

**Form 45-106F6*****British Columbia Report of Exempt Distribution***

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

**Issuer/underwriter information****Item 1: Issuer/underwriter name and contact information**

A. State the following:

- the full name of the issuer of the security distributed. Include the former name of the issuer if its name has changed since this report was last filed;
- the issuer's website address; and
- the address, telephone number and email address of the issuer's head office.

Spectra7 Microsystems Inc. (the "issuer")

110 Cochrane Drive, Suite 200

Markham, ON L3R 9S1

(650) 670-7055

[www.spectra7.com](http://www.spectra7.com)

B. If an underwriter is completing this report, state the following:

- the full name of the underwriter;
- the underwriter's website address; and
- the address, telephone number and email address of the underwriter's head office.

**Item 2: Reporting issuer status**

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The issuer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

**Item 3: Issuer's industry**

Indicate the industry of the issuer by checking the appropriate box below.

- |   |  |
|---|--|
| <input type="checkbox"/> Bio-tech                       | Mining   |
| Financial Services                                      | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production              |
| <input type="checkbox"/> mortgage investment companies  | <input type="checkbox"/> Oil and gas             |
| <input type="checkbox"/> Forestry                       | <input type="checkbox"/> Real estate             |
| <input checked="" type="checkbox"/> Hi-tech             | <input type="checkbox"/> Utilities               |
| <input type="checkbox"/> Industrial                     | <input type="checkbox"/> Other (describe)        |
- 

#### Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$)
N/A			

#### Details of distribution

##### Item 5: Distribution date

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

May 4, 2015

##### Item 6: Number and type of securities

For each security distributed:

- describe the type of security;
- state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and
- if the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, state the exemption(s) relied on. If more than one exemption is relied on, state the amount raised using each exemption.

12,494,765 special warrants (the “**Special Warrants**”) of the issuer at \$0.70 per Special Warrant (the “**Offering Price**”). Each Special Warrant is exercisable, for no additional consideration into one (1) unit of the issuer (a “**Unit**”). Each Unit consists of one (1) common share (a “**Common Share**”) of the issuer and one-half (1/2) of one Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant shall entitle the holder thereof to purchase one Common Share (a “**Warrant Share**”) at an exercise price of \$0.90 at any time up to May 4, 2017. The expiry date of the Warrants may be accelerated by the issuer at any time following nine months after closing and prior to the expiry date of the Warrants if the volume weighted average price of the Common Shares is greater than \$1.30 for any 20 non-consecutive trading days after closing. All unexercised Special Warrants will be deemed to be exercised (the “**Deemed Exercise Date**”) on the earlier of (i) four months and a day following closing of the private placement, and (ii) the 3rd business day following the day upon which the issuer obtains a receipt for the final short form prospectus qualifying the Units from the securities regulatory authorities in Ontario, Alberta and British Columbia.

#### Item 7: Geographical information about purchasers

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder’s fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) <sup>1</sup>	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Ontario	33	\$0.70	\$7,812,063
British Columbia	3	\$0.70	\$191,450
Alberta	3	\$0.70	\$60,900
Cayman Islands	5	\$0.70	\$533,162
United Kingdom	1	\$0.70	\$28,000

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) <sup>1</sup>	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
United States	1	\$0.70	\$120,760.50
Total number of Purchasers	46		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$8,746,335.50

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

## Item 8: Information about purchasers

### Instructions

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument 45-106 *Prospectus and Registration Exemptions* may choose to replace the information in the first column with the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
RPC Capital Ltd 18 Ardmore Road, Toronto, ON M5P 1V3		100,000 Special Warrants	\$70,000	Section 2.3 of National Instrument 45-	2015-05-04

<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
647-402-7552				106 (Accredited Investor)	
Sanctum Sanctorum Inc 10180-101 St, Suite 3400 , Edmonton, AB T5J 3S4 647-202-5292		60,000 Special Warrants	\$42,000	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Fontainebleau Investments Ltd 69 Dawlish Ave, Toronto, ON M4N 1H2 416-508-8493		42,000 Special Warrants	\$29,400	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Newgen Trading Fund LP Commerce Court North, Suite 2900, 25 King Street West , PO Box 405, Toronto, ON 416-941-911		227,500 Special Warrants	\$159,250	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Newgen Trading Master Fund Ltd c/o SGGG Fund Services (Cayman), Regatta Office Park, Windward Three, 4th floor, West Ban Road, PO Box 10312 416-941-911		155,200 Special Warrants	\$108,640	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Newgen Trading Fund c/o SGGG Fund Services (Cayman), Regatta Office Park, Windward Three, 4th floor, West Ban Road, Grand Cayman KY-10003		88,100 Special Warrants	\$61,670	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04

<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
416-941-9111					
Polaris Event Trading Fund Cayman Ltd 89 Nexus Way, Camana Bay, Grand Cayman, Cayman Islands, KY1-9007 416-941-9111		29,200 Special Warrants	\$20,440	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Mahogany Asset Mgmt 2792 Mahogany Lane, Oakville, ON L6J 7P4 289-837-0975	R	75,000 Special Warrants	\$52,500	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
The K2 Principal Fund LP 2 Bloor St. West Suite 801, Toronto, ON M4W 3E2 416-365-2155		550,000 Special Warrants	\$385,000	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
McGilligan Barry Investments Ltd 130 King Street West, Suite 2130, Toronto, ON M5X 1E2 416-362-4141		79,750 Special Warrants	\$55,825	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
MMCap International Inc. SPC Admiral Financial Centre, 90 Fort Street, Box 32021, Grand Cayman, Cayman Islands, KY1-1208 416-408-0997		175,000 Special Warrants	\$122,500	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Sprott Asset Management L.P. Royal Bank Plaza, South Tower,	R	4,300,000 Special Warrants	\$3,010,000	Section 2.3 of National Instrument 45-106	2015-05-04

<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
200 Bay Street, Suite 2700, Box 27, Toronto, ON M5J 2J1 416-943-6429				(Accredited Investor)	
Rosseau Limited Partnership 181 Bay Street, Suite 2920, Box 736, Toronto, ON M5J 2T3 416-777-2558		1,113,840 Special Warrants	\$779,688	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
GIO-Rosseau Special Situations Master Fund c/o Elian, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007 416-777-2558		314,160 Special Warrants	\$219,912	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
BT Global (Cayman) LTD C/O Macnicol & Associates, 145 Adelaide Street West, Suite 300, Toronto, ON M5H 4E5 514-907-8070		157,000 Special Warrants	\$109,900	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
BT Global Growth LP C/O Macnicol & Associates, 145 Adelaide Street West, Suite 300, Toronto, ON M5H 4E5 514-907-8070		193,000 Special Warrants	\$135,100	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Curvature LP 1603-141 Adelaide St. West, Toronto, ON M5H 3L5 647-395-8603		313,000 Special Warrants	\$219,100	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Curvature Market Neutral		1,115,000	\$780,500	Section 2.3 of	2015-05-04

<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Fund 750-36 Toronto Street, Toronto, ON M5C 2C5 416-323-0477		Special Warrants		National Instrument 45-106 (Accredited Investor)	
Interward Capital Corp TD Canada Trust Tower, BCE Place, 161 Bay Street, Suite 4410, Box 514, Toronto, ON 416-365-3663		107,000 Special Warrants	\$74,900	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Rockhaven Holdings TD Canada Trust Tower, BCE Place, 161 Bay Street, Suite 4410, Box 514, Toronto, ON 416-365-3663		135,000 Special Warrants	\$94,500	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
First Canadian Insurance TD Canada Trust Tower, BCE Place, 161 Bay Street, Suite 4410, Box 514, Toronto, ON 780-431-5568		72,000 Special Warrants	\$50,400	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Millennium Insurance TD Canada Trust Tower, BCE Place, 161 Bay Street, Suite 4410, Box 514, Toronto, ON 780-431-5568		36,000 Special Warrants	\$25,200	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Forge First Long Short LP 19 Duncan Street, Suite 507, Toronto, ON M5H 3H1, 416-687-6774		50,000 Special Warrants	\$35,000	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04



<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
				Investor)	
Forge First Multi Strategy LP 19 Duncan Street, Suite 507, Toronto, ON M5H 3H1 416-687-6774		50,000 Special Warrants	\$35,000	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Roundtable Capital Partners Inc 130 Adelaide St. W Suite 2101, Toronto, ON M5H 3P5 416-306-9953	R	1,710,000 Special Warrants	\$1,197,000	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
1436454 Ontario Limited 53 Forest Lane Dr. , Thornhill, ON L4J 3P2 905-881-7337		100,000 Special Warrants	\$70,000	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Superior Dental Limited 1606 - 330 Spadina Road, Toronto, ON M5R 2V9, 416-787-7755		20,000 Special Warrants	\$14,000	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04
Kalirai Family Trust 65 Tankbark Cres., Toronto, ON 416-716-2719		54,000 Special Warrants	\$37,800	Section 2.3 of National Instrument 45-106 (Accredited Investor)	2015-05-04

## **Commissions and finder's fees**

### **Item 9: Commissions and finder's fees**

#### *Instructions*

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
Mackie Research Capital Corporation 199 Bay Street, Suite 4500 Commerce Court West Toronto, ON M5L 1G2	R	\$461,718.44	656,007 Special Compensation Options <sup>1</sup>	\$0.70	Section 2.3 of National Instrument 45-106 (Accredited Investor)  2015-05-04	\$461,718.44
Global Maxfin Capital Inc. 483 Bay Street, Suite 200 Toronto, ON M5G 2N7	R	\$24,254.03	36,444 Special Compensation Options	\$0.70	Section 2.3 of National Instrument 45-106 (Accredited Investor)  2015-05-04	\$24,254.03
PI Financial Corp. 1900-666 Burrard Street, Vancouver, BC V6C 3N1	R	\$24,254.03	36,444 Special Compensation Options	\$0.70	Section 2.3 of National Instrument 45-106 (Accredited Investor)  2015-05-04	\$24,254.03

---

<sup>1</sup> Each Special Compensation Option shall be converted into compensation options (“**Compensation Options**”) upon the Deemed Exercise Date (as defined in Item 6 above). Each Compensation Option is exercisable to acquire one Unit at an exercise price of \$0.70 at any time up to May 4, 2017.

## Certificate

On behalf of the [issuer/underwriter], I certify that the statements made in this report are true.

Date: May 19, 2015

Spectra7 Microsystems Inc.

Name of [issuer/underwriter] (please print)

Robert Bosomworth, Chief Financial Officer, (905) 480-9109

Print name, title and telephone number of person signing

"Robert Bosomworth"

Signature

### *Instruction*

*The person certifying this report must complete the information in the square brackets by deleting the inapplicable word. For electronic filings, substitute a typewritten signature for a manual signature.*

### **Item 10: Contact information**

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

**IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.**

### **Notice - Collection and use of personal information**

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

### **British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Telephone: (604) 899-6500  
Toll free across Canada: 1-800-373-6393  
Facsimile: (604) 899-6581