FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. **Reporting Issuer:**

Sylre Ltd. (the "Sylre" or "Corporation")
43 Crooked Pond Green S.W.
Calgary, Alberta
T3Z 3E7

Item 2. **Date of Material Change:**

September 13, 2004

Item 3. **News Release:**

A press release reporting the material change was issued by the Corporation on September 13 2004 via CCN Matthews.

Item 4. **Summary of Material Change:**

The Board of Directors of Sylre Ltd. ("Sylre") recommended that shareholders of Sylre reject Northern Financial Corporation's ("Northern") unsolicited takeover offer to exchange common shares of Northern for shares of Sylre.

Item 5. **Full Description of Material Change:**

The Board of Directors of Sylre Ltd. ("Sylre") recommended that shareholders of Sylre reject Northern Financial Corporation's ("Northern") unsolicited takeover offer to exchange common shares of Northern for shares of Sylre. It is the opinion of the Board of Directors that the offer does not adequately reflect Sylre's underlying value and potential and that Northern's bid is opportunistic given the fact that Sylre is in transition with a net cash position of over $3,000,000 and whereas Northern is operating at a deficit and wishes to avail itself of the cash Sylre has on hand.

Although the offer is approximately 30% over the closing price of Sylre's listed shares on August 25, 2004, the offer does not offer a premium over the net cash value of each Sylre share. It is the Board's opinion that the current trading share price of Sylre does not reflect the true value of Sylre's shares or the future potential of Sylre. Each Director of Sylre intends to reject the offer in respect of his or her own shareholding which represents approximately 51% of the issued and outstanding shares of Sylre.

Sylre also announced the formation of a Special Committee of the Board to continue and expedite the process previously commenced by the Board to review and assess various alternatives for Sylre. The Company is currently in discussion with two other parties who are expected to submit proposals for consideration by Sylre's shareholders. The discussions with these parties indicate that these alternative proposals may offer enhanced value for Sylre's shareholders over the rejected Northern offer. Cascade Capital Partners. has been retained by Sylre and the Special Committee to advise and assist with respect to all proposals presented to the Board.

It should be noted that Sylre has significantly reduced management fees resulting from the expiration of a management contract which terminated on August 31, 2004. It should also be noted that current general and administrative expenses of Sylre in no way equal or exceed the amount of $240,000 as purported in Northern's offering circular. Further, Mr. Rempel has not received a salary of $13,000 or any other compensation from Sylre in the past three fiscal years.

Sylvia Rempel, Chairman of the Board of Sylre stated, "We are committed to maintaining and enhancing shareholder value now and in the future and will carefully consider any legitimate proposal that would accomplish that objective. In any proposal by Northern, or any other company, the Board will consider and assess the value to be received in exchange for the shares of Sylre, and also the appropriate premium to reflect the full value of Sylre."

The Board has confidence in the future direction of Sylre under the leadership of its current management team. Furthermore, the Board expects that the current structure of the company makes Sylre attractive to a number of potential suitors who we believe will maximize shareholder value. We do not believe that the interests of our shareholders, which represent the fundamental priority of the Board, would be served by the acceptance of an acquisition proposal that does not fully reflect the company's intrinsic value and future prospects."

Item 6. <u>Reliance on subsection 7.1(2) or (3) of National Instrument 51-102</u>

Not applicable.

Item 7. <u>Omitted Information:</u>

Not applicable.

Item 8. <u>Executive Officer:</u>

Angela Grams, Vice President
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