# MATERIAL CHANGE REPORT

*Form 53-901F (formerly Form 27) Under Section 85(1) of the British Columbia Securities Act*
*Form 27 Under Section 118(1) of the Alberta Securities Act*
*National Policy 40 Northwest Territories*
(Individually, the "Act" and collectively, the "Securities Acts")

## 1. Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer.

Kansai Mining Corporation (the "Company")
Suite 2, 1583 Pemberton Avenue
North Vancouver, British Columbia
V7P 2S4

## 2. Date of Material Change

State the date of the material change.

September 10, 2002

## 3. Press Release

State the date and place(s) of issuance of the press release issued under Section 85(1) (BC), Section 118(1) (AB) of the Securities Acts and National Policy 40.

September 13, 2002

The Press Release was released to the TSX Venture Exchange and through various other approved public media and was SEDAR filed with the British Columbia, Alberta and Northwest Territories Securities Commissions.

## 4. Summary of Material Change(s)

Provide a brief but accurate summary of the nature and substance of the material change.

The Company reports that effective September 10, 2002 it has closed and received regulatory acceptance from the TSX Venture Exchange for the acquisition of Mid Migori Mining Company Limited in Kenya and the acquisition of Compania Minera Adamantine, C.A. in Venezuela (the "Acquisitions") and the private placement of 7,166,667 common shares (the "Private Placement") previously announced on August 10, 2001. The Company has also created a Stock Option Plan and has continued into the Yukon Territory.

## 5. Full Description of Material Change

The Company reports that effective September 10, 2002 it has closed and received regulatory acceptance from the TSX Venture Exchange for the two major Acquisitions and the Private Placement previously announced on August 10, 2001.

Details of the Acquisitions and the Private Placement are as follows:

### Mid Migori Mining Company Limited Acquisition - Migori Gold Project in Kenya

Pursuant to a share purchase agreement made and dated for reference March 1, 2002 among the Company, the shareholders of Mid Migori Mining Company Limited ("MMM"), a Kenyan company (Eugene Joseph Chernel, James Stanley Mathenge, Achates Services Limited and Achates Trust Limited) and the directors of MMM (Eugene Chernel and James S. Mathenge), the Company acquires all of the issued and outstanding shares of MMM. Consideration consists of 2,500,000 shares of the Company issued to Leslie Steere, Collins Y.O. Owayo, Eugene J. Chernel, James S. Mathenge and Cardinal Limited on closing. In addition, the Company may issue up to an additional 2,250,000 shares and warrants to purchase an additional 1,125,000 shares (at prices ranging from $1.00 to $2.00 per share) as certain levels of "proven mineral reserves" (as defined in National Instrument 43-101) are identified on properties owned by MMM. None of these shares issued or issuable by the Company are subject to escrow. The mineral properties held by MMM are Special Prospecting Licenses No. 122 (Macalder-Migori) and No. 202 (Mid-Migori) in Kenya near Lake Victoria.

### Compania Minera Adamantine, C.A. Acquisition - Natal Diamond Project in Venezuela

In connection with a share purchase agreement made and dated for reference May 23, 2002 among the Company, South African Diamond Holding Corp. ("SADIA") (the sole shareholder of Compania Minera Adamantine, C.A., a Venezuelan company, ("CMA") and certain directors of CMA (Thomas L. Crom III and T.J. Ian Wright), the Company has acquired all of the outstanding shares of CMA. Consideration consisted of 6,870,000 shares of the Company issued to the shareholders of SADIA (Eureka Ventures Inc. (Thomas L. Crom III), Nyala Ltd. (Nick DeMare), The Wright Family Trust (T.J. Ian Wright, Trustee), Michael J. Long, Stephen Carl Grimmer, Sylvio M. Cohen y Escaloni, Impexdiam b.v.b.a. (Ludo Doorenweerd) and Bruce T. Walsham). Of these shares, 5,304,500 shares are subject to a three-year escrow under a Value Escrow Agreement and will be released as to 10% immediately and an additional 15% thereafter every six months until September 10, 2005. The mineral properties held by CMA are the "Natal I" and "Natal II" diamond and gold exploration concessions located in Bolivar State, Venezuela.

**Private Placement**

The Company has closed the Private Placement of 7,166,667 shares, at $0.15 per share, with 15 European investors. The gross proceeds from the Private Placement of $1,075,000 will be used for working capital and the ongoing exploration of the Company's projects in Kenya and Venezuela. The Company issued 700,000 shares at a deemed price of $0.15 per share to Mr. Henri Frelinx as a finder's fee.

Northern Securities Inc. acted as the Company's sponsor in connection with the Acquisitions, the Private Placement and the Company's Restructuring and has received 80,000 common shares of the Company as partial consideration for acting as such.

All the securities issued in connection with the Acquisitions, the Private Placement and the sponsorship are subject to a 4 month TSX Venture Exchange hold period that expires on January 11, 2003 and a 12 month statutory hold period that expires on September 11, 2003.

**Stock Option Plan**

The TSX Venture Exchange has accepted the Company's Stock Option Plan for up to 4,745,357 shares of the Company to be issued to directors, officers, employees and consultants of the Company. The Company presently has 500,000 previously granted options outstanding, leaving a balance of 4,245,357 additional options which may be issued. No new options have yet been granted under the Company's Stock Option Plan.

**Continuation - Yukon**

Effective July 9, 2002, the Company continued from British Columbia into the Yukon Territory, and adopted new Articles and By-laws in connection with such continuance. The current directors and senior officers of the Company are: Roland T. Trenaman (Co-Chairman), T.J. Ian Wright (Co-Chairman), Bruce T. Walsham ((President and Chief Executive Officer), Thomas L. Crom III (Treasurer, Chief Financial Officer & Secretary), Dennis Urschel, Robert Roman, Sylvio Cohen y Escaloni, Henri Frelinx, Thibault Vallee and Eugene Chernel.

For additional information, see the Company's Information Circular dated May 24, 2002, and the news release dated June 28, 2002.

**Current Status of the Company**

The final closing of the Company's complex transactions provides an opportunity to provide shareholders with a progress report on the status of the two major projects in the Company's portfolio, namely the Migori Gold Project in Kenya and the Natal Diamond Project in Venezuela. Since the Company's Annual General Meeting held on June 27th, considerable preliminary work has been undertaken in both theatres, operating and administrative staff have been appointed and various courses of action have been initiated to streamline the Company's development.

In Kenya, the 2002 program called for a critical review of all the past data, which is copious, on the 310.5 sq. km. licence areas. This is now virtually completed and is to be followed by a field program comprising geological and geochemical techniques timed to commence in late September. Specifically this work requires examination of previously discovered targets which were not adequately explored by prior workers between 1988 and 2000, defined but unrefined and broad geochemically anomalous zones, strike extensions of gold mineralization some of which have been semi-quantified as resources and mentioned in previous press releases and new geological structures identified as being prospective from recent studies and field reviews. It is anticipated that the proposed work will be well advanced by the end of 2002 and by that time the existing field-camp will be resuscitated and plans laid for a drilling campaign in the first half of 2003. To take charge of the Kenyan project the Company has appointed Mr. Jason Cook, as Country Manager and Chief Operating Officer. Mr. Cook's experience covers gold, base-metals and diamond exploration and alluvial diamond production in Europe (UK and Portugal), East, West and Central Africa, namely Kenya, Congo(Brazzaville) and Angola. He is familiar with the Migori project having worked in South-west Kenya when employed by Panorama Resources of Australia in the late 1990s. He has already visited Kenya to redevelop and establish contacts with all the business entities and regulatory agencies necessary for the smooth running of the exploration programs to come.

In Venezuela, initial work has started with the aid of the contracted partners, CVG, the Bolivar parastatal organization, who are undertaking on the Company's behalf, through the Tecmin Minera branch of CVG, the necessary environmental permitting which is required as a precursor to the commencement of line-cutting and access road/track construction. Geological field examination and ground magnetics will commence within the next 7-8 weeks to investigate several photographic and geological features. All this early exploration is designed to define drilling targets for a preliminary campaign in the first half of 2003. As previously indicated to the Company's shareholders, Dr. Stephen Grimmer has been appointed Chief Operating Officer and Country Manager for Venezuela to take charge of the Natal Diamond Project. He has been largely responsible for the progress made on the concession area to date and in the course of the last few months has visited Venezuela on several occasions to establish and develop future working relationships. He has wide experience in exploration, development and strategic planning in the diamond industry.

The Company has been fortunate to recruit these high caliber people to run the operations. They are also joined by a highly capable and experienced administrator, Mrs. Olive Nunnerley, as Assistant Corporate Secretary. This appointment is made to accelerate the streamlining of the Company's functions as it sets out to explore its newly acquired projects.

## 6. Reliance on Section 85(2)(BC), Section 118(2)(AB) of the Securities Acts and National Policy 40

Not applicable.

## 7. Omitted Information

Not applicable

## 8. Senior Officers

The following senior officer of the Issuer is knowledgeable about the material change and may be contacted by the Commission at the following address and telephone number:

Roland T. Trenaman
Suite 2, 1583 Pemberton Avenue
North Vancouver, B.C.
Phone: (604) 985-2557

## 9. Statement of Senior Officer

The foregoing accurately discloses the material changes referred to herein.

DATED at Vancouver, British Columbia this 18th day of September, 2002.

*"R.T. Trenaman"*
R.T. Trenaman
Co-Chairman and Director

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