

This short form prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The Trust Units offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, the Trust Units offered hereby may not be offered or sold within the United States of America, its territories or possessions, and this short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within such jurisdictions. See "Plan of Distribution".

New Issue

May 9, 2001

FREEHOLD ROYALTY TRUST

\$31,845,000
3,300,000 Trust Units

This short form prospectus qualifies the distribution of 3,300,000 trust units ("Trust Units") of Freehold Royalty Trust (the "Trust"). The outstanding Trust Units of the Trust are listed on The Toronto Stock Exchange (the "TSE") under the symbol "FRU.UN". On April 30, 2001 the last trading day the Trust Units traded prior to announcement of this offering, the closing price of the Trust Units was \$10.10. On May 8, 2001, the closing price of the Trust Units was \$9.78. The offering price of the Trust Units was determined by negotiation among Rife Resources Management Ltd. (the "Manager") and Freehold Resources Ltd. ("Freehold Resources") on behalf of the Trust and RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and CIBC World Markets Inc. (collectively, the "Underwriters").

Price: \$9.65 per Trust Unit

	Price to the Public	Underwriters' Fee	Net Proceeds to the Trust
Per Trust Unit	\$9.65	\$0.4825	\$9.1675 ⁽²⁾
Total ⁽¹⁾	\$31,845,000	\$1,134,116.25 ⁽²⁾	\$30,710,883.75

Notes:

- (1) Before deducting expenses of this offering, estimated to be \$180,000, which will be paid from the general funds of the Trust.
- (2) The Canadian National Railway System Pension Trust Fund ("CN Pension") intends to acquire 949,500 Trust Units pursuant to this offering for which the Underwriters will not be paid a fee. As such, the net proceeds to the Trust for such Trust Units will be \$9.65 per Trust Unit. See "Plan of Distribution".

CIBC World Markets Inc., one of the Underwriters, is a wholly-owned subsidiary of a Canadian chartered bank which is a lender to the Trust and Freehold Resources and to which the Trust and Freehold Resources are indebted. Consequently, the Trust may be considered to be a connected issuer of this Underwriter for the purpose of securities legislation in certain Canadian provinces. The net proceeds of this offering will be used by the Trust to initially repay a portion of the indebtedness to such bank. See "Relationship Between the Trust and Freehold Resources' Lenders and Underwriters" and "Use of Proceeds".

The Underwriters, as principals, conditionally offer the Trust Units for sale, subject to prior sale, if, as and when issued by the Trust and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Trust by Burnet, Duckworth & Palmer LLP and on behalf of the Underwriters by Bennett Jones LLP. The Underwriters may effect transactions which stabilize or maintain the market price of the Trust Units at levels other than those which might otherwise prevail on the open market. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that definitive Trust Unit certificates will be available for delivery at closing which is expected to occur on or about May 17, 2001 but in any event not later than May 28, 2001.

An investment in the securities offered hereunder is speculative and involves a high degree of risk. The risk factors identified in the Annual Information Form of the Trust dated March 3, 2000, which is incorporated by reference herein, should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder.

TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE	3
GLOSSARY OF TERMS	4
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	5
FREEHOLD ROYALTY TRUST	6
RECENT DEVELOPMENTS	7
USE OF PROCEEDS	8
PLAN OF DISTRIBUTION	8
DESCRIPTION OF TRUST UNITS	9
COMBINED CAPITALIZATION OF THE TRUST AND FREEHOLD RESOURCES	10
PRICE RANGE AND TRADING VOLUME OF TRUST UNITS	10
RELATIONSHIP BETWEEN THE TRUST AND FREEHOLD RESOURCES'	
LENDERS AND UNDERWRITERS	11
RISK FACTORS	11
CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	11
ELIGIBILITY FOR INVESTMENT	14
LEGAL MATTERS	15
AUDITORS, TRANSFER AGENT AND REGISTRAR	15
INTERESTS OF EXPERTS	15
PURCHASERS' STATUTORY RIGHTS	15

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Freehold Resources Ltd., Suite 400, 144 - 4th Avenue S.W., Calgary, Alberta, T2P 3N4 Telephone: (403) 221-0855. For the purpose of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Secretary of Freehold Resources Ltd. at the above-mentioned address and telephone number.

The following documents of the Trust, which have been filed with securities commissions or other similar authorities in Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- a. the Annual Information Form dated March 3, 2000, including management's discussion and analysis of financial condition and operating results for the year ended December 31, 1999 incorporated by reference therein;
- b. the audited comparative combined financial statements and notes thereto for the fiscal years ended December 31, 2000 and 1999, together with the report of the auditors thereon, as contained in the 2000 Annual Report;
- c. the management's discussion and analysis of financial condition and operating results for the year ended December 31, 2000;
- d. the unaudited interim comparative combined financial statements for the three months ended March 31, 2001 and 2000;
- e. the Information Circular - Proxy Statement dated March 5, 2001, relating to the annual meeting of holders of Trust Units held on April 25, 2001, excluding those portions thereof which appear under the heading "Performance Chart" and "Corporate Governance" (which are not required to be incorporated by reference herein); and
- f. the material change report dated January 25, 2001 respecting the Trust's entrance into a letter agreement for the purchase of certain producing and undeveloped mineral title and gross overriding royalty properties as more particularly described under the heading "Recent Developments" herein.

Any document of the type referred to in the preceding paragraph and any interim financial statements or material change report (excluding confidential reports) which are filed by the Trust with a securities commission or other similar authority subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this short form prospectus.

GLOSSARY OF TERMS

In this short form prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated:

"**Acquireco**" means the one or more corporations which may be formed by the Trust as wholly owned subsidiaries to acquire corporate facilities and other types of oil and gas related acquisitions in addition to Canadian resource properties.

"**Acquireco Distributions**" means cash distributions made to the Trust from Acquireco, which distributions will be distributed to Unitholders, after deduction of all required deductions.

"**Additional Properties**" means working interests in oil and gas rights which may be acquired by Freehold Resources from time to time.

"**Additional Royalties**" means royalty interests in oil and gas rights which may be acquired by the Trust from time to time, including the royalties acquired by the Trust in 1997 and in 2000.

"**ARC**" means credits and rebates in respect of Crown royalties which are paid or credited by the Crown, including those paid or credited under the *Alberta Corporate Tax Act* which are commonly known as "Alberta Royalty Credits".

"**Canpar**" means Canpar Holdings Ltd.

"**Cash Distribution Date**" means the date Distributable Income is paid to Unitholders, being the 15th day following any Record Date (or if such day is not a business day, on the next business day).

"**Deferred Purchase Price Obligation**" means the ongoing obligation of the Trust to pay to Freehold Resources, to the extent of the Trust's available funds, an amount equal to 99% of the cost of, or any amount borrowed to acquire, any additional "Canadian resource property" (as defined in the Tax Act) acquired by Freehold Resources and of the cost of, or any amount borrowed to fund, certain designated capital expenditures as partial consideration for the Freehold Resources Royalty.

"**Distributable Income**" means, for any particular period, the HB Lands Royalties, Additional Royalties, the Freehold Resources Royalty, Acquireco Distributions and other income from permitted investments and ARC, if any, received by the Trust less the Trust's share of Crown royalties (other than Crown royalties which are deducted in the computation of the Royalty Income) and direct expenses of the Trust including debt service charges, general and administrative costs and acquisition fees payable pursuant to the Management Agreement.

"**Freehold Resources Royalty**" means the royalty payable by Freehold Resources to the Trust pursuant to the Freehold Resources Royalty Agreement which equals 99% of Freehold Resources royalty income.

"**Freehold Resources Royalty Agreement**" means the agreement regarding the creation and sale of the Freehold Resources Royalty, as amended, between Freehold Resources and Montreal Trust Company of Canada as trustee for and on behalf of the Trust.

"**HB Lands**" means the lands from which the HB Lands Royalties are derived.

"**HB Lands Royalties**" means the royalties representing the right to receive revenue from the HB Lands from all formations to the base of the deepest formation which was producing petroleum substances or potash at January 1, 1996 with respect to each mineral title or gross over-riding royalty acquired by the Trust from Canpar Holdings Ltd. pursuant to the Royalty Sale Agreement dated November 25, 1996 and all other royalty interest in oil and gas rights which have been acquired by the Trust from time to time thereafter.

"**Management Agreement**" means the agreement dated November 25, 1996, as amended, between the Manager, Freehold Resources and the Trustee for and on behalf of the Trust pursuant to which the Manager has agreed to provide management services to Freehold Resources and the Trust.

"**Property**" means the working, royalty or other interests of the Trust and Freehold Resources from time to time in any petroleum and natural gas rights, tangibles and miscellaneous interests.

"**Record Date**" means the last business day of each month.

"**Rife**" means Rife Resources Ltd.

"**Royalty Income**" means income to the Trust from the HB Lands Royalties, Additional Royalties and the Freehold Resources Royalty.

"**Royalty Sale Agreement**" means the purchase and sale agreement between Canpar and the Trust which provided for the purchase by the Trust from Canpar of the HB Lands Royalties.

"**Share Trust**" means the trust established by agreement dated September 30, 1996 which holds the 100 issued and outstanding common shares in the capital of Freehold Resources, the beneficiaries of which trust are the Manager, as to 20 shares, and the independent directors of Freehold Resources from time to time, as to 80 shares.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder.

"**Trustee**" means Montreal Trust Company of Canada.

"**Trust Indenture**" means the trust indenture as amended and restated May 4, 1999, between Montreal Trust Company of Canada, as trustee and the Manager, as amended from time to time.

"**Trust Units**" means the units of the Trust, each unit representing an equal undivided beneficial interest therein.

"**Underwriters**" means RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and CIBC World Markets Inc.

"**Unitholders**" means holders of Trust Units.

"**Working Interest Properties**" means the properties and assets acquired by Freehold Resources from each of Canpar Holdings Ltd. and Rife Resources Ltd. and any additional working interests acquired.

"**Working Interest Sale Agreements**" means the purchase and sale agreement between Freehold Resources and Rife and the purchase and sale agreement between Freehold Resources and Canpar which provided for the purchase by Freehold Resources from Rife and Canpar of the Working Interest Properties.

In this short form prospectus, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus, and the documents incorporated herein by reference, contain forward-looking statements which reflect the Manager's expectations regarding the Trust's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend" and similar expressions have been used to identify these forward-looking statements. These statements reflect the Manager's current beliefs and are based on information currently available to the Manager. Forward-looking statements involve significant risk, uncertainties and assumptions. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this short form prospectus, and the documents incorporated herein by reference, are based upon what the Manager believes to be reasonable assumptions, the Trust cannot assure prospective purchasers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this short form prospectus, and the Trust assumes no obligation to update or revise them to reflect new events or circumstances.

FREEHOLD ROYALTY TRUST

General

The Trust was a closed-end investment trust created under the laws of the Province of Alberta pursuant to the Trust Indenture dated September 30, 1996 as amended and restated November 25, 1996 until its conversion to an open-end trust pursuant to an amended and restated Trust Indenture dated effective May 4, 1999. The Trustee has been appointed as trustee under the Trust Indenture. The Trust was created for the purposes of purchasing the HB Lands Royalties from Canpar and the Freehold Resources Royalty from Freehold Resources and issuing Trust Units to the public. The beneficiaries of the Trust are holders of the Trust Units. The principal and head office of the Trust is located at Suite 400, 144 - 4th Avenue S.W., Calgary, Alberta T2P 3N4.

Freehold Resources was incorporated under the *Business Corporations Act* (Alberta) on June 3, 1996 as 698108 Alberta Ltd., then changed its name to Freehold Resources Ltd. on July 24, 1996. All of the issued and outstanding shares of Freehold Resources are held by the Share Trust. The business of Freehold Resources is restricted to the acquisition, development, exploitation and disposition of oil and natural gas properties, including the Working Interest Properties, and the granting of the Freehold Resources Royalty to the Trust. The head, principal and registered office of Freehold Resources is located at Suite 400, 144 - 4th Avenue S.W., Calgary, Alberta T2P 3N4.

The Manager was incorporated under the *Corporations Act* (Ontario) on March 5, 1968 under the name 75-89 Gosford Limited and continued under the *Canada Business Corporations Act* on April 20, 1979. The Manager changed its name to Rife Resources Management Ltd. on October 1, 1996. Pursuant to the Management Agreement, the Trust has retained the Manager to administer the Trust on behalf of the Trustee and Freehold Resources has retained the Manager for the purposes of identifying, evaluating and assisting in the acquisition, disposition and ongoing management and administering of the HB Lands Royalties, Additional Royalties, the Freehold Resources Royalty and the Freehold Resources Properties. The head, principal and registered office of the Manager is located at Suite 400, 144 - 4th Avenue S.W., Calgary, Alberta T2P 3N4.

General Development of the Business

Freehold Resources and the Trust were created by the Manager for purposes of purchasing and managing the HB Lands Royalties, the Freehold Resources Royalty and the Working Interest Properties.

Acquisition of the HB Lands Royalties

Pursuant to the Royalty Sale Agreement, the Trust acquired from Canpar the HB Lands Royalties for an aggregate consideration of \$186,512,000. Concurrently, Freehold Resources acquired from Canpar all of Canpar's right to the HB Lands other than the HB Lands Royalties. The acquisition of the HB Lands Royalties by the Trust closed immediately after the closing on November 25, 1996 of the initial public offering of Trust Units.

Acquisition of Freehold Resources Royalty

Freehold Resources granted the Freehold Resources Royalty to the Trust pursuant to the Freehold Royalty Agreement consisting of 99% of Royalty Income generated by the original properties and any additional properties to be acquired by Freehold Resources. The residual 1% of Royalty Income accrues to the benefit of Unitholders as it is used by Freehold Resources to defray general and administrative costs and management fees. The purchase price for the Freehold Resources Royalty was \$64,344,000 plus the Deferred Purchase Price Obligation. The acquisition of the Freehold Resources Royalty by the Trust closed immediately after the closing on November 25, 1996 of the Trust's initial public offering of Trust Units.

Acquisition of Working Interest Properties

Pursuant to the Working Interest Sale Agreements, Freehold Resources acquired the Working Interest Properties on November 25, 1996 for aggregate consideration of \$74,344,000 with the proceeds of the sale of the Freehold Resources Royalty and \$10,000,000 which was borrowed by Freehold Resources from a chartered bank. The acquisition of the Working Interest Properties by Freehold Resources occurred immediately following the closing of the Trust's initial public offering of Trust Units on November 25, 1996.

Additional Properties Acquired During 1997

In the spring of 1997, Freehold Resources acquired working interest and minor royalty properties in Western Canada for \$17.3 million. As part of the transaction, a 25.56% working interest was purchased in the Pouce Coupe South Boundary "B" Unit #2, which produces light oil from the Boundary formation.

Additional Royalties Acquired During 1997

During 1997, the Trust acquired additional royalty production and undeveloped royalty lands located in the Swift Current area of Saskatchewan for \$5.0 million.

Later in 1997, producing royalties were purchased at the Giltedge and Wildmere areas of Alberta for \$5.1 million, predominantly a 2.4% royalty interest in the Wildmere Lloydminster A Unit No. 1.

RECENT DEVELOPMENTS

Additional Acquisitions During 2000

Effective April 1, 2000, the Trust acquired producing royalties at Luseland, Saskatchewan, and a 20% working interest in 520 acres in the same area for \$5.1 million. The properties acquired added approximately 250 barrels of oil equivalent per day (115 barrels of royalty oil production and 135 barrels of working interest oil production). Effective June 1, 2000 the Trust increased its royalty interest in the Lindale Cardium Unit by acquiring mineral title land and gross overriding royalty lands in the unit.

Additional Acquisitions During 2001

On April 30, 2001, the Trust completed the acquisition of producing and undeveloped mineral title and gross overriding royalty properties in Southeast Saskatchewan (the "Acquisition"). The properties acquired were the subject of a larger prior purchase and sale transaction between the vendor and Rife Resources Ltd. ("Rife"), owner of the Manager. The Trust acquired from Rife all of the producing royalty interests contained in the package and a portion of the undeveloped mineral title and gross overriding lands.

The adjustment date for revenue and cost adjustment purposes for the Acquisition was January 1, 2001. The purchase price, net of closing adjustments, was \$25.7 million and was financed through the Trust's credit facility.

Based on an independent reserve report prepared by Sproule Associates Limited with respect to the Acquisition, established reserves (proven plus half probable) at January 1, 2001 were 1.5 million barrels of oil equivalent (Boe at 10:1). The reserve life index is 8.2 years, based on estimated production of 500 barrels per day, with an economic life of more than 20 years.

Beginning May 1, 2001, the properties acquired in the Acquisition will contribute approximately 500 barrels per day of medium to light oil royalty production (average 30° API) to the Trust's production base. As there are no operating and capital costs or third party royalties associated with royalty production, this high quality oil receives very high netbacks. The acquisition of these diverse royalty properties includes 137,000 gross acres of undeveloped lands, mainly mineral title lands.

Announcement of First Quarter Results

On April 25, 2001 the Trust announced results for the first quarter ending March 31, 2001.

Daily production for the first quarter of 2001 averaged 4,956 barrels of oil equivalent, 12% higher than the first quarter of last year. Of the increase, 130 barrels of oil equivalent per day resulted from wells drilled on the Trust's royalty lands at no cost to the Trust. The Trust's acquisition of the Luseland, Saskatchewan property effective April 1, 2000, contributed 365 barrels of oil equivalent per day to the increase in the first quarter. Compared with the first quarter last year, royalty production was up 10% to 3,085 barrels of oil equivalent, and working interest production rose 14% to 1,871 barrels of oil equivalent.

Total revenues for the first quarter of 2001 rose 40% to a record \$17.7 million. Higher production volumes combined with strong natural gas prices were the major contributors to the increase. The benchmark West Texas Intermediate oil price

averaged US\$28.72 per barrel for the first quarter, which was virtually the same as the comparative period last year. However, the Trust's average crude oil and natural gas liquids price at C\$24.88 per barrel, was down 25% from the first quarter last year, primarily due to wider differentials for heavy oil. The decrease in the Trust's average liquids price was offset by extremely strong first quarter natural gas prices received. The Trust's average natural gas price rose 254% to \$10.12 per thousand cubic feet. Approximately 53% of the Trust's revenue in the first quarter was derived from natural gas.

A total of 126 (2.0 net) royalty wells (includes unitized wells) were drilled in the first quarter of 2001 compared to 167 (2.6 net) during the first quarter of 2000. The royalty wells drilled had a 99% success rate. The production and reserve additions from this new drilling will be reflected throughout 2001 and is expected to offset normal decline from the royalty properties.

The Trust participated in the drilling of 31 working interest wells (1.4 net) during the quarter, compared to 31 (2.9 net) in the first quarter of 2000. The majority of drilling took place at Pembina Cardium Unit No. 9 in Alberta (9.9% working interest), where a total of 12 wells (1.2 net) were drilled. The production increase from this drilling and the wells drilled late in 2000 will be reflected in the second and third quarters of 2001. At Ribstone, Alberta (16.67% working interest), an 18 well infill drilling program, facility upgrading and waterflood, for a total cost of \$1.5 million net to the Trust, was completed late in 2000. The waterflood is now functional and production from the new wells has been increasing steadily.

USE OF PROCEEDS

The net proceeds to the Trust from the sale of the Trust Units hereunder are estimated to be \$30,530,884 after deducting the fees of \$1,134,116.25 payable to the Underwriters and the estimated expenses of the issue of \$180,000. The net proceeds of approximately \$30.5 million will be used to repay the Trust's credit facilities, \$22 million of which debt was incurred to complete the Acquisition and a portion of which debt was incurred to finance the Trust's 2001 capital expenditure program of \$2.4 million. The reduced bank indebtedness strengthens the Trust's balance sheet for future acquisitions. See "Relationship Between the Trust and Freehold Resources' Lenders and Underwriters".

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated May 2, 2001 (the "Underwriting Agreement") among the Trust, the Manager, Freehold Resources and the Underwriters, the Trust has agreed to issue and sell the Trust Units and the Underwriters have severally agreed to purchase on May 17, 2001, or such other date as may be agreed upon but not later than May 28, 2001, subject to the terms and conditions stated therein, 2,350,500 of the Trust Units offered hereby at a price of \$9.65 per Trust Unit. The offering price of the Trust Units was determined by negotiation among the Manager and Freehold Resources on behalf of the Trust and the Underwriters. In consideration for their services in connection with this offering, the Underwriters will be paid a fee of \$0.4825 per Trust Unit issued by the Trust, excluding the 949,500 Trust Units which the Trust intends to issue to CN Pension at a price of \$9.65 per Trust Unit for aggregate proceeds of \$9,162,675. The Underwriters have agreed that no fee will be payable to the Underwriters for the Trust Units to be issued to CN Pension pursuant to this offering.

The obligations of the Underwriters under the Underwriting Agreement are several and the Underwriters may terminate their obligations at their discretion upon the occurrence of certain stated events. If one or more of the Underwriters fails to purchase its allotment of Trust Units, the remaining Underwriter or Underwriters may, but are not obligated to, purchase the Trust Units not purchased by the Underwriter or Underwriters who failed to purchase. If one or more of the Underwriters who have an obligation to purchase the Trust Units offered hereunder fail to purchase their allotment of Trust Units, the remaining Underwriter or Underwriters may terminate their obligations under the Underwriting Agreement.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Underwriters may not, throughout the period of distribution under this prospectus, bid for or purchase Trust Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged for the purpose of creating actual or apparent active trading in, or raising the price of, the Trust Units. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSE relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase was not engaged for the purpose of creating actual or apparent trading in, or raising the price of the Trust Units. In connection with this offering, and subject to the foregoing, the Underwriters may effect transactions which stabilize or maintain the market price for the Trust Units at

levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Trust has agreed that it will not, without the prior consent of RBC Dominion Securities Inc. on behalf of the Underwriters pursuant to the Underwriting Agreement, which consent may not be unreasonably withheld, directly or indirectly, authorize, issue or sell any Trust Units or any securities giving the right to acquire Trust Units or agree or announce the intention to do so, at any time prior to the date 90 days following the closing of the offering, except for the issuance of Trust Units pursuant to the distribution reinvestment and optional Trust Unit purchase plan, the issuance of securities in connection with an acquisition, merger, consolidation or amalgamation and the issuance of Trust Units upon the exercise of other currently existing rights.

Certificates for the Trust Units will be available for delivery at the closing of this offering, which is expected to take place on or about May 17, 2001, but in any event not later than May 28, 2001.

The Trust has applied to list the securities distributed under this short form prospectus on the TSE. Listing will be subject to the Trust fulfilling all the listing requirements of the TSE.

The Trust Units have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "US Securities Act"). Accordingly, subject to certain exceptions, the Trust Units may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the US Securities Act. Each Underwriter has agreed that it will not offer, sell or deliver Trust Units within the United States or to United States residents.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Trust Units within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

The Trust, the Manager and Freehold Resources have agreed to indemnify the Underwriters and their controlling persons, directors, officers and employees against certain liabilities.

DESCRIPTION OF TRUST UNITS

An unlimited number of Trust Units have been created and may be issued pursuant to the Trust Indenture. The Trust Units represent equal undivided beneficial interests in the Trust. All Trust Units share equally in all distributions from the Trust and all Trust Units carry equal voting rights at meetings of Unitholders. No Unitholder will be liable to pay any further calls or assessments in respect of the Trust Units.

The Trust Indenture, among other things, provides for the calling of meetings of Unitholders, the conduct of business thereof, notice provisions, the appointment and removal of the Trustee and the form of Trust Unit certificates. The Trust Indenture may be amended from time to time. Substantive amendments to the Trust Indenture, including early termination of the Trust and the sale or transfer of the property of the Trust as an entirety or substantially as an entirety, require approval by special resolution of the Unitholders.

Trust Units are redeemable at any time on demand by the holders thereof upon delivery to the Trust of the certificate or certificates representing such Trust Units, accompanied by a duly completed and properly executed notice requesting redemption. Upon receipt of the redemption request by the Trust, all rights to and under the Trust Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Trust Unit equal to the lesser of: (i) 90% of the market price of the Trust Units on the TSE or if not trading on the TSE at such time the principal market on which the Trust Units are quoted for trading at such time (the "Principal Market") during the 10 trading day period commencing immediately after the day on which the Trust Units are surrendered for redemption; and (ii) 90% of the "closing market price" on the Principal Market on which the Trust Units are quoted for trading on the date that the Trust Units are surrendered for redemption.

In order for the Trust to maintain its status as a mutual fund trust under the Tax Act, the Trust must not be established or maintained primarily for the benefit of non-residents of Canada ("non-residents") within the meaning of the Tax Act. Accordingly, the Trust Indenture provides that at no time may non-residents be the beneficial owners of a majority of the Trust Units. If the Trustee becomes aware that the beneficial owners of 49% of the Trust Units then outstanding are or may be non-residents or that such a situation is imminent, the trustee may make a public announcement thereof and shall not accept a subscription for Trust Units from or issue or register a transfer of Trust Units to a person unless the person

provides a declaration that the person is not a non-resident. Notwithstanding the foregoing, if the Trustee determines that a majority of the Trust Units are held by non-residents, the Trustee may send a notice to non-resident holders of Trust Units, chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustee may consider equitable and practicable, requiring them to sell their Trust Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Trust Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may on behalf of such Unitholders sell such Trust Units and, in the interim, shall suspend the voting and payment of Distributable Income and other rights attached to such Trust Units and shall make any distribution in respect of such Trust Units by depositing such amounts in a separate bank account. Upon such sale, the affected holders shall cease to be holders of Trust Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Trust Units.

COMBINED CAPITALIZATION OF THE TRUST AND FREEHOLD RESOURCES

The following table sets forth the combined capitalization of the Trust and Freehold Resources as at December 31, 2000, March 31, 2001 and as at April 30, 2001 both before and after giving effect to this offering:

(\$000's except for Trust Units)

	As at December 31, 2000 (audited)	As at March 31, 2001 (unaudited)	As at April 30, 2001 before giving effect to this offering (unaudited)	As at April 30, 2001 after giving effect to this offering (unaudited)
Long Term Debt ⁽¹⁾⁽²⁾	\$ 38,000	\$ 38,000	\$ 60,000	\$ 29,469 ⁽³⁾
Unitholders' Equity	\$ 183,029 (26,728,000 Trust Units)	\$ 182,868 (26,748,000 Trust Units)	\$ 182,935 (26,754,667 Trust Units)	\$ 213,466 (30,054,667 Trust Units)

Notes:

- (1) The Trust and Freehold Resources have a combined \$65 million line of credit with a major Canadian chartered bank, consisting of a \$50 million committed operating facility and a \$15 million demand production facility. The facilities are secured by a general security agreement from the Trust and Freehold Resources providing a first priority security interest in both Freehold Resources' and the Trust's assets and a specific assignment of royalties. In addition, a demand debenture is pledged from both Freehold Resources and the Trust in the amount of \$75 million, conveying a first floating charge over all property. The facilities are subject to an annual review by the lender. Borrowings under the facilities bear interest at the bank's prime lending rate, banker's acceptance or LIBOR rates plus applicable margins, ranging from 75 to 130 basis points.
- (2) Excludes cash and other working capital.
- (3) Assumes long term debt of \$22 million is repaid with the net proceeds of this offering. See "Use of Proceeds".

PRICE RANGE AND TRADING VOLUME OF TRUST UNITS

The Trust Units are listed and posted for trading on the TSE. The following table sets forth the high and low closing prices and the aggregate volume of trading of the Trust Units on the TSE for the periods indicated (as quoted by the TSE):

Period	The Toronto Stock Exchange		
	High \$	Low \$	Volume
1998			
First Quarter	9.80	7.30	1,465,642
Second Quarter	8.40	6.00	2,589,283
Third Quarter	8.20	4.55	2,411,327
Fourth Quarter	7.10	4.15	3,220,034
1999			
First Quarter	5.35	4.13	1,641,512
Second Quarter	6.00	4.56	1,051,213
Third Quarter	6.90	5.15	1,263,573
Fourth Quarter	6.40	5.25	1,824,575

Period	The Toronto Stock Exchange		
	High \$	Low \$	Volume
2000			
First Quarter	6.70	5.60	1,933,646
Second Quarter	8.00	6.00	1,552,502
Third Quarter	9.50	7.25	1,902,942
Fourth Quarter	9.15	8.00	1,362,516
2001			
January	9.45	8.35	449,277
February	10.00	8.85	538,839
March	9.40	8.60	441,600
April	10.10	8.72	681,000

On April 30, 2001, the last trading day the Trust Units traded prior to announcement of this offering, the closing price of the Trust Units was \$10.10. On May 8, 2001, the closing price of the Trust Units was \$9.78.

RELATIONSHIP BETWEEN THE TRUST AND FREEHOLD RESOURCES' LENDERS AND UNDERWRITERS

CIBC World Markets Inc., one of the Underwriters, is a wholly-owned subsidiary of a Canadian chartered bank which is a lender to the Trust and Freehold Resources and to which the Trust and Freehold Resources are indebted. See note (1) to the table under "Combined Capitalization of the Trust and Freehold Resources" for a description of the credit facility of the Trust and Freehold Resources. The decision to distribute the Trust Units hereby and the determination of the terms of distribution were made through negotiations among the Manager and Freehold Resources, on behalf of the Trust, and RBC Dominion Securities Inc., on behalf of the Underwriters. The bank did not have any involvement in such decision or determination; however, the bank has been advised of the issuance and the terms thereof. As a consequence of this issuance, CIBC World Markets Inc. will receive its respective share of the Underwriters' fee. See "Use of Proceeds".

RISK FACTORS

An investment in the Trust Units offered hereunder is speculative and involves a high degree of risk. The risk factors identified in the Annual Information Form of the Trust dated March 3, 2000, which is incorporated by reference herein, should be carefully reviewed and evaluated by prospective subscribers before purchasing the Trust Units being offered hereunder.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP and Bennett Jones LLP (collectively "Counsel"), the following summary fairly describes the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a Unitholder who acquires Trust Units pursuant to this offering and who, for purposes of the Tax Act, is resident in Canada, holds the Trust Units as capital property and deals at arm's length with the Trust and the Underwriters. Generally speaking, Trust Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Trust Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Trust Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to a Unitholder that is a "financial institution" as defined in the Tax Act for purposes of the mark-to-market rules or to a Unitholder an interest in which would be a "tax shelter investment" as defined in the Tax Act. Any such Unitholders should consult their own tax advisors with respect to an investment in Trust Units.

This summary is based upon the provisions of the Tax Act, the Income Tax Regulations (the "Regulations") in force as of the date hereof, the *Alberta Corporate Tax Act*, all specific proposals to amend the Tax Act, the Regulations and the *Alberta Corporate Tax Act* that have been publicly announced prior to the date hereof (the "Proposed Amendments") and Counsel's understanding of the current administrative and assessing policies of the Canada Customs and Revenue Agency. No advance income tax ruling has been requested in respect of this offering.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial (except for certain aspects relating to ARC), territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Trust Units. Consequently, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

Status of the Trust

The Trustee and the Manager have advised Counsel that the Trust presently qualifies as a "unit trust" and a "mutual fund trust" as defined by the Tax Act, and this summary assumes that the Trust will continue to so qualify. The qualification of the Trust as a mutual fund trust requires that certain factual conditions generally be met throughout its existence. These conditions include that the Trust must not be established nor maintained primarily for the benefit of non-residents and that there must be at least 150 Unitholders each of whom owns not less than one "block" of Trust Units having a fair market value of not less than \$500. The Manager has advised Counsel that it is intended that all such requirements will be satisfied so that the Trust will continue to qualify as a mutual fund trust and opinions of Counsel contained in this offering assume that the Trust qualifies as a unit trust and a mutual fund trust and will continue to so qualify. In the event the Trust were not to so qualify, the income tax considerations would in some respects be materially different from those described below.

If the Trust ceases to qualify as a mutual fund trust, the Trust Units will cease to be qualified investments for registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), registered education savings plans (RESPs) and deferred profit sharing plans (collectively, "Exempt Plans"). Where at the end of any month an Exempt Plan holds Trust Units that are not qualified investments, the Exempt Plan must, in respect of that month, pay a tax under Part XI.1 of the Tax Act equal to 1% of the fair market value of the Trust Units at the time such Trust Units were acquired by the Exempt Plan. In addition, where a trust governed by an RRSP or RRIF holds Trust Units that are not qualified investments, the trust will become taxable on its income attributable to, and any capital gain from the disposition of, the Trust Units while they are not qualified investments. In addition, where a trust governed by a RESP holds Trust Units that are not qualified investments, the registration of the Plan may be revoked.

If the Trust ceases to qualify as a mutual fund trust, the Trust will be required to pay a tax under Part XII.2 of the Tax Act in respect of amounts distributed to non-resident persons. The payment of Part XII.2 tax by the Trust may have adverse income tax consequences for certain Unitholders.

Income of the Trust

The Trust will be required to include in computing its income for a taxation year all amounts that it receives in that year in respect of the Royalties, including the amount which is paid by the Trust to Freehold Resources in reimbursement of Freehold Resources' obligation to pay Crown charges, and other amounts subject to set off. Costs incurred in the issuance of Trust Units may generally be deducted by the Trust on a five year, straight line basis. The Trust will be entitled to deduct reasonable current expenses incurred in its ongoing operation as well as annual deductions in respect of cumulative Canadian oil and gas property expense ("COGPE"), cumulative Canadian development expense ("CDE") and resource allowance.

The cost to the Trust of the Royalties, including any amount paid under the Deferred Purchase Price Obligation will, when incurred, be added to the Trust's cumulative COGPE account. Any amount which is receivable by the Trust from the release of the Royalty will be deducted from the Trust's cumulative COGPE (see "Deferred Purchase Price Obligation and the Release of the Royalty on Certain Properties"). The Trust may deduct, in computing its income from all sources for a taxation year, an amount not exceeding 10%, on a declining basis, proportionately reduced for taxation years of less than 365 days, of any positive balance of its cumulative COGPE account at the end of that year. If the balance of the cumulative COGPE of the Trust at the end of a particular taxation year after all additions and deductions for that year have been made would otherwise be a negative amount, the negative amount will be applied to reduce any available cumulative CDE and the balance, if any, will be included in the Trust's income for the purposes of the Tax Act for that year.

The Trust's resource allowance is computed as being 25% of its adjusted resource profits, calculated in accordance with the Regulations. Generally, the Trust's adjusted resource profits will equal its income from the Royalties prior to any deduction in respect of its cumulative COGPE and cumulative CDE and any amount deducted in respect of distributions

to Unitholders, as described below. Royalties payments which do not have a corresponding obligation to effect a reimbursement of Crown Royalties will not be included in the Trust's resource profits.

The Tax Act requires the Trust to compute its income or loss for a taxation year as though it were an individual resident in Canada. The taxation year of the Trust is the calendar year. To the extent that the Trust has any income for a taxation year after the inclusions and deductions outlined above, the Trust will be permitted to deduct all amounts which are payable by it to Unitholders in the year and any amounts which constitute the excess, if any, of Crown charges reimbursed by the Trust to Freehold Resources over the resource allowance deductible by the Trust for that year, to the extent that such excess amounts are designated to the Unitholders for that year. See "The Unitholders - Income from Trust Units", below. The Trustee has agreed to designate the full amount of any such excess amounts annually in favour of the Unitholders. Accordingly, it is anticipated that the Trust will generally not have any taxable income for the purposes of the Tax Act. The Trust may, at its discretion, claim a deduction in computing income for a taxation year in an amount less than its income for the year that becomes payable to Unitholders in the year in order to utilize losses from prior taxation years. The Trustee has agreed to claim all deductions in computing income and taxable income to the maximum extent allowed by the Tax Act.

Deferred Purchase Price Obligation and the Release of the Royalty on Certain Properties

Where as a result of a sale of a Property by Freehold Resources and the release of the Royalty relating to that Property, an amount becomes receivable by the Trust in a taxation year such amount will be required to be deducted from the balance of the Trust's cumulative COGPE account otherwise determined at the end of that year. If all or a portion of the consideration receivable in a taxation year upon the release of the Royalty relating to a Property is used pursuant to the Deferred Purchase Price Obligation to acquire in that year one or more replacement Canadian resource properties, the amount so used will be added, in that year, to the cumulative COGPE account of the Trust to the extent of its share of the portion of the consideration that is so used.

Entitlement to Alberta Royalty Tax Credits

Under the *Alberta Corporate Tax Act*, certain taxpayers are entitled to claim ARC in respect of Crown Royalties paid on properties located in Alberta. Under current legislation, ARC is based on a price sensitive formula linked to crude oil prices. Credits vary from a high of 75% of eligible Alberta Crown Royalties when the Royalty Tax Credit reference price ("RTCPR") is \$100/m³ or less (approximately U.S. \$12 per barrel), to a low of 25% of Alberta Crown Royalties when the RTCPR is \$210/m³ or more (approximately U.S. \$25 per barrel). The maximum Alberta Crown Royalty to which the rate applies annually is \$2 million per applicant or associated group of applicants.

Under the Proposed Amendments, the Trust is not entitled to claim ARC in respect of Alberta Crown Royalties incurred after December 31, 2000. However, Freehold Resources is entitled to claim ARC in respect of the portion of the Alberta Crown Royalties where the properties to which the Alberta Crown Royalties relate are not otherwise "restricted resource properties". Freehold Resources will use the ARC to defray other expenses and capital expenditures of Freehold Resources thereby effectively increasing Royalty Income.

The Unitholders

Income from Trust Units

Each Unitholder is required to include in computing income for a particular taxation year the Unitholder's pro rata share of the Trust's income for tax purposes that was payable in that year by the Trust to that Unitholder whether such amounts are reinvested in additional Trust Units and whether such amounts are actually paid to the Unitholder in that year, together with all amounts designated to him as reimbursed Crown charges in excess of the resource allowance deducted in computing the Trust's income. An amount will be considered to be payable to the Unitholders in a taxation year if it is paid in the year by the Trust or the Unitholders are entitled in that year to enforce payment of the amount. Income of a Unitholder from the Trust Units will be considered to be income from property and not business income or income from production for purposes of the Tax Act. Any loss of the Trust for purposes of the Tax Act cannot be allocated to and treated as a loss of the Unitholders. The amount of income allocable to a Unitholder may vary from the amount of cash payments as a result of the deduction of non-cash expenses by the Trust, and the non-deductibility or deferred deductibility of certain Trust expenditures.

Adjusted Cost Base of Trust Units

The cost to a Unitholder of Trust Units acquired pursuant to this offering will equal the purchase price of the Trust Units plus the amount of any other reasonable costs incurred in connection therewith. Trust Units issued pursuant to a reinvestment of distributions will be considered to be acquired at a cost equal to the amount of the distributions. This cost will be averaged with the cost of all other Trust Units to determine the adjusted cost base of each Trust Unit. Amounts distributed by the Trust to a Unitholder in respect of a Trust Unit will reduce the Unitholder's adjusted cost base of the Trust Unit to the extent that the amount distributed is in excess of the Trust's income for the purposes of the Tax Act computed prior to any deduction for amounts distributed to Unitholders. To the extent that the adjusted cost base to a holder of Trust Units would otherwise be less than zero, the negative amount will be treated as a capital gain from the disposition of such Trust Units.

Disposition of Trust Units

An actual or deemed disposition of Trust Units (other than in a tax-deferred transaction) will give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater than (or less than) the adjusted cost base to the holder of such Trust Units plus reasonable costs associated with the disposition.

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Unitholder in a taxation year must be included in the Unitholder's income under the Tax Act for the year, and one-half of any capital loss (an "allowable capital loss") realized by a Unitholder in a taxation year may be deducted from taxable capital gains realized by the Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Unitholder that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including taxable capital gains.

Taxable capital gains realized by a Unitholder that is an individual may give rise to alternative minimum tax depending on the Unitholder's circumstances.

Interest on Funds Borrowed to Acquire Trust Units

Reasonable amounts of interest which are paid or payable pursuant to a legal obligation by a Unitholder on borrowed money used to acquire Trust Units will generally be deductible in computing the Unitholder's income for the period during which the person holds the Trust Units.

Redemption of Trust Units

A redemption of Trust Units in consideration for cash or promissory notes issued by Freehold Resources ("Freehold Resources Notes"), as the case may be, will be a disposition of such Trust Units for proceeds of disposition equal to such cash or Freehold Resources Notes, as the case may be. Redeeming Unitholders will consequently realize a capital gain, or sustain a capital loss, depending upon whether the amount received exceeds, or is exceeded by, the adjusted cost base of the Trust Units so redeemed. The receipt of Freehold Resources Notes in substitution for Trust Units may result in a change in the income tax characterization of distributions, and will require most holders of Freehold Resources Notes to include interest on their Freehold Resources Notes as it accrues no later than each anniversary date of the acquisition of such Freehold Resources Notes.

ELIGIBILITY FOR INVESTMENT

In the opinion of Burnet, Duckworth & Palmer LLP and Bennett Jones LLP, the Trust Units will, subject to the assumptions contained in "Canadian Federal Income Tax Considerations" being met on the date of closing and on a continuous basis, be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans under the Tax Act as in effect on the date hereof. Based on representations of the Manager, the Trust Units will not constitute foreign property for such plans.

In the opinion of Burnet, Duckworth & Palmer LLP and Bennett Jones LLP, based on the legislation in effect on the date hereof, the provisions of:

Insurance Companies Act (Canada);
Trust and Loan Companies Act (Canada);
Cooperative Credit Associations Act (Canada);
Pension Benefits Standards Act, 1985 (Canada);
Loan and Trust Corporations Act (Alberta);
Insurance Act (Alberta);
Alberta Heritage Savings Trust Fund Act (Alberta);
Employment Pension Plans Act (Alberta);
Pension Benefits Standards Act (British Columbia);
Financial Institutions Act (British Columbia);
The Pension Benefits Act, 1992 (Saskatchewan);

The Insurance Act (Manitoba);
The Trustee Act (Manitoba);
The Pension Benefits Act (Manitoba);
Pension Benefits Act (Ontario);
Trustee Act (Ontario);
Loan and Trust Corporations Act (Ontario);
an Act respecting insurance (Québec);
an Act respecting trust companies and
savings companies (Québec); and
Supplemental Pension Plans Act (Québec);

would not preclude, subject to compliance with prudent investment standards or criteria, or, if applicable, investment policies, procedures or goals which have been filed, where required, with the appropriate regulatory authorities and the general investment provisions of such statutes (and, where applicable, the regulations thereunder), an investment in the Trust Units by companies, corporations, pension plans or persons registered thereunder or governed thereby.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Trust Units offered hereby will be passed upon on behalf of the Trust by Burnet, Duckworth & Palmer LLP, Calgary, and on behalf of the Underwriters by Bennett Jones LLP, Calgary. As of the date hereof, each of the partners and associates of Burnet, Duckworth & Palmer LLP, as a group, and the partners and associates of Bennett Jones LLP, as a group, owned less than 1% of the outstanding Trust Units.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Trust are KPMG LLP, Chartered Accountants, Calgary, Alberta.

The transfer agent and registrar for the Trust Units is Montreal Trust Company of Canada at its principal offices in Calgary and Toronto.

INTERESTS OF EXPERTS

As of the date hereof, the partners and associates of each of Burnet, Duckworth & Palmer LLP, and Bennett Jones LLP, as a group, beneficially own, directly or indirectly, less than 1% of the Trust Units of the Trust. As of the date hereof, the partners of KPMG LLP, as a group, did not beneficially own, any Trust Units of the Trust. As of the date hereof, the directors, officers and associates of Grant Trimble Engineering Ltd., as a group, did not beneficially own, directly or indirectly, any Trust Units of the Trust.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages, if the prospectus or any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE TRUST

Dated: May 9, 2001

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities laws of all of the provinces of Canada. For the purposes of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

FREEHOLD ROYALTY TRUST
By: Freehold Resources Ltd.

(signed) David J. Sandmeyer
President and Chief Executive Officer

(signed) Joseph N. Holowisky
Vice-President, Finance and
Chief Financial Officer

On behalf of the Board of Directors:

(signed) P. Michael Maher
Director

(signed) Peter T. Harrison
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: May 9, 2001

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities laws of all of the provinces of Canada. For the purposes of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that it is likely to affect the value or the market price of the securities to be distributed.

RBC DOMINION SECURITIES INC.

By: (signed) Andrew Osis

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

By: (signed) Aaron M. Engen

By: (signed) Brenda A. Mason