

FREEHOLD ROYALTY TRUST

Notice of Annual Meeting of Unitholders to be held on May 11, 2005

TO THE UNITHOLDERS:

NOTICE is hereby given that an Annual Meeting of the holders of Trust Units (the "Unitholders") of Freehold Royalty Trust (the "Trust") and an Annual Meeting of the holder of the Common Shares of Freehold Resources Ltd. ("Freehold Resources") (collectively, the "Meeting"), will be held in the Lecture Theatre, Sunlife Plaza Conference Centre, Plus 15 Level, 140 - 4th Avenue S.W., Calgary, Alberta on Wednesday, May 11, 2005 at the hour of 3:30 p.m. (Calgary time) for the following purposes, namely:

- (a) to receive and consider the consolidated financial statements for the fiscal year ended December 31, 2004, together with the Auditors' report thereon;
- (b) to fix the number of directors of Freehold Resources to be elected at the Meeting at seven (7) members;
- (c) to elect the directors of Freehold Resources for the ensuing year;
- (d) to appoint Auditors for the ensuing year; and
- (e) to transact all such other business which may properly be brought before the Meeting or any adjournment thereof.

The specific details of these matters proposed to be put before the Meeting are set forth in the accompanying Information Circular – Management Proxy Statement.

Unitholders who are unable to attend the Meeting or any adjournment thereof in person are requested to complete, date and sign the enclosed form of proxy and return it in the envelope provided for that purpose. A form of proxy will not be valid unless it is completed and delivered to the attention of the Trust's Transfer Agent and Registrar, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, not less than 48 hours before the Meeting or any adjournment(s) thereof.

Computershare Trust Company of Canada, the Trustee of the Trust, has fixed a record date for the Meeting at the close of business on March 22, 2005 (the "Record Date"). Only Unitholders of record as at that date are entitled to receive notice of the Meeting. Unitholders of record will be entitled to vote at the Meeting prepared as at the Record Date even if the Unitholder has since that time disposed of his or her Trust Units. No Unitholder who became a Unitholder after the Record Date shall be entitled to vote at the Meeting.

DATED at Calgary, Alberta this 15th day of March, 2005.

**BY ORDER OF THE BOARD OF DIRECTORS
OF FREEHOLD RESOURCES LTD.**

(signed) JOSEPH N. HOLOWISKY
Secretary

FREEHOLD ROYALTY TRUST

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 Calgary, Alberta T2P 3N4
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Information Circular – Management Proxy Statement dated March 15, 2005 for the Annual Meeting of Unitholders of Freehold Royalty Trust to be held on May 11, 2005

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Freehold Resources Ltd. (“Freehold Resources”) for use at the Annual Meeting of holders of Trust Units (the “Unitholders”) of Freehold Royalty Trust (the “Trust”) and at the Annual Meeting of the holder of the Common Shares of Freehold Resources (collectively, the “Meeting”) to be held in the Lecture Theatre of the Sunlife Plaza Conference Centre, Plus 15 Level, 140 - 4th Avenue S.W, Calgary, Alberta, on May 11, 2005, commencing at 3:30 p.m. (Calgary time) for the purposes set forth in the Notice accompanying this Information Circular. Unless otherwise stated, the information contained herein is given as of March 15, 2005. The costs incurred in the solicitation of proxies and in the preparation and mailing of this Information Circular will be borne by the Trust. Solicitation of proxies by management will be through the mail, in person and by telephone.

For the purpose of this Information Circular unless the context otherwise requires: (i) “Trust Units” shall be any or all of the Trust Units of Freehold Royalty Trust; and (ii) terms defined in the Notice shall have the same meaning herein.

Appointment and Revocation of Proxy

A form of proxy accompanies the Notice and this Information Circular. **The persons named in such form of proxy are directors and officers of Freehold Resources. A person or corporation submitting the proxy shall have the right to appoint a person (who need not be a Unitholder) to be a representative at the Meeting, other than the persons designated in the form of proxy furnished by Freehold Resources. Such appointment may be exercised by inserting the name of the appointed representative in the blank space provided for that purpose.** A form of proxy will not be valid unless it is completed and delivered to the attention of the Trust’s Transfer Agent and Registrar, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, not less than 48 hours before the Meeting or any adjournment thereof.

A Unitholder who has given a proxy may revoke it by depositing an instrument in writing executed by such Unitholder (or by an attorney duly authorized in writing) or, if such Unitholder is a corporation, by any officer or attorney thereof duly authorized, either at the registered office of Freehold Resources at any time up to and including the close of business on the last business day preceding the Meeting or any adjournment(s) thereof, or with the Chairman of the Meeting on the day thereof or any adjournment(s) thereof.

Notice to Beneficial Holders of Trust Units

The information in this section is of significant importance to many Unitholders as a substantial number of the Unitholders do not hold Trust Units in their own name. If you do not hold your Trust Units in your own name, you are considered a “Beneficial Unitholder”. You should note that only proxies deposited by Unitholders whose names appear on the records of the Trust as the registered holders of the Trust Units can be recognized and acted upon at the Meeting. If your Trust Units are listed in an account statement provided to you by a broker, then in almost all cases those Trust Units will not be registered in your name on the records of the Trust. Those Trust Units will more likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of Trust Units are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). The Trust does not know for whose benefit the Trust Units registered in the name of CDS & Co. are held.

Trust Units held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, the broker/nominees are prohibited from voting Trust Units for their clients. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. **A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Trust Units directly at the Meeting as the voting instruction form must be returned as directed by the intermediary/broker in order to have the Trust Units voted. Accordingly, it is strongly suggested that Beneficial Unitholders return their completed voting instruction forms as directed well in advance of the Meeting.**

There are two kinds of Beneficial Unitholders: those who do not object to their name being made known to the Trust (called NOBOs for Non-Objecting Beneficial Owners) and those who object to the Trust knowing who they are (called OBOs for Objecting Beneficial Owners). Subject to the provisions of *National Instrument 54-101, Communication with Beneficial Owners of Securities of Reporting Issuers*, the Trust can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

If you are a NOBO resident in Canada, you will receive a scannable voting instruction form from our Transfer Agent, Computershare Trust Company of Canada ("Computershare"). This voting instruction form is to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare offers both telephone voting and Internet voting as described on the voting instruction form. Computershare then tabulates the results of all instructions received by NOBOs and provides appropriate instructions respecting the voting of Trust Units to be represented at the Meeting. If you want to attend and vote at the meeting, you should insert your name as a special appointment on the voting instruction form. Note that voting by telephone is not available if you wish to appoint yourself or another person as a proxy other than the individuals named on the voting instruction form.

If you are an OBO, or a NOBO non-resident in Canada, you will receive proxy materials from an intermediary/broker. Each intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Trust Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to the form of proxy provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers in Canada and the United States delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Unitholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Unitholder may be given the option to vote by telephone or via the Internet. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Trust Units to be represented at the Meeting.

Exercise of Discretion by Proxy

The persons named in the enclosed form of proxy will, if the instructions are certain, vote the Trust Units represented thereby and where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Trust Units will be voted or withheld from voting in accordance with the specification so made. The Trust Units represented by all proxies received by the Trust will be voted to approve each matter to which no specification has been made.

The enclosed form of proxy confers discretionary authority on the persons appointed with respect to amendments or variations of matters identified in the Notice or other matters that may properly come before the Meeting. At the time of printing this Information Circular, management of Freehold Resources is not aware of any such amendments, variations or other matters.

Voting Units

There are presently issued and outstanding 31,544,236 Trust Units to which are attached voting rights and the registered holders thereof, at the close of business on March 22, 2005, are entitled to attend and vote at the Meeting on the basis of one vote for each Trust Unit held. Only Unitholders of the Trust of record as at that date are entitled to receive notice of the Meeting. Unitholders of record will be entitled to vote at the Meeting prepared as at the Record Date even if the Unitholder has since that time disposed of his or her Trust Units. No Unitholder who became a Unitholder after the Record Date shall be entitled to vote at the Meeting.

Principal Unitholders

To the best of the knowledge of management of Freehold Resources, the following are the only persons who beneficially own, directly or indirectly, or exercise control or direction over Trust Units carrying more than 10% of the voting rights attached to the issued and outstanding Trust Units of the Trust which may be voted at the Meeting.

Name	Trust Units Beneficially Owned Directly or Indirectly ¹	Percentage of Issued and Outstanding Trust Units
CN Pension Trust Funds (the pension funds for employees of Canadian National Railway Company)	9,982,036	31.64%

Note:

¹ The information as to Trust Units beneficially owned, not being within the knowledge of Freehold Resources, has been derived from sources available to Freehold Resources.

Unanimous Shareholders Agreement

Pursuant to the amended and restated Unanimous Shareholders Agreement dated December 31, 2004 among Rife Resources Management Ltd. (the "Manager"), Freehold Resources and Computershare Trust Company of Canada as Trustee for and on behalf of the Trust (the "Unanimous Shareholders Agreement"), the Unitholders are entitled to notice of and to attend all meetings of the shareholder of Freehold Resources and except as set forth below, to direct the manner in which the Trust will vote its shares in Freehold Resources at all such meetings. Prior to the Trust voting its shares in Freehold Resources each Unitholder shall be entitled to vote in respect of the matter on the basis of one vote per Trust Unit held, and the Trust shall be required to vote its shares in Freehold Resources in accordance with the results of the vote of the Unitholders. Unitholders are entitled to direct the Trust as to how to vote in respect of all matters placed before the shareholder of Freehold Resources including, the election of the directors of Freehold Resources (other than the directors of Freehold Resources to be elected by the Manager pursuant to the terms of the Unanimous Shareholders Agreement, which is currently two (2)), approving its financial statements and appointing auditors of Freehold Resources. In addition, Unitholders are entitled to direct the Trust as to how to vote its shares in Freehold Resources on any proposed amendment to the Unanimous Shareholders Agreement, where such amendment is required to be approved by special resolution. The Trust is not entitled, without the direction of Unitholders, to exercise its rights as shareholder of Freehold Resources except as set forth above.

It is a term of the Unanimous Shareholders Agreement that the board of directors of Freehold Resources shall consist of a minimum of five (5) and a maximum of nine (9) directors. The Unanimous Shareholders Agreement provides that the Unitholders will be entitled to elect a majority of the board of directors of Freehold Resources and the Manager is entitled to elect the balance of the directors.

The Unanimous Shareholders Agreement also provides that Freehold Resources is prohibited from making payment of dividends on its shares.

Matters to be Acted on at the Meeting

Fixing Number of Directors

At the Meeting, it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual general meeting of Freehold Resources or until their successors are elected or appointed, subject to the Articles or By-laws of Freehold Resources, be set at seven (7). There are presently seven (7) directors of Freehold Resources, each of whom will retire from office at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at seven (7).

Election of Directors

The By-laws of Freehold Resources provide that all of the directors of Freehold Resources shall retire from office at each annual meeting but will retain office until the termination of the meeting at which time their successors are elected. The number of directors to be elected at the Meeting has been fixed at seven (7), five (5) of whom will be elected by Unitholders. Pursuant to the Unanimous Shareholders Agreement, the Manager is entitled to appoint the other two (2) directors of Freehold Resources.

The persons named below have been proposed for election as directors of Freehold Resources and it is the intention of the persons named in the enclosed form of proxy, if named as proxy, to nominate and vote for the election of these persons as directors. Management does not contemplate that any of the five (5) proposed nominees will be unable to serve as directors. If any of the proposed nominees do not stand for election or are unable to serve, proxies will not be voted for any other nominee. Each director elected will hold office until the next annual meeting of Unitholders or until his successor is elected or appointed pursuant to the By-laws of Freehold Resources.

The following table sets forth the names and province of residence of the five (5) proposed nominees, the date they were first elected as directors of Freehold Resources, their present principal occupations and the number of Trust Units of the Trust beneficially owned, directly or indirectly, or over which control or direction is exercised by each. The information contained herein as to Trust Units beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to Freehold Resources by the respective nominees.

Name and Province of Residence	Office(s) held with Freehold Resources	Principal Occupation	Director Since	Number of Trust Units
D. Nolan Blades ^{1,2,3} Alberta, Canada	Director	President, Sunny Gables Holdings Ltd. (private holding company)	July 29, 1996	30,000
Harry S. Campbell, Q.C. ³ Alberta, Canada	Director	Managing Partner, Burnet, Duckworth & Palmer LLP (barristers and solicitors)	July 29, 1996	2,800
Peter T. Harrison ^{1,3} Quebec, Canada	Director	Senior Vice-President, Montrusco Bolton Inc. (investment counsel)	July 29, 1996	22,000
Dr. P. Michael Maher ^{1,2} Alberta, Canada	Director	Professor, Haskayne School of Business University of Calgary	July 29, 1996	1,161
William W. Siebens ² Alberta, Canada	Chairman of the Board	President and Chief Executive Officer, Candor Investments Ltd. (private energy and investment corporation)	July 29, 1996	50,000

Notes:

¹ Member of Audit Committee.

² Member of Governance & Nominating Committee.

³ Member of Reserves Committee.

As stated above, pursuant to the Unanimous Shareholders Agreement, the Manager is entitled to elect two (2) members of the board of Freehold Resources. The Manager intends to elect the following persons as members of the board of Freehold Resources:

Name and Province of Residence	Office(s) held with Freehold Resources	Principal Occupation	Director Since	Number of Trust Units
Tullio Cedraschi Quebec, Canada	Director	President and Chief Executive Officer, CN Investment Division (manages the pension funds for employees of Canadian National Railway Company)	January 21, 1998	Nil ¹
David J. Sandmeyer Alberta, Canada	President and Chief Executive Officer	President, Rife Resources Ltd. (private oil and gas exploration and production company)	July 29, 1996	23,517 ^{2,3}

Notes:

¹ CN Pension Trust Funds own 9,982,036 Trust Units (31.64%) of Freehold Royalty Trust.

² Rife Resources Ltd. is 100% owned by the CN Pension Trust Funds.

³ Includes 6,517 Trust Units over which Mr. Sandmeyer has joint control and direction over but does not beneficially own.

Corporate Cease Trade Orders or Bankruptcies

During the past ten (10) years, none of the proposed directors of Freehold Resources is or has been a director or executive officer of any company that, while that person was acting in that capacity: (i) was the subject of a cease trade order or similar order or an order that denied that company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

During the past 10 years, none of the proposed directors of Freehold Resources has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Appointment of Auditors

The persons named in the form of proxy solicited by management of Freehold Resources will vote the Trust Units represented by proxy for the appointment of KPMG LLP, Chartered Accountants, as auditors of the Trust and Freehold Resources until the next Annual Meeting of Unitholders of the Trust and Annual Meeting of the shareholder of Freehold Resources at a remuneration to be fixed by the directors of Freehold Resources. KPMG LLP were first appointed Auditors of Freehold Resources on July 29, 1996, and of the Trust on September 30, 1996.

Other Matters

The Manager knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

Executive Compensation

Report on Executive Compensation

The Manager, at its head, principal and registered office located at 400, 144 - 4th Avenue S.W., Calgary, Alberta, T2P 3N4, was established to provide comprehensive oil and gas company management and operational services to the Trust and Freehold Resources. The Manager is a wholly-owned subsidiary of Rife Resources Ltd. ("Rife"), which is wholly-owned by the CN Pension Trust Funds. The Manager has been retained by the Trust and Freehold Resources through the Management Agreement dated November 25, 1996 (the "Management Agreement") to manage and administer the business and affairs of the Trust and Freehold Resources. The officers of Freehold Resources are employees of the Manager and receive their remuneration from the Manager. As a result, Freehold Resources paid no remuneration to its officers for the period ended December 31, 2004. Freehold Resources compensates the Manager for the time expended on the business of the Trust and Freehold Resources in accordance with the terms of the Management Agreement.

Management Agreement

Freehold Resources and the Trustee, as trustee for and on behalf of the Trust, entered into the Management Agreement with the Manager, pursuant to which Freehold Resources and the Trust engaged the Manager for an initial term of five years, which initial term has since automatically renewed for additional three year terms, the current term of which has renewed to November 25, 2007 to, among other things:

- (a) manage the Trust, subject to the supervision of Freehold Resources;

- (b) administer all matters relating to the royalties held by the Trust and Trust Units, including: (i) determining the total amount owing to the Trust and Freehold Resources from third parties and conducting joint venture audits as required; (ii) determining the total amounts owing to Unitholders and arranging for cash distributions of distributable income, subject to supervision of Freehold Resources; (iii) providing Unitholders with periodic reports on the royalties held by the Trust and the properties of Freehold Resources; and (iv) providing Unitholders with financial reports and tax information relating to the royalties held by the Trust and the properties of Freehold Resources;
- (c) provide management services for the economic and efficient exploitation of oil and gas properties;
- (d) operate oil and gas properties which Freehold Resources is entitled to operate and monitor the activities of third party operators;
- (e) recommend, carry out and monitor property acquisitions and dispositions and exploitation and development programs for the Trust and Freehold Resources;
- (f) negotiate and execute on behalf of Freehold Resources all exploitation and development agreements, operating agreements, working agreements, farmin and farmout agreements, leases and other documents relating to the exploitation of the oil and gas properties as may be advisable;
- (g) recommend and, subject to the supervision of Freehold Resources, negotiate banking arrangements for the Trust and Freehold Resources; and
- (h) provide office space, office furnishings and equipment and personnel necessary for the proper administration of the assets of the Trust and Freehold Resources.

The amounts payable under the Management Agreement will be allocated between Freehold Resources and the Trust based on the relative services provided.

In exercising its power and discharging its duties under the Management Agreement, the Manager is required to exercise that degree of care, diligence and skill that a reasonably prudent advisor and manager in respect of oil and gas properties in Western Canada would exercise in comparable circumstances.

The Management Agreement will be renewed for successive three year terms following the end its current three year term unless the termination of the Management Agreement at the end of a term has been approved by a special resolution of Unitholders and the Manager is given 12 months' written notice of termination or unless the Trustee is given six months' written notice of termination by the Manager prior to the end of a term.

The Management Agreement may be terminated by the Trust at any time without the payment of compensation to the Manager if the Manager institutes bankruptcy proceedings, seeks relief under bankruptcy law, consents to the appointment of a receiver, voluntarily suspends transaction of its usual business, is declared bankrupt or insolvent, if a receiver is appointed in respect of the Manager, or if the Manager fails to carry out its material obligations under the Management Agreement and does not commence to cure such failure within 30 days of notice being given.

There may be circumstances in which the interests of the Manager will conflict with those of Unitholders. The Manager provides similar management services to Canpar Holdings Ltd. and Rife and may provide similar management services to others in the future. The Manager may acquire oil and gas properties on its own behalf or on behalf of persons other than the Unitholders. The Manager may manage and administer such additional properties, as well as enter into other types of energy-related management and advisory activities.

In resolving such conflicts, decisions will be made by the Manager on a basis consistent with the objectives and financial resources of each group of interested parties, the time limitations on investment of such financial resources, and on the basis of operating efficiencies having regard to the then current holdings of properties of each group of interested parties all consistent with the duties of the Manager to each such group of persons. The Manager will use all reasonable efforts to resolve such conflicts of interest in a manner which will treat the Trust or Freehold Resources and the other interested party fairly, taking into account all of the circumstances of the Trust or Freehold Resources and such interested party and will act honestly and in good faith in resolving such matters.

The Manager will be indemnified by Freehold Resources in respect of certain damages which it may suffer in discharging its obligations under the Management Agreement, provided that such damages do not arise from the fraud, willful default, negligence or bad faith of the Manager.

The board of directors of Freehold Resources and the Trustee will review on an ongoing basis both the nature and extent of the services required of the Manager and the costs of providing the same. All amendments to the Management Agreement must be approved by a majority of independent members of the board of directors of Freehold Resources and the Trustee, upon the recommendation of Freehold Resources and the Manager.

Compensation

The Manager is compensated as follows for providing services to the Trust and Freehold Resources.

Management Fee

Pursuant to the Management Agreement, the Manager receives quarterly a management fee in order to align the economic interest of the Manager with the interest of the Unitholders. The management fee has been paid and will continue to be paid in Trust Units, based on the number of issued and outstanding Trust Units at the end of each quarter. The quarterly management fee is currently 22,500 Trust Units. During 2004, the Manager received 90,000 Trust Units as its management fee.

The officers of Freehold Resources do not receive any compensation directly from Freehold Resources for their services. All management services are provided to Freehold Resources by the Manager pursuant to the Management Agreement. Freehold Resources does not have any understanding or agreement with any other entity for the purpose of that other entity furnishing compensation to the officers or directors of Freehold Resources, other than the Management Agreement.

General and Administrative Costs

The Manager is also entitled to reimbursement for general and administrative costs. General and administrative costs are deducted in computing royalty income to the extent not paid from the residual income of Freehold Resources. General and administrative costs are generally charged to Freehold Resources and the Trust by the Manager based on time spent and direct costs incurred in fulfilling the obligations of the Manager to Freehold Resources and the Trust pursuant to the Management Agreement.

The Manager was reimbursed \$2.6 million for general and administrative costs for the period ended December 31, 2004.

Acquisition Fees

The Manager will be paid an acquisition fee equal to 1.5% of the purchase price of any additional royalties purchased by the Trust or any additional properties acquired by Freehold Resources. In the case of property exchanges or swaps, the Manager will receive a 1.5% acquisition fee of the purchase price of the properties acquired. No fees will be payable with respect to the proceeds of any disposition.

The Manager received \$197,000 as consideration for acquisition fees for the period ended December 31, 2004.

The Manager

The offices of the Manager are located at 400, 144 - 4th Avenue S.W., Calgary, Alberta, T2P 3N4. The names, province of residence, positions held and principal occupation of each director and officer of the Manager are set forth below:

Name and Province of Residence	Position with the Manager	Principal Occupation
David J. Sandmeyer Alberta, Canada	President and Director	President Rife Resources Ltd.
J. Frank George Alberta, Canada	Vice-President, Exploitation	Vice-President, Exploration Rife Resources Ltd.
Joseph N. Holowisky Alberta, Canada	Vice-President, Finance & Administration, Secretary and Director	Vice-President, Finance & Administration Rife Resources Ltd.
William O. Ingram Alberta, Canada	Vice-President, Production	Vice-President, Production Rife Resources Ltd.
Michael J. Okrusko Alberta, Canada	Vice-President, Land	Vice-President, Land Rife Resources Ltd.

As at March March 15, 2005, the directors and senior officers of the Manager, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 25,017 Trust Units. Rife owns 100% of the outstanding shares in the capital of the Manager. All of the shares of Rife are owned by the CN Pension Trust Funds.

There were no amounts paid by Freehold Resources or the Trust to any person set forth above during the period ended December 31, 2004.

Trust Unit Option Plan

The Trust, the Manager, Freehold Resources and the Unitholders previously adopted a Trust Unit option plan (the "Trust Unit Option Plan") which provides for the issuance of options to acquire Trust Units to the Manager and to directors of Freehold Resources. The Trust does not offer a Trust Unit option plan to its officers, or employees of the Manager.

The purpose of the Trust Unit Option Plan is to encourage ownership of Trust Units by the Manager and directors of Freehold Resources. Options may be granted under the Trust Unit Option Plan only to the Manager and to directors of Freehold Resources, subject to regulatory approval, as designated from time to time by the board of directors of Freehold Resources. The number of Trust Units which may be reserved for issuance under the Trust Unit Option Plan is limited to 1,980,000 Trust Units provided that such number may be increased from time to time subject to the approval of Unitholders. The exercise price for any options cannot be less than the closing price of the Trust Units, on the stock exchange on which the Trust Units are then listed, on the day immediately preceding the day upon which the option is granted. Options granted under the Trust Unit Option Plan may be exercised during a period not exceeding five years, subject to earlier nomination upon an optionee ceasing to be a director of Freehold Resources or upon an optionee retiring, becoming permanently disabled or dying. The options are non-transferable and non-assignable. Options granted to the Manager will terminate upon the earlier of five years from the date of grant and termination of the Management Agreement.

The Trust Unit Option Plan contains provisions for adjustment in the number of Trust Units issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Trust Units, a merger or other relevant changes in the Trust's capitalization.

There were no options exercised during 2004 and there are no options currently outstanding.

Compensation of Directors

During the financial year ended December 31, 2004, Freehold Resources paid remuneration to its directors in the amount of \$129,000 (excluding expenses). Mr. Sandmeyer was not compensated by Freehold Resources for his services as a director. Directors were also reimbursed for expenses incurred for attendance at such meetings.

During 2004, the Chairman of Freehold Resources received an annual retainer of \$14,000 and \$1,000 per meeting attended, plus expenses of attending such meetings. Each of the other directors of Freehold Resources, with the exception of Mr. Sandmeyer who is an employee of Rife and the Manager, received an annual retainer of \$10,000 and \$1,000 per meeting attended, plus expenses of attending such meetings. Committee chairs received a supplemental fee of \$2,000 per annum.

Effective January 1, 2005, the Chairman's annual retainer has been increased to \$30,000. The committee Chairmen will receive increases to their annual supplemental fees as follows: \$5,000 for the Audit Committee chair, and \$2,500 for each of the Governance & Nominating Committee and Reserves Committee chairs. The board felt these increases were necessary to adequately compensate outside directors for their increased responsibilities.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of Trust Units authorized for issuance under the Trust's equity compensation plans as at December 31, 2004.

Plan Category	Number of Units to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Unitholders			
Trust Unit Option Plan	Nil	N/A	820,000
Management Agreement ¹	N/A ¹	N/A	235,764 ¹
Equity compensation plans not approved by Unitholders	N/A	N/A	N/A
Total	Nil	N/A	1,055,764

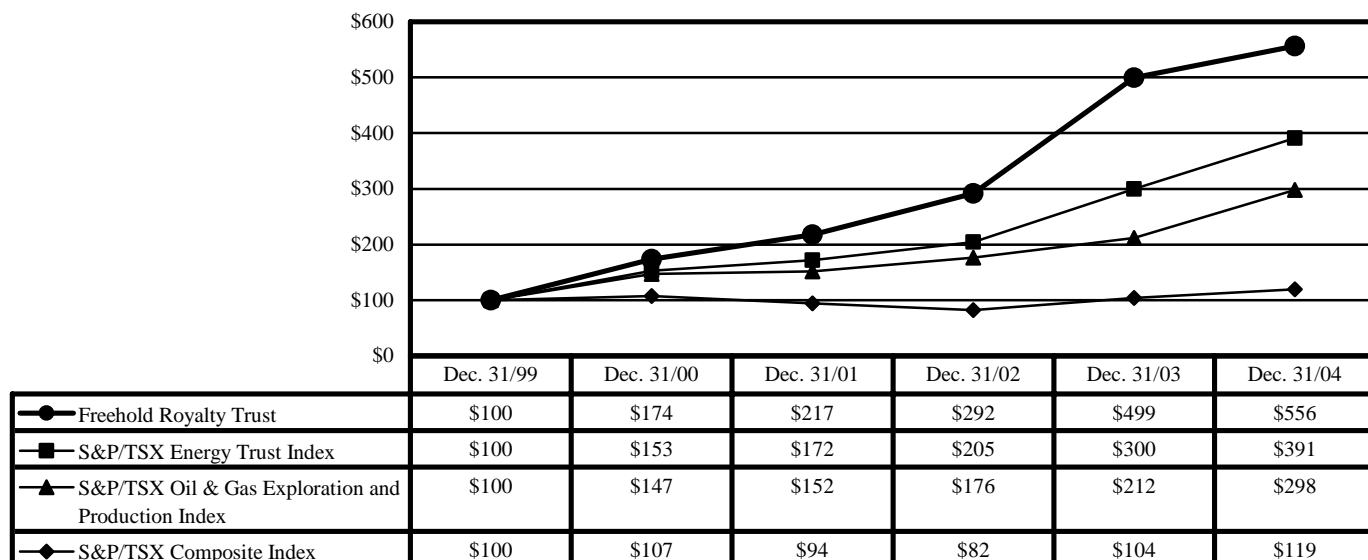
Note:

¹ Pursuant to the Management Agreement dated November 25, 1996 among the Manager, Freehold Resources and Computershare Trust Company of Canada, in its capacity as trustee of the Trust, Freehold Resources and the Trust engaged the Manager to provide certain management services to the Trust and Freehold Resources, as more fully described under the heading "Executive Compensation – Management Agreement". Pursuant to the Management Agreement, the Manager receives a management fee, paid in Trust Units, based on the number of issued and outstanding Trust Units at the end of each quarter. The quarterly management fee was initially 20,000 Trust Units. The management fee is adjusted, based on the total issued and outstanding Trust Units, so that the quarterly management fee is in the same proportion as 20,000 was to the outstanding Trust Units on November 25, 1996, excluding Trust Units issued as a management fee. After giving effect to such adjustments, the quarterly management fee is currently 22,500 Trust Units, based upon 31,544,236 Trust Units being issued and outstanding.

Performance Chart

The following graph and table illustrates changes during the last five years in the value of \$100 invested on December 31, 1999 in the Trust Units of Freehold Royalty Trust and in the S&P/TSX Composite Index, the S&P/TSX Oil & Gas Exploration and Production Index, and the S&P/TSX Energy Trust Index, assuming reinvestment of all distributions and dividends.

Cumulative Value of a \$100 Investment



Governance

The governance structure of the Trust is not the same as a conventional corporation. The way in which the Trust is governed reflects its situation as a trust holding a royalty granted by Freehold Resources, with certain rights under a Unanimous Shareholders Agreement and a Management Agreement. The Trust is the sole shareholder of Freehold Resources, and through the Unanimous Shareholders Agreement the Unitholders, through the Trust, have been given rights substantially equivalent to those which they would have if they were shareholders in Freehold Resources.

The Trustee also acts as the transfer agent for the Trust Units. The Trustee is responsible for, among other things; (a) accepting subscriptions for Trust Units and issuing Trust Units pursuant thereto; (b) maintaining the books and records of the Trust and providing timely reports to holders of Trust Units, and (c) paying cash distributions to Unitholders. The Trust Indenture provides that the Trustee shall exercise its powers and carry out its functions thereunder as Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and, in connection therewith, shall exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

The Trust has no directors. The Manager operates in accordance with the requirements of the Trust Indenture, the Management Agreement and related agreements. When the Trust was established, Freehold Resources and the Trustee entered into a Management Agreement with the Manager. Under this agreement, the Manager is responsible for the day-to-day management of the business of the Trust subject to a supervisory role of the board of directors of Freehold Resources. In exercising its powers and discharging its duties under the Management Agreement, the Manager must exercise the degree of care, diligence and skill that a reasonably prudent advisor and manager in respect of petroleum and natural gas properties in Western Canada would exercise in comparable circumstances. The Manager is paid for providing its services and is entitled to reimbursement for general and administrative costs which constitute a deduction in the determination of income.

TSX Guidelines on Corporate Governance

The Toronto Stock Exchange (“TSX”) requires annual disclosure by each listed company of its approach to corporate governance with reference to guidelines set out in the TSX Company Manual.

Set out below is a description of the Trust’s governance practices, which have been established by the terms of the Trust Indenture, Unanimous Shareholders Agreement and Management Agreement, and as have been approved by the board of directors of Freehold Resources.

TSX Corporate Governance Guidelines	The Trust’s Alignment	Commentary
<p>1. Explicitly assume responsibility for the stewardship of the corporation, and specifically for:</p> <ul style="list-style-type: none"> (a) adoption of a strategic planning process; (b) the identification of the principal risks of the corporation’s business and ensuring the implementation of appropriate systems to manage these risks; (c) succession planning, including appointing, training and monitoring senior management; (d) a communications policy for the corporation; and (e) the integrity of the corporation’s internal control and management information systems. 	Yes	<p>The board of directors of Freehold Resources has a mandate to supervise the management of the business and affairs and to act with a view to the best interests of the Trust and Freehold Resources. The Manager provides certain advisory and management services pursuant to the Management Agreement, subject to the supervision of the board of directors. In particular, significant operational decisions and all decisions relating to: (a) issuances of additional Trust Units; (b) the acquisition and disposition of properties for a purchase price or proceeds in excess of \$5,000,000; (c) capital expenditures outside approved budgets; (d) establishment of credit facilities; and (e) the payment of distributions to Unitholders, will be made by the board of directors. In addition, any amendment to the Management Agreement, the HB Lands Royalty Agreement or the Freehold Resources Royalty Agreement requires the approval of the board of directors.</p> <p>The board of directors is responsible, in conjunction with the Manager, for the strategic planning process, identifying the principal business risks of the business and implementing appropriate systems to manage these risks, the communication policy for the Trust, the integrity of internal controls and management information systems and monitoring senior management.</p> <p>The Audit Committee regularly reviews the Manager’s internal control systems and reviews risk management policies and procedures, including hedging, litigation and insurance. The Reserves Committee annually reviews the Manager’s reporting on internal reserves standards and practices.</p>
<p>2. The board of directors should be constituted with a majority of individuals who qualify as unrelated directors.</p>	Yes	<p>Freehold Resources currently has a board of directors consisting of seven (7) individuals, two (2) of whom are to be appointed by the Manager and five (5) of whom are independent directors to be elected by the Unitholders. The independent directors are nominated annually by the Governance and Nominating Committee. The Chairman of the board of directors is one of the independent directors. Unitholders will always be entitled to elect the majority of the board of directors.</p>

TSX Corporate Governance Guidelines	The Trust's Alignment	Commentary
3. Disclose whether the majority of directors are unrelated, and how that conclusion was reached.	Yes	The board of directors consists of seven (7) members, two (2) of whom are considered inside and related directors (as those terms are defined in the TSX Company Manual) since they are officers or employees of Freehold Resources or the CN Pension Trust Funds. The other five (5) members are outside directors and four (4) of the outside directors are unrelated directors as those terms are defined in the TSX Company Manual. Mr. Campbell is Managing Partner of Burnet, Duckworth & Palmer LLP which, from time to time, provides legal services to the Trust, Freehold Resources and the CN Pension Trust Funds and its affiliates. Accordingly, he is considered to be an outside, related director. The board of directors is of the opinion, however, that the business relationship between the Trust and the CN Pension Trust Funds and Mr. Campbell does not interfere with Mr. Campbell's ability to exercise his duty to act in the best interests of Freehold Resources and the Trust.
4. Appoint a committee of directors composed exclusively of outside directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.	Yes	Freehold Resources has a Governance and Nominating Committee composed exclusively of outside and unrelated directors. Subject to the Unanimous Shareholders Agreement, the Corporate Governance and Nominating Committee is responsible for proposing nominees, other than nominees of the Manager, for election to the board as well as reviewing the effectiveness of the board, its committees and its individual members.
5. Implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.	Yes	The Governance and Nominating Committee evaluates, on an ongoing basis, the effectiveness of the board and its committees.
6. Provide an orientation and education program for new directors.	Yes	The Governance and Nominating Committee is responsible for the development and review of orientation and education programs for new directors, assessing the needs of the board in terms of education, frequency, location and conduct of board and committee meetings. The independent directors were chosen for their specific level of knowledge and experience. All directors have been provided with materials relating to their duties, roles and responsibilities.
7. Consider the size of the board of directors, and the impact of the number of directors on board effectiveness.	Yes	Subject to the limitations in the Unanimous Shareholders Agreement, the Governance and Nominating Committee is responsible for considering and making recommendations on the size of the board of directors. The Committee is of the opinion that the present size of the board is appropriate as it is large enough to permit a diversity of views without being too large to detract from the board's efficiency and effectiveness.

TSX Corporate Governance Guidelines	The Trust's Alignment	Commentary
8. Review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.	Yes	The Governance and Nominating Committee is responsible for reviewing and making recommendations with respect to compensation of directors.
9. Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors.	Yes	Freehold Resources has three standing committees of the board. Each committee has written terms of reference and a mandate approved by the board. The Audit Committee and the Governance and Nominating Committee consist entirely of outside, unrelated directors. The Reserves Committee has a majority of outside, unrelated directors.
10. Expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.	Yes	The Governance and Nominating Committee is responsible for assisting the board in respect of the development and monitoring of our approach to governance. The committee is responsible for developing our governance policies and reviewing and approving annual governance disclosure.
11. The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.	No	The Manager operates in accordance with the requirements of the Trust Indenture, the Management Agreement and related agreements. When the Trust was established, Freehold Resources and the Trustee entered into the Management Agreement with the Manager. Under this agreement, the Manager is responsible for the day-to-day management of the business of the Trust subject to a supervisory role of the board of directors of Freehold Resources. Subject to the limitations in the Trust Indenture, the Unanimous Shareholders Agreement and the Management Agreement, the board is responsible for setting objectives for Freehold Resources, including providing direction to the Manager with respect to implementation of such objectives. The board does not review the CEO independent of its review of the Manager.
12. Establish appropriate structures and procedures to ensure that the board can function independently of management.	Yes	The board of directors has functioned, and is of the view that it can continue to function, independently of the Manager and the CN Pension Trust Funds. The board has a Chairman who is an outside and unrelated director. The board and committees meet independently of management when warranted.

TSX Corporate Governance Guidelines	The Trust's Alignment	Commentary
13. Ensure an audit committee consisting of only non-management directors has a specifically defined mandate and direct communication channels with external auditors.	Yes	The Audit Committee is comprised exclusively of three outside, unrelated directors. The committee has a written mandate with specifically defined roles and responsibilities, and direct communication channels with external auditors. The mandate of the Audit Committee is contained in our Annual Information Form and is also available on SEDAR at <i>www.sedar.com</i> .
14. The board of directors should implement a system which enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.	Yes	The board of directors and any committee can meet in the absence of the Manager at their discretion and any committee of the board may engage outside legal advisors at the expense of Freehold Resources in appropriate circumstances. The Governance and Nominating Committee is responsible for considering requests from individual directors or committees to engage outside advisors.

Indebtedness of Directors and Executive Officers

There is no indebtedness outstanding from directors or officers of Freehold Resources or directors or senior officers of the Manager or the Trustee to the Trust or Freehold Resources at any time since November 25, 1996, the date of the initial public offering of Trust Units of the Trust.

Interest of Informed Persons in Material Transactions

There were no material interests, direct or indirect, of directors or executive officers of Freehold Resources or the Manager, any Unitholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Trust Units, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year or in any proposed transaction which has materially affected or would materially affect the Trust or Freehold Resources or any of their subsidiaries.

Additional Information

Additional information relating to the Trust is available on SEDAR at *www.sedar.com*. Financial information in respect of the Trust and its affairs is provided in the Trust's annual audited comparative financial statements for the year ended December 31, 2004 and the related management's discussion and analysis. Freehold Resources' audit committee charter and certain other information relating to the audit committee charter are disclosed in the Trust's Annual Information Form under the heading "Governance – Audit Committee". Copies of these documents are available upon request from the Trust by contacting the Corporate Secretary, Freehold Royalty Trust, c/o Freehold Resources Ltd., 400, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4, Telephone (403) 221-0802, or such materials may be accessed via the Trust's website at *www.freeholdtrust.com*.