

## **MATERIAL CHANGE REPORT**

**1. Reporting Issuer:**

HydraLogic Systems Inc.  
210 Saunders Road  
Barrie, ON  
L4N 9A2

**2. Date of Material Changes:**

January 16, 2004

**3. Press Releases:**

A press release in respect of this material change was issued on February 2, 2004.

**4. Summary of Material Changes:**

Effective January 16, 2004, HydraLogic Systems Inc. ("**HydraLogic**") and LeChamp Capital Corp. ("LeChamp") amalgamated and continued under the name HydraLogic Systems Inc. (the "**Company**").

**5. Full Description of Material Changes:**

Pursuant to a Business Combination Agreement dated November 28, 2003, HydraLogic and LeChamp amalgamated and continued as the Company under the *Business Corporations Act* (Ontario).

Pursuant to the Amalgamation, (a) each four issued and outstanding LeChamp common shares were converted into one Common Share of the Company, one-half of one Class A Warrant and one-half of one Class B Warrant of the Company, (b) each common share of HydraLogic was converted into one Common Share of the Company, and (c) each Class A warrant and Class B warrant of HydraLogic were converted into one Class A or Class B Warrants, respectively, of the Company.

Details of the Amalgamation and of HydraLogic, LeChamp and the Company were described in an information circular of LeChamp dated November 28, 2003 sent to its shareholders, in connection with a shareholders meeting of LeChamp held on January 14, 2004 to approve the Amalgamation.

Prior to the Amalgamation, LeChamp was a capital pool company whose shares were listed on the TSX Venture Exchange. The Amalgamation constituted a "qualifying transaction" for the purposes of Policy 2.4 of the Exchange.

The Common Shares, Class A Warrants and Class B Warrants of the Company commenced trading on the TSX Venture Exchange on February 3, 2004.

**6. Reliance on Section 75(3) of the Act:**

N/A

7. **Omitted Information:**

No significant facts have been omitted from this report.

8. **Senior Officer:**

E. Bruce Clark, Chief Financial Officer, is knowledgeable about the material change in this report and may be contacted at (705) 735-9535.

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

**DATED** at Toronto, Ontario, 4<sup>th</sup> day of February, 2004.

(Signed) "E Bruce Clark"

E. Bruce Clark, Chief Financial Officer