PETERBOROUGH CAPITAL CORP.
4040E - 80th Avenue S.E.
Calgary, Alberta
T2C 2J7

VIA SEDAR

ALBERTA SECURITIES COMMISSION
19th Floor, 10025 Jasper Avenue
Edmonton, Alberta
T5K 3Z5

BRITISH COLUMBIA SECURITIES COMMISSION
P.O. Box 10142 Pacific Centre
12th Floor, 701 West Georgia Street
Vancouver, B.C., V7Y 1L2

TSX VENTURE EXCHANGE
10th Floor, 300 - 5th Avenue S.W.
Calgary, Alberta
T2P 3C4

Dear Sirs:

Re: Peterborough Capital Corp. - Material Change Report/Continuous Disclosure

This letter is intended as a statement setting forth certain matters that may be a material change in the affairs of **Peterborough Capital Corp.** ("Peterborough" or the "Corporation"). For convenience, this letter is itemized in the same manner as Form 27 of the *Securities Act* (Alberta). Concurrent with this filing, this letter is being filed with the Canadian Venture Exchange Inc., being the only exchange on which the Corporation's shares are currently listed.

Item 1 - Reporting Issuer

Peterborough Capital Corp.
4040E - 80th Avenue S.E.
Calgary, Alberta, T2C 2J7
Telephone: (403) 640-7070
Facsimile: (403) 640-7077

Item 2 - Date of Material Change

The material change occurred on or about October 17, 2002.

Item 3 - News Release

A Press Release was issued on October 17, 2002 through the facilities of CCN Matthews.

Item 4 - Summary of Material Change

The Corporation has entered into an agreement in principle to acquire all of the issued and outstanding shares of Necsun Inc. and Avlis Inc. as its Qualifying Transaction.

Item 5 - Full Description of Material Change

Peterborough has entered into an agreement in principle to acquire all of the issued and outstanding shares of Necsun Inc. ("Necsun") and Avlis Products, Inc. ("Avlis") as its Qualifying Transaction.

Avlis is a California-based company that manufactures and distributes wholesale and retail rain gutter downspout accessories. As of July 31, 2002, Avlis had net tangible assets of $43,000, revenues of $211,000, net income of $20,000, a deficit of $82,000 and working capital of $74,000. These figures are management prepared and are not audited. They are therefore subject to potentially material adjustments once they are audited as required by the TSX Venture Exchange. Avlis has two full time employees. Avlis is a private company with 35 shareholders. Only Charles Silva (Templeton, California) owns 10% or more of the shares of Avlis. It is expected that Mr. Silva will hold greater than 10% of the shares of Peterborough following the Qualifying Transaction. Mr. Silva (Templeton, California) is an entrepreneur and inventor and has been a firefighter for over 30 years. Mr. Silva is President, CEO and Chairman of the Board of Avlis. Avlis and Peterborough are at arm's length to each other.

Necsun is an Alberta-based manufacturer and distributor of rain gutter and water management products. As of December 31, 2001, Necsun had net tangible assets of $53,000, revenues of $261,000, a net loss of $303,000, a deficit $1,284,000 and working capital of $17,000. These figures are management prepared and are not audited. They are therefore subject to potentially material adjustments once they are audited as required by the TSX Venture Exchange. Necsun has two full time employees and engages up to four part-time employees during its peak spring selling season. Necsun is a non-listed company with more than 50 securityholders. Richard Grass (Madden, Alberta), Douglas Cassidy (Calgary, Alberta) and Ron Kossowan (Calgary, Alberta) each own or control 10% or more of the securities of Necsun. It is expected that of these securityholders, only Mr. Grass will own or control 10% or more of the shares of Peterborough following the Qualifying Transaction. Mr. Grass is an independent businessman who is involved with a number of start-up industrial companies. He founded Canada Brokerlink Inc., a Calgary based consolidator of independent property and casualty insurance brokerages and an operator of insurance brokerage firms through which a variety of insurance products were distributed in 19991 and was its President and Chief Executive Officer from 1996 to 1999. Necsun is not at arm's length to Peterborough as Richard Grass, President, Chief Executive Officer, director and shareholder of Peterborough, is also the Vice-President, director and a securityholder of Necsun. Robert Clegg, a director and shareholder of Peterborough also owns securities of Necsun.

It is expected that changes to the current directors and management of Peterborough will be made in conjunction with the Qualifying Transaction. Peterborough is in the process of identifying suitable individuals to fill such management roles.

In exchange for the shares of Necsun, it is expected that Peterborough will issue 12,578,667 Peterborough common shares, subject to the issuance of additional shares in the event of the prior conversion of certain debt of Necsun into shares of Necsun. In consideration for the shares of Avlis, Peterborough expects it will issue 3,850,000 Peterborough common shares and US$68,000 in cash. The number of shares to be issued in exchange for the Necsun and Avlis shares shall be based on the results of a valuation on the businesses of Necsun and Avlis to be completed by an independent valuator and is therefore subject to change. Peterborough has also agreed to pay US$37,878 to Avlis to settle Avlis' long-term debt. Peterborough will also enter into an exclusive worldwide license agreement with Charles Silva, inventor of the products sold by Avlis and owner of the patents thereto, for which Peterborough will pay a license fee of US$7,000 payable over seven years. The deemed value per share of the Peterborough common shares to be issued on the Qualifying Transaction shall be not less than CAD$0.10 per share. Based on the deemed price of CAD$0.10 per Peterborough common share, on today's US/Canadian currency exchange rate of 1.58:1, and provided that the number of Peterborough shares noted above are issued on the transaction, the total deemed purchase price for the Qualifying Transaction will be CAD$1,821,214.

In conjunction with the Qualifying Transaction, it is expected that a private placement of common shares will be completed in either Peterborough or Necsun or both of an aggregate of up to CAD$500,000 at no less than CAD$0.15 per common share. Proceeds from the private placement will be used for general corporate purposes.

Peterborough is a Capital Pool Company, which trades on the TSX Venture Exchange under the trading symbol "PEC". The acquisition of Necsun and Avlis is intended to constitute Peterborough's Qualifying Transaction pursuant to Rule 46-501 of the Alberta Securities Commission and Policy 2.4 of the TSX Venture Exchange. As such, completion of the transaction is subject to a number of conditions, including but not limited to TSX Venture Exchange acceptance, approval from the majority of the minority shareholders of Peterborough and sponsorship by a TSX Venture Exchange member firm. The transaction cannot close until the required conditions are fulfilled. There can be no assurance that the transaction will be completed as proposed or at all.

Pursuant to the rules of the TSX Venture Exchange, trading of the common shares of Peterborough has been halted due to the issuance of this press release and will remain halted until a Sponsorship Acknowledgment Form is issued and until the TSX Venture Exchange has completed its preliminary review of any personal information forms it requires in respect of the transaction.

Item 6 - Reliance on s.146(2) of the *Securities Act* (Alberta) or s. 85(2) of the *Securities Act* (British Columbia)

Not applicable.

Item 7 - Omitted Information

No omitted information.

Item 8 - Senior Officer

The name of a Senior Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Mr. Richard Grass, Chief Executive Officer
Telephone: (403) 640-7070

Item 9 - Statement of a Senior Officer

The foregoing accurately discloses the material change referred to in this report.

DATED at Calgary, Alberta, this 18th day of October 2002.

Yours truly,

PETERBOROUGH CAPITAL CORP.

Per: (signed)
David Wilson, Chief Financial Officer