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

July 26th, 2007.

3. – NEWS RELEASE

A news release dated July 26th, 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 announces the closing of the previously announced $75 million treasury offering of common shares.

5. – FULL DESCRIPTION OF MATERIAL CHANGE

This financing represents a significant milestone for the Company marking its transition from exploration to development. The funds raised will allow Canadian Royalties’ project team to proceeding with the procurement of long delivery items with the objective to shorten the time to production and to lower the overall capital costs for its Nunavik Nickel Project[1].

In parallel with the development of the Nunavik Nickel Project, the Company is actively pursuing its summer exploration program on its sizeable land package. An aggressive diamond drilling program is currently in progress with approximately 7,000 metres completed as of this release. Considerable diamond drilling has been budgeted for new targets identified as a result of the recently completed property-wide airborne electromagnetic survey using the advanced deep-penetrating MegaTEM® system. The first two batches of core samples have been delivered to the laboratory for assaying and initial results are expected to become available later in the third quarter, with subsequent results following until year-end.

Closing of $75 Million Financing

Canadian Royalties has now closed its previously announced offering of 27,300,000 common shares at a price of $2.75 per common share for gross proceeds of $75,075,000 (the “Offering”) with a syndicate of underwriters led by BMO Capital Markets and including Desjardins Securities Inc., Raymond James Ltd. and Blackmont Capital Inc. The common shares were sold by way of short-form prospectus in Canada and on a private placement basis in jurisdictions outside of Canada.

In connection with the Offering, the Company has granted to the underwriters an over-allotment option, exercisable in full or in part for a period of 30 days from the date of closing of the Offering, to purchase up to a further 15% of the aggregate common shares sold pursuant to the Offering at a price equal to the offering price to cover over-allotments and for market stabilization purposes.

The common shares have not been registered under the United States Securities Act of 1933 (the “Act”) and may not be offered or sold absent registration under the Act or an applicable exemption from the registration requirements thereof. This news release does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction or an exemption therefrom.

[1] Formerly the Raglan South Nickel Project (RSNP).

<u>6 – RELIANCE ON SUBSECTION 7.1 (2) OR (3) OF NI 51-102</u>

Not applicable.

<u>7 – OMITTED INFORMATION</u>

None.

<u>8 – EXECUTIVE OFFICER</u>

For further information, kindly contact:

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<u>9 – DATE OF THE REPORT</u>

July 27th, 2007.