

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

December 19, 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 December 20, 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 completed a debt settlement.

Item 5. Full Description of Material Change

EARL RESOURCES LIMITED announced that it has completed the shares for debt settlement announced on November 1, 2000. 1,518,900 common shares have been issued at a deemed price of \$0.10 per share in settlement of \$151,890 of debt. 1,036,520 common shares issued pursuant to the settlement are subject to a hold period expiring April 20, 2001 and 482,380 common shares issued pursuant to the settlement are subject to a hold period expiring November 1, 2001.

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 December 20, 2000

EARL RESOURCES LIMITED

“Kaare Foy”

Kaare G. Foy, Director

EARL RESOURCES LIMITED



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

NEWS RELEASE

December 20, 2000

CDNX Symbol: ERL

EARL RESOURCES LIMITED (the “Company”) announces today that it has completed the shares for debt settlement announced on November 1, 2000. 1,518,900 common shares have been issued at a deemed price of \$0.10 per share in settlement of \$151,890 of debt. 1,036,520 common shares issued pursuant to the settlement are subject to a hold period expiring April 20, 2001 and 482,380 common shares issued pursuant to the settlement are subject to a hold period expiring November 1, 2001.

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

ON BEHALF OF THE BOARD

“Kaare 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.**