FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

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

2. Date of Material Change

September 21, 2007

3. News Release

A news release in respect of the material change was issued on September 26, 2007 through the facilities of Canada NewsWire and was subsequently filed on SEDAR and is attached hereto as Schedule "A".

4. Summary of Material Change

On September 21, 2007, HydraLogic Systems Inc. ("HydraLogic") completed a private placement of 8,333,332 Units. Each Unit consisted of one Common Share, 1/2 of a Class G Common Share purchase warrant, and 1/2 of a Class H Common Share purchase warrant, for total proceeds of $2,499,999.60.

5. Full Description of Material Change

Hydralogic completed a private placement of 8,333,332 Units with purchaser CCM Master Qualified Fund, Ltd. (the "Purchaser"). Each whole Class G Warrant entitles the Purchaser to purchase one Common Share at a price of $0.50 for a period of 24 months, and each whole Class H Warrant entitles the Purchaser to purchase one Common Share at a price of $0.80 for 24 months. CapStone Investments, which acted as Agent of Hydralogic, and Barretto Securities Inc., which acted as Finder, received a combined commission of 5.5% in cash and 2.5% in Units under the same terms provided to the Purchaser. This transaction follows the private placement of Units by HydraLogic to the Purchaser announced on August 20, 2007. For more information please see HydraLogic's September 26, 2007 news release.

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

HydraLogic is not relying on subsection 7.1(2) or (3) of National Instrument 51-102.

7. Omitted Information

No confidential information has been omitted from this report.

8. Executive Officer

Michael Beckley
President and Chief Executive Officer
Tel: (705) 735-9535

9. Date of Report

September 26, 2007

Schedule "A"

(see attached)

News Release

HydraLogic Completes Private Placement of Units

Barrie, Ontario, September 26, 2007: HydraLogic Systems Inc. (HLS:TSX.V) today announced that on September 21, 2007 it completed a private placement of 8,333,332 units. Each Unit consisted of one common share, 1/2 of a Class G Common Share purchase warrant and 1/2 of a Class H Common Share purchase warrant for total proceeds of $2,499,999.60. Each whole Class G Warrant entitled the Purchaser to purchase one Common Share at a price of $0.50 for a period of 24 months and each whole Class H Warrant entitled the Purchaser to purchase one Common Share at a price of $0.80 for a period of 24 months. All of the securities issued under the private placement are subject to a 4-month hold process.

The Company received written consent amounting to greater than 50 percent of the votes attached to all of the issued and outstanding shares in support of the entire position to be undertaken by CCM Master Qualified Fund Ltd. (CCM), an investment fund managed by Coghill Capital (Coghill) of Chicago, Illinois. This transaction follows the previously announced private placement of units by the Company to the fund announced on August 20, 2007. CCM's fulfillment of the two private placements amounts to a position of 13,708,332 units on total proceeds of $4,112,499.60.

Capstone Investments (CapStone) acted as Agents of the Company, and Barretto Securities Inc. (Barretto) acted as Finder in this offering. CapStone and Barretto received a combined commission of 5.5 percent in cash and 2.5 percent in the form of Units of the Company under the same terms and conditions of the Offering outlined above.

The Unit offering proceeds are intended to retire the balance of the bridge loan undertaken by the Company in December, 2006 and to provide working capital in support of the Company's accelerated growth initiatives into the new year.

"The undertaking of our two private placements by CCM adds an important new institutional fund and an opportunity to increase the Company's presence within the US investment community" stated Michael Beckley, President and Chief Executive Officer of HydraLogic. "This new capital is expected to support accelerated growth and the emergence of our products into new market segments in 2008."

About HydraLogic Systems Inc:

HydraLogic is an innovator of engineered misting systems and proprietary environmental chemistries with reoccurring revenue distribution platforms. The company strives to be market leaders in providing technologies, through turn key distribution and service models into the multi-billion dollar pest and odour control industries as Bug DeFence and HLS Ecolo respectively. HydraLogic Systems is traded on the TSX Venture exchange - symbol: HLS.

Forward Looking Statements

This press release contains certain "forward looking statements". These statements relate to future events or future performance and reflect expectations and belief regarding growth, results of operations, performance, business prospects, opportunities or industry performance and trends. These forward looking statements reflect current internal projections, expectations or beliefs and are based on information currently available. A number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. Although it is believed that the forward looking statements contained in this press release are based upon reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this press release, and HydraLogic Systems Inc. assumes no obligation to

update or revise them to reflect new events or circumstances, except as required pursuant to applicable 0 laws.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.

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For more information, please contact:
Glen Akselrod
Bristol Capital Ltd.
1.905.326.1888
glen@bristolir.com