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

August 29, 2001.

Item 3 – News Release

A press release pertaining to assay results was issued August 30, 2001.

Item 4 – Summary of Material Change

The Corporation reported high grade PGM (palladium, platinum and gold mineralization) assay results from a historic (1970) diamond drill core from the *Mesamax* Nickel-Copper Showing on its *Expo-Ungava Option/Joint Venture* property in the Raglan area of Nunavik (Ungava), Quebec.

Item 5 – Full Description of Material Change

The Corporation has received significant PGM (palladium, platinum and gold mineralization) assay results from a historic (1970) diamond drill core from the *Mesamax* Nickel-Copper Showing on its *Expo-Ungava Joint Venture* property in the Raglan Area of Nunavik (Ungava), Quebec.

The Corporation recently (August 13th, 2001) announced the discovery of significant PGM mineralization in the *Mesamax* area based on assay results of limited grab samples and selected core samples derived from historic (1970) diamond drill hole M70-22. With the exception of a test flotation concentrate in 1970, no PGM assays were ever reported from the *Expo-Ungava* property prior to the work conducted by Canadian Royalties this exploration season**.** The historic drill holes from the *Mesamax* Nickel-Copper Showing were located during the diamond drill core sampling and verification program currently underway on the Expo-Ungava deposit, which is situated approximately 10 km west of the *Mesamax* Area.

The new results from historic diamond drill hole M70-25 include numerous consecutive 1.52m core intervals assaying from 3.0 to 6.16 g/t PGM. Hole M70-25, located 168 meters north of hole M70-22, intersected a broad zone of nickel-copper mineralization that assayed 0.69% nickel and 0.94% copper (in 1970) over a core length of 34.7m in the interval from approximately 12.5m to 47.2m. No assaying was completed for other metals at that time.

Some of the drill core from diamond drill hole M70-25 was not located (3.05 meters representing approximately 9% of the total interval assayed). However, most of the mineralized intercept was retrieved and assayed for PGM's. Canadian Royalties is therefor reluctant to calculate composite PGM values for the mineralized intercept due to the 3.05 meters of missing or slumped core. Notwithstanding the missing core, a total of 23 consecutive, mostly 1.52m (5 foot) core samples retrieved and assayed for PGM from the interval, (starting at 10.9m and extending to 47.2m) returned PGM assay values between 3.0g/t and 6.16g/t. 13 of the 23 consecutive samples assayed more than 4g/t PGM. Nickel and copper values are not yet available.

Diamond drilling has been underway elsewhere on the property for more than two weeks at selected target areas distant from the *Expo-Ungava* deposit. Based on the extensive mineralization discovered in the historic diamond drill hole M70-25, the company has moved the diamond drill to the vicinity of hole M70-25 to confirm the thickness and grade of the mineralization and obtain a complete core section across the interval.

Fieldwork on the company's extensive property holdings in the Raglan area (over 120,000 acres) is continuing. The current program includes prospecting, geological mapping, ground geophysical surveying, selected soil and till sampling, re-assaying available historic diamond drill core from the *Expo Ungava* Nickel Copper deposit and other nickel copper occurrences and diamond drill testing of certain priority targets on target areas distant from the *Expo Ungava* deposit.

Diamond drilling will also evaluate targets refined earlier this month on the 100% owned *Phoenix Prospect.* Surface grab sample assays reported (March 9th, 2001) ranged from background to 4.1-g/t platinum+palladium. Previous work in this area, situated between the *Mesamax* and *Expo Ungava* occurrences has consisted of airborne surveys and limited reconnaissance prospecting. No drilling has ever been completed in this area.

Additional results will be released as they become available. All assaying is being completed 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.

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 4th day of September, 2001.

Signed: "Glenn J. Mullan"

Glenn J. Mullan
Director,
CANADIAN ROYALTIES INC.