

Role and Objective

The Audit Committee (the Committee) is a committee of the board of directors of Freehold Resources Ltd. (the Board) to which the Board has delegated certain responsibilities for 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 approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to Freehold Resources Ltd. (Freehold Resources) and Freehold Royalty Trust (the Trust), hereinafter collectively referred to as "Freehold", are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of Freehold and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor's independence;
4. To increase the transparency, credibility and objectivity of financial reporting; and
5. To strengthen the role of the independent directors by facilitating in-depth discussions between directors on the Committee, management and external auditors.

Membership of Committee

1. The Committee will be comprised of at least three directors, all of whom are independent (as such term is used in National Instrument 52-110 – Audit Committees (NI 52-110)).
2. The Board will have the power to appoint the Committee Chair.
3. All of the members of the Committee will be financially literate. The Board has adopted the definition for financial literacy used in NI 52-110.

Meetings

1. At all meetings of the Committee every question will be decided by a majority of the votes cast. In case of an equality of votes, the Committee Chair is not entitled to a second or deciding vote.
2. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board.
3. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Committee Chair.
4. The Committee will forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.

5. The Committee will meet with the external auditor at least quarterly (in connection with the preparation of the annual and quarterly financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. The Committee will meet with the external reserve evaluator at least once per year (in connection with the preparation of the year end reserves).

Mandate and Responsibilities

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.
2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to Freehold's internal control systems, including:
 - identifying, monitoring and mitigating business risks; and
 - ensuring compliance with legal, ethical and regulatory requirements.
3. It is a primary responsibility of the Committee to review the annual and quarterly financial statements of Freehold prior to their submission to the Board for approval. The process should include but not be limited to:
 - reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - reviewing accounting treatment of unusual or non-recurring transactions;
 - reviewing the Trust's status as a mutual fund trust under the *Income Tax Act* (Canada);
 - ascertaining compliance with covenants under loan agreements and the Trust Indenture;
 - reviewing adequacy of the reclamation fund;
 - reviewing disclosure requirements for commitments and contingencies;
 - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - reviewing unresolved differences between management and the external auditors; and
 - obtaining explanations of significant variances with comparative reporting periods.
4. The Committee is to review the financial statements, prospectuses, management discussion and analysis, annual information forms, earnings news releases, and all public disclosure containing audited or unaudited financial information before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Freehold's disclosure of all other financial information and will periodically access the accuracy of those procedures.

5. With respect to the appointment of external auditors by the Board, the Committee will:
 - recommend to the Board the appointment of external auditors;
 - recommend to the Board the terms of engagement of the auditor, including the compensation of the auditors and confirmation that the auditors will report directly to the Committee;
 - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - review and approve any non-audit services to be provided by the auditors' firm and consider the impact on the independence of the auditors.
6. The Committee will review with external auditors (and the internal auditor if one is appointed by Freehold) their assessment of the internal controls of Freehold, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their audit plan and, upon completion of the audit, their reports upon the financial statements of Freehold and its subsidiaries.
7. The Committee must pre-approve all non-audit services to be provided to Freehold or its subsidiaries by the external auditors. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.
8. The Committee will review, on an annual basis, the risk management policies and procedures of Freehold, including hedging, litigation and insurance.
9. The Committee will review and approve management's hiring policies regarding current and former partners and employees of the present and former external auditor.
10. The Committee will establish a procedure for:
 - the receipt, retention and treatment of complaints received by Freehold regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of Rife Resources Management Ltd. (the Manager) of concerns regarding questionable accounting or auditing matters.
11. The Committee will have the authority to investigate any financial activity of Freehold. All employees of the Manager are to cooperate as requested by the Committee.
12. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling their responsibilities at the expense of Freehold without any further approval of the Board.