

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

Item 1. Reporting Issuer

EARL RESOURCES LIMITED
Suite 2100, 1177 West Hastings Street
Vancouver, British Columbia V6E 2K3
Telephone 604-608-1766
Fax 604-608-1744

Item 2. Date of Material Change

September 11, 2002

Item 3. News Release

A News Release issued pursuant to Section 85(1) of the Act announcing the material change described below was distributed through Canadian Corporate News, Canada Stockwatch and Market News Publishing, Inc. on September 11, 2002. The News Release was filed via SEDAR with the British Columbia Securities Commission, the Alberta Securities Commission and the TSX Venture Exchange on September 11, 2002.

Item 4. Summary of Material Changes

The Issuer announced that it has entered into two asset purchase agreements to acquire 100% of the Magnum Cambodia Lottery License and 100% of the MGM Cambodia Lottery License respectively.

Item 5. Full Description of Material Change

Earl Resources Limited (“the Issuer”) announced that it has entered into two arm’s length asset purchase agreements dated 9th September, 2002 to acquire 100% of Cambodia’s Magnum lottery license (“Magnum Agreement”) from its Singaporean licensee, Mr Khoo Hang Peng (“Magnum Seller”) and 100% of Cambodia’s MGM lottery license (“MGM Agreement”) from its Singaporean licensee, Mr Khoo Kim Leng (“MGM Seller”) through a reverse takeover transaction. Currently, the Magnum Cambodia Lottery Company is the management company operating the Magnum lottery business for the Magnum Seller, and MGM Sports Company Limited is the management company operating the MGM lottery business for the MGM Seller.

Under the terms of the Magnum Agreement, the Magnum Seller has agreed that the Company will purchase 100% of the Magnum Lottery License (“Magnum License”) in consideration of the Company issuing to the Magnum Seller 5,980,241 of its common shares (the “Magnum Payment Shares”) at a deemed price of Canadian \$0.58 per share and the Magnum Seller and Magnum Cambodia Lottery Company will continue to operate the Magnum lottery business on behalf of the Company. The Magnum Agreement contains a provision that guarantees that the Magnum lottery business will generate a net profit after tax of not less than US\$480,000 per year over the next two-year period.

Under the terms of the MGM Agreement, the MGM Seller has agreed that the Company will purchase 100% of the MGM Lottery License (“MGM License”) in consideration of the Company issuing to the MGM Seller 7,476,648 of its common shares (the “MGM Payment Shares”) at a deemed price of Canadian \$0.58 per share and the MGM Seller and the MGM Sports Company Limited will continue to operate the MGM lottery business on behalf of the Company. The MGM Agreement contains a provision that guarantees that the MGM lottery business will generate a net profit after tax of not less than US\$600,000 per year over the next two-year period.

Both the Magnum Seller and the MGM Seller have agreed to comply with Exchange guidelines with regard to their profit guarantee commitments.

The proposed transaction will constitute a reverse takeover and change of business under the policies of the TSX Venture Exchange (the “Exchange”). The Magnum Payment Shares and MGM Payment Shares will be subject to one year holding period imposed by the Magnum Agreement and the MGM Agreement and the Magnum Payment Shares and MGM Payment Shares will be subject to such escrow requirements as may be imposed by the Exchange and will be subject to the holding periods imposed by the Securities Act of British Columbia.

The Magnum License was issued with effect from 30th March 2001 and the MGM License was issued with effect from 27 November, 1997. Both the Magnum and MGM lottery businesses were operating shortly after their respective lottery licenses were issued. Presently, both the Magnum and MGM lottery businesses have become two of the leading lottery businesses in Cambodia. Under the terms of the Magnum Agreement, the Magnum Seller represents and warrants to the Company that the Magnum lottery business has been generating net profit after tax of not less than US\$40,000 per month since inception. Under the terms of the MGM Agreement, the MGM Seller represents and warrants to the Company that the MGM lottery business has been generating net profit after tax of not less than US\$50,000 per month since inception.

At the present time, the constitution of the Board of Directors of the Company after the closing has not been finalized. To the extent permitted by the Exchange, the Company intends, upon closing, to settle all its outstanding debt through an issue of shares for debt.

Completion of these transactions are subject to a number of conditions precedent, including, but not limited to:

- (1) the completion of due diligence, to the satisfaction of the Company, with respect to the Magnum License and MGM License;
- (2) the passing of resolutions by the disinterested shareholders of the Company approving the transactions contemplated hereby; and
- (3) receipt of written notice from the Exchange that it has accepted the Magnum Agreement and MGM Agreement for filing.

The Exchange has been advised that the above transactions have been approved by shareholders by way of written consents from holders of more than 80% of the issued and outstanding shares of the Company.

Further to the Magnum Agreement and MGM Agreement, the Company has also entered into an Expenses Agreement with the MGM Seller. Under the terms of the Expense Agreement, the MGM seller has agreed to pay the Company Canadian \$80,000, being fees and expenses that the Company is expected

to incur in relation to these asset purchase transactions. The Company has received the first installment of US\$8,000 to proceed with the filing process.

There can be no assurance that the transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the transaction, any information released or received with respect to the reverse takeover may not be accurate or complete and should not be relied upon. Trading in the securities of Earl Resources Limited should be considered as highly speculative.

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 on the basis that the Issuer believes that such information 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
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 September 20, 2002

EARL RESOURCES LIMITED

“Kaare G. Foy”

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

SEPTEMBER 11, 2002

TRADING SYMBOL: TSX-V: ERL

Earl Resources Enters Into Asset Purchase Agreements

Dateline, Wednesday, September 11, 2002, Vancouver, BC: Earl Resources Limited (TSX-V: ERL) (“the Company”) announces that it has entered into two arm’s length asset purchase agreements dated 9th September, 2002 to acquire 100% of Cambodia’s Magnum lottery license (“Magnum Agreement”) from its Singaporean licensee, Mr Khoo Hang Peng (“Magnum Seller”) and 100% of Cambodia’s MGM lottery license (“MGM Agreement”) from its Singaporean licensee, Mr Khoo Kim Leng (“MGM Seller”) through a reverse takeover transaction. Currently, the Magnum Cambodia Lottery Company is the management company operating the Magnum lottery business for the Magnum Seller, and MGM Sports Company Limited is the management company operating the MGM lottery business for the MGM Seller.

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For further information on Earl Resources Limited please call Kaare Foy at (604) 608-1766.

ON BEHALF OF THE BOARD

Kaare Foy

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