Form 51-102F3
Material Change Report

1. Name and Address of Company

NIR Diagnostics Inc.
44 Crawford Crescent
Campbellville, Ontario
L0P 1B0

2. Date of Material Change

January 7, 2005

3. News Release

A news release in respect of this material change was issued through Canada Newswire on January 7, 2005. A copy is attached.

4. Summary of Material Change

On January 7, 2005 NIR Diagnostics Inc. ("NIR Diagnostics") announced that the Company has received a $1,000,000 payment as a result of a licensing agreement between Spectromedical Inc., of Cambridge, Ontario, and a third-party licensee.

5. Full Description of Material Change

On January 7, 2005 NIR Diagnostics announced that the Company has received a $1,000,000 payment as a result of a licensing agreement between Spectromedical Inc., of Cambridge, Ontario, and a third-party licensee. In an agreement announced October 8, 2003, NIR Diagnostics secured the rights to share in the licensing proceeds of certain Spectromedical patents. The proceeds will assist the Company to commercialize HemoNIR™, and to advance the development of CardioNIR™.

A future milestone payment of $100,000 from the licensee is payable to NIR Diagnostics subject to the licensee meeting certain conditions.

6. Reliance on subsection 7.1 (2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

Duncan MacIntyre, Chief Executive Officer
Tel: (905) 854-5727

9. Date of Report
January 14, 2005

NIR Diagnostics Inc.

"*Stephen Curtis*"
Stephen Curtis
Chief Financial Officer

FOR IMMEDIATE RELEASE **TSX Venture: NID**

NIR DIAGNOSTICS RECEIVES $1,000,000 LICENSING AGREEMENT PAYMENT

CAMPBELLVILLE, Canada, January 7, 2005 - NIR Diagnostics Inc. (TSX Venture: NID), a leading-edge developer of near-infrared diagnostic instruments, today announced that the Company has received a $1,000,000 payment as a result of a licensing agreement between Spectromedical Inc., of Cambridge, Ontario, and a third-party licensee. In an agreement announced October 8, 2003, NIR Diagnostics secured the rights to share in the licensing proceeds of certain Spectromedical patents.

"These proceeds will assist NIR Diagnostics in our efforts to commercialize our lead product, HemoNIR™, and to advance the development of CardioNIR™," said Duncan J. MacIntyre, President and CEO of NIR Diagnostics. "This licensing agreement further validates our business strategy to leverage our research and development expertise in non-core areas through partnerships, joint-ventures and license agreements while retaining all rights to NIR Diagnostics' core in-vivo and in-vitro blood monitoring business."

A future milestone payment of $100,000 from the licensee is payable to NIR Diagnostics subject to the licensee meeting certain conditions.

NIR Diagnostics last week announced a tax-assisted financing of $900,000 and this week confirmed the submission of a 510(k) application to the US Food and Drug Administration for HemoNIR$_{Lab}$™, a portable reagentless device that measures the ability of a person's blood to carry oxygen by monitoring non functional hemoglobin from a drop of blood.

About NIR Diagnostics
NIR Diagnostics is a leading developer of near infrared, spectroscopy based, medical diagnostic technology. The Company has an extensive portfolio of optical, electronic and algorithm related patents in the field of in-vitro and in-vivo blood analysis.

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For more information, please contact:

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