECTRA7 MICROSYSTEMS INC.

Spectra7 Microsystems Inc. is a high performance analog semiconductor company delivering unprecedented speed, resolution and signal fidelity to consumer and wireless infrastructure products. Spectra7's new system-level components address throughput bottlenecks and satisfy the exponential demand for more bandwidth and lower costs in mobile and internet infrastructure equipment, including handsets, tablets, base stations and microwave backhaul systems. Spectra7 was recently identified by CIBC World Markets as one of the hottest technology companies. Spectra7 is headquartered in Markham, Ontario with development centers in Silicon Valley, Irvine, California and Cork, Ireland. For more information, please visit www.spectra7.com.

Certain information in this news release may constitute forward-looking information. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. Spectra7 assumes no obligation to update the forward-looking statements, or to update the reasons why

actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to Spectra7. Additional information identifying risks and uncertainties is contained in Spectra7's filings with the Canadian securities regulators available at www.sedar.com.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.

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