



Spectra7 Moves DisplayDirect™ Virtual Reality Chip into Production

Increasing Need for Thin, Low Latency Interconnects Accelerates Market Adoption

SPECTRA7 MOVES DISPLAYDIRECT™ VIRTUAL REALITY CHIP INTO PRODUCTION

Increasing Demand for Ultra Thin, Low Latency Consumer Interconnects

MAY 14, 2014 – Toronto, ON and Palo Alto, CA – (TSX-V:SEV) Spectra7 Microsystems Inc., a high performance analog semiconductor company delivering unprecedented speed, resolution and signal fidelity, today announced that the Company's DisplayDirect™ Virtual Reality **VR7100** product has commenced production based on purchase orders to use the Company's product in leading wearable computing and virtual reality platforms.

Virtual Reality ("VR") systems based on Spectra7's DisplayDirect™ technology uniquely achieve the most critical consumer VR requirements, including:

- **High Bandwidth for Immersive 3D Resolution:** Delivers up to 40Gbps (40 billion bits per second) – enough equivalent bandwidth to drive 8 large format HDTVs using a single thin cable;
- **Low Latency:** Operates with less than 35 nanoseconds (i.e. 35 billionths of a second) of latency – up to 100,000 times faster than Wi-Fi – ensuring the interconnect does not contribute to total system latency which could lead to motion "simulation" sickness – an issue that impacted acceptance by some consumers of previous VR platforms;
- **Light Weight, Long Reach:** Eliminates up to 80% of the copper used in traditional high speed cables, enabling VR interconnects that are up to 6 times lighter, 10 times thinner, and significantly longer with lengths reaching 15 feet;
- **Embedded Power Delivery:** Reduces the gauge (thickness) of the signal interconnect by leveraging the Company's patented power delivery technology to supply power to the headset and associated chips thereby eliminating the need for a separate power cable.

“Virtual reality will require resolutions at or beyond human perception,” said Paul Gray, Director of European Research, DisplaySearch. “Signal feeds to wearable displays have to be capable of carrying a huge data payload yet also be light and flexible enough for the wearer to be unhindered and comfortable.”

Spectra7 believes its patented technology is the only solution that achieves all of these consumer requirements to accelerate mass consumer adoption of VR platforms by replacing traditional bulky and heavy cabling with a single super-slim, ultra-light wearable interconnect between the headset, gaming GPU and power port.

The Consumer Virtual Reality Market is projected to grow to \$5.2 billion by 2018 according to a recent report from KZERO Worldwide. While gamers, innovators and teens are expected to be first adopters, market analysts believe VR will transcend beyond gaming into telepresence, healthcare, and engineering applications for mainstream consumers and business users.

“Our proactive approach to the emerging visual display trends and technology continues to position us at the forefront of new markets, including the nascent Virtual Reality world which has recently become mainstream as major players enter the market,” said Tony Stelliga, CEO of Spectra7. “The latest VR headsets are an ideal platform for Spectra7’s signal processing and power delivery technology as we break the traditional boundaries for weight and industrial design to deliver the requisite bandwidth, power, resolution and speed for next generation consumer interconnects.”

Spectra7’s technology transforms the industrial design of traditional consumer electronics and mobile infrastructure by enabling new levels of miniaturization and portability, previously unavailable to the market. The Company’s next-generation of ultra-small and low profile silicon, including the VR7100, reduce the metal shielding, wire gauge and electro-mechanical components that make interconnects, such as those used in virtual reality platforms, unnecessarily thick, heavy and bulky.

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 is headquartered in Markham, Ontario with development centers in Silicon Valley, Irvine, California and Cork, Ireland. For more information, please visit www.spectra7.com.

CAUTIONARY NOTES

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 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.

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