**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 20th, 2007.

## 3. – NEWS RELEASE

A news release dated July 20th, 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

The Company announces that it has obtained a receipt for its final short form prospectus delivered by the regulatory authorities in each of the provinces of Canada in respect of an 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").

## 5. – FULL DESCRIPTION OF MATERIAL CHANGE

BMO Capital Markets acted as lead underwriter in connection with the Offering on behalf of a syndicate of dealers which included Desjardins Securities Inc., Raymond James Ltd. and Blackmont Capital Inc. Common shares have also been sold 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 Company plans to use the net proceeds from the Offering and any exercise of the over-allotment option to initiate the initial phase of development of the Nunavik Nickel Project[1], to continue exploration, and for other general corporate and administrative purposes.

The Offering is anticipated to close on or about July 26, 2007, and is subject to certain conditions including, but not limited to, the receipt of all the necessary regulatory approvals, including the approval of the Toronto Stock Exchange. The short form prospectus has been filed on SEDAR and is available for public viewing via the Internet at www.sedar.com.

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.

## 6 – RELIANCE ON SUBSECTION 7.1 (2) OR (3) OF NI 51-102

Not applicable.

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

## 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

July 27th, 2007.