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 Ecole
Val d'Or, Quebec, J9P 7B6

Item 2 – Date of Material Change

August 5, 2002

Item 3 – News Release

A press release pertaining to the closing of a brokered private placement with Dundee Securities Corporation for $1,000,000.30 was issued on August 5, 2002.

Item 4 – Summary of Material Change

On August 5, 2002 Canadian Royalties announces that it has closed a brokered private placement of 1,538,462 units at a price per unit of $0.65 for gross proceeds of $1,000,000.30.

Item 5 – Full Description of Material Change

On August 5, 2002 Canadian Royalties closed a brokered private placement of 1,538,462 units at a price per unit of $0.65 for gross proceeds of $1,000,000.30.

Each unit consists of one common share in the capital of the Corporation and one warrant, each warrant entitling the holder thereof to acquire an additional common share of the Corporation at a price per share of $0.90 for a period of 24 months. A commission of 6.5% of the gross proceeds of the offering was paid to Dundee Securities Corporation, the agent for the financing. In addition, the Corporation issued to Dundee Securities a warrant to acquire 238,125 common shares of the Corporation at a price of $1.00 per share for a period of 24 months. The proceeds of the offering will be used for payment of the Corporation's professional fees and for general working capital.

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:

Jennifer L. Boyle
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 Québec, this 5th day of August, 2002.

Signed: "Jennifer L. Boyle"

Jennifer L. Boyle
Director,
CANADIAN ROYALTIES INC.