This is the form of a material change report required under Section 85(1) of the *Securities Act* and section 151 of the *Securities Rules*.

BC FORM 53-901F
(Previously Form 27)

SECURITIES ACT

MATERIAL CHANGE REPORT

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

NOTE: If this report is filed on a confidential basis, put at the beginning of the report in block capitals "CONFIDENTIAL – SECTION 85", and file in an envelope marked "Confidential – Attention: Supervisor, Financial Reporting".

Item 1. Reporting Issuer

KEY CAPITAL GROUP INC.
Suite 1370, 1140 West Pender Street
Vancouver, BC, V6E 4G1

Item 2. Date of Material Change

August 2, 2002

Item 3. Press Release

The date of the press release issued pursuant to section 85(1) of the Act with respect to the material change disclosed in this report is August 2, 2002. The press release was issued in Vancouver, British Columbia through the facilities of the TSX Venture Exchange, Market News and through Canada Stockwatch.

Item 4. Summary of Material Change

Two directors appointed to fill two of the existing vacancies.

Item 5. Full Description of Material Change

On August 1, 2002 the Issuer was notified by the TSX Venture Exchange that its stock had been halted because, as a result of the resignations of David McLeod, Simon Ma and Jamie Deacey announced August 1, 2002, the Issuer had only two directors and therefore did not meet the minimum listing maintenance requirement of three directors.

The Issuer subsequently appointed two directors to fill two of the existing vacancies. Mr. Murray Machem is a retired member of the Royal Canadian Mounted Police, a Certified Fraud Examiner and currently the Regional Supervisor of Investigations, Vancouver, Ministry of Human Resources, Province of British Columbia. He is a principal of Macham Consulting Company Ltd., GMG Forensics Ltd. and Shoreham Coal Company Ltd., all of which are private companies. He also sits on the board of directors of Shorham Resources Ltd., which is a public company listed on the TSX Venture Exchange. Mr. Rudy Booiman is an experienced businessman with over twenty years in the construction business, including his own construction company. He was recently certified as a Building Technologist and has taken a management position with the Municipality of Surrey. The Issuer intends to make the required filings with the TSX Venture Exchange in respect of its new directors.

Also on August 1, 2002 the British Columbia Securities Commission served the Issuer with a Notice to Produce a copy of the tape recording of the July 26, 2002 directors' meeting and copies of the materials referred to in the Issuer's July 30, 2002 news release. The Issuer is providing those materials to the Commission and intends, in addition, to provide copies of other materials discovered in its offices following the departure of David McLeod and Simon Ma last Friday. Mr. Macham will be assisting the Issuer in its review of those materials.

Item 6. **Reliance on Section 85(2) of the Act**

Not applicable

Item 7. **Omitted Information**

Not applicable

Item 8. **Senior Officer**

The following senior officer of the Issuer is knowledgeable about the material change disclosed in this report.

Reimar Koch, President
Business Telephone No.: 604-688-8656

Item 9. **Statement of Senior Officer**

The undersigned, President of the Issuer, hereby certifies that the foregoing accurately discloses the material change referred to herein.

Executed at Vancouver, B.C. this 26th day of August, 2002.

"Reimar Koch"

Reimar Koch, President

KEY CAPITAL GROUP INC.
Suite 1370, 1140 West Pender Street
Vancouver, British Columbia
V6E 4G1
Telephone: (604) 688-8656
Facsimile: (604) 688-8654

August 2, 2002

NEWS RELEASE

On August 1, 2002 the Company was notified by the TSX Venture Exchange that its stock had been halted because, as a result of the resignations of David McLeod, Simon Ma and Jamie Deacey announced yesterday, the Company had only two directors and therefore did not meet the minimum listing maintenance requirement of three directors.

The Company is pleased to announce that it has appointed two directors to fill two of the existing vacancies. Mr. Murray Machem is a retired member of the Royal Canadian Mounted Police, a Certified Fraud Examiner and currently the Regional Supervisor of Investigations, Vancouver, Ministry of Human Resources, Province of British Columbia. He is a principal of Macham Consulting Company Ltd., GMG Forensics Ltd. and Shoreham Coal Company Ltd., all of which are private companies. He also sits on the board of directors of Shorham Resources Ltd., which is a public company listed on the TSX Venture Exchange. Mr. Rudy Booiman is an experienced businessman with over twenty years in the construction business, including his own construction company. He was recently certified as a Building Technologist and has taken a management position with the Municipality of Surrey. The Company intends to make the required filings with the TSX Venture Exchange in respect of its new directors and to request that the Company be reinstated for trading.

Also on August 1, 2002 the British Columbia Securities Commission served the Company with a Notice of Producea copy of the tape recording of the July 26, 2002 directors' meeting and copies of the materials referred to in the Company's July 30, 2002 news release. The Company is providing those materials to the Commission and intends, in addition, to provide copies of other materials discovered in its offices following the departure of David McLeod and Simon Ma last Friday. Mr. Macham will be assisting the Company in its review of those materials.

"Caspar Koch"

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CASPAR KOCH
Chairman of the Board of Directors and Secretary

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