

**FREEHOLD RESOURCES LTD.**

**- AND -**

**RIFE RESOURCES MANAGEMENT LTD.**

**- AND -**

**COMPUTERSHARE TRUST COMPANY OF CANADA**

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**AMENDED AND RESTATED  
UNANIMOUS SHAREHOLDERS AGREEMENT**

**Dated December 31, 2004**

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**TABLE OF CONTENTS**

	<b>Page</b>
Article 1 INTERPRETATION .....	2
Article 2 EFFECT AND IMPLEMENTATION OF AGREEMENT .....	3
Article 3 DIRECTORS .....	4
Article 4 VOTING .....	4
Article 5 ISSUE OF SHARES .....	5
Article 6 DIVIDENDS.....	5
Article 7 WAIVER .....	5
Article 8 SUBSEQUENT PARTIES TO THIS AGREEMENT.....	5
Article 9 SHAREHOLDER NO LONGER BOUND .....	5
Article 10 TERM OF AGREEMENT .....	5
Article 11 GENERAL PROVISIONS .....	6

## AMENDED AND RESTATED UNANIMOUS SHAREHOLDER AGREEMENT

THIS AGREEMENT is dated effective the 31<sup>st</sup> day of December, 2004.

AMONG:

**FREEHOLD RESOURCES LTD.**, a body corporate with offices in Calgary, Alberta (hereinafter referred to as the "**Corporation**")

OF THE FIRST PART

AND

**RIFE RESOURCES MANAGEMENT LTD.**, a body corporate with offices in Calgary, Alberta (hereinafter referred to as the "**Manager**")

OF THE SECOND PART

AND

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company incorporated under the laws of Canada, in its capacity as trustee of Freehold Royalty Trust, a trust formed pursuant to the laws of Alberta, pursuant to the Trust Indenture (hereinafter referred to as the "**Trustee**")

OF THE THIRD PART

WHEREAS:

- A. the Corporation was incorporated on June 3, 1996 under the *Business Corporations Act* (Alberta) as 698108 Alberta Ltd. and changed its name to "Freehold Resources Ltd." on July 24, 1996;
- B. the authorized and issued capital of the Corporation consists of an unlimited number of common shares of which 100 common shares (the "Shares") are issued and outstanding and held by Freehold Royalty Trust (the "Shareholder");
- C. the rights and obligations of the shareholders of the Corporation, from time to time, in respect of the Shares now or hereafter owned, the rights and obligations of the Unitholders in respect of the Trust Units now or hereafter owned by them, the management and control of the Corporation and certain other matters as hereinafter set forth were previously set forth pursuant to and in accordance with a unanimous shareholder agreement entered into among the Parties or their predecessors, as applicable, dated November 25, 1996 (the "Original USA");
- D. as a result of the Trust converting from a "closed-end" investment trust to an "open-end" investment trust under the laws of the Province of Alberta pursuant to the Trust Indenture, the Shares being transferred from Montreal Trust Company to the Shareholder and the Share Trust Agreement being terminated the Parties wish to amend and re-state the Original USA;
- E. the Parties intend that this Agreement shall operate and be construed as an Amended and Restated Unanimous Shareholder Agreement under the Act; and

F. the Parties have agreed to do all such things as may be necessary in order to give effect to this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and the mutual covenants and agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties hereto agree as follows:

## ARTICLE 1 INTERPRETATION

1.1 The parties hereto represent that, to the extent that the subject matter therein is within their knowledge or control, the recitals to this Agreement are true and correct and the parties hereto agree that such recitals form an integral part of this Agreement.

1.2 In the Agreement unless there is something in the subject matter or context inconsistent therewith:

- (a) "**Act**" means the *Business Corporations Act*, Revised Statutes of Alberta, 2000, c. B-9, as amended from time to time and every statute that may be substituted therefor, and in the case of any such amendment and substitution, any reference in this Agreement to the Act shall be read as referring to the amended or substituted provisions therefor;
- (b) "**Affiliate**" has the meaning ascribed thereto in the Act;
- (c) "**Agreement**" means this Amended and Restated Unanimous Shareholders Agreement and any agreements or schedules supplemental or ancillary hereto, which replaces in its entirety the Original USA;
- (d) "**Appoint**" includes "elect" and vice versa;
- (e) "**Articles of Incorporation**" means the Articles of Incorporation of the Corporation, as the same may be amended from time to time;
- (f) "**By-Laws**" means the by-laws of the Corporation from time to time in force and effect;
- (g) "**Independent Directors**" means the directors of the Corporation from time to time who are elected by Unitholders;
- (h) "**Management Agreement**" means the Management Agreement dated November 25, 1996 between the Corporation, the Trustee for and on behalf of the Trust and the Manager, as amended from time to time;
- (i) "**Parties**" means the parties to this Agreement;
- (j) "**Person**" means an individual, corporation, partnership, trustee, syndicate, entity, association or unincorporated organization, and words importing persons have a similar meaning;
- (k) "**Shares**" means the shares of the Corporation of any class from time to time outstanding which, as of the date hereof, consists of one hundred common shares without nominal or par value;

- (l) "**Share Trust**" means the trust established by the Share Trust Agreement which formerly held the one hundred (100) issued and outstanding Shares, the beneficiaries of which trust were the Manager as to twenty (20) Shares, and the Independent Directors as to eighty (80) Shares;
- (m) "**Share Trust Agreement**" means the agreement dated November 25, 1996, between Montreal Trust Company for and on behalf of the Independent Directors and the Manager, the Corporation and Burnet, Duckworth & Palmer, as settlor of the Share Trust, which Share Trust Agreement has been terminated in its entirety;
- (n) "**Special Resolution**" has the meaning ascribed thereto in the Trust Indenture;
- (o) "**Trust**" means Freehold Royalty Trust;
- (p) "**Trust Indenture**" means the Trust Indenture made as of September 30, 1996, between RBC Dominion Securities Inc., as settlor, the Corporation and the Trustee for and on behalf of the Unitholders providing for the establishment of the Trust and the creation and issue of the Trust Units, as amended from time to time;
- (q) "**Trust Fund**" has the meaning ascribed thereto in the Trust Indenture;
- (r) "**Trust Units**" has the meaning ascribed thereto in the Trust Indenture; and
- (s) "**Unitholders**" means the holders from time to time of one or more Trust Units.

1.3 Unless the context otherwise requires, where capitalized terms defined in the Trust Indenture are used herein without definition, the definitions set out therein shall apply to this Agreement.

1.4 In this Agreement, words importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender and vice versa where the context so requires.

1.5 The division of this Agreement into Articles and Sections and the Article and Section headings are for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

## **ARTICLE 2**

### **EFFECT AND IMPLEMENTATION OF AGREEMENT**

2.1 This Agreement constitutes an Amended and Restated Unanimous Shareholder Agreement within the meaning of the Act.

2.2 The Shareholder covenants and agrees that it shall vote or cause to be voted all Shares of the Corporation owned by it to accomplish and give effect to the terms and conditions of this Agreement.

2.3 In the event of any conflict between the provisions of this Agreement on the one hand, and the Articles of Incorporation or By-Laws on the other, the Shareholder agrees to vote or to cause to be voted all Shares owned by it so as to cause the Articles or By-laws, or both, as the case may be, to be amended to resolve any such conflict in favour of the provisions of this Agreement.

2.4 The Corporation by its execution hereof acknowledges that it has actual notice of the terms of this Agreement, consents hereto and hereby covenants with the Shareholder and the Trustee (for

the benefit of the Trust and the Unitholders) that it will at all times during the term of this Agreement be governed by the terms and provisions hereof in carrying out its business and affairs and, accordingly, shall give or cause to be given such notices, execute or cause to be executed such documents and do or cause to be done all such acts, matters and things as may from time to time be necessary or required to carry out the terms and intent hereof.

2.5 The parties hereto acknowledge that the Trustee is entering into this Agreement solely in its capacity as trustee of the Trust and the obligations of the Trustee hereunder shall not be personally binding upon the Trustee or any Unitholder and that any recourse against the Trust, the Trustee or any Unitholders in any manner in respect of any indebtedness, obligation or liability of the Trust arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Trust Fund; provided however that the limitation on recourse against the Trustee shall not be limited as aforesaid in the event of the fraud, wilful default or gross negligence of the Trustee.

### **ARTICLE 3 DIRECTORS**

3.1 The board of directors of the Corporation shall consist of a minimum of five members and a maximum of nine members. Unitholders shall at all times be entitled to select a majority of the members of the board of directors of the Corporation and the balance of the members of the board of directors of the Corporation shall be selected by the Manager. The Shareholder shall elect the individuals so selected by the Unitholders and the Manager to the board of directors of the Corporation. One of the directors selected by the Unitholders will be the Chairman of the board of directors of the Corporation.

3.2 The board of directors of the Corporation may give special consideration to the interests of the Unitholders in determining whether a particular transaction or course of action is in the best interests of the Corporation.

### **ARTICLE 4 VOTING**

4.1 Except as provided in Section 2.3, 3.1 and 4.2, the Shareholder shall abstain from voting its Shares at any and all meetings of the shareholders of the Corporation and shall not exercise any rights to pass a resolution in writing except in accordance with the result of a vote of Unitholders.

4.2 Unitholders shall be entitled to notice of, to attend at and to direct the manner in which the Shareholder will vote its Shares at any meeting of, and in respect of any matter put before the shareholders of the Corporation including, without limitation, voting on the election of directors of the Corporation as set forth in Article 3 (other than the directors of the Corporation to be selected by the Manager as set forth in Section 3.1), approving its financial statements and appointing its auditors, who shall be the same as the auditors of the Trust. In addition, Unitholders will be entitled to direct the Shareholder as to how to vote its Shares on any proposed amendment to this Agreement, where such amendment is required to be approved by Special Resolution. Prior to the Shareholder voting its Shares in respect of any matter, each Unitholder shall be entitled to vote in respect of the matter at a meeting of Unitholders called for the purpose of considering the matter on the basis of one vote per Trust Unit held and the Shareholder shall be required to vote its Shares in accordance with the result of the vote of Unitholders on the matter.

4.3 Except with the approval of Unitholders by Special Resolution, the Shareholder shall not transfer any Shares to any Person.

4.4 Except with the approval of Unitholders by Special Resolution, this Agreement shall not be amended unless, in the opinion of the Trustee, the rights of the Unitholders are not prejudiced thereby.

**ARTICLE 5  
ISSUE OF SHARES**

5.1 The Corporation may not issue any further Shares except upon the approval of Unitholders by Special Resolution and upon any such holder of any such Shares becoming a party to the Agreement in accordance with Section 8.1.

**ARTICLE 6  
DIVIDENDS**

6.1 The Corporation may not pay dividends on any of its Shares or make any other distributions in respect of the Shares, nor shall it pay any salaries or bonuses to the Manager or its employees or consultants except in accordance with the Management Agreement.

**ARTICLE 7  
WAIVER**

7.1 To the extent permitted by law, the Shareholder waives each and every provision contained in the Articles of Incorporation or By-laws insofar as they may conflict with the provisions of this Agreement.

**ARTICLE 8  
SUBSEQUENT PARTIES TO THIS AGREEMENT**

8.1 Any Person who shall hereafter become the registered owner of one or more Shares shall, prior to becoming such registered holder, and any replacement of the Trustee or Shareholder shall, prior to becoming the Trustee or the Shareholder, execute one or more counterparts of this Agreement (whether or not the same has previously been executed by any other Person(s)) and shall thereafter be entitled to all of the benefits of and be bound by the terms and conditions of this Agreement in the same manner as if it had been an original party hereto.

**ARTICLE 9  
SHAREHOLDER NO LONGER BOUND**

9.1 If the Shareholder has disposed of all of its Shares in accordance with Article 4 hereof it shall no longer be bound by any of the provisions of this Agreement provided that it shall be a condition of any sale of the Shares that the new holder of the Shares shall become a party to and be subject to this Agreement in accordance with Article 8.

**ARTICLE 10  
TERM OF AGREEMENT**

10.1 This Agreement shall be in effect until terminated, cancelled or amended in writing by the agreement of the Shareholder, the Corporation, the Manager and the Trustee, provided that the Trustee will only act on the direction of a Special Resolution of the Unitholders.

**ARTICLE 11  
GENERAL PROVISIONS**

11.1 Each party hereto covenants and agrees to execute or cause to be done or executed all such further and other acts, deed, things, instruments and assurances whatsoever for the better or more perfect and absolute performance of the terms and conditions of this Agreement.

11.2 Each communication provided for in this Agreement or arising in connection therewith (including the service of any documents or notices as may be required by any court or judge or by any court proceedings) shall be in writing and shall be mailed or delivered to the parties addressed as follows:

the Shareholder:	Freehold Royalty Trust c/o Freehold Resources Ltd. Suite 400, 144 – 4 <sup>th</sup> Avenue SW Calgary, Alberta T2P 3N4
	Attention: Secretary, Freehold Resources Ltd. Fax: (403) 221-0888
the Corporation:	Freehold Resources Ltd. Suite 400 144 - 4th Avenue S.W. Calgary, Alberta T2P 3N4
	Attention: Secretary Fax: (403) 221-0888
the Manager:	Rife Resources Management Ltd. Suite 400 144 - 4th Avenue S.W. Calgary, Alberta T2P 3N4
	Attention: Secretary Fax: (403) 221-0888
the Trustee:	Computershare Trust Company of Canada Suite 710, Western Gas Tower 530 - 8th Avenue S.W. Calgary, Alberta T2P 3S8
	Attention: Manager, Corporate Trust, Freehold Fax: (403) 267-6598

Each party may change its mailing or delivery address by giving to the other parties written notice to that effect.

11.3 Each such communication shall, if delivered be deemed to have been given to and received by the addressee when delivered or, if mailed at any post office in Canada by prepaid registered post in an envelope addressed to the party to whom the same is directed, be deemed to have been given to and received by the addressee on the fifth (5th) business day following the mailing, except where there exists a labour strike or disturbance the result of which is the interference to normal mail deliveries, in

which case every communication provided for in this Agreement or arising in connection herewith shall be delivered to the parties at the above addresses.

11.4 Without restricting the generality of the foregoing, the holder of any Shares or Trust Units now owned or hereinafter acquired by any Person shall have the benefits granted to such holder under this Agreement and shall be subject to the obligations imposed by this Agreement on such holders.

11.5 The Trustee joins in this Agreement on behalf of the Unitholders and in its capacity as trustee of the Trust, and agrees to be bound hereby and to take all necessary measures to enforce this Agreement and all benefits and obligations created hereunder in favour of the Trust and the Unitholders.

11.6 The Shareholder agrees to be bound hereby and to take all necessary measures to enforce this Agreement and all benefits and obligations created.

11.7 This Agreement may be executed in any number of counterpart with the same effect as if all the parties hereto signed the same document. All counterparts shall be construed together and shall constitute one instrument.

11.8 Notwithstanding the place of negotiation or execution of this Agreement or the province of residence of any of the parties hereto or of any of the Unitholders, it is agreed that this Agreement shall be interpreted and construed in accordance with the laws of the Province of Alberta and the Shareholder, the Corporation, the Manager and the Trustee hereby attorn to the exclusive jurisdiction of the courts of the Province of Alberta.

11.9 Should any portion of this Agreement be judicially held to be invalid or wholly or partially unenforceable, such holding shall not invalidate or void the remainder of this Agreement, and the parties hereby agree that the parts so held to be wholly or partially invalid or enforceable shall be deemed to have been stricken herefrom with the same force and effect as if such part or parts had never been included herein or had always been revised and reduced in scope so as to be valid and enforceable, as the case may be.

11.10 This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and permitted assigns and, through the Shareholder and the Trustee, this Agreement shall enure to the benefit of and be binding upon the Unitholders, their respective heirs, executors, administrators, successors and permitted assigns.

11.11 Any and all certificates representing Shares now or hereafter beneficially owned by the Shareholder or any other Person during the currency of this Agreement (whether such certificates are issued initially or with respect to a transfer or otherwise) shall have endorsed thereon in bold type the following legend:

**"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF AN AMENDED AND RESTATED UNANIMOUS SHAREHOLDER AGREEMENT, WHICH AGREEMENT CONTAINS RESTRICTIONS RELATING TO THE VOTING, TRANSFER, HYPOTHECATION OR OTHER DISPOSITION OF SUCH SHARES AND NOTICE OF THE TERMS AND CONDITIONS OF SUCH AGREEMENT IS HEREBY GIVEN"**

11.12 Time shall be of the essence of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day of the year first above written.

**FREEHOLD RESOURCES LTD.**

Per: "David J. Sandmeyer" \_\_\_\_\_

Per: "Joseph N. Holowisky" \_\_\_\_\_

**RIFE RESOURCES MANAGEMENT LTD.**

Per: "David J. Sandmeyer" \_\_\_\_\_

Per: "Joseph N. Holowisky" \_\_\_\_\_

**COMPUTERSHARE TRUST COMPANY OF  
CANADA, as Trustee for FREEHOLD  
ROYALTY TRUST**

Per: "Laura Leong" \_\_\_\_\_

Per: "Dan Sander" \_\_\_\_\_