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## NEWS RELEASE

### **Jilin Jien, Goldbrook and Jien Canada Mining Offers for Canadian Royalties Continue to Represent Full and Fair Value**

#### Canadian Royalties Does Not Have a Clear Path to Shareholder Value Creation

**Vancouver, British Columbia** – Jilin Jien Nickel Industry Co., Ltd. (“**Jilin Jien**”), Goldbrook Ventures Inc. (“**Goldbrook**”) and Jien Canada Mining Ltd. (“**Jien Canada**”) reiterate that the Jien Canada all-cash take-over bid for Canadian Royalties Inc. (“**Canadian Royalties**”, TSX:CZZ) represents full and fair value for Canadian Royalties. The offers by Jien Canada are to acquire all of the issued and outstanding common shares (the “**Shares**”) and all of the 7% Convertible Senior Unsecured Debentures due March 31, 2015 (the “**Debentures**”) of Canadian Royalties (the “**Offers**”). Jien Canada is jointly owned by Jien International Investment Ltd. (“**JJ Holdco**”), a wholly owned subsidiary of Jilin Jien, and Goldbrook.

Pursuant to the Offers, each holder of Shares (“**Shareholder**”) will receive Cdn\$0.60 for each Share tendered under the Share Offer (the “**Share Offer**”) and each holder of Cdn\$1,000 principal amount of Debenture (“**Debentureholder**”) will receive Cdn\$600 per Cdn\$1,000 principal amount of Debentures, plus accrued and unpaid interest up to, but excluding, the date the Debentures are taken up under the debenture offer (the “**Debenture Offer**”).

#### **Offers Represent Full and Fair Value**

The Offers are full and fair, and reflect the true value of Canadian Royalties’ assets:

- The Share Offer and Debenture Offer provide Canadian Royalties’ Shareholders and Debentureholders (“**Securityholders**”) an attractive opportunity to realize substantial and immediate premiums.
- Total cash consideration of approximately Cdn\$148.5 million will be offered (including accrued interest on the Debentures).
- The Share Offer represents a premium of approximately 28.2% over the volume weighted average trading price for the 20 previous trading days before announcement of the Offers, ending August 6, 2009.
- The Debenture Offer represents a premium of approximately 122% over the volume weighted average trading price for the 20 previous trading days before announcement of the Offers, ending August 6, 2009.

“Goldbrook Ventures, a shareholder in Jien Canada, has extensive experience in the Raglan district where Canadian Royalties’ Nunavik property is located,” said Goldbrook’s President and Chief Operating Officer Brian Grant. “I have spent an important part of my career in the Raglan region, and feel confident that we have a comprehensive understanding of the Canadian Royalties property, its value, risks and challenges. We are looking forward to developing these assets into an important cornerstone to mining in Northern Quebec after the successful completion of the bid.”

Jien Canada is offering Shareholders and Debentureholders a significant premium, which is currently reflected in the Share and Debenture prices which have risen as a direct result of the Offers. The Share Offer price represents a premium of approximately 28.2% based on the volume weighted average trading price for the 20 previous trading days on the Toronto Stock Exchange (“**TSX**”) ending August 6, 2009. The Debenture Offer price represents a premium of approximately 122% based on the volume

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weighted average trading price for the 20 previous trading days on the TSX ending August 6, 2009. If the Offers are terminated, withdrawn or otherwise unsuccessful, Jien Canada expects that Shareholders and Debentureholders will lose the premium currently reflected in the value of their Shares and Debentures.

### **Canadian Royalties Does Not Have A Clear Path to Securityholder Value Creation**

Canadian Royalties does not have a clear path to Securityholder value creation:

- Canadian Royalties has had significant opportunity to develop and execute on a strategic plan that would result in value creation, yet Shareholder and Debentureholder values languish.
- It has been five months since Canadian Royalties announced it was seeking joint venture/transactional opportunities and undertaking discussions to re-negotiate the terms of its Debentures and it has not found any alternative transactions.
- Canadian Royalties has put the Nunavik Nickel Project on care and maintenance and is taking no steps to further its development.
- Canadian Royalties is actively liquidating assets acquired to develop the Nunavik Nickel Project.
- Canadian Royalties cannot provide a plan on how it will develop the Nunavik Nickel Project or continue to meet its interest payment obligations on the Debentures.
- Canadian Royalties adoption of a tactical "Poison Pill" shareholder rights plan is not consistent with maximizing Securityholder value and has not received Shareholder approval to implement same.
- The "Poison Pill" has a potential for a material adverse impact on Canadian Royalties' Share price and Debenture price if it is not waived. If Canadian Royalties' Poison Pill is not waived or otherwise terminated prior to the time of expiry of the Offers, the Offers will terminate in accordance with their terms.

"The Canadian Royalties' Directors' Circular, press release and associated regulatory filings provide no significant new information that would change our view on the value of Canadian Royalties," said David Baker, Chairman and CEO of Goldbrook Ventures Inc. and Director of Jien Canada Mining Ltd. "We have a clear plan to create securityholder value with an all-cash bid for Canadian Royalties that is at a significant premium to the value that the market assigned to Canadian Royalties before the bid."

### **Canadian Royalties' Poison Pill**

Jien Canada is disappointed with Canadian Royalties' adoption, in response to the Offers, of a tactical "Poison Pill" shareholder rights plan. Jien Canada believes such action has the effect of entrenching Canadian Royalties' management and is not consistent with Canadian Royalties' stated goal of maximizing shareholder value.

Canadian Royalties has stated that its principal reason for adopting the Poison Pill is to provide Canadian Royalties' management with the time required to find an alternative transaction to the Offers. However, Canadian Royalties announced on March 9, 2009 that it was implementing a new long term business plan that included consideration of joint venture/transactional opportunities and discussions to re-negotiate the terms of its Debentures. Canadian Royalties has had more than five months to find a strategic alternative and as of the September 15, 2009 expiry date of the Offers, Canadian Royalties management will have had over six months since they announced they were seeking joint venture/transactional opportunities to find alternative transactions. Jien Canada believes this is more than sufficient time for Canadian Royalties to have found an alternative transaction if one was reasonably capable of being found. Accordingly, Jien Canada is of the view that Canadian Royalties' Poison Pill does nothing to enhance shareholder value and serves no purpose other than to prevent Shareholders and Debentureholders from realizing the opportunity to tender to the Offers which are full and fair.

Accordingly, if Canadian Royalties' Poison Pill is not waived or otherwise terminated prior to the time of expiry of the Offers, the Offers will terminate in accordance with their terms.



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Jien Canada urges Shareholders and Debentureholders to seriously consider the potential for a material adverse impact on Canadian Royalties' Share price and Debenture price if the Poison Pill is not waived.

Jien Canada is also disappointed that Canadian Royalties is not complying with Canadian securities laws in connection with the public filing of its shareholder rights plan. Canadian Royalties was required by Canadian securities laws to file a copy of the shareholder rights plan on SEDAR with its August 24, 2009 material change report. Canadian Royalties has still not publicly filed its shareholder rights plan and is depriving Shareholders, Debentureholders and Jien Canada with the ability to fully consider the effect of the shareholder rights plan on the Offers.

#### **Details of the Offer**

Full details of the Offers are contained in the formal offers and a take-over bid circular (the "**Offer Documents**") filed with securities regulatory authorities. The Offer Documents were mailed to Shareholders and Debentureholders ("**Securityholders**") on August 21, 2009. The Offers will remain open until 5:00 p.m. (Toronto time) on September 15, 2009 (the "**Expiry Time**"). The Offers are subject to customary conditions, including: that a minimum of 66 2/3% of the outstanding Shares on a fully diluted basis and 66 2/3% of the outstanding aggregate principal amount of Debentures are tendered to the Offers, receipt of all required regulatory and governmental approvals, including the approval of the TSX Venture Exchange, the absence of any material adverse change in Canadian Royalties, the absence of certain prohibited activities on the part of Canadian Royalties (including share issuances, material debt issuances, acquisitions and dispositions) between August 6, 2009 and the expiry of the Offers, and no untrue statements or omissions in Canadian Royalties' public disclosure. Jien Canada intends to take all necessary steps to acquire any Shares or Debentures that remain outstanding following the expiry of the Offers.

It is a condition to the Offers that 66 2/3% of the Debentures tender to the Debenture Offer. As a result, unless 66 2/3% of the Debentures tender, there will be no change of control as the Shares will not be taken up under the Share Offer and thus the Debentureholders will have no right to receive payment of 101%. A Debentureholder can either elect to tender under the Debenture Offer and receive Cdn\$600 per Cdn\$1,000 principal amount of Debentures, plus accrued and unpaid interest (a premium of 122 % to the 20 day volume weighted average trading price before the announcement of the Offers), or else continue to hold Debentures in the current company with the risks that that entails.

"We want to confirm that Jilin Jien has received all the initial PRC approvals necessary to make the Offers," said Wu Shu, Director of Jilin Jien Nickel Industry Co., Ltd. and CEO of Jien Canada Mining Ltd. "We expect that all PRC approvals that are conditions of the Offers will be obtained prior to the expiry time of the Offers."

#### **Development of the Nunavik Nickel Project**

Canadian Royalties' Nunavik Nickel Project presents an excellent development opportunity for all stakeholders that can only be realized with a board of directors and management with extensive experience in effectively developing large-scale resource projects and in raising the large amounts of capital that will be required to complete the Nunavik Nickel Project.

Canadian Royalties has put the Nunavik Nickel Project on care and maintenance and is taking no steps to further its development. Canadian Royalties public disclosure indicates that they have postponed engineering and other test work for the project, curtailed further exploration activities and are engaging in sales of assets that were purchased as part of the development of the project. According to Canadian Royalties financial statements, during 2009 they have already liquidated assets with a cost of over \$17 million and currently plan to liquidate additional assets in 2009 with a cost of over \$24.5 million. Canadian Royalties has also publicly disclosed that they may not have the necessary cash resources to continue to make interest payments on the Debentures to maturity and that they are seeking a renegotiation of their terms. Jien Canada believes that it will take Canadian Royalties a



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significant amount of time to obtain the necessary financing to advance the project to commercial production and that such financing may not be available at all.

### **Important Instructions to Securityholders Wishing to Tender their Shares or Debentures**

Shareholders may accept the Share Offer by depositing the following documents with the Depositary at any of the offices specified in the Letter of Acceptance and Transmittal before the Expiry Time:

- (a) the certificate or certificates representing the Shares in respect of which the Share Offer is being accepted;
- (b) a properly completed and duly signed copy of the Letter of Acceptance and Transmittal (or a manually signed facsimile copy), with the signature or signatures guaranteed in accordance with the instructions set out in the Letter of Acceptance and Transmittal; and
- (c) any other relevant document required by the instructions set forth in the Letter of Acceptance and Transmittal.

The Debentures were issued by Canadian Royalties in a “book-entry only” system and all of the Debentures are currently registered in the name of and held by or on behalf of CDS & Co. Beneficial interests in the Debentures, constituting ownership of the Debentures, are represented through book-entry accounts of institutions acting on behalf of beneficial owners as direct and indirect CDS participants, rather than by definitive certificates. In order to tender Debentures, you must direct your investment dealer, stockbroker, bank, trust company or other nominee to accept the Debenture Offer in the manner required by your nominee.

Investors may obtain a free copy of the Offer Documents filed by Jien Canada with Canadian securities regulators at [www.sedar.com](http://www.sedar.com). In addition, you may request these documents free of charge from the Offeror's information agent, Kingsdale Shareholder Services Inc., toll free at 1-888-581-1024.

This press release does not constitute an offer to buy or sell, or the solicitation of an offer to buy or sell, any of the securities of Canadian Royalties. Such an offer can only be made pursuant to an offer to purchase and accompanying offering circular filed with the securities regulatory authorities in Canada.

### **About Jien Canada**

Jien Canada was incorporated under the Federal laws of Canada on August 6, 2009. The voting shares of Jien Canada are owned by Jilin Jien, through JJ Holdco, and Goldbrook, as to 75% and 25%, respectively. Jien Canada has not carried on any business other than business incidental to making the Offers. The head office and the registered and records office of Jien Canada is Suite 1550, 200 Burrard Street, Vancouver, B.C. V6C 3L6.

### **About Goldbrook**

Goldbrook Ventures is engaged in the exploration for Nickel-Copper-Platinum Group Element sulphide deposits – a class of mineral deposit that, due to its poly-metallic nature, has the advantage of protection against individual metal price cycles and has strong long term supply-demand fundamentals. Goldbrook's quest for discovery is focused in the Raglan District of Northern Quebec, a district that hosts Xstrata's Raglan operations, arguably one of the world's most profitable nickel-copper-PGE mines. Goldbrook is the District's single largest holder of mineral rights, with a 100% interest in 891,000 acres.

### **About Jilin Jien**

Jilin Jien is a corporation existing under the laws of China. The head office of Jilin Jien is located at Panshi City, Jilin Province, China.



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Jilin Jien is one of China's largest producers of nickel, copper and cobalt sulphates, as well as other nickel products including nickel matte, electrolytic nickel, nickel hydroxide and nickel chloride. With profitable operations spanning exploration, mining, smelting, refining, chemicals and research, Jilin Jien has total assets of RMB3.2 billion, nearly 10,000 employees and its facilities occupy 4.5 million square meters.

Jilin Jien is a publicly-traded company owned and controlled by shareholders. Jilin Jien was the first company in China's nickel industry to list on the A-share market of the Shanghai Stock Exchange under stock code 600432. Jilin Jien is one of the companies comprising the SSE180 index and the CSI300 index. Jilin Jien has a majority shareholder – Jilin Horoc Nonferrous Metal Group, Co Ltd., who owns approximately 57%. Indirectly, the government of China owns less than 20% (indirect interest) of Jilin Jien, as the government has a partial ownership in Jilin Horoc Nonferrous Metal Group. The management and the board of Jilin Jien make all decisions pertaining to their business.

**ON BEHALF OF THE GOLDBROOK BOARD:**  
(signed) "David Baker," Chairman and CEO

**ON BEHALF OF THE JIEN CANADA MINING BOARD:**  
(signed) "David Baker," Director

Dedicated transaction website at: [www.jiencanadaming.com](http://www.jiencanadaming.com)

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#### **Cautionary Note Regarding Forward-Looking Statements**

Certain of the statements made herein may contain forward-looking statements or information within the meaning of Canadian securities laws and the applicable securities laws of the United States. Such forward looking statements or information include, but are not limited to, statements or information with respect to the Offeror's intention with respect to the offer to acquire Canadian Royalties; the proposed terms of such offer; the business, operations and financial performance and condition of each of Goldbrook, Jilin Jien, JJ Holdco and the Offeror.

Forward-looking statements or information are based on a number of estimates and assumptions and are subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in the forward-looking statements or information. Should one or more of these risks and uncertainties materialize, or should underlying estimates and assumptions



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prove incorrect, actual results may vary materially from those described in forward looking statements or information. Factors related to such risks and uncertainties, and underlying estimates and assumptions include, among others, the following: the Offeror's assessment of the effect of an offer on Goldbrook, Jilin Jien, JJ Holdco Jien Canada and on the shareholders and debentureholders of Canadian Royalties, the timing and prospects for shareholder and debentureholder acceptance of an offer and the implementation thereof; the satisfaction of any conditions to an offer; the ability of Jien Canada to advance development of the Nunavik Nickel project; price volatility of nickel and other metals; impact of any hedging activities, including margin limits and margin calls; discrepancies between actual and estimated production, between actual and estimated resources, and between actual and estimated metallurgical recoveries; mining operational risk; regulatory restrictions, including environmental regulatory restrictions and liability; risks of sovereign investment; speculative nature of mineral exploration; defective title to mineral claims or property, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological or operational difficulties or inability to obtain permits encountered in connection with exploration activities; and labour relations matters. Accordingly, undue reliance should not be placed on forward looking statements or information. We do not expect to update forward-looking statements or information continually as conditions change, except as may be required by law.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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