FORM 51-102F3

MATERIAL CHANGE REPORT UNDER NATIONAL INSTRUMENT 51-102

1. **Name and Address of Company**

Rockwater Capital Corporation (“Rockwater”)
Bay Wellington Tower, BCE Place
181 Bay Street, Suite 900
Toronto, ON M5J 2T3

2. **Date of Material Change**

April 28, 2005

3. **News Release**

A news release with respect to the material change referred to in this report was issued through newswire services (Canadian Timely Disclosure Network) on April 28, 2005 and filed on the system for electronic document analysis and retrieval (SEDAR).

4. **Summary of Material Change**

Rockwater announced that it has closed its previously announced equity financing for gross proceeds of $29 million. A syndicate of underwriters, co-led by TD Securities Inc. and First Associates Investments Inc. and including CIBC World Markets Inc., GMP Securities Ltd., Scotia Capital Inc., Genuity Capital Markets and Sprott Securities Inc., purchased 5,686,275 common shares at a price of $5.10 per share. The syndicate also has the option, exercisable in whole or in part, to purchase up to an additional 852,941 common shares at any time prior to 30 days following closing which, if exercised, would increase the offering to approximately $33 million.

5. **Full Description of Material Change**

Rockwater announced that it has closed its previously announced equity financing for gross proceeds of $29 million. A syndicate of underwriters, co-led by TD Securities Inc. and First Associates Investments Inc. and including CIBC World Markets Inc., GMP Securities Ltd., Scotia Capital Inc., Genuity Capital Markets and Sprott Securities Inc., purchased 5,686,275 common shares at a price of $5.10 per share. The syndicate also has the option, exercisable in whole or in part, to purchase up to an additional 852,941 common shares at any time prior to 30 days following closing which, if exercised, would increase the offering to approximately $33 million.

The number of common shares issued and the issue price gives effect to the previously announced consolidation of the outstanding common shares of Rockwater on a one-for-ten basis which was effective at the opening today. There was no change in stock symbol as a result of the consolidation. Letters of Transmittal in connection with the consolidation were mailed to registered holders of common shares on April 7, 2005 requesting them to, following an announcement by Rockwater that the consolidation will become effective and the consolidation ratio has been selected by the Rockwater board of directors, forward the certificates representing their common shares to Computershare Investor Services Inc. in Toronto in exchange for certificates representing the post-consolidation number of common shares to which they are entitled.

Rockwater used the net proceeds from the offering to repay the $25 million in subordinate secured notes (including accrued interest thereon) issued in connection with the acquisition of KBSH Capital Management Inc. and plans to use the balance of the net proceeds for general corporate purposes.

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

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

For further information contact William Packham, President and Chief Executive Officer at (416) 864-2100.

9. **Date of Report**

April 29, 2005.

Per: "William Packham"
William Packham
President and Chief Executive Officer