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 29, 2004

Item 3. News Release:

A press release reporting the material change was issued by the Corporation on September 29, 2004 via CCN Matthews.

Item 4. Summary of Material Change:

The Board of Directors of Sylre continues to recommend that shareholders of Sylre reject Northern Financial Corporation's ("Northern") unsolicited take-over offer to exchange common shares of Northern for shares of Sylre after receiving a Notice of Change of to Northern's take-over bid circular.

Item 5. Full Description of Material Change:

Sylre has been notified by Northern and has received a Notice of Change to Northern's take-over bid circular filed by Northern on September 27, 2004, relating to Northern's unsolicited takeover offer to acquire all of the issued shares of Sylre as previously announced on September 10, 2004.

After a review of the Notice of Change which contained information concerning the offer by Northern to acquire all of the issued shares of Proprietary Industries Inc.("PPI"), the Board of Directors of Sylre continues to recommend that shareholders of Sylre reject the Northern bid which is scheduled to expire on October 8, 2004. Although the terms of the Northern offer to Sylre have not changed, it is the opinion of the Board of Directors of Sylre that the bid by Northern for PPI further complicates the Northern offer for Sylre shares with the uncertainty of Northern's ability to complete the proposed acquisition of PPI. Furthermore, the Board of Directors of Sylre believes that the acquisition of Sylre shares proposed by Northern is dilutive to the Sylre shareholders and does not adequately reflect Sylre's intrinsic value and future prospects.

Sylre also advises that it will be mailing its Directors' Circular with respect to the Northern Offer and the Notice of Change to the Circular to all Sylre shareholders today. Sylre is continuing to review other options for the company and will forward more information to shareholders upon a review of all opportunities to enhance shareholder value.

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

Not applicable.

Item 7. **Omitted Information:**

Not applicable.

Item 8. **Executive Officer:**

Angela Grams, Vice President
Telephone: (403) 277-9900

Item 9. **Date of Report:**

Dated September 30 2004 at Calgary, Alberta.