

FREEHOLD ROYALTY TRUST

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Information Circular for the Annual Meeting of Unitholders of Freehold Royalty Trust to be held on June 6, 1997

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Freehold Resources Ltd. ("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 holders of Common Shares of Resources to be held at the Strand/Tivoli Room, Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta, on June 6, 1997, commencing at 10:30 a.m. (Calgary time) for the purposes set forth in the Notice accompanying this Information Circular. Information contained herein is given as of April 15, 1997. 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 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 their persons designated in the form of proxy furnished by 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, Montreal Trust Company of Canada, 600, 530 - 8th Avenue S.W., Calgary, Alberta T2P 3S8, 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 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.

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 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 Resources is not aware of any such amendments, variations or other matters.

Voting Units

There are presently issued and outstanding 26,428,000 Trust Units to which are attached voting rights and the registered holders thereof, at the close of business on April 21, 1997, are entitled to attend and vote thereat 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 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	Units Beneficially Owned Directly or Indirectly¹	Percentage of Issued and Outstanding Units
CN Pension Fund (the pension fund for employees of the Canadian National Railway Company)	5,308,000	20.08%

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

Unanimous Shareholder Agreement

Pursuant to the Unanimous Shareholder Agreement dated November 25, 1996 among Rife Resources Management Ltd. (the "Manager"), Resources, the trustee of the Share Trust and Montreal Trust Company of Canada as trustee for and on behalf of the Trust, the Unitholders are entitled to notice of and to attend all meetings of shareholders of Resources and except as set forth below, to direct the manner in which the Share Trust will vote its shares in Resources at all such meetings. Prior to the Share Trust voting its shares in 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 Share Trust shall be required to vote its shares in Resources in accordance with the results of the vote of the Unitholders. Unitholders are entitled to direct the Share Trust as to how to vote in respect of all matters placed before the shareholders of Resources including, the election of the directors of Resources (other than the directors of Resources to be elected by the Manager pursuant to the terms of the Unanimous Shareholder Agreement, which initially, shall be two), approving its financial statements and appointing auditors of Resources. In addition, Unitholders are entitled to direct the Share Trust as to how to vote its shares in Resources on any proposed amendment to the Unanimous Shareholder Agreement, where such amendment is required to be approved by Special Resolution. The Share Trust is not entitled, without the direction of Unitholders, to exercise its rights as shareholder of Resources except as set forth above.

It is a term of the Unanimous Shareholder Agreement that the board of directors of Resources shall consist of a minimum of five and a maximum of nine directors, with the initial number of directors set at six. The Unanimous Shareholder Agreement provides that the Unitholders will be entitled to elect a majority of the board of directors of Resources and the Manager is entitled to elect the balance of the directors.

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

Election of Directors

The bylaws of Resources provide that all of the directors of Resources shall retire from office at each Annual Meeting but will retain office until the termination of the meeting at which their successors are elected. The number of directors to be elected at the meeting has been fixed at six (6), four (4) of whom will be elected by Unitholders.

The persons named below have been proposed for election as directors of 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 four (4) 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 bylaws of Resources.

The following table sets forth the names and cities of residence of the four (4) proposed nominees, the date they were first elected as directors of 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 Resources by the respective nominees.

Name and Municipality of Residence	Office(s) held with Resources	Principal Occupation	Director Since	Number of Trust Units
D. Nolan Blades ¹ Calgary, Alberta	Director	President and Chief Executive Officer, Pursuit Resources Corp. (oil and gas exploration and development company)	July 29, 1996	1,000
Harry S. Campbell Calgary, Alberta	Director	Partner, Burnet, Duckworth & Palmer (barristers and solicitors)	July 29, 1996	nil
P. Michael Maher ¹ Calgary, Alberta	Director	Dean, Faculty of Management, University of Calgary	July 29, 1996	nil
William W. Siebens Calgary, Alberta	Chairman of the Board	President and Chief Executive Officer, Candor Investment Ltd. (private energy and investment corporation)	July 29, 1996	50,000

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

Peter T. Harrison ¹ Brossard, Quebec	Director	Manager, Investments, CN Pension Fund (the pension fund for employees of the Canadian National Railway Company)	July 29, 1996	nil
David J. Sandmeyer Calgary, Alberta	Director, President and Chief Executive Officer	President, Rife Resources Ltd. (oil and gas exploration and production company)	July 29, 1996	nil

¹ Member of Audit Committee

Each of the proposed nominees has been engaged in his principal occupation or in other capacities with the same firm or organization for the past five years except for: D. Nolan Blades who, until July, 1993 was President and Chief Operating Officer of Chauvco Resources Ltd.; and Harry S. Campbell who from April, 1993 to August, 1995 practiced law independently.

Appointment of Auditors

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

Executive Compensation

Report on Executive Compensation

The Manager, at its head, principal and registered office located at 1530, 140 - 4th Avenue S.W., Calgary, Alberta, T2P 3N3, was established to provide comprehensive oil and gas company management and operational services to the Trust and Resources. The Manager is a wholly-owned subsidiary of Rife Resources Ltd. ("Rife"), which is wholly-owned by the CN Pension Fund. The Manager has been retained by the Trust and Resources through a Management Agreement to manage and administer the business and affairs of the Trust and Resources and as a result, Resources paid no remuneration to its executive officers for the period ended December 31, 1996.

Management Agreement

Resources and the Trustee, as trustee for and on behalf of the Trust, has entered into the Management Agreement with the Manager, pursuant to which Resources and the Trust will engage the Manager for an initial term of five years to, among other things:

- (a) manage the Trust, subject to the supervision of 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 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 Resources; (iii) providing Unitholders with periodic reports on the royalties held by the Trust and the properties of Resources; and (iv) providing Unitholders with financial reports and tax information relating to the royalties held by the Trust and the properties of Resources;
- (c) provide management services for the economic and efficient exploitation of oil and gas properties;
- (d) operate oil and gas properties which 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 Resources;
- (f) negotiate and execute on behalf of 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 Resources, negotiate banking arrangements for the Trust and Resources; and
- (h) provide office space, office furnishings and equipment and personnel necessary for the proper administration of the assets of the Trust and Resources.

The amounts payable under the Management Agreement will be allocated between 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 of its initial five 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 Resources and the other interested party fairly, taking into account all of the circumstances of the Trust or Resources and such interested party and will act honestly and in good faith in resolving such matters.

The Manager will be paid the Management Fee for providing all of the management services. See "Compensation" below. The Manager will be indemnified by 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 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 Resources and the Trustee, upon the recommendation of Resources and the Manager.

Compensation

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

Management Fee

Pursuant to the Management Agreement, the Manager will receive quarterly a Management Fee in order to align the economic interest of the Manager with the interest of the Unitholders. The Management Fee will 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 will initially be 20,000 Trust Units. During 1996, the Manager received 8,000 Trust Units as its quarterly Management Fee.

The officers of Resources do not receive any compensation directly from Resources for their services. All management services are provided to Resources by the Manager pursuant to the management agreement described above. 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 Resources, other than the management agreement described above.

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 Resources. General and administrative costs are generally charged to Resources and the Trust by the Manager based on time spent and direct costs incurred in fulfilling the obligations of the Manager to Resources and the Trust pursuant to the Management Agreement.

The Manager was reimbursed \$90,366 for general and administrative costs for the period ended December 31, 1996.

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 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 did not receive any acquisition fee in connection with the acquisition of the royalties or the working interest properties acquired on the completion of the initial offering of the Trust on November 25, 1996.

The Manager did not receive any consideration for acquisition and disposition fees for the period ended December 31, 1996.

The Manager

The offices of the Manager are located at 1530, 144 - 4th Avenue S.W., Calgary, Alberta, T2P 3N3. The names, municipality of residence, positions held and principal occupation of each director and officer of the Manager are set forth below:

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

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 Fund.

There were no amounts paid by Resources or the Trust to any person set forth above during the period ended December 31, 1996.

Trust Unit Option Plan

The Trust, the Manager and Resources have 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 Resources.

The purpose of the Trust Unit Option Plan is to encourage ownership of Trust Units by the Manager and directors of Resources. Options may be granted under the Trust Unit Option Plan only to the Manager and to directors of Resources, subject to regulatory approval, as designated from time to time by the board of directors of Resources. The number of Trust Units which may be reserved for issuance under the Trust Unit Option Plan will be 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 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.

Options to purchase an aggregate of 1,130,000 Trust Units at a price of \$10.00 per Trust Unit were granted to the Manager and to the directors of Resources not appointed by the Manager on November 25, 1996.

The following table provides details of stock options exercised by the directors during the year ended December 31, 1996 and the net value realized. The table also details as at December 31, 1996 the number of exercisable and unexercisable options that were unexercised and the value of such options where they were in the money.

**AGGREGATED OPTION EXERCISES DURING THE YEAR ENDED DECEMBER 31, 1996
AND FINANCIAL YEAR-END OPTION VALUES**

TRUST UNIT OPTIONS GRANTED DURING THE YEAR ENDED DECEMBER 31, 1996

Name	Securities Under Trust Unit Options Granted (#)	Percentage of Total Trust Unit Options Granted in Financial Year	Exercise Price (\$/Security)	Market Value of Securities Underlying Trust Unit Options on the Date of Grant (\$/Security) ¹	Expiration Date
Independent Directors ²	130,000	12%	\$10.00	\$10.00	November 25, 2001
Manager	1,000,000	88%	\$10.00	\$10.00	November 25, 2001

¹ Offering price of Trust Units pursuant to the initial public offering of Trust Units of the Trust which was completed November 25, 1996.

² Messrs. Harrison and Sandmeyer, as related directors, are not entitled to receive stock options.

The following table sets forth with respect to the independent directors of Resources and the Manager, the number of Unexercised Trust Unit Options and the Value of in-the-money Trust Unit Options at December 31, 1996.

AGGREGATED OPTION EXERCISES DURING THE YEAR ENDED DECEMBER 31, 1996

Name	Securities Acquired or Exercised (#)	Aggregated Value Realized (\$)	Unexercised Trust Unit Options at Financial Year End (#) Exercisable/Unexercisable	Value of Unexercised in-the-Money Trust Units at Financial Year End (\$) ¹ Exercisable/Unexercisable
Independent Directors	130,000	nil	nil/130,000	nil/\$156,000
Manager	1,000,000	nil	nil/1,000,000	nil/\$1,200,000

¹ Based on December 31, 1996 close on The Toronto Stock Exchange of \$11.20, less the exercise price.

Remuneration of Directors

The Chairman of the Board of Directors of Resources is paid an annual retainer of \$10,000 and \$1,000 per meeting attended plus expenses of attending such meetings. Each of the other directors of Resources, with the exception of Mr. Sandmeyer who is an employee of Rife, receive an annual retainer of \$8,000 and \$800 per meeting attended plus expenses of attending such meetings.

During the last completed financial year end, the Corporation paid \$17,901.66 to five (5) directors for their annual retainer, and \$21,000.00 to five (5) directors for their attendance at meetings of the Board of Directors. Mr. Sandmeyer was not compensated by Resources for his services as a director. Directors are also reimbursed for travel expenses incurred for attendance at such meetings.

Indebtedness of Directors and Senior Officers and Others

There is not any indebtedness outstanding from directors or officers of Resources or directors or senior officers of the Manager or the Trustee to the Trust or Resources at any time since November 25, 1996, the date of the initial public offering of Trust Units of the Trust.

Corporate Governance

The corporate governance structure of Freehold Royalty Trust (the "Trust") is not the same as for a conventional corporation. The way in which the Trust is governed reflects its situation as a trust holding a royalty granted by Resources, with certain rights under a Unanimous Shareholder Agreement and a Management Agreement. While the Trust is technically not a shareholder of Resources, when the Trust was established a Unanimous Shareholder Agreement was entered into between Resources, the Manager and Montreal Trust Company of Canada (the "Trustee"), with the intention that the Trust and the Unitholders would be given rights substantially equivalent to those which they would have if they were shareholders in Resources.

The Trust has no directors. The Manager operates in accordance with the requirements of the Trust Indenture, the Royalty Agreement and related agreements. When the Trust was established, 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 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.

TSE Guidelines on Corporate Governance

In February 1995 the Toronto Stock Exchange ("TSE") Committee on Corporate Governance in Canada issued a report (the "TSE Report") setting out a series of guidelines for effective corporate governance. The TSE requires that each listed company disclose on an annual basis its approach to corporate governance with reference to the guidelines.

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

Management of the Trust

Trustee - Montreal Trust Company of Canada is the initial trustee of the Trust and 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.

Resources - Resources has a board of directors consisting of six individuals, two of whom have been elected by the Manager and four of whom are independent directors. The four independent directors were appointed by the Manager and thereafter will be elected by the Unitholders at the annual meeting of Unitholders. The Chairman of the board of directors of Resources will be one of the independent directors. Unitholders will always be entitled to elect the majority of the board of directors of Resources.

The board of directors of Resources is required to approve all matters referred to below and, in addition, will be required to approve any amendment to the Management Agreement, the HB Lands Royalty Agreement between the Trust and Canpar Holdings Ltd. or the Resources Royalty Agreement between the Trust and Resources.

The Manager - Pursuant to the provisions of the Management Agreement, the Manager will provide certain administrative and support services to the Trust, including those necessary: (a) to ensure compliance by the Trust with continuous disclosure obligations under applicable securities legislation; (b) to provide investor relations services; (c) to provide or cause to be provided to Unitholders all information to which Unitholders are entitled under the Trust Indenture; (d) to call, hold and distribute materials including notices of meetings and information circulars in respect of all necessary meetings of Unitholders; (e) to determine the amounts payable from time to time to Unitholders and to arrange for distributions to Unitholders of Distributable Income; (f) to determine the timing and terms of future offerings of Trust Units, if any; (g) to determine the terms and conditions upon which the Trust may acquire additional royalties; and (h) to determine the terms and conditions upon which the Trust may from time to time borrow money.

Mandate of the Board of Directors

The board of directors of Resources has a mandate to supervise the management of the business and affairs of the Trust and Resources and to act with a view to the best interests of the Trust and Resources. Although the Manager will provide certain advisory and management services to the Trust and Resources pursuant to the Management Agreement, the board of directors of Resources will supervise the management of the business and affairs of the Trust and Resources. In particular, significant operational decisions and all decisions relating to: (a) issuances of additional Trust Units; (b) the acquisition and disposition of properties of the Trust or Resources 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 Distributable Income, will be made by the board of directors of Resources. In addition, any amendment to the Management Agreement, the HB Lands Royalty Agreement or the Resources Royalty Agreement will require the approval of the board of directors of Resources. The board of directors of Resources generally intends to hold regularly scheduled meetings to review the business and affairs of Resources and make any necessary decisions relating thereto.

The board of directors of Resources is responsible in conjunction with the Manager for 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 of Resources and monitoring senior management.

Composition of the Board

The board of directors of Resources consists of six (6) members, two (2) of which are considered “inside” and “related” directors as those terms are defined in the TSE Report. The other four (4) members are “outside” directors (i.e. they are not officers or employees of Resources or the CN Pension Fund) and three (3) of the remaining directors are “unrelated” directors as those terms are defined in the TSE Report. The board of directors is of the opinion, however, that the business relationship between the Trust and the CN Pension Fund and the “related” director, Harry S. Campbell, does not interfere with the exercise by Mr. Campbell of his duty to act in the best interests of Resources. Mr. Campbell is a partner in Burnet, Duckworth & Palmer which from time to time provides legal services to the Trust, Resources and CN Pension Fund and its affiliates.

Board Independence

The board of directors of Resources has functioned, and is of the view that it can continue to function, independently of the Manager and the CN Pension Fund. The board has a Chairman who is not an employee of the Manager or the CN Pension Fund and is an “outside” and “unrelated” director.

The board of directors of Resources 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 Resources in appropriate circumstances.

Committees of the Board

The board of directors has established an audit committee comprised of a majority of unrelated directors. The committee’s responsibilities include oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for board of director approval, the audited financial statements and other mandatory disclosure releases containing financial information. Resources is not in compliance with the TSE Report as the audit committee is not composed of all unrelated directors.

Other Matters

The date of the closing of the initial offering of Trust Units of the Trust and the acquisition of the initial oil and gas properties was November 25, 1996. The board of directors has been meeting as a board in respect of the business and affairs of Resources and the Trust since July of 1996. As a result the board of directors is not able to fully address as a board certain of the issues referred to in the TSE Report such as: succession planning for senior management; nomination procedures and recruitment of new nominees for the board of directors, including compensation and orientation considerations as to the appropriateness of the size of the board of directors, all of which are in large part governed by the provisions of the Trust Indenture, Unanimous Shareholder Agreement and Management Agreement. The board of directors of Resources intends to commence a process of analyzing and considering the TSE Report and implementing the guidelines contained in the TSE Report, to the extent to which it is able, in a manner appropriate to Resources. This process is an on-going one and has yet to be finalized. In some instances, in addition to those as described above, Resources is not in full compliance with the TSE Report, including the guidelines with respect to the recruitment of new directors, assessment of board performance, and appointment of a nominating or corporate governance committee.

Environmental Obligations - Reclamation Fund

Resources will be liable for its share of ongoing environmental obligations and for the ultimate reclamation of the Resources Properties upon abandonment. Ongoing environmental obligations are expected to be funded out of cash flow. Resources estimates the future environmental and reclamation obligations in respect of the Working Interest Properties to be approximately \$1,830,000. Resources will establish a reclamation fund to which it will deposit annually, in quarterly installments, up to \$122,000, less any amounts actually expended in that year, for the purpose of funding its future environmental and reclamation obligations being fully funded within 15 years. This payment may be adjusted by Resources from time to time based on its assessment of its share of expected environmental and final site reclamation costs.

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.

Approval of Directors

The contents of this Information Circular have been approved by the board of directors of Resources.

Certificate

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Calgary, Alberta this 15th day of April, 1997.

FREEHOLD ROYALTY TRUST
BY FREEHOLD RESOURCES LTD.:

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

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