Form 51-102F3
Material Change Report

Item 1 Reporting Issuer

Royal Laser Corp.
25 Claireville Drive
Toronto, Ontario M9W 5Z7

Item 2 Date of Material Change

May 11, 2006

Item 3 News Release

Royal Laser Corp. ("Royal Laser") issued a press release on May 11, 2006, through CCN Matthews.

Item 4 Summary of Material Change

Royal Laser and Canadian Hydrogen Energy Corporation Ltd. ("CHEC") have signed a letter of intent to enter into exclusive manufacturing agreements and pursuant to which Royal Laser will subscribe for shares in the capital of CHEC and aquire shares in the capital of Hydrogen Hybrid Technologies Inc. ("HHT") from CHEC in exchange for common shares in the capital of Royal Laser to CHEC.

Item 5 Full Description of Material Change

Toronto, Ontario: May 11, 2006. Royal Laser and CHEC have signed a letter of intent (the "Letter of Intent") to enter into exclusive manufacturing agreements to: i) manufacture CHEC's Hydrogen Fuel Injection ("HFI") System and, ii) develop new hydrogen fuel injection technology for the original equipment manufacturer ("OEM") market through HHT, a wholly owned subsidiary of CHEC. The HFI technology boasts Environmental Technology Verification ("ETV") certification, increasingly the international standard for environmental claims, administered in Canada by Environment Canada. The HFI technology uses electricity to split water to generate hydrogen and oxygen and then injects those gases into the fuel-air mixture of any internal combustion engine. The result is a more efficient combustion of diesel, gasoline, biofuel or other fossil fuels; thereby dramatically reducing fuel consumption exhaust emissions, oil degradation and engine wear while increasing horsepower and torque. Installed on over 150 fleets, trucks, buses, ambulances and light trucks, as well as on diesel generators, the products have 60 million miles of testing and applied use.

In addition, the Letter of Intent contemplates Royal Laser subscribing for shares in the capital of CHEC and acquiring shares in the capital of HHT from CHEC and in exchange, CHEC will subscribe for shares in the capital of Royal Laser. The terms and conditions are to be finalized upon completion of due diligence of the parties, regulatory approval, judicial approval if required and completion of definitive agreements (the "Transaction"). The closing of the Transaction is expected to be completed on or before May 31, 2006.

"Today, the OEM's are globally producing over 54 million new vehicles per year. Achieving a small percentage of the total market share could translate into over $1 billion in annual sales. As another milestone in our original distribution structure, we are extremely pleased to have the opportunity to partner with a growth-oriented entrepreneurial company such as Royal Laser, a company that is known for their quality of production", said Ira M. Lyons, President of CHEC. "The HFI technology represents bridge to the hydrogen economy which we all hope will eventually materialize and can play a major role in helping the OEM's and trucking companies meet the tough new 2007 and 2010 emissions standards", Lyons added.

Currently, CHEC is one of the leading companies in the hydrogen-injection market and is actively manufacturing and distributing in the heavy goods, bus, emergency vehicle and other markets and has over 120 certified installation centres – one of the largest retail distribution networks for any hydrogen product in the world – operating across North America.

"This Transaction is another example of our commitment to innovation and leadership in product development and manufacturing, particularly in the newly emerging area of emission reduction technologies", said William Iannaci, Chief Executive Officer of Royal Laser, a company with facilities that have ISO 9001:2000 and ISO/TS 16949:2002 certifications. "The CHEC HFI technology not only represents a solution to the challenge of particulate and greenhouse gas reductions, but it is an automotive technology that provides an extremely fast payback period to the end user by providing them with significant fuel and maintenance savings. In line with our recent Envyrozone acquisition, the CHEC Transaction demonstrates our continued commitment to environmental solutions, and we look forward to contributing to the next generation of hydrogen-hybrid cars." said Iannaci.

Forward-Looking Statements

This press release contains forward-looking statements based on assumptions, uncertainties and management's best estimates of future events. When used herein, words such as "intend" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on assumptions by and information available to Royal Laser. Investors are cautioned that such forward-looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include risks and factors as are detailed from time to time in the Royal Laser's periodic reports filed with the Ontario Securities Commission and other regulatory authorities. Actual results may differ materially from those currently anticipated. The forward-looking statements contained herein are expressed qualified by this cautionary statement.

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**

For information please contact Niral V. Merchant, Chief Financial Officer of Royal Laser Corp. at (416) 679-9474

Item 9 **Date of Report**

May 12, 2006