FIRST DYNASTY MINES LTD.

MATERIAL CHANGE REPORT
Section 75(2) of the *Securities Act* (Ontario)

1. Reporting Issuer

First Dynasty Mines Ltd.
c/o Blake, Cassels & Graydon LLP
199 Bay Street, Suite 2800
Toronto, Ontario
M5L 1A9

2. Date of Material Change

December 20, 2001

3. Press Release

First Dynasty Mines Ltd. ("First Dynasty") issued a press release on December 20, 2001 through Canada NewsWire. See attached copy of press release.

4. Summary of Material Change

On December 20, 2001, First Dynasty entered into a settlement agreement with Ivanhoe Capital Finance Limited ("Ivanhoe") and Twin Star Holdings Ltd. ("Twin Star") which will see its outstanding debt to Ivanhoe reduced to US$3.7 million. On or before February 5, 2002, on payment of consideration to Ivanhoe, Twin Star, which is a major shareholder of First Dynasty, will take an assignment of the outstanding US$3.7 million debt from Ivanhoe. In exchange for the debt reduction, First Dynasty has assigned two receivables to Ivanhoe.

As part of the settlement agreement, First Dynasty and Ivanhoe Capital Pte. Ltd. ("Ivanhoe Singapore") have delivered mutual releases with respect to an action filed with the Singapore courts by Ivanhoe Singapore claiming approximately US$445,000 in respect of sums claimed by Ivanhoe Singapore to be outstanding and due by First Dynasty.

5. Full Description of Material Change

On December 20, 2001, First Dynasty entered into a settlement agreement with Ivanhoe and Twin Star which will see its outstanding debt to Ivanhoe reduced to US$3.7 million. On or before February 5, 2002, on payment of consideration to Ivanhoe, Twin Star, which is a major shareholder of First Dynasty, will take an assignment of the outstanding US$3.7 million debt from Ivanhoe.

In exchange for the debt reduction, First Dynasty has assigned two receivables to Ivanhoe, being amounts owed by the purchaser under a September 1999 agreement in which the purchaser purchased from First Dynasty the oil and gas assets and shares of a subsidiary. Pursuant to that agreement, the purchaser had the obligation to pay First Dynasty 50% of the net proceeds of sale of certain equipment and up to US$3 million plus accrued interest under a conditional note, with amounts being payable thereunder upon certain crude oil production targets being reached. Such production targets have not been reached to date.

As part of the settlement agreement, First Dynasty and Ivanhoe Singapore have delivered mutual releases with respect to an action filed with the Singapore courts by Ivanhoe Singapore claiming approximately US$445,000 in respect of sums claimed by Invanhoe Singapore to be outstanding and due by First Dynasty. Each party has also undertaken to take whatever action is necessary to discontinue the action.

6. Reliance on Section 75(3) of the Act

Not applicable

7. Omitted Information

Not applicable

8. Senior Officer

For further information, please contact:

Deb Bandyopadhyay
President and Chief Executive Officer
First Dynasty Mines Ltd.
Telephone: 011-37-41-151-699
Email: deb@agrc.am

9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Yerevan, Armenia this 10th day of January, 2002.

FIRST DYNASTY MINES LTD.

(signed) Venkat Kanada
By: ___________________________
Venkat Kanada
Chief Financial Officer

FIRST DYNASTY MINES LTD. ENTERS SETTLEMENT AGREEMENT REGARDING OUTSTANDING INDEBTEDNESS

Toronto, December 20, 2001

First Dynasty Mines reported today that it has entered into a settlement agreement with Ivanhoe Capital Finance Limited and Twin Star Holdings Ltd. which will see its outstanding debt to Ivanhoe reduced to US$3.7 million. On or before February 5, 2002, on payment of consideration to Ivanhoe, Twin Star, which is a major shareholder of First Dynasty Mines, will take an assignment of the outstanding US$3.7 million debt from Ivanhoe.

In exchange for the debt reduction, First Dynasty Mines has assigned two receivables to Ivanhoe, being amounts owed by the purchaser under a September 1999 agreement in which the purchaser purchased from First Dynasty Mines the oil and gas assets and shares of a subsidiary. Pursuant to that agreement, the purchaser had the obligation to pay First Dynasty Mines 50% of the net proceeds of sale of certain equipment and up to US$3 million plus accrued interest under a conditional note, with amounts being payable thereunder upon certain crude oil production targets being reached. Such production targets have not been reached to date. As part of the settlement agreement, First Dynasty Mines and Ivanhoe Capital Pte. Ltd. (“Ivanhoe Singapore”) have delivered mutual releases with respect to an action filed with the Singapore courts by Ivanhoe Singapore claiming approximately US$445,000 in respect of sums claimed by Ivanhoe Singapore to be outstanding and due by First Dynasty Mines. Each party has also undertaken to take whatever action is necessary to discontinue the action.

Subject to customary closing conditions, as indicated above, the assignment of the US$3.7 million is expected to close on or before February 5, 2002.

First Dynasty Mines’ shares trade on The Toronto Stock Exchange under the symbol FDM.

This release contains forward-looking statements that relate to First Dynasty Mines’ operations and performance and other matters that may constitute forward-looking statements that involve risks and uncertainties. Any forward- looking statements contained herein are based on current expectations but are subject to a number of risks and uncertainties. First Dynasty Mines’ actual results may differ from the results discussed in the forward-looking statements as a result of various factors including pricing changes, general economic conditions and specific economic and political conditions and the additional factors discussed in the section entitled "Risk Factors" in documents filed with the Ontario Securities Commission and other securities regulatory authorities in Canada.

For further information: Deb Bandyopadhyay, President & CEO,
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