

MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

Canadian Royalties Inc. (the "**Corporation**")
800 Rene-Levesque blvd. West, Suite 410
Montreal, Quebec
H3B 1X9

ITEM 2 Date of Material Change:

April 1, 2009

ITEM 3 News Release:

April 2, 2009

ITEM 4 Summary of Material Change:

On April 1, 2009 Canadian Royalties received an arbitration decision in respect of the vesting of an 80% interest in the Expo-Ungava property, and the formation of the joint venture with Nearctic Nickel Mines.

Canadian Royalties prevailed on all aspects of the recent arbitration hearings against Nearctic Nickel Mines (formerly named Ungava Minerals Corp.) and its subsidiary company, Ungava Minerals Exploration Inc. (together named "Nearctic"), in respect of the Company's entitlement to vest in an additional 10% interest in the Expo-Ungava Property (for an aggregate 80% interest), and the ensuing formation of the Joint Venture with Nearctic, all of which have been declared by the Arbitrator as being retroactively effective as at September 6, 2007.

This Arbitration Award is binding and is a material event for Canadian Royalties in that it removes the uncertainty of title and it obligates Nearctic to be responsible for its pro-rata joint venture obligations, effective as at September, 2007.

ITEM 5.1 Full Description of Material Change:

See new release dated April 2, 2009 attached hereto as Schedule "A".

ITEM 5.2 Disclosure for Restructuring Transactions

Not applicable.

ITEM 6 Reliance on Subsection 7.1(2) of National Instrument 51-102:

The report is not being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102.

ITEM 7 Omitted Information:

No significant information has been omitted.

ITEM 8 Executive Officer:

Glenn J. Mullan, the Chief Executive Officer of Canadian Royalties, is knowledgeable about the material change and may be reached at (514-879-1688 xt 1222).

ITEM 9 Date of Report:

April 6, 2009

SCHEDULE "A"

ARBITRATION AWARD IN FAVOUR OF CANADIAN ROYALTIES Vests 80% in Expo-Ungava Property; Joint Venture Declared

Montréal, Québec – April 2nd, 2009 - Canadian Royalties Inc. (TSX symbol: CZZ) announces that it has prevailed on all aspects of the recent arbitration hearings against Nearctic Nickel Mines (formerly named Ungava Minerals Corp.) and its subsidiary company, Ungava Minerals Exploration Inc. (together named “Nearctic”), in respect of the Company’s entitlement to vest in an additional 10% interest in the Expo-Ungava Property (for an aggregate 80% interest), and the ensuing formation of the Joint Venture with Nearctic, all of which have been declared by the Arbitrator as being retroactively effective as at September 6, 2007.

This Arbitration Award is binding, and is a material event for Canadian Royalties in that it removes the uncertainty of title, an obstacle that has been identified by potential lenders that have expressed an interest in providing project financing, and it obligates Nearctic to be responsible for its pro-rata joint venture obligations, effective as at September, 2007.

The Arbitration Award further states that: (i) Nearctic shall transfer the additional 10% interest in the Expo-Ungava Property by noon on April 15, 2009, failing which the Award itself shall constitute valid title in which the Ministry of Natural Resources of Quebec may register the interest; (ii) Nearctic shall pay the totality of the Arbitrator’s fees; and (iii) the rights of Canadian Royalties to be indemnified for all of its costs in this arbitration proceeding, including the costs of experts, are reserved in favour of Canadian Royalties.

Under the terms of the option and joint venture agreement dated January 12, 2001 among Canadian Royalties and Nearctic et al, Canadian Royalties was granted the right by Nearctic Nickel Mines to earn up to an 80% interest in the Expo-Ungava Property by incurring \$1,750,000 over 4 years in order to earn a 70% interest, and by delivering a bankable feasibility study to increase this interest to 80%. Upon obtaining the 80% interest, the agreement provides that a joint venture is automatically formed, wherein the parties (Canadian Royalties and Nearctic) are responsible for their pro-rata share of the costs in respect of the Expo-Ungava property.

During the summer of 2007, Nearctic had refused to recognize the delivery of the bankable feasibility study by Canadian Royalties (prepared by SNC Lavalin), and accordingly, in September, 2007, Canadian Royalties commenced arbitration proceedings, seeking a declaration that it had fulfilled its obligations under the agreement in order to increase its interest from 70% to 80% in the Expo-Ungava Property, and that the joint venture was conclusively formed at that time.

The option joint venture agreement of January 12, 2001 further provides that in the event that Nearctic elects not to pay its pro-rata costs incurred on the Expo-Ungava property (upon the formation of the joint venture) Canadian Royalties shall acquire an additional 1% interest for each \$150,000 paid by Canadian Royalties (for Nearctic’s portion) in this regard. In the event that Nearctic’s interest reduces to less than 10% under this process, its interest in the Expo-Ungava Property automatically converts to a 1% net smelter return royalty. Canadian Royalties has the right to purchase this 1% net smelter return royalty for \$1,500,000 at any time, expiring 12 months from commercial production on the Expo-Ungava Property.

Details and reconciliation of these amounts shall be processed by Canadian Royalties over the next few weeks.

Canadian Royalties has been defending its interest in the Expo-Ungava Property from Ungava Minerals (Nearctic) on an ongoing basis following the release of favourable results on the Expo-Ungava Property in 2002. On October 30, 2002, Canadian Royalties announced that it prevailed on all aspects of the first

arbitration hearing commenced by Nearctic in May, 2002, whereby Nearctic attempted to rescind the option joint venture agreement of January 12, 2001, and further sought to acquire Canadian Royalties rights in its 100% held adjoining property, the Phoenix Property, among other things. The Arbitrator (in the first arbitration hearing of 2002) held that Nearctic failed to establish by a balance of probabilities the essential facts necessary to justify the granting of any of the conclusions sought. Notwithstanding that, Nearctic continued to re-litigate the matter in an attempt to defeat the effect of the results thereof, the following being a chronological reference to the Company's news releases summarizing various court and arbitration awards rendered in favour of Canadian Royalties, evidencing its ongoing entitlement to its interests in the Expo-Ungava Property:

- News Release dated October 30, 2002
- News Release dated November 28, 2002
- News Release dated December 4, 2002
- News Release dated January 12, 2003
- News Release dated November 7, 2003
- News Release dated November 17, 2003
- News Release dated November 25, 2003
- News Release dated December 19, 2003
- News Release dated February 18, 2004
- News Release dated December 21, 2004
- News Release dated April 26, 2007
- News Release dated November 2, 2007
- News Release dated July 21, 2008
- News Release dated February 2, 2009

About Canadian Royalties and the Nunavik Nickel Project

Canadian Royalties has been actively exploring and delineating magmatic sulphide related nickel, copper, cobalt, platinum, palladium and gold mineralization in the Raglan area of the Province of Québec since the summer of 2001. The Company has identified eight (8) nickel-copper-platinum-palladium deposits, with resource estimates for six (6) deposits totalling 19,437,000 tonnes in the Indicated category at a grade of 0.97% Ni, 1.18% Cu, 0.56 g/t Pt, and 2.27 g/t Pd, in addition to 4,102,000 tonnes of Inferred resources at its Nunavik Nickel Project, located 20 kilometres south of Xstrata Nickel's Raglan Mine in Nunavik, Québec. Further, the Company has received its Environmental Certificate of Authorization and Mine Leases for the Expo, Mesamax, Ivakkak and Mequillon sites.

Forward-looking Statement

This news release contains certain forward-looking statements or forward-looking information. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Corporation's ability and control, which could cause actual events or results to differ materially from those anticipated in such

forward-looking statements. Some of these risks and uncertainties are identified and disclosed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2007 and dated March 31, 2008. Accordingly, all of the forward-looking information contained in this press release is qualified by this cautionary statement and there can be no assurance that the actual results or developments anticipated by the Corporation, as expressed or implied by the forward-looking information, will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Corporation or its business operations. All forward-looking statements speak only as of the date of this news release and the Corporation does not undertake any obligation to update or publicly disclose any revisions to such forward-looking statements to reflect events, circumstances or changes in expectations after the date hereof, except as required by law. Accordingly, readers should not place undue reliance on forward-looking statements.

For additional information please visit our website at: www.canadianroyalties.com or contact:

Glenn J. Mullan, Chairman of the Board, Interim President and Chief Executive Officer

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