



Photon Control Announces the Closing of Photon R&D Transaction

Richmond, B.C., April 17, 2017 – Photon Control Inc. (“Photon Control” or the “Company”) (TSX-V: PHO), a leading developer of optical measurement technologies, is pleased to announce that it has closed the transaction with Photon Control R&D Ltd. (“R&D”) on the terms set out in its news release of April 10, 2017.

As a result of the closing:

- Photon Control has acquired full ownership of all intellectual property, products, trademarks and other assets previously under dispute, and currently owned by R&D
- R&D employees have now been transferred to Photon Control
- The Company will make payments amounting to 4.25% of certain annual revenues to R&D commencing January 1, 2017 for a period of five years
- R&D and its principals have entered into non-competition arrangements with the Company
- Both parties have settled all outstanding legal disputes

“With the completion of this transaction, Photon Control has removed the last of the distractions which have impeded our ability to focus exclusively on our customers, people and growth opportunities,” said Neil McDonnell, Photon Control’s Chair of the Board. “Our newly combined organization will be able to move forward and focus on creating shareholder value under the leadership of CEO Scott Edmonds and his team.”

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 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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