

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

October 18, 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 October 18, 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

The Company has appointed a new CFO. The Company purposes to reprice certain options and granted additional options.

Item 5. Full Description of Material Change

Key Capital Group Inc. is pleased to announce the appointment of Mr. Fayyaz Alimohamed as the Chief Financial Officer of the Company. Mr. Alimohamed is re-joining Key Capital, where he was previously the Chief Financial Officer for over five years, and one of the founding managers of the Company.

Mr. Alimohamed is the President of Acamar Advisors Inc, a consulting company providing strategic planning and business advisory services. Previously he worked with the Cupola Group, a leading provider of consumer distribution, retailing and engineering services throughout the Middle East. Joining

the Group at a time of zero revenues and three employees, Mr. Alimohamed served as Director of Strategic Planning and then Director, Investments, helping the company grow to over US\$ 80 million in revenues and 1,600 employees over a six year period.

Mr. Alimohamed holds a Bachelor of Science degree (Hons.) from the London School of Economics and is a Certified General Accountant.

The Company looks forward to Mr. Alimohamed making a significant contribution to the Company's near-term progress.

The Company proposes to reduce the exercise price of 339,000 share purchase options currently held by insiders, employees and consultants who will actively involved in the day-to-day business and affairs of the Company from prices ranging between \$0.80 and \$3.00 to \$0.25. The remaining 174,000 share purchase options which are currently outstanding will remain exercisable at their current prices, ranging between \$0.55 and \$0.75. The amendment to the exercise price of outstanding options is subject to acceptance for filing by the TSX Venture Exchange and the amendment to the exercise price of outstanding options held by insiders is subject, in addition, to disinterested shareholder approval at the next general meeting of shareholders of the Company.

Pursuant to its existing Share Option Plan, the Company has granted new options to insiders, employees and consultants of the Company to purchase up to an aggregate of 1,076,000 shares of the Company at any time until October 18, 2007 at an exercise price of \$0.25 per share. The granting of these new options is subject to acceptance for filing by the TSX Venture Exchange.

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 18th day of October, 2002.

"Reimar Koch"

Reimar Koch, President