FORM 51-102F3

MATERIAL CHANGE REPORT UNDER NATIONAL INSTRUMENT 51-102

Item 1. – Reporting Issuer:

Canadian Royalties Inc. (the "**Company**")
2772 chemin Sullivan
Val-d'Or, Québec, J9P 0B9

Item 2. – Date of Material Change:

September 30, 2009.

Item 3. – Press Release:

A news release with respect to the material change referred to in this report was disseminated by the Company through the facilities of the newswire service provided by Marketwire Inc. on September 30, 2009 and subsequently filed on the system for electronic document analysis and retrieval (SEDAR).

Item 4. – Summary of Material Change:

Approximately 72% of the Company's disinterested shareholders (being shareholders other than Jien Canada Mining Ltd., Jilin Jien Nickel Industry Co., Ltd., Jien International Investment Ltd. and Goldbrook Ventures Inc., and their known affiliates) voted at the Company's special meeting of shareholders held on September 30, 2009 to ratify the shareholder rights plan (the "**Rights Plan**") previously adopted by the board of directors of the Company on August 18, 2009. Including the votes of Interested Shareholders (as defined in the Rights Plan), the Rights Plan was approved by approximately 60% of the votes cast by shareholders.

Item 5. – Full Description of Material Change:

5.1 Full Description of Material Change

Please refer to the Company's news release dated September 30, 2009; a copy of which is attached hereto as Schedule "A".

5.2 Disclosure for Restructuring Transactions

N/A.

Item 6. – Reliance on Section 7.1(2) or (3) of National Instrument 51-102:

This 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:

N/A.

Item 8. – Executive Officer:

Inquiries in respect of the material change referred to herein may be made to:

Glenn J. Mullan – Chairman and CEO
Telephone: 514-879-1688 Ext 1222
E-mail: glenn.mullan@canadianroyalties.com

Item 9. – Date of Report:

October 5, 2009.

SCHEDULE "A"

Canadian Royalties' Shareholder Rights Plan Ratified
- Approximately 72% of Disinterested Shareholders Support the Rights Plan

Montréal, Québec – September 30, 2009 - Canadian Royalties Inc. (the "Company", or "Canadian Royalties", TSX symbol: CZZ) is pleased to report that approximately 72% of disinterested shareholders (being shareholders other than Jien Canada Mining Ltd. (**"Jien"**), Jilin Jien Nickel Industry Co., Ltd., Jien International Investment Ltd. and Goldbrook Ventures Inc., and their known affiliates) voted at today's special meeting of shareholders to ratify the shareholder rights plan (the "**Rights Plan**"). Including the votes of Interested Shareholders (as defined in the Rights Plan), the Rights Plan was approved by approximately 60% of the votes cast by shareholders.

Glenn Mullan, Chief Executive Officer and Chairman of the Board of Directors, stated, "We are pleased that the Rights Plan has been ratified by our shareholders. They know the Rights Plan has been a critical element to our strategy of forcing the hostile bidders to make "Permitted Bids" and ensuring the full range of alternative transactions can be explored by the Board of Directors. We are grateful to our shareholders for their support."

In addition, as Jien has amended its offers to acquire all of the issued and outstanding common shares of the Company and all of the 7% Convertible Senior Unsecured Debentures due March 31, 2015 (the "**Jien Offers**") to, among other things, extend the expiry of the Jien Offers to 5:00 p.m. (Toronto time) on October 15, 2009 and otherwise be "Permitted Bids", the Board of Directors has further extended the "Separation Time" (as defined in the Rights Plan) to October 16, 2009. The extension seeks to ensure that the rights do not separate while the Jien Offers are continued as "Permitted Bids".

The Company confirms that the interest payment due today to holders of it 7% Convertible Senior Unsecured Debentures has been paid.

About Canadian Royalties and the Nunavik Nickel Project

Canadian Royalties, based in Val-d'Or – Quebec, is a mineral exploration company whose principal active area is along the South Trend located in the Raglan mining district of Northern Quebec's Nunavik Region. Since 2001, the Company has discovered and delineated several potentially mineable nickel-copper-cobalt-platinum-palladium-gold deposits which collectively form the Nunavik Nickel Project (the "Project"). The Company has completed a Bankable Feasibility Study and has received its Environmental Certificate of Authorization; it has also received mine leases for four sites, namely the Ivakkak, Mequillon, Expo, and Mesamax deposits. An Impact and Benefits Agreement ("IBA") has been entered into between the Company, three (3) Inuit communities, and Makivik Corporation, the non profit legal representative of the Inuit; the IBA constitutes the Company's formal commitment to ensure a fair and sustainable distribution of the economic benefits stemming from the Project. Development of the Project was initiated in 2007; the Project was subsequently put on care and maintenance as a result of the 2008 financial crisis. The Company's objective is to develop and exploit the mineral resources comprising the Project either independently or through a partnership.

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 Company'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 Company's Annual Information Form for the year ended December 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 actual results or developments anticipated by the Company, 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 Company or its business operations,. All forward-looking statements speak only as of the date of this news release and the Company 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 applicable securities law. Accordingly, readers should not place undue reliance on forward-looking statements.

Contact Information:

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