FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company

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

Item 2 – Date of Material Change

November 30, 2005 and December 1, 2005

Item 3 – News Release

The news releases reporting the Material Change described in this report were issued in Toronto, Ontario on November 30, 2005 and December 1, 2005.

The news releases were distributed through CCNMatthews. The news releases are attached hereto as Schedule "A" and incorporated by reference herein.

Item 4 – Summary of Material Change

On November 30, 2005, HydraLogic Systems Inc. ("HydraLogic") announced that it had completed initial closings in respect of the private placement of units described in a press release dated October 7, 2005. A total of 3,776,030 units were sold for gross proceeds of $1,888,015. Additional Units are expected to be issued under this Offering.

On December 2, 2005, HydraLogic announced that it had completed the acquisition of privately owned Sager Industries Ltd. and its divisions Ecolo Odour Control Systems Worldwide ("Ecolo") and Nutech Environmental.

Item 5 – Full Description of Material Change

Private Placement

HydraLogic announced November 30, 2005 that it completed initial closings in respect of the private placement of units described in a press release of the Company dated October 7, 2005. A total of 3,776,030 units were sold for gross proceeds of $1,888,015. HydraLogic expects to complete the sale of additional units under this private placement. Each unit consists of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.70 per share for a period of two years. All of the securities issued under the private placement are subject to a 4-month hold period.

Kingsdale Capital Markets Inc. acted as agent of the Company in this offering and received a commission of 7% of the gross proceeds and broker warrants entitling it to purchase 10% of the number of units sold at a price of $0.50 per unit for a period of two years following closing.

The proceeds of the offering is intended to be used to fund the acquisition by the Company of Sager Industries Ltd. and for general corporate purposes.

Acquisition of Sager

HydraLogic announces today that it has completed the acquisition of privately owned Sager Industries Ltd. and its divisions Ecolo Odour Control and Nutech Environmental from the Sager family. Sager Industries Limited operates as Ecolo Odor Control Systems Worldwide ("Ecolo") and NuTech Environmental.

Founded in 1975, Ecolo operates from its manufacturing and distribution center in Toronto where it ships product to distributors in over 40 countries including China, Taiwan, Australia, the United States and throughout Europe. Ecolo has developed over 30 distinct proprietary chemical formulations that are used for odor control in a wide variety of applications ranging from hotels and sports facilities to sewage treatment plants, industrial and agricultural sites.

During the last completed financial year, Ecolo had sales revenue in excess of $3,000,000. Management of HydraLogic anticipates that future sales will increase substantially as HLS' odor control business is combined with Ecolo's business. Products of the combined business division will be marketed under the name HLS Ecolo.

The acquisition of Sager strengthens HydraLogic's position in the odor control markets and adds significant new distribution to the Company's current network of distributors. Sager's depth of experience and global network of distribution, creates significant synergies for the combined business to cross-sell, expand and increase sales significantly on an ongoing basis.

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

Not applicable.

Item 7 – Omitted Information

Not applicable.

Item 8 – Executive Officer

For further information, please contact Bruce Clark, Chief Financial Officer, at the above-mentioned address or at 705.735.9535.

Item 9 – Date of Report

As of December 5, 2005

SCHEDULE "A"

HydraLogic Completes Private Placement of Units

BARRIE, Ontario (Business Wire) -- HydraLogic Systems Inc. (TSX VENTURE:HLS) announced today that it has completed initial closings in respect of the private placement of units described in a press release of the Company dated October 7, 2005. A total of 3,776,030 units were issued and sold for gross proceeds of $1,888,015. The Company expects to complete the sale of additional units under this private placement. Each unit consists of one common share priced at $0.50 per share, and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.70 per share for a period of two years. All of the securities issued under the private placement are subject to a 4-month hold period.

Kingsdale Capital Markets Inc. acted as agent of the Company in this offering and received a commission of 7% of the gross proceeds and broker warrants entitling it to purchase 10% of the number of units sold at a price of $0.50 per unit for a period of two years following the closing.

The Company also announced that, further to its press release dated July 22, 2005, the Company has signed a share purchase agreement to acquire all of the issued and outstanding shares of Sager Industries Ltd., a private company. Completion of the transaction is subject to a number of conditions including receipt of all necessary regulatory approvals.

The proceeds of the offering are intended to be used to partially fund the acquisition by the Company of Sager Industries Ltd. and for general corporate purposes.

About HydraLogic Systems Inc. - www.hydralogic.ca

HydraLogic Systems Inc. is an environmental technology company that is focused on the replacement of harmful polluting chemicals with non-toxic organic solutions. Its technologies are being commercialized through distribution partnerships with leading regional, national and international companies with clientele in the waste management, pest control and agricultural products industries.

This press release may contain forward-looking statements and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statement. Factors that impact such forward-looking statements include, a month others, changes in general economic conditions, interest rates, government regulations and competition. The Company disclaims any intention or obligation to update or revise and forward-looking statements unless required by applicable law.

The TSX Venture Exchange has neither approved nor disapproved the contents of this press release.

HydraLogic Systems Inc. (TSX VENTURE:HLS)

Genoa Management

John Sadler
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SCHEDULE "B"

HydraLogic completes acquisition of Sager's Ecolo Odor Control and NuTech Environmental

BARRIE, Ontario (Business Wire) --

Management expects significant growth through positive synergies

HydraLogic Systems Inc. (TSX VENTURE:HLS) today announced that it has completed the acquisition of privately owned Sager Industries Limited and its divisions Ecolo Odor Control and NuTech Environmental from the Sager family. Sager Industries Limited operates as Ecolo Odor Control Systems Worldwide ("Ecolo") www.ecolo.com and NuTech Environmental www.nutechenvironmental.com.

Founded in 1975, Ecolo operates from its manufacturing and distribution center in Toronto where it ships product to distributors in over 40 countries including China, Taiwan, Australia, the United States and throughout Europe. Ecolo has developed more than 30 distinct proprietary chemical formulations that are used for odor control in a wide variety of applications ranging from hotels and sports facilities to sewage treatment plants, industrial and agricultural sites.

During the last fiscal year, Ecolo generated revenues in excess of $3,000,000 in line with HydraLogic's management gross margin and EBITDA expectations. Management of HydraLogic anticipates that future sales will increase substantially as HydraLogic's odor control business is combined with Ecolo's business. Products of the combined business division will be marketed under the name HLS Ecolo.

The acquisition of Sager strengthens HydraLogic's position in the odor control markets and adds significant new distribution to the Company's current network of distributors. Sager's depth of experience and global network of distribution, creates significant synergies for the combined business to cross-sell, expand and increase sales significantly on an ongoing basis.

About HydraLogic Systems Inc. www.hydralogic.ca.

HydraLogic Systems Inc. is an environmental technology company that is focused on the replacement of harmful polluting chemicals with non-toxic organic solutions. Its technologies are being commercialized through distribution partnerships with leading regional, national and international companies with clientele in the waste management, pest control and agricultural products industries.

This press release may contain forward-looking statements and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statement. Factors that impact such forward-looking statements include, among others, changes in general economic conditions, interest rates, government regulations and competition. The Company disclaims any intention or obligation to update or revise any forward-looking statements unlesss required by applicable law.

The TSX VENTURE EXCHANGE has neither approved nor disapproved the contents of this press release.

HydraLogic Systems Inc. (TSX VENTURE:HLS)

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