



SPECTRA7 ANNOUNCES AGREEMENT FOR SUBORDINATED SECURED LOAN FACILITY
Financing Package will Enable Company to Fund Short Term Growth

OCTOBER 9, 2014 – Palo Alto, CA and Toronto, ON – (TSX-V:SEV) Spectra7 Microsystems Inc. (“Spectra7” or the “Company”) today announced that it has entered into an agreement (the “Agreement”) with an arm’s length party (the “Lender”) whereby, upon the satisfaction of certain conditions precedent, the Lender has agreed to provide a \$4.75 million subordinate secured non-revolving loan facility (the “Loan Facility”). All amounts in this release are expressed in Canadian dollars.

The Company also proposes to retain an affiliate of the Lender to provide ongoing capital market advisory services to the Company, the terms of which are currently being negotiated.

“This financing package is a significant milestone for Spectra7 that will allow us to further strengthen our balance sheet to enable continued accelerated growth,” said Tony Stelliga, CEO of Spectra7.

The closing of the Loan Facility is expected to occur on or about October 31, 2014, subject to the satisfaction and/or waiver of various conditions precedent including the execution of definitive loan and security documents and approval by the Company’s senior secured lender and the TSX Venture Exchange. The Company intends to use the proceeds of the Loan Facility for general working capital purposes.

Based on the terms of the Agreement, the Loan Facility will bear interest at a rate of 12% per annum on the principal amount outstanding and will be repayable by August 31, 2016 or earlier upon the occurrence of certain events. The Company has also agreed to grant the Lender warrants (“Warrants”) to purchase up to 2,500,000 common shares of the Company, exercisable at a price of \$0.60 per common share at any time up to August 31, 2016. The Warrants will be subject to a statutory four month hold and the number of Warrants is subject to reduction in accordance with the rules of the TSX Venture Exchange.

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, wearable computing 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 NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this press release constitute “forward-looking statements” within the meaning of applicable securities laws. 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 which are made in good faith and reflect the Company’s current judgment regarding the direction of the business. These statements and assumptions 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. 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.

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

For more information, please contact:

Sean Peasgood

Investor Relations

t: 416.565.2805

e: ir@spectra7.com

w: www.spectra7.com

Melissa Chee

Vice-President, Product Management and Corporate Marketing

t: 647.472.2468

e: pr@spectra7.com

w: www.spectra7.com