**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

State the full name of your company and the address of its principal office in Canada.

**CANTRONIC SYSTEMS INC.** (the "Company" or "Cantronic")
63A Clipper Street
Coquitlam, BC
V3K 6X2
Telephone No. (604) 516-6667

**Item 2 Date of Material Change**

State the date of the material change.

July 10, 2008

**Item 3 News Release**

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

A news release was disseminated on July 10, 2008 to the TSX Venture Exchange as well as through various other approved public media and was SEDAR filed with the securities commissions of British Columbia, Alberta and Saskatchewan.

**Item 4 Summary of Material Change(s)**

Provide a brief but accurate summary of the nature and substance of the material change.

The Company announced the completion of the final tranche in its previously announced private placement. The final tranche consisted of the sale of 2,857,142 shares of Cantronic at a price of $0.35 per share for gross proceeds of $1,000,000. In total Cantronic sold 16,428,570 shares for gross proceeds of $5.75 million.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

The Company announced the completion of the final tranche in its previously announced private placement. The final tranche consisted of the sale of 2,857,142 shares of Cantronic at a price of $0.35 per share for gross proceeds of $1,000,000. In total Cantronic sold 16,428,570 shares for gross proceeds of $5.75 million.

The shares were sold, through its syndicate led by both Leede Financial Markets Inc., and Blackmont Capital Inc., and including Canaccord Capital Corporation and Research Capital Corporation (collectively the "Agents"). Cantronic paid the Agents a cash commission in respect to the final tranche equal to $70,000 and issued broker compensation warrants (the "Broker

Warrants") entitling the Agents to purchase 199,999 shares of Cantronic. The Broker Warrants shall be exercisable at a price per common share of $0.40 for a period of 12 months from the closing of the Offering. The securities issued pursuant to the final tranche will be subject to a 4-month restricted period expiring on November 11, 2008. In total the Agents received cash commission of $402,500 and Broker Warrants entitling the Agents to purchase up to 1,149,998 shares of Cantronic.

The net proceeds of the Offering are equal to CAD$5,347,500 and will be used for acquisition, commercialization and general working capital purposes.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

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

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for that reliance.

Not applicable.

**Item 7 Omitted Information**

State whether any information has been omitted on the basis that it is confidential information.

Not applicable.

**Item 8 Executive Officer**

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

James Zahn, President and CEO
Telephone: 866 391 6970 x 226

**Item 9 Date of Report**

July 10, 2008