MATERIAL CHANGE REPORT

FORM 51-102F3

1. – NAME AND ADDRESS OF COMPANY

CANADIAN ROYALTIES INC. ("**Canadian Royalties**" or the "**Company**")
2772 chemin Sullivan
Sullivan, Québec, J0Y 2N0

2. – DATE OF MATERIAL CHANGE

January 11, 2007

3. – NEWS RELEASE

A news release dated January 11, 2007 was disseminated by Canadian Royalties through the facilities of the CCN Matthews Newswire Service and subsequently filed on SEDAR.

4. – SUMMARY OF MATERIAL CHANGE

Canadian Royalties reports a significant increase of the mineral resources for its Expo deposit as a result of 11,317 meters of infill drilling completed during the 2005 and 2006 exploration seasons. The indicated resources have increased 93% to 8,562,000 tones grading 0.76% nickel (Ni), 0.76% copper (Cu) and 1.76 g/t combined platinum (Pt) + palladium (Pd) + gold (Au) (PGE) with additional inferred resources of 478,000 tonnes grading 0.81% Ni, 0.83% Cu and 1.72 g/t PGE. This represents a significant increase in the resources available to support a long-term plan of operations.

5. – FULL DESCRIPTION OF MATERIAL CHANGE

5.1. – Full Description of Material Change

The updated undiluted resource estimate completed by P&E Mining Consultants Inc., based on exploration conducted to December 31, 2006 and ongoing metallurgical test work, is summarized in the table below:

Category	tonnes	Ni (%)	Cu (%)	Co (%)	Au (g/t)	Pt (g/t)	Pd (g/t)	PGE (g/t)
Indicated Resources	8,562,000	0.76	0.76	0.04	0.08	0.32	1.36	1.76
Inferred Resources	478,000	0.81	0.83	0.04	0.07	0.32	1.33	1.72

Notes:

- Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

The mineral resources herein were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.

The mineral resources are reported at a CDN$40/tonne NSR cut-off value, at the following metal prices in US$: Ni: $5.50; Cu: $1.50; Co: $15; Au: $425; Pt: $900; and Pd: $300, with a CDN/US exchange rate of $0.80.

Additional exploration results from the 2006 program, including assays from drilling at Mequillon and Mesamax, new resource estimates for the Ivakkak, Mequillon and Mesamax deposits, and a final compilation of the new resources update will be reported over the next two months.

Eugene. Puritch, P.Eng. and Tracy Armstrong, P.Geo of P&E Mining Consultants Inc. will be the authors of an NI 43-101 compliant Resource Estimate Technical Report on the Expo deposit to be filed within 45 days of Canadian Royalties' news release dated January 11, 2007. They are Qualified Persons in accordance with National Instrument (NI) 43-101, and are responsible for the information presented in such 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 values were determined by sodium peroxide fusion with ICP-AES analysis. Platinum, palladium and gold values were determined by 30 gram fire assay with ICP-AES finish. Additional information regarding the deposit including assays of the new drill holes will be available in an updated technical report, which is to be filed on SEDAR by February 28, 2007.

5.2. – Disclosure for Restructuring Transactions

Not applicable.

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:

Richard R. Faucher
President
Telephone: 514.879.1688

9 – DATE OF THE REPORT

January 18, 2007.