

SPECTRA7 MICROSYSTEMS INC.
TERMS OF OFFERING
JUNE 1, 2017

A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in each of the provinces of Canada, except Québec. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

Issuer:	Spectra7 Microsystems Inc. (“ Company ”).
Issue:	Units (the “ Offered Securities ”), each comprised of one common share of the Company (each, a “ Common Share ”) and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a “ Warrant ”).
Size of Offering:	\$4.0 million (the “ Offering ”).
Issue Price:	\$0.40 per Offered Security.
Warrants:	Each Warrant will entitle the holder to acquire one Common Share (each, a “ Warrant Share ”) at a price of \$0.55 for a period of two years following the Closing Date (as hereinafter defined), subject to adjustment in certain events. Warrants will be subject to acceleration if the VWAP of the Common Shares on the Toronto Stock Exchange (or such other exchange as the Issuer may be trading on) equals or exceeds \$0.85 for 10 consecutive trading days following the date that is four months and one day following the Closing Date.
Over-Allotment Option:	Up to 15% of the number of Offered Securities issued pursuant to the Offering to any cover over-allotments and for market stabilization purposes, exercisable within 30 days of the closing of the Offering.
Type of Transaction:	Bought deal by way of short form prospectus.
Offering Jurisdictions:	All provinces of Canada excluding Quebec and in the United States by way of private placement pursuant to available exemptions from the registration requirements of the United States Securities Act of 1933, as amended and outside of Canada and the United States on a private placement or equivalent basis.
Exchange Listings:	Toronto Stock Exchange.
Eligibility:	The Offered Securities shall be eligible for RRSPs, RRIFs, RDSPs, RESPs, TFSA and DPSPs.
Use of Proceeds:	For research and development, interest repayment, working capital and general corporate purposes.
Commission:	6.0% of the gross proceeds raised in respect of the Offering (including the Over-Allotment Option) plus broker warrants to purchase up to an additional 6.0% of the number of Offered Securities sold in the Offering, subject to a reduced commission for certain orders.
Closing Date:	On or about June 20, 2017.