

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

KCO Capital Inc. (the “**Company**”)
Suite 300 - 1055 West Hastings Street

Vancouver, British Columbia V6E 2E9

Item 2 Date of Material Change

October 26, 2012

Item 3 News Release

The news release was disseminated through Stockwatch and Baystreet on October 26, 2012.

Item 4 Summary of Material Change

The Company completed its initial public offering.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company, a capital pool company, announced that it has successfully completed its initial public offering (the “**IPO**”) of 4,000,000 common shares (each, a “**Share**”) at a price of \$0.10 per Share for gross proceeds of \$400,000 (the “**Proceeds**”).

Canaccord Genuity Corp. acted as agent (the “**Agent**”) for the IPO. The Company paid the Agent a cash commission of \$40,000, being 10% of the Proceeds, and granted the Agent 400,000 non-transferable warrants (each, an “**Agent’s Warrant**”), each of which entitles the Agent to purchase one Share at a price of \$0.10 per Share for a period of 24 months from the date of the listing of the Shares on the Exchange. The Company also granted the Agent a right of first refusal to participate in any further brokered financing of equity or securities convertible into equity, or to provide sponsorship services for any Qualifying Transaction (as defined in the policies of the Exchange), for a period of 24 months from the date of the listing of the Shares on the Exchange.

KCO also granted an aggregate of 700,000 stock options to its directors and officers, each of which is exercisable into one Share at a price of \$0.10 per Share for a period of five years from the date of the listing of the Shares on the Exchange.

The Company is a Capital Pool Company (as defined in the policies of the Exchange). The Company has not commenced operations and has no assets other than cash.

The Company intends to use the net proceeds of the IPO to identify and evaluate potential Qualifying Transactions in accordance with the policies of the Exchange.

The Shares were listed for trading on the Exchange under the symbol "KCO.P" on October 26, 2012, and were immediately halted pending closing of the IPO. The Company expects that the Shares will resume trading on Tier 2 of the Exchange under the symbol "KCO.P" on October 30, 2012.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Kim Oishi
Chief Executive Officer,
Chief Financial Officer and Director
778-997-8715

Item 9 Date of Report

October 26, 2012