MATERIAL CHANGE REPORT

Form 53-901F (formerly Form 27) Under Section 85(1) of the British Columbia Securities Act
Form 27 Under Section 146(1) of the Alberta Securities Act
Form 27 Under Section 75(2) of the Ontario Securities Act
Form 27 Under Section 73 of the Quebec Securities Act
Form 27 Under Section 81(2) of the Nova Scotia Securities Act
Form 26 Under Section 76(2) of the Newfoundland Securities Act
Form 25 Under Section 84(1)(b) of the Saskatchewan Securities Act
National Policy 40 Manitoba/New Brunswick
(Individually, the "Act" and collectively, the "Securities Act")

1. Reporting Issuer

Full name of the Issuer:

CANICO RESOURCE CORP.

The address of the principal office in Canada of the reporting issuer is as follows:

#710 - 777 Hornby Street
Vancouver, B.C.
V6Z 1S4

PHONE: (604) 669-9446

2. Date of Material Change

December 1, 2003 and December 2, 2003

3. Press Release

The date and place(s) of issuance of the press release are as follows:

December 1, 2003 and December 2, 2003

The press releases were released to The Toronto Stock Exchange, being the only exchange upon which the shares of the Issuer are listed, and through various other approved public media.

4. Summary of Material Change(s)

Cdn$127,500,000 Bought Deal Financing

Canico Resource Corp. ("Canico") has entered into an agreement for a bought deal financing (the "Offering") with a syndicate of underwriters lead by BMO Nesbitt Burns Inc. and Orion Securities Inc. (the "Underwriters"). Pursuant to the Offering, Canico will issue 8,500,000 units ("Units") at a price of Cdn$15 per Unit (the "Offering Price") for gross proceeds of Cdn$127,500,000, each Unit comprised of one common share without par value ("Common Share") and one-half of a transferable share purchase warrant ("Warrant"). Each whole Warrant is exercisable into a Common Share, for a period of 15 months from the date of closing, at an exercise price of $18.50 per Common Share. Canico has also agreed to issue to the Underwriters an option (the "Option") to purchase up to an additional 1,500,000 Units at the Offering Price. Canico will qualify the Common Shares and Warrants issued under the Offering, including any Common Shares and Warrants issued upon exercise of the Option, under a short form prospectus. Proceeds from the Offering will be used for further exploration and development of the Onça Puma project and for working capital.

Inco Limited declined to exercise its right to purchase additional units to maintain its current percentage interest in Canico.

5. Full Description of Material Change

Cdn$127,500,000 Bought Deal Financing

Canico has entered into an agreement for a bought deal financing with the Underwriters. Pursuant to the Offering, Canico will issue an aggregate of 1,800,000 Units at the Offering Price for total gross proceeds of CDN$127,500,000, each Unit being comprised of one Common Share and one-half of a Warrant. Each whole Warrant will entitle the holder thereof to purchase an additional Common Share at an exercise price of $18.50 for a period of 15 months from the date of closing.

Canico has also agreed to grant to the Underwriters an Option entitling the Underwriters to purchase for resale up to an additional 1,500,000 Units at the Offering Price up to 48 hours prior to the closing of the Offering. The Underwriters have informed Canico that they will be exercising the Option in full. The purchase of these additional Units will result in additional gross proceeds to Canico of Cdn$22,500,000.

Under the terms of an existing agreement between Canico and Inco Limited ("Inco"), Inco was offered the right to maintain its pro rata equity interest in Canico (approximately 17.64%) through the acquisition of additional Units but Inco has elected not to exercise this right.

Canico will qualify the distribution of the Common Shares and Warrants in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland, and Prince Edward Island (the "Jurisdictions") by filing a short form prospectus in the Jurisdictions. A portion of the Offering may also be conducted in the United States, Europe and Asia.

In consideration of the services performed by the Underwriters in connection with the Offering, the Underwriters will receive a cash commission of 4% of the gross proceeds raised under the Offering.

The net proceeds of the Offering will be used for further exploration and for development of the Onça Puma project in Pará State Brazil and for general working capital purposes.

6. Reliance on Section 85(2)(BC), Section 146(2)(AB), and Section 75(3)(ON) of the Securities Acts

Not Applicable

7. Omitted Information

Not Applicable

8. Senior Officer

The following senior officer of the Issuer is knowledgeable about the material change and may be contacted by the Commission at the following address and telephone number:

Jonathan A. Rubenstein, Vice President & Corporate Secretary
#710 - 777 Hornby Street
Vancouver, B.C.
V6Z 1S4

PHONE: (604) 669-9446

9. Statement of Senior Officer

The foregoing accurately discloses the material change(s) referred to herein.

DATED at Vancouver, British Columbia, this 2nd day of December , 2003.

"Jonathan A. Rubenstein"

Jonathan A. Rubenstein
Vice President & Corporate Secretary