



SPECTRA7 MICROSYSTEMS INC. INCREASES SIZE OF BOUGHT DEAL FINANCING TO \$6.7 MILLION

OCTOBER 11, 2016, TORONTO, ON – Spectra7 Microsystems Inc. (TSX:SEV) ("Spectra7" or the "Company") is pleased to announce that it has amended the terms of the previously announced bought deal public offering to increase the size of the offering to 19,705,883 common shares ("Common Shares") in the capital of Spectra7. The Common Shares are being offered on a bought deal basis to a syndicate of underwriters led by Canaccord Genuity Corp. The Common Shares will be issued at a price of \$0.34 per share for aggregate gross proceeds of \$6.7 million (the "Offering"). Spectra7 has also granted the underwriters an overallotment option to purchase up to an additional 2,955,882 Common Shares on the same terms and conditions, exercisable at any time in whole or in part, up to 30 days after the closing of the Offering.

The net proceeds from the Offering will be used for research and development, debt repayment, working capital and general corporate purposes.

The Offering is subject to the receipt of all necessary regulatory and stock exchange approvals, including the approval of the Toronto Stock Exchange and applicable securities regulatory authorities.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in the United States nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws and may not be offered or sold in the United States unless registered under the 1933 Act and any applicable securities laws of any state of the United States or an applicable exemption from the registration requirements is available.

ABOUT SPECTRA7 MICROSYSTEMS INC.

Spectra7 Microsystems Inc. is a high performance consumer connectivity company delivering unprecedented bandwidth, speed and resolution to enable disruptive industrial design for leading consumer electronics manufacturers in virtual reality, augmented reality, wearable computing, data centers and ultra-HD 4K/8K displays. Spectra7 is based in Palo Alto, California with design centers in Markham, Ontario and Cork, Ireland. For more information, please visit www.spectra7.com.

CAUTIONARY NOTES

Certain statements contained in this press release constitute "forward-looking statements". All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements.

These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to the risk factors discussed in the Company's annual MD&A for the year ended December 31, 2015. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

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