This is the form of material change report required under section 85(1) of the Securities Act.

FORM 53-901F

SECURITIES ACT

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

Item 1 Reporting Issuer

TEARLACH RESOURCES LIMITED

Item 2 Date of Material Change

May 22, 2001

Item 3 Press Release

News Release issued May 22, 2001

Item 4 Summary of Material Change

See attached copy of the May 22, 2001, News Release.

Item 5 Full Description of Material Change

See attached copy of the May 22, 2001, News Release.

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Senior Officers

Charles Ross of the Issuer, is knowledgeable about the material change and this report. His business telephone no. is (604) 688-5007.

Item 9 Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated at Vancouver, British Columbia, the 22th of May 2001

Charles Ross
Director

TEARLACH RESOURCES LIMITED

Trading Symbol: TEA May 22, 2001

NEWS RELEASE

The Company has negotiated a debt settlement with certain of its creditors to settle debt of approximately $45,150 on the basis of one share for each $0.11 per share for a total of 410,455 shares. The debt settlement is subject to regulatory acceptance.

TEARLACH RESOURCES LIMITED.

"Charles Ross"
Director

The Canadian Venture Exchange has neither approved nor disapproved this information.