

## MATERIAL CHANGE REPORT

### FORM 51-102F3

#### **1 – Name and Address of Company:**

CANADIAN ROYALTIES INC. (“Canadian Royalties”)  
152 chemin de la Mine École  
Val d’Or, Quebec, J9P 7B6

#### **2 – Date of Material Change:**

November 9<sup>th</sup>, 2004.

#### **3 – News Release:**

A news release entitled “*New Drill Core Assays Extend Mequillon Ni-Cu-PGE Deposit 400m beyond Conceptual Pit*” was disseminated on November 9<sup>th</sup>, 2004 through the facilities of CCN Matthews Newswire Service, and subsequently filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

#### **4 – Summary of Material Change:**

Canadian Royalties reports significant assay results over broad drill core intervals at locations from 200 meters to 400 meters northeast of the existing northeast limit of the Mequillon conceptual pit designed by Strathcona Mineral Services Limited (“Strathcona”). The latest set of diamond drill core assay results include a 2.10 meter (68.9 foot) interval in MQN-04-35, collated 400 meters northeast of the conceptual pit limit, commencing at 197 meters that assayed 1.15% nickel (Ni), 1.27% copper (Cu), 0.05% cobalt (Co), 0.15g/t gold (Au), 0.84 g/t platinum (Pt) and 2.67 g/t palladium (Pd), 3.66 g/t Platinum + Palladium +Gold (PGE). This interval is contained within a broader 5.10 meter (167.3 foot) interval that assayed 0.77% Cu, 0.04% g/t Au, 0.65g/t Pt, 2.18 g/t Pd (3.75g/t PGE).

#### **5 – Full Description of Material Change:**

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We make reference to the following highlights:

- A recent independent study completed by Strathcona and reported by Canadian Royalties on September 22, 2004 provided an initial estimate of the mineral resources constrained by a conceptual pit as 1.4 million tonnes at grades of 0.7% Ni, 0.9% Cu, 0.6g/t Pt, 2.1g/t Pd, and 0.03% Co in the inferred category along approximately 300 meters of the mineralized zone;

- The mineralized interval in diamond drill hole MQN-04-35 reported above is located 400 meters to the northeast of the limit of this conceptual pit limit. Diamond drill hole assay data received to date show that the zone of Ni-Cu-PGE mineralization extends for an 800 meter strike length in total;
- Drilling information for which assays have not yet been received indicates that the mineralized zone continues along the same general trend for an additional minimum 200 meters where drilling intersected similar sulphide rich mineralization. The zone remains open along strike to the northeast. Canadian Royalties has completed a total of 97 holes in the Mequillon area, 79 of which were drilled in 2004. The zone of mineralization has been traced continuously for 1000 meters (3280 feet) as of the termination of drilling operations this season;
- Significant diamond drilling was completed in the Mequillon deposit area in 2004 to provide additional assay and geological data for the purpose of updating the recent resource estimate study on the near surface part of the mineralized zone, and also to provide information about the geometry, grade and limits of the mineralized zone to the northeast where it remains open to expansion along the 15 degree mineralized plunge line;
- The Mequillon Ni-Cu-PGE mineralized zone occurs as a crescent shaped sulphide mineralized body along the base of a "U" shaped, shallow northeast plunging ultramafic body that is mostly comprised of a core of peridotite surrounded by a more pyroxenitic contact zone;
- The Company has now received assay data for approximately 18 holes to the northeast of the conceptual pit area that confirm the extension of the rather uniform, predictable mineralized zone for at least 800 meters. Composite length weighted assay data for six diamond drill holes are reported below:

Mqn DDH	From (m)	To (m)	Width (m)	Ni %	Cu %	Co %	Au g/t	Pt g/t	Pd g/t	PGE g/t
04-28	28.00	189.70	161.70	0.25	0.31	0.01	0.06	0.20	0.83	1.09
incl.	147.00	189.70	42.70	0.72	0.90	0.03	0.16	0.56	2.45	3.17
incl.	156.00	189.70	33.70	0.84	0.92	0.04	0.17	0.61	2.63	3.41
incl.	169.00	189.00	20.00	1.02	0.98	0.04	0.18	0.69	3.22	4.09
incl.	178.95	189.00	10.05	1.33	1.13	0.05	0.25	0.76	4.00	5.01
04-32	154.00	200.50	46.50	0.92	1.11	0.04	0.30	0.96	3.34	4.60
incl.	163.00	192.00	29.00	1.00	1.17	0.05	0.30	1.06	3.53	4.89
04-33	125.00	148.00	23.00	0.45	0.73	0.03	0.06	0.27	1.28	1.61
04-34	93.00	97.25	4.25	0.47	0.70	0.03	0.19	0.33	1.35	1.87
04-35	167.00	218.00	51.00	0.77	1.07	0.04	0.92	0.65	2.18	3.75
incl.	177.00	197.00	20.00	0.53	1.10	0.02	2.09	0.57	2.08	4.74
incl.	197.00	218.00	21.00	1.15	1.27	0.05	0.15	0.84	2.67	3.66
04-36	163.00	182.00	19.00	0.38	0.53	0.02	0.05	0.26	1.24	1.55
04-37	4.50	13.00	8.50	0.39	0.47	0.02	0.06	0.36	1.15	1.57

**Notes:**

1. More detailed information on these intervals, including hole collar locations, dip angles, and a plan map showing holes, can be found at <http://www.canadianroyalties.com/en/ourbusiness/royalties/mequillon.asp>;
2. PGE equals Pt + Pd + Au;
3. Holes MQN-04-28, 32 and 35 are 200, 300 and 400 meters respectively east of the east limit of the mineralized zone within the Strathcona conceptual pit;
4. All assay intervals are interpreted to reflect at least 80% of the true width of the mineralized zone; and
5. Hole MQN-04-32 was previously reported October 14, 2004.

Diamond drilling is now complete for the 2004 season. Field operations, including diamond drilling, are nearly complete and a large final shipment of samples is expected to arrive at the laboratory by mid-November. Canadian Royalties does not anticipate receiving final assay data from the entire diamond drill program until near year-end.

Metallurgical test work on mineralized material from Mesamax, Expo and Mequillon deposits is progressing and a significant portion of the results of this phase of test work are expected during the fourth quarter of 2004.

Canadian Royalties maintains a diligent protocol for its analytical work. The assay technique and protocol were designed with the assistance of Strathcona. All assaying was completed by ALS Chemex with sample preparation completed in Val d'Or, Quebec, and analyses completed at ALS Chemex in Vancouver, British Columbia. Base metal determined by sodium peroxide fusion with ICP-AES analysis. Platinum, palladium and gold values are determined by 30 gram fire assay with ICP-AES finish.

Canadian Royalties has been actively and successfully exploring for magmatic sulphide related nickel-copper-cobalt-platinum-palladium-gold (Ni-Cu-PGE) mineralization in the Raglan area since the summer of 2001. Canadian Royalties holds various property interests in the area covering over 1400 square km. All holes reported in this release were drilled on the Expo-Ungava Option/Joint Venture Property, in which Canadian Royalties holds a 70% interest (an additional 10% may be earned upon completion of a bankable feasibility study). Canadian Royalties maintains a strong cash position and a portfolio of more than 200 property interests.

**6 – Reliance on Subsection 7.1 (2) or (3) of NI 51-102:**

Not Applicable

**7 – Omitted Information:**

None

**8 – Executive Officer**

For further information, kindly contact:

Jennifer L. Boyle  
Executive Vice President  
Telephone: 514.879.1688

**9 – Date of the Report**

November 18<sup>th</sup>, 2004.