Form 51-102F3

MATERIAL CHANGE REPORT

1. Name & Address of Company

Ontario Hose Specialties Inc.
205 – 595 Howe Street
Vancouver, British Columbia

2. Date of Material Change

July 5, 2006

3. News Release

A press release dated July 13, 2006 was issued on CCN Matthews.

4. Summary of Material Change

The Company has sold its subsidiary, Ontario Hose Specialties Ltd., the Company's listing has changed from Tier 2 to the NEX Board of the TSX Venture Exchange, new directors and officers have been appointed and a private sale of 35.8% of the Company's outstanding shares has been completed.

5. Full Description of Material Change

Sale of Subsidiary

The TSX Venture Exchange has accepted for filing documentation pertaining to a share purchase agreement dated May 23, 2006 between the Company and Ontario Newco Holdings Ltd. whereby the Company agreed to sell to Newco all of the issued and outstanding shares of Ontario Hose Specialties Ltd., a wholly owned subsidiary of the Company. The consideration paid for these shares was $850,000 in cash. This transaction has now closed with an effective date of June 30, 2006.

Transfer of Listing to NEX Board of the TSX Venture Exchange

Due to the disposition of the subsidiary Ontario Hose Specialties Ltd. and in accordance with TSX Venture Exchange policies, the Company did not maintain the requirements for a Tier 2 company and, therefore, effective at the opening July 5, 2006, the Company's listing was transferred to the NEX board of the TSX Venture Exchange, and the Company's tier classification was changed from Tier 2 to NEX. The trading symbol for the Company changed from OHS to OHS.H. There was no change in the Company's name or CUSIP number and no consolidation of capital.

Board & Management Changes

Effective July 5, 2006, J. Paul Kraik, Newell Kraik, Ron Ovenden, and George Niblett resigned as directors of the Company. Newell Kraik also ceased to be the President and CEO and J. Paul Kraik ceased to be Chairman, Secretary and Treasurer at that time.

Stephen Barley was elected as a director at the Annual General Meeting held on June 28, 2006 and was appointed the President of the Company on July 5, 2006. Mr. Barley received his Bachelor of Commerce degree from the Mount Allison University in New Brunswick in 1979 and his law degree from Dalhousie University in Nova Scotia in 1982. He formerly practiced securities law and remains a member in good standing of the Law Societies of British Columbia and Alberta. Mr. Barley's securities law practice included a number of publicly traded companies involved in the business of mineral exploration. Mr. Barley left private practice in 1997 to pursue investment opportunities in private and public companies and continues to act as a director, investor, or corporate finance advisor to various public and private organizations including mineral resource companies at various stages of exploration and development. Mr. Barley is a partner in WestPoint Merchant Ventures Inc., a private corporate finance company based in Vancouver, B.C.

Mr. Sargent Berner and Mr. Kurt Bordian were appointed as directors of the Company effective July 5, 2006. Mr. Bordian was also appointed as CFO.

Mr. Berner currently serves as a director and advisor of numerous public companies. He was a senior partner of Dumoulin Black LLP, a Vancouver law firm, where he practiced in the areas of corporate, securities and natural resources law. Mr. Berner holds a B.A. and LL.B. from the University of British Columbia and a LL.M. from the London School of Economics.

Mr. Bordian is a designated Certified General Accountant in Canada and holds a Bachelor of Commerce (Honours) Degree from the University of Manitoba. He has worked chiefly in the mineral exploration and oil and gas industries over the past 10 years, and currently serves as an officer and director of two other public companies.

Sale of Shares

The Company has been advised that the break up and sale of a block of 22,367,180 shares announced on February 3, 2006 has now closed.

Current Status

The Company currently has

- 62,566,033 shares issued and outstanding;

- 30,000,000 share purchase warrants to acquire a further 30,000,000 shares for fully diluted issued capital of 92,566,033 shares; and

- approximately $2,125,000 in net working capital.

Management will focus on the identifying and qualifying of new business opportunities for the Company.

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

Not applicable.

7. Omitted Information

None.

8. Executive Officer

The following executive officer of the Company is knowledgeable about the material change and this report:

Stephen Barley, President
Tel: 604-681-2575

9. Date of Report

July 13, 2006

GENERAL INSTRUCTIONS & INTERPRETATION

(a) Confidentiality

If this Report is filed on a confidential basis, state in block capitals "CONFIDENTIAL" at the beginning of the Report.

(b) Use of "Company"

Wherever this Form uses the word "company" the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(c) Numbering and Headings

The numbering, headings and ordering of the items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

(d) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51- 102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP.

(e) Plain Language

Write the Report so that readers are able to understand it. Consider both the level of detail provided and the language used in the document. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP. If you use technical terms, explain them in a clear and concise manner.