

FORM 27

Securities Act (British Columbia)

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE SECURITIES ACT

Item 1. Reporting Issuer

The full name, address, telephone number and the principal offices of the Reporting Issuer are:

EARL RESOURCES LIMITED
Suite 1400, 400 Burrard Street
Vancouver, British Columbia V6C 3G2
Telephone 604 608 1766
Fax 604 608 1744

Item 2. Date of Material Change

October 31, 2000

Item 3. News Release

A News Release issued pursuant to Section 85(1) of the Act announcing the material changes described below was transmitted for filing to the Canadian Venture Exchange Corporate Finance Department, the Canadian Venture Exchange Surveillance Department and, for additional dissemination, to Canada Stockwatch, The George Cross Newsletter and Market News Publishing, Inc. on November 1, 2000. The News Release was filed via SEDAR with the British Columbia Securities Commission and the Canadian Venture Exchange.

Item 4. Summary of Material Changes

The Issuer announced that it has entered into debt settlement agreements with certain of its creditors.

Item 5. Full Description of Material Change

EARL RESOURCES LIMITED announced that it has entered into debt settlement agreements with certain of its creditors.

The Issuer has entered into debt settlement agreements with Mr. Theng Gek Cheng and Oceanic Management Limited (the "Creditors") providing for the issuance of 1,743,620 common shares in the capital stock of the Company at \$0.10 per share to settle indebtedness of \$174,362.

The debt settlement agreement acknowledges that it is the intention of the parties that all of the indebtedness of the Issuer to the Creditors be extinguished and settled pursuant to the agreements.

In consideration of the issuance of the 1,743,620 shares by the Issuer, the Creditors, for themselves and their respective administrators, successors and assigns, fully release and discharge the Issuer and the Issuer's current and future directors, officers and employees from any liability in respect of the total of the indebtedness dealt with by the debt settlement agreements.

EARL RESOURCES LIMITED

1400-400 Burrard Street, Vancouver, B.C. V6C 3G2, Tel (604) 643-1710 Fax (604) 643-1760

NEWS RELEASE

November 1, 2000

CDNX Symbol: ERL

EARL RESOURCES LIMITED (the "Company") announces today that it has entered into debt settlement agreements with certain of its creditors. The creditors have agreed to settle outstanding debts totalling \$174,362 in consideration for the Company issuing 1,743,620 common shares in the capital stock of the Company at \$0.10 per share. The debt settlement agreements are subject to acceptance for filing by the Canadian Venture Exchange (CDNX).

The Company also announces that it has granted incentive stock options for 490,000 common shares in the capital stock of the Company, exercisable for a period of five (5) years at a price of \$0.10 per share. The options are subject to acceptance for filing by the Canadian Venture Exchange (CDNX).

For further information contact Mr. Kaare Foy, Director, on (604) 608-1766.

ON BEHALF OF THE BOARD

"Kaare G. Foy"

Kaare G. Foy, Director
EARL Resources Limited

**THE CANADIAN VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT
RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**

The debt settlement agreements are subject to acceptance for filing by the Canadian Venture Exchange.

Item 6. Reliance on Section 85(2) of the Act

This Report is not being filed on a confidential basis in reliance on Section 85(2) of the Act.

Item 7. Omitted Information

No information has been omitted from this Report as the Issuer believes that there is no information that should remain confidential.

Item 8. Senior Officer

The name and business telephone number of a senior officer of the Reporting Issuer who is knowledgeable about the material change and this Report is:

Kaare G. Foy, Director and Company Secretary
Telephone 604 608 1766
Fax 604 608 1744

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED November 1, 2000

EARL RESOURCES LIMITED

"Kaare G. Foy"

Kaare G. Foy, Director