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:**

October 4, 2004

Item 3. **News Release:**

A press release reporting the material change was issued by the Corporation on September 30, 2004 via CCN Matthews.

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

Sylre Ltd. provided its quarterly financial results for the three months ended July 31, 2004 and announced the appointment of Angela Grams to the position of Vice President and Chief Financial Officer.

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

Sylre Ltd. ("Sylre" or the "Company") provided its quarterly financial results for the three months ended July 31, 2004. Activities for the second quarter of 2004 reflect the January 30, 2004 sale of the Company's licensing agreements and trademarks which were the source of all of its revenues. In the sale, the purchaser retained a holdback in the amount of $50,000 and Sylre anticipates receiving these funds in the next few weeks. The Company also has significantly reduced management fees and salaries. In addition, the Company plans on retiring its current loan indebtedness and has a cash balance of approximately $3.5 million at the end of the reported period.

Further, the Company announced the appointment of Ms. Angela Grams to the position of Vice President and Chief Financial Officer. Ms. Grams was instrumental in the trademark sale transaction as noted above.

As previously reported, Sylre has received an unsolicited offer (the "Offer") to exchange shares of the Company for shares in Northern Financial Corporation ("Northern"). A Special Committee of the Board of Directors was created to evaluate all of the business opportunities available to the Company and has retained a financial advisor with respect to evaluating the Northern bid and other offers. The Special Committee and the Board of Directors have been working diligently to review the unsolicited offer and the other business opportunities available to the Company. Following a detailed review by the Special Committee and the Board of Directors, Sylre released a Directors Circular dated September 29, 2004 responding to the Northern bid. In the Directors' Circular, Sylre's Board continues to recommend that the shareholders of the Company reject the unsolicited Northern Offer as the Board believes the Offer provides inadequate value to the Sylre shareholders.

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 October 4, 2004 at Calgary, Alberta.