

ProPhotonix Limited (“ProPhotonix” or the “Company”)

Secures \$3.0 million Credit Facilities

ProPhotonix Limited (London Stock Exchange - AIM: PPIX and PPIR, OTC: STKR), a designer and manufacturer of LED illumination systems, laser diode modules and a laser diode distributor with operations in Ireland and the U.K., today 21 June 2013, announces that it has entered into a credit facility agreement with Tiger Investments 1 LLC (“Tiger”) of up to \$2 million (the “Tiger Loan Facility”), and a credit facility agreement with Mark Hawtin (“Hawtin”) of up to \$1 million (the “Hawtin Loan Facility”), (Tiger and Hawtin together “the Lenders”), together equalling in aggregate amount up to \$3 million (together the “Loans”). The Loans will provide the Company with sufficient working capital to meet the Company’s present and future needs, for at least the next 12 months.

Loan Terms and related information

Drawdown, Repayment and Interest

The Loans are available to the Company until, and must be repaid in full, by 19 June 2017 (the “Maturity Date”). The Company may at any time prior to the Maturity Date, repay all or any part of the facility which it has drawn down without penalty. Any drawdown or repayment of the Loans will be made 2/3 against the Tiger Loan Facility and 1/3 against the Hawtin Loan Facility.

The Loans do not constitute revolving credit facilities and as such once monies have been borrowed and repaid under the Loans, such amounts are not available to be borrowed again.

An interest rate of 12.25% will be applied to all monies drawn down under the Loans. For the first 12 months of the Loans the Company shall only pay interest on any monies drawn down. For the following 36 months of the Loans, the Company will make monthly amortized payments of outstanding principal and interest, with any remaining unpaid principal and interest being due and payable on the Maturity Date.

Under the terms of the Hawtin Loan Facility, the Company must use 50% of any amounts advanced by Hawtin to make additional principal payments under the Bond (as described further below).

Whilst the Loans remain outstanding, the Company has agreed with the Lenders that it will not pay any cash dividends to shareholders.

On the fourth anniversary of the Tiger Loan Facility and the Hawtin Loan Facility, or earlier upon termination of such facilities at the option of the Company, the following fees will be payable by the Company to the Lenders: a fee of \$60,000 will be payable to Tiger and fee of \$15,000 will be payable to Hawtin.

Event of Default and Security

The Loans contain events of default relating to non-payment to the Lenders, insolvency proceedings of the Company, cross-default as between the Tiger Loan Facility and the Hawtin Loan Facility and termination of Mr. Tim Losik's employment by the Company without cause.

The Loans are secured by security granted over all of the assets of the Company and each of the following of the Company's subsidiaries: ProPhotonix Limited, Stocker Yale (UK) Limited and ProPhotonix (IRL) Limited. The security for the loans contains provisions providing for such security to, in the case of

trade accounts, rank behind any similar security given in respect of any future asset backed lending. In the case of the security for the Loans being provided by ProPhotonix Limited (an English subsidiary of the Company), such security ranks behind the security granted by such company to Barclays Bank plc which security secures its current asset backed lending facility.

Board representation

Dietmar Klenner, a longtime member of the Company's Board, will not stand for reelection at the upcoming 2013 Annual Meeting of Stockholders of the Company. In connection with the Tiger Loan Facility, Tiger has the right to nominate up to two directors to the Company's Board as follows:

If the Company's Board consists of five directors, then Tiger will have the right to nominate one of the five directors to serve on the Company's Board. If the Company's Board is to consist of six directors, then Tiger will have the right to nominate a seventh director to the Board. Notwithstanding the above, the Company and Tiger have agreed that at all times the Board of the Company shall consist of a majority of directors who are independent directors. Tim Losik is Tiger's nominated Director at this time.

Hawtin has the right to attend and observe meetings of the Board of Directors. Hawtin will not have voting rights at these meetings.

Existing Hawtin arrangements and consideration for the Loans

On 10 December 2010, ProPhotonix (IRL) Limited issued a €1,972,523 8% senior fixed rate secured bond to Hawtin (the "Prior Bond"). On 13 June 2011, ProPhotonix (IRL) Limited entered into an agreement with Hawtin pursuant to which it cancelled the Prior Bond and issued a new bond instrument constituting a €1,972,523 8% senior fixed rate secured bond (the "Bond"), with a maturity date of 30 June 2015. As at the date of this announcement, the unpaid balance pursuant to the Bond, before conversion of Hawtin Shares, is €1,570,683.

Hawtin and ProPhotonix (IRL) Limited have agreed to reduce the current unpaid balance of the Bond and to amend the Bond. Hawtin has agreed to convert and cancel €144,324 of the unpaid balance of the Bond into 7,605,945 shares of common stock of the Company (the "Hawtin Shares") at a price of €0.019 per share. Pursuant to an agreement between Hawtin and Tiger, Hawtin has instructed the Company to issue the Hawtin Shares to Tiger. Following this instruction, Tiger will be interested in 7,605,945 shares of common stock of the Company representing approximately 9.1 percent of the Company. Following this partial conversion of the Bond into the Hawtin Shares, the Bond has a remaining unpaid balance of €1,426,359 with a maturity date of 30 June 2017.

Application has been made to the London Stock Exchange for the Hawtin Shares to be admitted to trading on AIM. It is expected that admission will become effective and that dealings will commence on 26 June 2013. Following admission, Tiger will be interested in 7,605,945 common shares of the Company representing 9.1 percent of the Company's issued share capital.

In consideration for amending the Bond, ProPhotonix (IRL) Limited has agreed to pay to Hawtin a fee equal to €31,413 at the maturity of the Bond, being two percent of the amount currently outstanding.

The Bond, as amended, contains events triggering an acceleration of the outstanding amounts relating to non-payment to Hawtin, insolvency proceedings of the Company and a change of control of the Company, among others.

Warrant

In connection with the amendment to the Bond, the Company has agreed to issue Hawtin a ten-year warrant to purchase 1,900,000 shares of common stock of the Company at a purchase price of \$0.03 per share. On exercise these warrants will represent 2.3 percent of the Company's issued share capital.

Related Party Transaction

Tiger is owned and controlled by the wife of Tim Losik, Patricia Losik. As Mr. Losik is a director and the Chief Executive of the Company, the entry into the Tiger Loan Facility constitutes a "related party transaction" for the purposes of AIM Rule 13.

The Directors (excluding Tim Losik) consider, having consulted with the Company's Nominated Adviser, N+1 Singer, that the Tiger Loan Facility and its associated terms and conditions are fair and reasonable in so far the Company's shareholders are concerned.

Restrictions on Share Dealings

Tiger has agreed not to dispose of any interest in Common Shares: (i) for a period of 12 months from the date of this announcement; and (ii) for a further period of six months except through N+1 Singer in accordance with N+1 Singer's reasonable requirements for an orderly market.

Ends

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Andrew Craig/ Ben Wright

About ProPhotonix

ProPhotonix Limited, headquartered in Salem, New Hampshire, is an independent designer and manufacturer of diode-based laser modules and LED systems for industry leading OEMs and medical equipment companies. In addition, the Company distributes premium diodes for Oclaro, Osram, QSI, Panasonic, and Sony. The Company serves a wide range of markets including the machine vision, industrial inspection, defense, sensors, and medical markets. ProPhotonix has offices and subsidiaries in the U.S., Ireland, U.K., and Europe. For more information about ProPhotonix and its innovative products, visit the Company's web site at www.prophotonix.com.