Spectra7 Announces Term Sheet for Asset Based Senior Secured Note Loan Facility

SAN JOSE, Calif.--(BUSINESS WIRE)--June 17, 2019--Spectra7 Microsystems Inc. (TSX:SEV) ("**Spectra7**" or the "**Company**"), a leading provider of high-performance analog semiconductor products for broadband connectivity markets, today announced that it has entered into a non-binding term sheet with respect to a US$12.0 million senior secured note loan facility.

Pursuant to the term sheet, the facility is to be secured against the Company's patent portfolio and various other intellectual property rights. The facility shall bear interest at a rate of 11.25% plus an annual fee of up to US$250,000 per annum based on the Company's revenues. At the option of the Corporation, payment of interest may be deferred until maturity. The facility will have a three year term with the Company having a right to two one year extensions upon certain conditions. Upon closing of the facility, the Company shall issue warrants to the note holders to purchase up to 5% of the fully diluted common shares in the capital of the Company at an exercise price equal to a 15% premium to the 10-day volume weight average share price at the time of closing.

The proceeds of the facility are intended to be used for the repayment of the Company's existing indebtedness and for working capital purposes.

Closing of the facility is subject to various conditions precedent including entering into legally binding documentation, satisfactory due diligence, the completion of a minimum equity financing and the approval of the Toronto Stock Exchange. The Company expects to close the facility in Q3 2019.

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 virtual reality, augmented reality, mixed reality, data centers and other 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.

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, 2018. 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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