

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

May 2, 2001

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, and for additional dissemination, to Canada Stockwatch and Market News Publishing, Inc. on May 2, 2001. 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 elected not to proceed with its Joint Venture with Taihang Chemical Factory with respect to properties located in the Fuping District, Hebei Province, the People's Republic of China.

Item 5. Full Description of Material Change

EARL RESOURCES LIMITED announced that it has elected not to proceed with its Joint Venture Agreement dated August 5, 1997 and a Supplemental Agreement dated December, 1997 with Taihang Chemical Factory with respect to the exploration and development of five properties in the Fuping District, Hebei Province, the People's Republic of China ("PRC") and the proposed incorporation of a Sino-foreign joint venture company called Haoyuan Mining Company in the PRC.

The Issuer's decision is due to the inability it shares with most junior resource companies of being able to secure the necessary funding with which to finance their projects as a result of the prolonged adverse market conditions which have prevailed.

The Issuer is currently examining a number of resource properties in South-East Asia and intends to issue a news release upon the signing of any Letter(s) of Intent.

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 May 2, 2001

EARL RESOURCES LIMITED

Kaare G. Foy, Director

EARL RESOURCES LIMITED

2100-1177 West Hastings Street, Vancouver, B.C. V6E 2K3
Telephone (604) 608-1766 Fax (604) 608-1744



News Release

May 2, 2001

TRADING SYMBOL: ERL

Mr. Kaare Foy, Director of EARL Resources Limited (the "Company"), announces today that the Company has elected not to proceed with its Joint Venture Agreement dated August 5, 1997 and a Supplemental Agreement dated December, 1997 with Taihang Chemical Factory with respect to the exploration and development of five properties located in the Fuping District of Hebei Province, the People's Republic of China ("PRC") and the proposed incorporation of a Sino-foreign joint venture company called Haoyuan Mining Company in the PRC.

The Company's decision is due to the inability it shares with most junior resources companies of being able to secure the necessary funding with which to finance their projects as a result of the prolonged adverse market conditions which have prevailed.

The Company is currently examining a number of resource properties in South-East Asia and intends to issue a news release upon the signing of any Letter(s) of Intent.

EARL Resources Limited

"Kaare G. Foy "

Kaare G. Foy
Director

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