MATERIAL CHANGE REPORT

UNDER SECTION 118(1) *SECURITIES ACT* (ALBERTA)
UNDER SECTION 85(1) *SECURITIES ACT* (BRITISH COLUMBIA)
UNDER SECTION 75(2) *SECURITIES ACT* (ONTARIO)
UNDER SECTION 73 *SECURITIES ACT* (QUEBEC)

Item 1 – Reporting Issuer

CANADIAN ROYALTIES INC.
152 chemin de la Mine Ecolé
Val d'Or, Quebec, J9P 7B6

Item 2 – Date of Material Change

On July 11, 2001 the Corporation closed a fully subscribed private placement offering, raising gross proceeds of $1,250,000.

On July 18, 2001 the Corporation completed its review and assessment of assay results from Hole 4 of the sample pulps taken from diamond drill core from the Expo-Ungava property.

On July 18, 2001 Glen Schlyter was appointed as a member of the board of directors.

Item 3 – News Release

A press release pertaining to the closing of the private placement offering was disseminated on July 12, 2001.

A press release pertaining to the assay results on Hole 4 of the Expo-Ungava property was disseminated on July 19, 2001.

A press release pertaining to the appointment of Glen Schlyter, P. Eng., as a director of Canadian Royalties was disseminated on July 19, 2001.

Item 4 – Summary of Material Change

Closed Private Placement: On July 11, 2001 the Corporation closed a fully subscribed private placement offering, raising gross proceeds of $1,250,000 by the issuance of 3,500,000 Flow Through Special A Warrants at a price of $0.30 each, and the issuance of 666,666 Special B Warrants at a price of $0.30 each.

Additional Assay Results Hole 4 Nunavik (Ungava), Quebec: On July 19, 2001 the Corporation announced additional results from its platinum group mineral (PGM) nickel-copper exploration program in Nunavik (Ungava), Quebec. Sample pulps from diamond drill hole #4 (#EX97-04) in the Expo-Ungava copper nickel deposit, located on Line

16+00 East @ 2+50 South (1200 feet (365 meters) east of hole EX97-01 and 400 feet (121.9 meters) east of EX97-03 reported previously) and drilled at -90 degrees, were tested for nickel-copper-PGM's and returned weighted average assays from 65.37 meters to 112.3 meters of 0.235 g/t platinum, 0.946 g/t palladium, (1.181 g/t platinum + palladium), 0.69% copper and 0.64% nickel over a core length (true thickness) of 46.89 meters. 29 of the 32 sample intervals contained more than 0.5 g/t PGM's.

Appointment of Director: On July 18, 2001 the Glen Schlyter, P. Eng., was appointed to the board of directors.

Item 5 – Full Description of Material Change

Closed Private Placement Financing: On July 11, 2001 the Corporation closed a fully subscribed private placement offering, raising gross proceeds of $1,250,000, by the issuance of:

1. 3,500,000 Flow Through Special A Warrants at a price of $0.30 per Special Warrant. Each Special Warrant is exercisable, at no additional cost, into one Unit consisting of one flow through common share and one half of one share purchase warrant. Two half share purchase warrants will entitle the investor to acquire one common share at an exercise price of $0.40 for one year; and

2. 666,666 Special B Warrants at a price of $0.30 per Special Warrant. Each Special Warrant is exercisable, at no additional cost, into one Unit consisting of one common share (non-flow through) and one full share purchase warrant. Each share purchase warrant will entitle the investor to acquire one common share at an exercise price of $0.40 for two years.

The Special Warrants will expire on the earlier of: (i) November 11, 2001 if the securities become eligible for a 4 month hold period; (ii) July 11, 2001; and (iii) 3 business days after the date on which a receipt for a prospectus is issued, if the Corporation files a qualifying prospectus. There will be no penalty to the Corporation for failure to receive a receipt for a qualifying prospectus by September 21, 2001.

Haywood Securities Inc. acted as Agent for the financing, and Raymond James Ltd. and Yorkton Securities Inc. participated in the selling group. The Corporation paid a commission of 7.5% of the gross proceeds to the Agent and its selling group, plus 416,667 Agents Options entitling the holder to acquire 416,667 common shares at a price of $0.40 per share for a period of one year. Haywood Securities Inc. received an additional Warrant to acquire 50,000 common shares (or 75,000 if a qualifying prospectus is filed), at no additional cost, in consideration for corporate finance fees.

Additional Assay Results Hole 4 Nunavik (Ungava), Quebec: The following are additional results from its platinum group mineral (PGM)-nickel-copper exploration program in Nunavik (Ungava), Québec.

Sample pulps from diamond drill hole #4 (#EX97-04) in the Expo-Ungava copper nickel deposit, located on Line 16+00 East @ 2+50 South (1200 feet (365 meters) east of hole EX97-01 and 400 feet (121.9 meters) east of EX97-03 reported previously) and drilled at -90 degrees, were tested for nickel-copper-PGM's and returned weighted average assays from 65.37 meters to 112.3 meters of 0.235 g/t platinum, 0.946 g/t palladium, (1.181 g/t platinum + palladium), 0.69% copper and 0.64% nickel over a core length (true thickness) of 46.89 meters. 29 of the 32 sample intervals contained more than 0.5 g/t PGM's.

Additional sample pulps were submitted for assay from the three drill holes previously reported (June 20th, 2001) representing disseminated sulphide mineralization above and below the main Expo-Ungava deposit. The mineralized sections are now calculated as follows:

Drill Hole:	From	To	Interval	Platinum	Palladium	Platinum +Palladium	Copper	Nickel
	(meter)	(meter)	(meters)	g/t	g/t	g/t	%	%
EX97-01	41.55	81.07	39.52	0.28	1.50	1.78	0.70	0.70
EX97-02	49.75	96.74	46.99	0.248	0.994	1.24	0.66	0.60
EX97-03	47.81	112.4	64.57	0.373	1.517	1.89	0.67	0.58
EX97-04 (reported here)	65.37	112.3	46.93	0.235	0.946	1.181	0.69	0.64

The results from hole #EX97-04 extend the known strike length of significant widespread PGM values an additional 400 feet (121.9 meters) east. The additional assay results from hole #EX97-01, 02, and 03 together with the new results from hole #EX97-04 indicate that the thickness of the PGM values varies from 39.52 meters to as much as 64.57 meters along the 1200 foot (365.8 meter) interval for which assay results have been received. These additional assays indicate that the thickness of the PGM mineralization is much greater than originally reported. The thickness of mineralization hole #EX97-01 increased from 26.15 meters to 39.52 meters (51%); the thickness of mineralization in hole #EX97-02 increased from 17.69 meters to 46.99 meters (166%); and the thickness of mineralizaiton in hole #EX97-03 increased from 49.55 meters to 64.57 meters (30%).

The PGM mineralization discovered to date appears to correlate directly with increased copper and nickel mineralization. The sulphide mineralization is virtually flat lying and would be amenable to open pit mining. Copper nickel mineralization is known to extend farther east and west along strike from the 1200 foot (365.8 meter) interval evaluated to date.

The drill core pulp samples were assayed at Les Laboratories XRAL of Rouyn-Noranda, Québec. Platinum and palladium values were determined by standard fire assay with DCP finish while the nickel and copper values were determined by gravimetric, total digestion method with AA finish.

Appointment of Director On July 19, 2001, Canadian Royalties is announced the appointment of Glen Schlyter, P.Eng., as a member of the board of directors. Mr. Schlyter is a graduate of the Royal Military College of Canada (B. Eng.), and has over 13 years of experience in leadership and general management roles. Mr. Schlyter is a management consultant, who has provided general, technical and project management services primarily to small and medium sized companies since January 1999. Mr. Schlyter's expansive background includes business development, strategic planning, financial analysis, and systems analysis/design for numerous organizations in a variety of industries.

Item 6 – Reliance on Section 118(2) of the *Securities Act* (Alberta), Section 75(3) of the *Securities Act* (Ontario), and Section 85(2) of the *Securities Act* (British Columbia)

Not Applicable

Item 7 – Omitted Information

Not Applicable

Item 8 – Senior Officer

The name of a Senior Officer of the Corporation who is knowledgeable about the material changes and this report and who can be contacted by the Chief of Securities Administration is:

Glenn J. Mullan
Director
Business Telephone Number: (819) 824-1030

Item 9 – Statement of Senior Officer

The foregoing accurately discloses the material change referred to in this report.

DATED at the City of Val d'Or, in the Province of Quebec, this 20th day of July, 2001.

Signed: "Glenn J. Mullan"

Glenn J. Mullan
Director,
CANADIAN ROYALTIES INC.