MATERIAL CHANGE REPORT
FORM 51-102F3

1. – NAME AND ADDRESS OF COMPANY

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

2. – DATE OF MATERIAL CHANGE

October 17, 2008.

3. – NEWS RELEASE

A news release (the "**News Release**") dated August 17th, 2008 has been disseminated by Canadian Royalties through the facilities of the newswire service provided by CNW Telbec, and subsequently filed on SEDAR.

4. – SUMMARY OF MATERIAL CHANGE

Canadian Royalties announced the discovery of a new high-grade Nickel-Copper-PGE (platinum group element) showing on its 100% owned Giraffe property, located in the eastern portion the extensive Nunavik Nickel land package.

5. – FULL DESCRIPTION OF MATERIAL CHANGE

High-grade sulphides were intersected in two (2) near-surface holes including GRN-08-05, which returned 1.80 metres of mineralization that ran 5.22% Nickel, 0.32% Copper, 2.30 g/t Platinum and 5.58 g/t Palladium within a 6.25 metre zone grading 2.44% Nickel, 1.01% Copper, 1.02 g/t Platinum and 3.09 g/t Palladium. The Giraffe property harbours at least three (3) large outcropping ultramafic intrusions: The F1 intrusion with 3.4 kilometres of strike length; the 2.7 kilometre long F2 intrusion; the G1 (Giraffe) intrusion with 2.6 kilometres of exposed strike length, with a further possible 1.4 kilometre-long buried northeast extension. The **"Gurn"** showing, located along the F2 intrusion, was discovered during drill follow-up of a geophysical target on the Giraffe North grid.

Over a sixty kilometre strike length, eight (8) deposits and numerous showings have been discovered or expanded since exploration by Canadian Royalties began in 2001. The results obtained at "**Gurn"** demonstrate clearly that the multiple and voluminous Giraffe ultramafic intrusions are indeed fertile and that magmatic sulphide accumulations could be present elsewhere on this little-worked property, located twenty kilometres east of previous discoveries.

Table 1 – Gurn Showing Composite Assays

Hole Number	From (m)	To (m)	Width (m)	Ni (%)	Cu (%)	Pt (g/t)	Pd (g/t)
GRN-08-04	42.20	46.00	1.80	0.14	1.74	0.41	3.04
and	67.15	68.80	1.65	2.64	0.87	0.55	3.37
GRN-08-05	86.30	92.55	6.25	2.44	1.01	1.02	3.09
including	89.50	91.30	1.80	5.22	0.32	2.30	5.58
GRN-08-06 to 09, 12				No significant results			

Table 2 – Gurn Showing Drillhole Locations

Hole Number	Easting (UTM NAD83,	Northing Zone 18)	Azimuth (o)	Dip (o)	Final Depth (m)
GRN-08-04	618101E	6823222N	360.0	-50	111.00
GRN-08-05	618101E	6823222N	360.0	-64	130.00
GRN-08-06	618101E	6823222N	360.0	-73	150.00
GRN-08-07	618053E	6823235N	360.0	-50	111.00
GRN-08-08	618152E	6823234N	360.0	-50	132.00
GRN-08-09	618152E	6823234N	360.0	-67	150.00
GRN-08-12	618046E	6823342N	180.0	-45	132.00

Holes GRN-08-10 (617578E; 6823805N) and GRN-09-11 (617497E; 6823225N) were drilled on conductors located elsewhere on the property and did not return significant results.

The Corporation will continue reporting additional exploration results during Q4-2008 and Q1-2009, as results become available, on a project area basis.

Sampling and Assays
Core samples are either split or sawn on-site, individually sealed in bags and shipped off-site on a regular basis to the ALS Chemex laboratory in Val-d'Or, Quebec for sample preparation. Analyses are performed at the ALS Chemex laboratory in Vancouver, British Columbia. Base metal analyses including Nickel and Copper are determined by sodium peroxide fusion with ICP-AES analysis. Platinum, Palladium and Gold analyses are determined by fire assay and ICP-AES finish. The Corporation quality control (QA/QC) program includes regular insertions of blanks and standards. Reported values are uncut and composite intervals are reported as length along the core axis. Below detection limit assays are considered zero values when calculating composites for release purposes.

Other Developments
The Corporation also announced that Robert Menard, VP Construction and Engineering, and Marc Chaput, VP Investor Relations and Communications, have left the Corporation following an Asset Conservation Plan (ACP) restructuring. Mr. Menard will however remain a consultant with the Corporation to assist in carrying out the shutdown of construction activities on its Nunavik Nickel Project (the "**Project**") and to help ensure an efficient future start-up of the Project. "We wish to thank Mr. Menard and Mr. Chaput for their efforts and wish them well in their future endeavours" said Glenn J. Mullan, President and CEO.

Qualified Person
W. Grant Arnold (P.Geo.), Vice-president Exploration for Canadian Royalties, is a Qualified Person in accordance with National Instrument (NI) 43-101, and is responsible for the geological information presented in this news release.

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:

W. Grant Arnold, Vice-President Exploration
Telephone: 514.879.1688

9 – DATE OF THE REPORT

October 27, 2008