



SPECTRA7 MICROSYSTEMS INC. ANNOUNCES CLOSING OF \$6.7 MILLION BOUGHT DEAL FINANCING

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OCTOBER 26, 2016 – Toronto, ON - Spectra7 Microsystems Inc. (TSX: SEV) ("**Spectra7**" or the "**Company**") is pleased to announce that it has closed its previously announced bought deal offering of common shares ("**Common Shares**") of the Company at a price of \$0.34 per Common Share (the "**Offering**"). The Offering was underwritten by a syndicate of underwriters led by Canaccord Genuity Corp. and including Dundee Securities Inc. and Mackie Research Capital Corporation (together, the "**Underwriters**").

The Offering resulted in the issuance of a total of 19,705,883 Common Shares for gross proceeds to the Company of \$6,700,000. As previously announced, Spectra7 has also granted the Underwriters an over-allotment 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 following the date hereof.

In consideration of the services provided by the Underwriters, the Company paid the Underwriters a cash commission up to 6% of the gross proceeds of the Offering, and issued an aggregate of 1,410,941 non-transferable compensation options (the "**Compensation Options**"). Each Compensation Option is exercisable into one Common Share at a price of \$0.34 per share for a period of 24 months from the date hereof.

Management and members of the Board of Directors of the Company subscribed for a total of \$716,000 of the Offering. Participation of insiders of the Company in the Offering constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), but it is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as neither the fair market value of securities being issued to insiders nor the consideration being paid by insiders will exceed 25% of the Company's market capitalization. The Company did not file a material change report 21 days prior to the closing of the Offering as the details of the participation of the insiders of the Company had not been confirmed at that time.

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

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, Cork, Ireland, and Little Rock, Arkansas. For more information, please visit www.spectra7.com

Forward-looking (safe harbour) statement

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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