

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:

October 14th, 2005

3 – NEWS RELEASE:

A news release was disseminated through the facilities of the CCN Matthews Newswire Service on October 14th, 2005.

4 – SUMMARY OF MATERIAL CHANGE:

Canadian Royalties reports initial results from 12 of 38 diamond drill holes completed during the 2005 exploration season on the Tootoo nickel-copper-PGE zone. Drilling has extended the Tootoo massive sulphide zone, originally discovered by Canadian Royalties in 2002, in both easterly and westerly directions. Diamond drill hole TT-05-30 intersected **3.2% nickel (Ni), 2.9% copper (Cu), 0.18% Cobalt (Co), 0.21 g/t gold (Au), 0.62 g/t platinum (Pt) and 3.70 g/t palladium (Pd) (4.52 g/t PGM) over 9.8 metres.**

The Tootoo zone is located three kilometres to the southeast of the Mequillon deposit, where indicated resources of 4,185,000 tonnes grading 0.6% Ni, 0.9% Cu, 0.03% Co, 0.2 g/t Au, 0.7 g/t Pt and 2.4 g/t Pd have been identified based on drilling completed in 2004.

5 – FULL DESCRIPTION OF MATERIAL CHANGE:

Tootoo Zone Highlights:

- Three holes from the original 2002 Tootoo zone discovery drilling (TT-02-1, 2 and 3) on section 1875E included a wide section of high-grade mineralization in TT-02-2 (10.5 metres grading 3.14% Ni, 2.56% Cu, 0.17% Co, 0.8 g/t Pt, 2.6 g/t Pd).
- Six holes (TT-05-28 to 30, TT-05-37 and 39) on section 1900E intersected a wide section of mineralization with high-grade massive sulphides in TT-05-30: 3.2% Ni, 2.9% Cu, 0.21 g/t Au, 0.62 g/t Pt and 3.70 g/t Pd over 9.8 metres.
- Six holes (TT-05-31 to 36) on section 1850E intersected intermediate and high grade mineralization over wide intervals consisting of massive sulphide veins and heavy net texture in TT-05-35: 1.04% Ni, 0.78 % Cu, 0.06% Co, 0.06 g/t Au, 0.27 g/t Pt, and 1.48 g/t Pd over 19.3 metres.

- A newly identified embayment feature situated on the south side of the main Tootoo ultramafic body provides an understanding on the controls of mineralization. Mineralization is typified by a high-grade core hosted within the embayment, surrounded by a broad halo of lower to intermediate grade material. The newly recognized embayment feature is the dominant control on mineralization and has been identified on all three reported sections (1850E, 1875E, 1900E).

- Due to the geometry of the embayment and proximity to the main Tootoo ultramafic, four to six holes are drilled per section. Typically, one hole intersects the higher-grade material and the remaining holes define the lower-grade broad halo and the outline of the embayment.

- Mineralization is shallow, above the 100 metre level and potentially amenable to open pit extraction.

DDH	From (m)	To (m)	Width	Ni %	Cu %	Co %	Au g/t	Pt g/t	Pd g/t	PGM g/t
TT-02-01	24.00	62.00	38.00	0.32	0.42	0.02	0.06	0.24	0.96	1.26
TT-02-02	48.00	92.53	44.53	1.28	1.27	0.07	0.05	0.52	2.13	2.70
TT-02-02	69.47	89.00	19.53	2.21	1.98	0.12	0.05	0.68	2.78	3.51
TT-02-03	27.00	61.00	34.00	0.31	0.49	0.02	0.07	0.28	1.08	1.43
TT-05-28	33.00	51.00	18.00	0.30	0.33	0.02	0.05	0.21	0.82	1.08
TT-05-29	54.00	81.00	27.00	0.29	0.37	0.02	0.03	0.20	0.82	1.05
TT-05-30	61.40	111.70	50.30	0.94	1.08	0.05	0.10	0.36	2.03	2.49
TT-05-30	61.40	100.00	38.60	1.13	1.22	0.06	0.12	0.41	2.19	2.72
TT-05-30	90.20	100.00	9.80	3.20	2.91	0.18	0.21	0.62	3.70	4.52
TT-05-32	19.00	38.75	19.75	0.31	0.36	0.02	0.05	0.20	0.84	1.10
TT-05-33	21.00	29.00	8.00	0.35	0.40	0.02	0.07	0.25	0.98	1.30
TT-05-34	20.00	33.80	13.80	0.47	0.48	0.03	0.07	0.39	1.61	2.07
TT-05-35	18.00	68.80	50.80	0.75	0.63	0.04	0.07	0.32	1.49	1.88
TT-05-35	49.50	68.80	19.30	1.04	0.78	0.06	0.06	0.27	1.48	1.80
TT-05-36	25.00	37.50	12.50	0.35	0.47	0.02	0.08	0.19	0.91	1.18
TT-05-37	65.00	78.00	13.00	0.47	0.48	0.02	0.10	0.41	1.61	2.12
TT-05-38	72.50	90.20	17.70	0.17	0.24	0.01	0.02	0.12	0.46	0.60
TT-05-39	48.00	62.00	14.00	0.31	0.33	0.02	0.06	0.23	0.79	1.08

Notes:

- Lengths are drill intersected core lengths, composite lengths are length weighted;
- PGE = gold + platinum + palladium;
- g/t = grams per metric tonne;
- True widths have not yet been determined but are thought to be generally 70% or more of the core length given in the table
- Drill holes TT-03-4 – TT-04 - 27 were drilled on other exploration targets and did not test this new mineralized structure.

Canadian Royalties' Raglan South Nickel project

The \$9,000,000 2005 exploration program has resulted in the discovery of new Ni-Cu sulphide mineralization, while at the same time expanding the resource base of the existing Ni-Cu-PGE deposits and mineralized zones. In addition, the company has environmental studies, road construction and metallurgical bulk sampling underway at the Mesamax deposit. The field exploration program is close to completion for 2005 with work now concluding on the collection of a bulk sample at the Mesamax deposit. Updated maps and drill sections for the Tootoo nickel-copper zone are available on the Canadian Royalties website, at www.canadianroyalties.com/tootoo.

Todd Keast, P.Geo, Canadian Royalties' Raglan Exploration Project Manager/Geologist, is the designated Qualified Person responsible for the exploration program on the property and the person responsible for the preparation of this release. All assaying was completed by ALS Chemex with sample preparation completed in Val-d'Or, QC and analyses completed at ALS Chemex in Vancouver, BC. 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.

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:

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9 – Date of the Report

October 17th, 2005