NEW SPECTRA7 CHIP ENABLES WEARABLE VIRTUAL REALITY EXPERIENCE
Ultra HD Video, 7.1 Audio Direct to Human Senses

October 10. 2012 – Toronto, ON and Palo Alto, CA – (TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7"), a high performance analog semiconductor company delivering unprecedented speed, resolution and signal fidelity to consumer and wireless infrastructure products, today announced the VR7100, a ground-breaking chip that enables virtual reality ("VR") technology to cross the chasm into mainstream adoption by delivering the ultra-high image resolution and miniaturization required for wearable computing.

The market for wearable devices is expected to exceed $6 billion in 2016 according to IMS Research. This exponential increase in demand is accelerated by a wide-range of applications including gaming, healthcare, architecture, and business telepresence. Recent high profile coverage, including Jimmy Fallon's, "It's a game-changer" conclusion on *Late Night with Jimmy Fallon*, underscores VR's rapid move towards a tipping point.

Early VR solutions have faced complex adoption hurdles due to poor performance, weight, bulkiness, and cost. These impediments are all caused by attempts to deliver the "retina" 3D resolution required to eliminate noticeable fixed pattern noise also known as pixel "screen-door" effect and any perceptible latency which further degrades the experience. To meet these requirements, super-computer speeds and near zero latency are mandatory – a combination that has been out of the reach of consumer price points and wireless technology.

Spectra7's VR7100 delivers both the speed and low latency via conductors that are less than 100 microns in diameter and work with Spectra7's integrated power harvesting – thereby setting industry-defining standards for ultra-light, weavable, nano-scale interconnects capable of reaching from headset to compute cluster or gaming machine. As a result, the VR7100 transforms the industrial design of VR platforms, enabling unobtrusive, ultra high bandwidth connectivity between the headset, GPU, and/or personal storage system.

"Wearable Virtual Reality is about to fundamentally transform how we live, work, and play," said Tony Stelliga, CEO of Spectra7. "Spectra7 is constantly pushing the limits with new levels of high speed signal processing to bring virtual reality from a niche into the mainstream consumer marketplace"

The VR7100 features patented chip technology which is optimized to deliver the video bandwidth required for a fully immersive, stereoscopic 3D experience. The chip leverages Spectra7's patented power harvesting algorithms, eliminating the need for any external power source while delivering up to Ultra HD 4K resolution. The VR7100 is available in a miniature, ultra-low profile QFN package measuring 5mm x 5mm.

The VR7100 is available now under the Spectra7 Partner Program.

ABOUT SPECTRA7 MICROSYSTEMS INC.

Spectra7 Microsystems Inc. is a high performance analog semiconductor company delivering unprecedented speed, resolution and signal fidelity to consumer and wireless infrastructure products. Spectra7's new system-level components address throughput bottlenecks and satisfy the exponential demand for more bandwidth and lower costs in mobile and internet infrastructure equipment, including handsets, tablets, base stations and microwave backhaul systems. Spectra7 is headquartered in Markham, Ontario with development centers in Silicon Valley, Irvine, California and Cork, Ireland. For more information, please visit www.spectra7.com.

Certain information in this news release may constitute forward-looking information. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. Spectra7 assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to Spectra7. Additional information identifying risks and uncertainties is contained in Spectra7's filings with the Canadian securities regulators available at www.sedar.com.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.

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