



FOR IMMEDIATE RELEASE

TSX-V: ETE.P

## **CHRYsalIS ANNOUNCES CLOSING OF QUALIFYING TRANSACTION WITH FRESCO AND REDMERE**

**February 5, 2013** - Toronto, Ontario – Chrysalis Capital VIII Corporation (“**Chrysalis**” or the “**Corporation**”) is pleased to announce today that, subject to final approval of the TSX Venture Exchange (the “**Exchange**”), it has completed its previously announced qualifying transaction (the “**Qualifying Transaction**”) consisting of the acquisition of all of the issued and outstanding shares in the capital of Fresco Microchip Inc. (“**Fresco**”) and RedMere Technology Limited (“**RedMere**”).

A full description of the Qualifying Transaction was provided in the Corporation’s non-offering prospectus dated December 21, 2012, as filed on SEDAR (the “**Prospectus**”). Immediately prior to the closing of the Qualifying Transaction, the Corporation filed articles of amendment to consolidate its outstanding share capital (the “**Consolidation**”) on the basis of one post-Consolidation common share of the Corporation (each a “**Common Share**”) for every 3.86364 pre-Consolidation common shares. The Corporation also filed articles of amendment to change its name to “**Spectra7 Microsystems Inc.**”.

The Corporation has filed final documentation with the Exchange pursuant to the conditional approval received on December 21, 2012. Subject to final approval by the Exchange, the Corporation’s post-Consolidation Common Shares are expected to begin trading on the Exchange at the opening of the markets on February 19, 2013 under the symbol “**SEV**”.

With the completion of the Qualification Transaction, the Corporation has 37,882,145 Common Shares issued and outstanding and options to acquire 2,764,353 Common Shares outstanding under the Corporation’s stock option plan. In addition, the Corporation has issued awards issuable for up to 2,500,000 Common Shares pursuant to the Corporation’s restricted share unit plan.

### **Escrow**

Pursuant to the terms of a value security escrow agreement dated February 5, 2013 among the Corporation, Olympia Trust Company as escrow agent and certain escrow securityholders (the “**Escrow Agreement**”), an aggregate of 27,567,222 Common Shares have been placed in escrow, whereby 10% of such securities will be released immediately upon the issuance of the Exchange bulletin evidencing final acceptance of the Qualifying Transaction and the balance of such securities will be released in equal tranches of 15% every six months thereafter.

### **Seed Sale Resale Restrictions**

As disclosed in the Prospectus, certain non-principal shareholders of the Corporation are subject to seed share resale restrictions pursuant to the policies of the Exchange (each, an “**SSRR**”). SSRRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-principals by private companies in connection with the Qualifying Transaction.

A total of seven non-principal former shareholders of RedMere who upon closing of the Qualifying Transaction now hold an aggregate of 478,299 Common Shares are subject to SSRRs. Such Common Shares have been issued with a restrictive legend that will permit 20% of such shares to be released each month with the first release having occurred upon closing of the Qualifying Transaction.

### **Contractual Lock-Ups**

Each former securityholder of Fresco or RedMere that was upon closing of the Qualifying Transaction entitled to receive greater than 100,000 Common Shares in exchange for its Fresco or RedMere securities, as applicable, is subject to a contractual restriction that, in addition to the terms of the Escrow Agreement or the SSRR restrictions, if applicable, it may not sell any of its Common Shares prior to the earliest of: (i) the date that is two years from the closing of the Qualifying Transaction; (ii) the date that the Corporation provides written notice or publicly announces that it has completed an equity or convertible debt financing that raises gross proceeds of greater than \$5,000,000 at a price higher than \$0.934 per share; and (iii) the date of the closing of a “Business Combination” (as defined in the Escrow Agreement) of the Corporation.

Each former securityholder of Fresco or RedMere that was upon closing of the Qualifying Transaction entitled to receive greater than 50,000 Common Shares and less than 100,000 Common Shares in exchange for its Fresco or RedMere securities, as applicable, has 75% of its Common Shares subject to the same selling restrictions as set forth above.

### **Directors and Officers**

As a result of the closing of the Qualifying Transaction, the directors and officers of the Corporation are now as follows:

Tony Stelliga	President, Chief Executive Officer and Director
Patrick Leung	Chief Financial Officer
Andrew Kim	Chief Technical Officer
Richard Kimel	Corporate Secretary
Edward Anderson	Director
Brian Antonen	Director
Robert Dobkin	Director
Roger Maggs	Director
Robert Munro	Director

For further biographical information about the foregoing persons, see the Prospectus.

### **Refinancing of Comerica Credit Facility**

The Corporation also announces that effective February 5, 2013 (the “**Facility Effective Date**”), the Corporation and Fresco, as borrowers, and Redmere and Fresco Microchip Corporation, as guarantors, have entered into a Loan Agreement (the “**Loan Agreement**”) with Comerica Bank, a Texas banking association which is authorized foreign bank under the *Bank Act* (Canada) (“**Comerica**”), as lender, pursuant to which Comerica will provide two credit facilities as follows: (i) a US\$2,000,000 364 day line of credit to support the Corporation’s working capital requirements (the “**First Line**”); and (ii) a US\$3,000,000 42-month term loan as long term debt to refinance existing senior debt and to support working capital requirements (the “**Second Line**”), respectively. Both the First Line and the Second Line

are secured by a first charge over all of the assets of each of the Corporation, RedMere, Fresco and Fresco Microchip Corporation.

Pursuant to the terms of the Loan Agreement, the Corporation has issued an aggregate of 160,600 Common Share purchase warrants (each, a “**Warrant**”) to Comerica, with each Warrant being exercisable for the purchase of one Common Share for a period of three years from the Facility Effective Date at a price of \$0.934 per Common Share. In accordance with applicable securities legislation, the Warrants are subject to a statutory hold period of four months and one day expiring on June 6, 2013.

### **Sponsorship**

Pursuant to a sponsorship agreement dated January 30, 2013, the Corporation engaged PI Financial Corp. (“**PI**”) to act as sponsor in connection with the Qualifying Transaction. In addition to the cash consideration paid to PI as its sponsorship fee, the Corporation issued 16,060 Common Shares (the “**Sponsor Shares**”) to PI. The Sponsor Shares are subject to a twelve month hold period from the date of issuance.

### **ABOUT CHRYSALIS CAPITAL VIII CORPORATION**

Chrysalis Capital VIII Corporation is The Chrysalis Capital Group Inc.’s (“**TCCG**”) eighth capital pool company (“**CPC**”). TCCG is entirely focused on generating superior shareholder returns through the creation of a series of unique CPCs. To date, TCCG has created eight Chrysalis branded CPCs and has assisted in the creation of four additional CPCs under TCCG’s partners program. For more information about TCCG, please visit [www.tccg.ca](http://www.tccg.ca).

### **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 the bottlenecks and the exponential demand for more bandwidth and lower costs in mobile and internet infrastructure equipment, including handsets, tablets, base stations and microwave backhaul systems.

*The Exchange has in no way passed upon the merits of the Qualifying Transaction and has neither approved nor disapproved the contents of this press release. Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*Certain information in this press 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. The Corporation 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 the Corporation. Additional information identifying risks and uncertainties is contained in the Corporation’s filings with the Canadian securities regulators, which filings are available at [www.sedar.com](http://www.sedar.com).*

For more information, please contact:

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