PhotonControl

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TSX VENTURE 50 COMPANY 2017

Photon Control Announces Completion of Settlement Agreement with Photon R&D

- *Photon Control acquires all ownership of products, names, trademarks and intellectual property*
- *Transfer of research, product development and customer service employees to Photon Control*
- *Settlement removes uncertainty for Photon Control customers*
- *Transaction to close April 14, 2017*

Burnaby, B.C., April 10, 2017 – Photon Control Inc. ("Photon Control" or the "Company") (TSX-V: PHO), a leading developer of optical measurement technologies primarily used in the semiconductor equipment industry, has executed a definitive binding agreement to settle its outstanding litigation with Photon Control R&D Ltd. and certain others (collectively "R&D"), as well as the counter-claims filed by R&D against the Company. In addition, as part of the agreement, the Company acquires certain inventory and equipment from of R&D, and hires employees of R&D.

With the closing of the settlement:

- Photon Control will acquire full ownership of all intellectual property, products, trademarks and other assets previously under dispute, and currently owned by R&D
- R&D employees will be transferred to and hired by Photon Control
- The Company will pay 4.25% of certain of its revenues to the former R&D ownership commencing January 1, 2017 for a period of five years. This arrangement reduces the royalty rate currently paid by the Company by more than 50% and decreases the term of the previous agreements by five years
- Both parties will settle all outstanding legal disputes at closing
- R&D and its principals agree to non-competition arrangements with the Company

"With this settlement our entire newly-combined organization under CEO Scott Edmonds will focus solely on creating shareholder value by completely serving the growing needs of our expanding customer base," said Neil McDonnell, Photon Control's Chair of the Board. "This agreement also provides our valued customers with much needed assurance and stability and at the same time adds a strong cohort of talented industry experts to our research and product development teams. We would like to thank Chris and Mike Weston and David Dueck for the many contributions they have made to the success of the Company since 2008. In particular, Mr. Dueck's conduct throughout this process belies any negative comments previously made by others regarding his character."

About Photon Control Inc.

Photon Control Inc. designs, manufactures and distributes a wide range of optical sensors & instruments to measure temperature, pressure, position, and flow. These products are used by original equipment manufacturers (OEM) as well as end-users in the Semiconductor, Oil and Gas, Power, Life Science, and Manufacturing industries. Photon Control's

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products provide high accuracy and reliability in extreme conditions and are supported by a team of experts that offer onsite installation, training, and support. Photon Control Inc. also provides engineering services for customized optical measurement systems. Headquartered in an ISO 9001:2008 manufacturing facility in Burnaby, BC, Photon Control Inc. is listed on the TSX Venture Exchange, trading under the symbol ''PHO." For additional information about the company, please visit www.photon-control.com/investorrelations.html.

Forward-Looking Statements

This News Release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such forward-looking statements concern the business and anticipated financial performance of the Company and include, without limitation, statements with respect to the unauthorized transfer of funds to Photon R&D; statements with respect to the Claim; further investigations and conclusions of the Independent Committee; additional controls and measures to be taken by the Company; the conclusions to be received from the forensic accounting audit and the IP audit; and the Company's objectives, goals, liquidity, sources of capital, expectations of sales and continued development of technologies and products.

These forward-looking statements are based on certain factors and assumptions, including, without limitation, the Company's ability to successfully transition management and board transitions; the results of the forensic accounting audit and the IP audit; the Company's evidence forming the basis of the Claim and its financial and management resources and ability to pursue the Claim; the Company's ability to successfully complete new purchase orders along the timelines expected; continued and future demand for the Company's products; continued sales to the Company's major customers; the continued financial health of the semiconductor industry; and the Company's ability to continue and further enhance revenue diversification and open new market opportunities.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation, the Company may face legal action as a result of the unauthorized transfer of funds to Photon R&D or arising from the matters that are the subject of the Claim; the Company may not be successful in obtaining the relief sought in the Claim and, therefore, may not have all of the intellectual property rights and goodwill that it believes that it has and should have; additional measures and controls may not be implemented as expected or along the timelines anticipated; uncertainties as to the results of the forensic accounting audit and the IP audit; uncertainties in the availability and cost of financing for the Company to enable the Company to achieve its goals; uncertainties relating to the market for the Company's products and maintaining a stable level of orders; fluctuations in revenue as a result of volatility in the markets and product mix; risks relating to the Company's present reliance on four major customers for the majority of its sales; risks relating to the Company's reliance on the financial health of the semiconductor industry; risks relating to the development of competing technologies and the possibility of increased competition; the effect of slow growth in the United States, the Company's principal market, as well as in Canada and other economies generally and other economic trends and conditions in the markets that the Company and its customers serve; risks associated with technical difficulties or delays in product introductions, improvements, implementation; uncertainties in product pricing or other initiatives of the Company and its competitors; uncertainties in factors that may result in a reduction in capital expenditures and/or delayed buying decisions affecting demand for the Company's products; risks relating to currency fluctuations, particularly between the Canadian and United States dollars; and risks in pursuing additional development projects to support existing customers or pursue other business opportunities.

The foregoing assumptions, risks and uncertainties are not exhaustive of the items that may affect our forward-looking statements. Should underlying assumptions prove to be incorrect or one or more of these risks and uncertainties materialize, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, readers should not place undue reliance on forward-looking statements. The

Company undertakes no obligation to update or revise any forward-looking statements included herein if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

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