



**SPECTRA7 ANNOUNCES INDUSTRY'S FIRST CHIP FOR VIRTUAL REALITY GESTURE
RECOGNITION AND MOTION SENSING BACKHAUL**

VR7050 Delivers High Speed Data with Near-Zero Latency for Gesture Controlled Virtual Reality

OCTOBER 8, 2014 – Palo Alto, CA and Toronto, ON – (TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), today announced the VR7050, the industry's first chip capable of enabling lightweight, ultra-thin active interconnects that achieve the requisite high speed and low latency for gesture recognition processing and motion control featured in the latest gaming and virtual reality ("VR") products. When used in conjunction with Spectra7's VR7100 high speed video chip, the chipset delivers ultra-high bandwidth data, video, audio and power in a unified, ultra-light, super-thin wearable interconnect while achieving the low latency for a truly immersive VR experience.

Until now, VR headsets have required standard gaming consoles for gesture and motion control which are difficult to use because they are not visible or intuitive when a user is wearing immersive head mounted displays ("HMDs"). Virtual Reality needs the ability to capture human gesture and motion with a natural, user-friendly interface integrated into the HMD. Such integration can now be accomplished with VR7050-based ultra-thin cables which are capable of achieving the high bandwidth and low latency requirements for gesture controlled VR.

To achieve unprecedented gesture recognition for VR, industry leaders are looking to integrated forward-facing cameras to capture user motion and gesture without controllers. These cameras must be capable of transferring massive amounts of captured data at ultra-high speed with near-zero latency back to the processing computer ("gesture backhaul"). This low latency and massive data backhaul to the host processing unit is now available for the first time ever in ultra-thin, lightweight interconnects designed with Spectra7's VR7050.

Spectra7's new VR7050 chip features the Company's patented high speed active signal processing technology enabling data transfer up to ten times faster than current formats while reducing cable conductor cross sectional area and weight by up to 90%.

The VR7050 also utilizes the Company's patented power delivery technology and can therefore be embedded in cables, connectors and VR HMDs where external power supplies and/or heavy built-in batteries are not suitable as they detract from the inherent immersive nature of VR. The VR7050 chip supports multiple high speed data standards including USB, Ethernet, SAS and proprietary protocols. The chip measures just 1.6mm x 1.6mm and can be housed in the smallest of consumer connectors, including Micro USB.

"Replacing the tethered game controller with gesture recognition is critical to the mass market adoption of Virtual Reality," said Tony Stelliga, CEO of Spectra7. "New interconnects based on Spectra7's VR7050 will now be able to provide seamless transport of gestures and motion data via HMD mounted miniature cameras or sensors, greatly simplifying and enhancing the consumer VR experience."

With growing mainstream consumer interest driving VR to become a “Must-Have” Accessory for Gamers, over a dozen major consumer OEMs are entering the VR market to capitalize on the installed base of over 250 million VR-capable game consoles⁽¹⁾. Samples of the VR7050 will be available in the market in Q4’ 2014 with volume shipments expected to commence in 2015.

ABOUT SPECTRA7 MICROSYSTEMS INC.

Spectra7 Microsystems Inc. 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, Wearable Computing and Ultra-HD 4K/8K Displays. Spectra7 is based in Palo Alto, California with Design Centers in Markham, Ontario and Cork, Ireland. For more information, please visit www.spectra7.com.

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⁽¹⁾VGChartz; Reuters