

FORM 51-102F3

**MATERIAL CHANGE REPORT**

**Item 1**      **Name and Address of Company**

Spectra7 Microsystems Inc. (the “**Company**”)  
110 Cochrane Drive, Suite 202  
Markham, Ontario  
L3R 9S1

**Item 2**      **Date of Material Change**

June 1, 2017 and June 7, 2017.

**Item 3**      **News Release**

Press releases disclosing the material changes were disseminated on June 1, 2017 and June 7, 2017 through Marketwired.

**Item 4**      **Summary of Material Change**

On June 1, 2017, the Company announced that it had entered into an agreement with a syndicate of underwriters led by Canaccord Genuity Corp. (the “**Underwriters**”) to purchase on a bought deal basis, 10,000,000 units (“**Units**”) of the Company at a price of \$0.40 per Unit (the “**Offering Price**”) for gross proceeds to the Company of \$4.0 million (the “**Public Offering**”).

Each Unit shall consist of one common share of the Company (“**Common Share**”) and one-half of one common share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.55 per Common Share for a period of two years following the closing of the Public Offering (“**Closing**”). The expiry date of the Warrants may be accelerated by the Company at any time if the volume weighted average trading price of the Common Shares on the facilities of the Toronto Stock Exchange (or such other exchange on which the Common Shares trade) is greater than \$0.85 for any 10 consecutive trading days following the date that is four months and one day after the closing of the Public Offering.

The Company will grant the Underwriters an option to acquire up to an additional 15% of the total number of Units sold under the Public Offering for over-allotment and market stabilization purposes, which option is exercisable in whole or in part at the discretion of the Underwriters for a period of 30 days from and including the Closing.

The Units will be offered by way of a short form prospectus to be filed with the securities commissions and other similar regulatory authorities in each of the provinces of Canada (except Quebec), pursuant to National Instrument 44-101 *Short Form Prospectus Distributions*, and in those jurisdictions where the Public Offering can lawfully be made including in the United States on a private placement basis pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended.

On June 7, 2017 the Company announced that it intends to sell, on a brokered private placement basis, up to 10,000,000 Units at the Offering Price and on the same terms as the Public Offering for gross proceeds of up to \$4,000,000 (the “**Concurrent Private Placement**”). The Company engaged Lake Street Capital Markets, LLC and Chardan to lead the Concurrent Private Placement outside of Canada.

The closing of the Public Offering and the Concurrent Private Placement are scheduled to occur on or about the week of June 19, 2017, and are subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange and the securities regulatory authorities, and the satisfaction of other customary closing conditions.

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

**Item 5**            **Full Description of Material Change**

See above, press release dated June 1, 2017, attached hereto as Schedule “A”, and press release dated June 7, 2017, attached hereto as Schedule “B”.

**Item 6**            **Reliance on subsection 7.1(2) of National Instrument 51-102**

Confidentiality is not requested.

**Item 7**            **Omitted Information**

No information has been omitted in respect of the material change.

**Item 8**            **Executive Officer**

The following executive officer of the Issuer is knowledgeable about the material change disclosed in this report.

Dave Mier, Chief Financial Officer, Telephone: (925) 858-7011

**Item 9**            **Date of Report**

June 7, 2017

Schedule "A"



**SPECTRA7 MICROSYSTEMS INC. ANNOUNCES \$4.0 MILLION BOUGHT DEAL FINANCING**

*NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR RELEASE, PUBLICATION, DISTRIBUTION OR DISSEMINATION DIRECTLY, OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES*

**JUNE 1, 2017** – Toronto, ON - Spectra7 Microsystems Inc. (TSX: SEV) ("Spectra7" or the "Company") is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by Canaccord Genuity Corp. (together, the "Underwriters") to purchase on a bought deal basis, 10,000,000 units ("Units") of Spectra7 at a price of \$0.40 per Unit (the "Offering Price") for gross proceeds to the Company of \$4.0 million (the "Offering").

Each Unit shall consist of one common share of the Company ("Common Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.55 per Common Share for a period of two years following the closing of the Offering ("Closing"). The expiry date of the Warrants may be accelerated by the Company at any time if the volume weighted average trading price of the Common Shares on the facilities of the Toronto Stock Exchange (or such other exchange on which the Common Shares trade) is greater than \$0.85 for any 10 consecutive trading days following the date that is four months and one day after the closing of the Offering.

The Company will grant the Underwriters an option to acquire up to an additional 15% of the total number of Units sold under the Offering for over-allotment and market stabilization purposes, which option is exercisable in whole or in part at the discretion of the Underwriters for a period of 30 days from and including the Closing.

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

The Units will be offered by way of a short form prospectus to be filed with the securities commissions and other similar regulatory authorities in each of the provinces of Canada (except Québec), pursuant to National Instrument 44-101 *Short Form Prospectus Distributions*, and in those jurisdictions where the Offering can lawfully be made including in the United States on a private placement basis pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended.

The Closing of the Offering is scheduled to occur on or about the week of June 19, 2017, and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange and the securities regulatory authorities, and the satisfaction of other customary closing conditions.

***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 analog semiconductor company delivering unprecedented bandwidth, speed and resolution to enable disruptive industrial design for leading electronics manufacturers in broadband connectivity markets. Spectra7 is based in San Jose, California with design centers in Markham, Ontario, Cork, Ireland, and Little Rock, Arkansas. For more information, please visit [www.spectra7.com](http://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, 2016. 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.

For more information, please contact:

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Schedule “B”



**SPECTRA7 MICROSYSTEMS INC. ANNOUNCES CONCURRENT PRIVATE PLACEMENT**

*NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR RELEASE, PUBLICATION, DISTRIBUTION OR DISSEMINATION DIRECTLY, OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES.*

SAN JOSE, CA – June 7, 2017 – (TSX:SEV) Spectra7 Microsystems Inc. (“**Spectra7**” or the “**Company**”), a leading provider of high-performance analog semiconductor products for broadband connectivity markets today announced that, in addition to the \$4,000,000 bought deal public offering of units (“**Units**”) previously announced by the Company on June 1, 2017 (the “**Public Offering**”), it intends to sell, on a brokered private placement basis, up to 10,000,000 Units at a price of \$0.40 per Unit for gross proceeds of up to \$4,000,000 (the “**Concurrent Private Placement**”). The Company has engaged Lake Street Capital Markets, LLC and Chardan to lead the Concurrent Private Placement outside of Canada.

As with the Public Offering, each Unit issued pursuant to the Concurrent Private Placement shall consist of one common share of the Company (“**Common Share**”) and one-half of one common share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.55 per Common Share for a period of two years following the closing of the Concurrent Private Placement. The expiry date of the Warrants may be accelerated by the Company at any time if the volume weighted average trading price of the Common Shares on the facilities of the Toronto Stock Exchange (or such other exchange on which the Common Shares trade) is greater than \$0.85 for any 10 consecutive trading days following the date that is four months and one day after the issuance of the Warrants.

The net proceeds from the Concurrent Private Placement will be used for research and development and for working capital and general corporate purposes.

The Concurrent Private Placement is scheduled to close concurrently with the Public Offering on or about the week of June 19, 2017, and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange and the securities regulatory authorities, and the satisfaction of other customary closing conditions.

The Company expects that insiders of the Company will participate in connection with the Concurrent Private Placement. Pursuant to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”), the Concurrent Private Placement constitutes a “related party transaction” as insiders of the Company will subscribe for Units. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101. The Concurrent Private Placement was approved by all of the independent directors of the Company.

The Company also intends to issue, on a private placement basis, 625,000 Units in connection with a financial advisory services arrangement between the Company and the lead underwriter of the Public Offering, Canaccord Genuity Corp. (the “**Advisory Units**”). The Advisory Units and all securities issued pursuant to the Concurrent Private Placement are subject to a statutory hold period of four months and one day pursuant to applicable securities legislation.

***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.***

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## **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, 2016. 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.

For more information, please contact:

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