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 19, 2006

3. **News Release**

   A news release in respect of this material change was issued through Canada Newswire on January 19, 2006. A copy is attached.

4. **Summary of Material Change**

   On January 19, 2006, NIR Diagnostics Inc. ("NIR Diagnostics") completed a final tranche of a private placement financing for gross proceeds of $371,500, bringing the total raised under the financing to $1,205,900.

5. **Full Description of Material Change**

   On January 19, 2006, NIR Diagnostics completed its financing agreement with Wolverton Securities Ltd. Under the final tranche of the agreement the Company issued 3,715 secured convertible redeemable debentures at a price of $100 for gross proceeds of $371,500. This brings the total gross proceeds raised from the agreement to $1,205,900. Under the first tranche of the agreement, the Company issued 8,344 secured convertible redeemable debentures at a price of $100 for gross proceeds of $834,400, as announced on December 21, 2005.

   Each debenture has a maturity date of 15 months and will bear interest at a rate of 12% compounded annually in arrears, with interest payable monthly. Each debenture is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of $0.30 per common share. The debentures may be redeemed at the option of the Company at any time with 30 days advance notice. The registered holders will have 20 days after the Company provides notice of redemption to convert all or part of their debentures into common shares of the Company. The debentures are subject to a four-month hold period and are secured by the property of the Company. The proceeds of the private placement will be used to finance the Company's research and development and on-going operations.

Under the Agency Agreement, a cash commission of 7% of the gross proceeds is payable to Wolverton. In addition, Wolverton received 278,625 Agent’s Warrants for the completion of the final tranche, bringing the total Agent’s Warrants received on the financing to 904,425. Each warrant is exercisable into one common share of the Company at a price of $0.20 per common share for a period of 24 months from the date of issue. The Agent’s Warrants are subject to a four-month hold period.

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 25, 2006

NIR Diagnostics Inc.

“*Stephen Curtis*”
Stephen Curtis
Chief Financial Officer

INVESTOR RELATIONS CONTACT:
Jason Hogan
The Equicom Group Inc.
(416) 815-0700 ext. 222

FOR IMMEDIATE RELEASE **TSX Venture: NID**

NIR DIAGNOSTICS COMPLETES PRIVATE PLACEMENT

- Company raises total gross proceeds of $1,205,900 -

CAMPBELLVILLE, Canada, January 19, 2006 - NIR Diagnostics Inc. (TSX Venture: NID), a leading-edge developer of handheld spectroscopy based medical instruments, today announced it has completed its financing agreement with Wolverton Securities Ltd. Under the final tranche of the agreement the Company issued 3,715 secured convertible redeemable debentures at a price of $100 for gross proceeds of $371,500. This brings the total gross proceeds raised from the agreement to $1,205,900. Under the first tranche of the agreement, the Company issued 8,344 secured convertible redeemable debentures at a price of $100 for gross proceeds of $834,400, as announced on December 21, 2005.

"With the successful completion of this transaction and the recent signing of a feasibility and first option agreement to monitor blood glucose with a leading consumer and hospital diagnostic company, we continue to attract broad interest in our technology," said Duncan J. MacIntyre, President, CEO and Executive Vice Chairman of NIR Diagnostics. "With this in mind, a major objective of the Company in 2006 is to complete the ongoing alliance negotiations with diagnostic companies for our blood monitoring products and patents."

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Under the Agency Agreement, a cash commission of 7% of the gross proceeds is payable to Wolverton. In addition, Wolverton received 278,625 Agent's Warrants for the completion of the final tranche, bringing the total Agent's Warrants received on the financing to 904,425. Each warrant is exercisable into one common share of the

Company at a price of $0.20 per common share for a period of 24 months from the date of issue. The Agent's Warrants are subject to a four-month hold period.

Based on the current cash utilization rate, management anticipates that the Company has sufficient capital resources to sustain operations into the third quarter of 2006. The Company will continue to actively seek other sources of funds, which may include arrangements with strategic partners, license fees or additional financings in the form of equity, convertible debt or tax-assisted instruments.

About NIR Diagnostics

NIR Diagnostics is a leader in the development of near-infrared spectroscopic medical diagnostics. 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:

Duncan MacIntyre
President, CEO and Executive Vice Chairman
NIR Diagnostics Inc.
905-854-5727
905-854-5729 Fax
E-mail: info@nirdiagnostics.com
Internet: www.nirdiagnostics.com

Jason Hogan
Ross Marshall
Investor Relations
416-815-0700 ext. 238
416-815-0080 Fax
E-mail: rmarshall@equicomgroup.com
Internet: www.equicomgroup.com