

Form 51-102F3
Material Change Report

Item 1. Name and Address of Company

Photon Control Inc. (the "Company")
8363 Lougheed Highway
Burnaby, British Columbia
Canada, V5A 1X3

Item 2. Date of Material Change

December 13, 2006

Item 3. News Release

Date of Issuance: December 13, 2006

Method(s) of Dissemination: The news release was disseminated through Canada NewsWire Limited.

Item 4. Summary of Material Change

The Company announced that it closed a second tranche of its private placement of 2,217,100 units for gross proceeds of \$2,500,000.

Item 5. Full Description of Material Change

The Company announced that it closed a second tranche of the private placement previously announced on October 11 and October 27, 2006. The agents also exercised a portion of the over-allocation option. As a result, the Company issued a further 2,217,100 units, each unit consisting of one common share of the Company and one-half of one common share purchase warrant, for gross proceeds of approximately \$332,565 and aggregate gross proceeds to date of \$2,563,695. Closing of a further tranche of the \$500,000 over-allocation option may occur in January.

The Company paid a total of \$18,570 and issued a total of 123,800 non-transferable agents' warrants to the agents as commissions in connection with the second closing of the private placement. Each agents' warrant is exercisable into one unit of the Company, consisting of one common share of the Company and one-half of one common share purchase warrants.

The common shares and warrants sold by the Company, the common shares issuable pursuant to the exercise of the warrants, and all securities issuable upon exercise of the agents' warrants and underlying warrants, are subject to a four-month hold period commencing on the date hereof. The private placement is subject to final approval of the TSX Venture Exchange.

The agents for the placement are M Partners Inc., Research Capital Corporation and Bolder Investment Partners Ltd.

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

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

S. Robert Blair, Executive Chair and President
Telephone: (604) 422-8861

Item 9. Date of Report

December 14, 2006