

**Employees of Rife Resources Management Ltd. and
Directors and Officers of Freehold Resources Ltd.
in their capacity of the management of Freehold Royalty Trust**

STATEMENT

Freehold Royalty Trust and its controlled entities (Freehold or the Trust) are committed to the highest possible standards of openness, honesty and accountability. The business and affairs of Freehold will be conducted in strict observance of both the spirit and letter of the applicable laws of Canada and of each Province where the Trust conducts business. Where the situation is not governed by statute or explicit regulation or where the law is unclear or conflicting, the Trust's business and affairs will be conducted in accordance with the highest ethical standards of business conduct.

SCOPE

The Trust does not have any employees. Freehold is managed by Rife Resources Management Ltd., a subsidiary of Rife Resources Ltd. (the Manager). Therefore, the use of the word "employee" in this document refers to employees of the Manager. This Policy applies to all employees, and to the directors and officers of Freehold Resources Ltd. in their capacity of the management of the Trust.

Freehold expects that you will behave ethically as a matter of course. But even the most conscientious employees may, from time to time, need to be particularly alert in order to avoid becoming involved in situations in which their own interests are in conflict with Freehold's interests.

The purpose of this Policy is to help you avoid these troublesome situations and possibly unpleasant consequences. Aside from this, there is no intent to interfere with your personal interests or activities.

GENERAL PRINCIPLES

You must not put yourself in a position in which you might be tempted to act for the benefit of yourself or others, rather than solely for the benefit of the Trust.

Any information that you obtain by reason of your employment is the property of the Trust, must be kept confidential, and must be used solely for the benefit of the Trust, not for yourself or others.

As with any policy, the exercise of judgement is required in determining its applicability to each individual situation. In an effort to be helpful, some examples of the Policy's applicability are given below, but these are simply examples, and are not intended to be all-inclusive.

This Policy cannot, and is not intended to, address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In those circumstances, we encourage you to use your common sense and contact your supervisor. If you do not feel comfortable discussing the matter with your supervisor, please contact any senior officer (CEO, CFO, Vice-Presidents).

CORPORATE OPPORTUNITIES

You have a duty to Freehold to advance its legitimate interests when the opportunity to do so arises.

You are prohibited from:

- Taking for yourself, personally, opportunities that properly belong to Freehold or are discovered through the use of the Trust's property, information or position;
- Using Freehold's property, information or position for personal gain; and
- Competing with the Trust.

CONFLICTS OF INTEREST

As directors, officers or employees we must never let our personal interests interfere with, or appear to interfere in any way with, the interests of Freehold or our ability to perform our work effectively. The ability to make objective business decisions can be compromised if employees have personal interests that conflict with Freehold's interests. Conflicts of interest may also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in Freehold. Loans to, or guarantees of obligations of, such persons are likely to pose conflicts of interest, as are transactions of any kind between Freehold and any other organization in which you or a family member has an interest.

Employees, officers and directors are prohibited from taking for themselves opportunities that arise through the use of corporate property, information or position and from using corporate property, information or position for personal gain.

In general, employees, directors and officers in this sector are not prohibited from making private investments in the oil and gas sector. However, should an existing investment pose a potential conflict of interest the potential conflict should be disclosed to the President or the Board. Any other activities of directors, officers and employees which pose a potential conflict of interest should also be disclosed to the President or the Board. Any such potential conflicts of interests will be dealt with openly with full disclosure of the nature and extent of the potential conflicts of interest with Freehold.

It is acknowledged that employees, officers and directors may be directors or officers of other entities engaged in the oil and gas business, and that such entities may compete directly or indirectly with Freehold. Passive investments in public or private entities of less than one per cent of the outstanding shares will not be viewed as “competing” with Freehold. Any director, officer or employee of Freehold who is a director or officer of any entity engaged in the oil and gas business must disclose such position to the Board. Any director, officer or employee of Freehold who is actively engaged in the management of, or who owns an investment of one per cent or more of the outstanding shares, in public or private entities must disclose such holding to the Board. In the event that any circumstance arises as a result of such positions or investments being held or otherwise which in the opinion of the Board constitutes a conflict of interest which reasonably affects such person's ability to act with a view to the best interests of Freehold, the Board will take such actions as are reasonably required to resolve such matters with a view to the best interests of Freehold. Such actions, without limitation, may include excluding such directors, officers or employees from certain information or activities of Freehold.

If you become aware of a conflict or a potential conflict, you must bring it to the attention of your supervisor or any officer (CEO, CFO, Vice-Presidents).

Relationship with the Manager

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

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 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. The Manager will use all reasonable efforts to resolve conflicts of interest in a manner that will treat Freehold and the other interested party fairly, taking into account all of the circumstances, and will act honestly and in good faith in resolving such matters.

GIFTS AND ENTERTAINMENT

Business entertainment should be moderately scaled and intended only to facilitate business goals. Use good judgment. “Everyone else does it” is not sufficient justification.

If you are having difficulty determining whether a specific gift or entertainment item lies within the bounds of acceptable business practice, ask yourself these guiding questions and check with your supervisor:

- It is legal?
- Is it clearly business related?
- It is moderate, reasonable, and in good taste?
- Would public disclosure embarrass Freehold?
- Is there any pressure to reciprocate or grant special favours?

If you are in a position to make or influence a decision regarding a business transaction between the Trust and a third party, you should not accept anything of substantial value from that party. What is "substantial" is obviously relative, and would include even the most nominal or insignificant items if offered in the expectation of influencing your judgement.

Some of the types of transactions that could be affected adversely to the Trust's interest are:

- the purchasing of equipment, supplies or services;
- the awarding of construction or other contracts; and
- the purchase, sale or lease of properties.

The kinds of benefits that must be declined, if offered, include:

- gifts of substantial value;
- lavish entertainment;
- loans of money or facilities; and
- preferred investment opportunities.

Not only must you refuse such inducements to favored treatment, but you also must refuse to permit their acceptance by family or friends. Solicitation of such benefits is also unacceptable.

Business entertainment can present situations where discretion is required since some commonly accepted business invitations can include recreational opportunities or event tickets that are of significant value. In these cases the recipient should ensure that there is a valid business development reason for attending and that there will be representation from other business executives at the event. If the invitation is for an event where the value being received may be significant, the President's approval is required, or in the case of the President, approval by the

Chair of the Governance Committee. As transportation costs for events can also be significant, payment of these costs by another party is not acceptable and will be covered by Freehold if there is a valid business reason to accept the invitation.

CONFIDENTIAL INFORMATION

Confidential information belongs to the Trust. Use of it by an employee for personal gain or for gain to relatives or friends is a misuse of the Trust's property. Even if the Trust does not suffer an obvious monetary loss, it can be injured in other ways that cannot be tolerated.

Use of inside information for personal gain at the Trust's expense may occur typically in connection with the leasing by the Trust of acreage for exploitation or production. If you make use of knowledge of the Trust's interest in certain property in order to obtain personal profit in the transaction, you are guilty of a gross impropriety. It is immaterial that your position gives you no influence concerning the acquisition by the Trust or that the price may be a fair one or even a bargain. To the extent that you profit, you have converted Trust property to your own use.

Use of inside information may also be improper or illegal even though it does not involve any immediate monetary loss to the Trust. This can occur in connection with an employee's purchase or sale of Trust Units or the stock of other companies with which the employee has or may expect to have dealings - as when an employee has advance information of such matters as an important oil or gas discovery, an acquisition, or a joint venture with another company.

TRADING RESTRICTIONS AND BLACKOUT PERIODS

It is illegal for anyone with knowledge of material information affecting a public company that has not been publicly disclosed to purchase or sell securities of that company. It is also illegal for anyone to inform any other person of material non-public information (tipping), except in the necessary course of business. Therefore, employees and others with knowledge of confidential or material information about the Trust or counter-parties in negotiations of potentially material transactions are prohibited from trading securities of the Trust or any counter-party until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated. You are subject to Freehold's Insider Trading Policy, which sets out mandatory blackout periods and other restrictions on trading.

COMPLIANCE WITH LAWS AND REGULATIONS

The use of Trust funds or assets for any unlawful or improper purpose is strictly prohibited. The Trust's policy is to be in compliance with all laws and regulations that are applicable to its business - at all governmental levels. In some instances, the laws and regulations may be ambiguous or difficult to interpret. In all cases, however, management has access to legal advice throughout the Trust's operations, and management should seek such legal advice as is necessary, in order to assure compliance with the Trust's policy of observance of all laws and regulations.

FAIR DEALING, DISCRIMINATION AND HARASSMENT

You must deal fairly with others. You should not take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other inequitable practices.

You must respect the rights, culture and dignity of all individuals. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. You are encouraged to speak out when a co-worker's or a colleague's conduct make you uncomfortable.

PROTECTION AND PROPER USE OF ASSETS

You must endeavour to protect the Trust's assets and ensure their efficient use. The Trust's assets may only be used for legitimate business purposes or other purposes approved by management. The Trust's assets must never be used for illegal purposes.

Theft, carelessness and waste have a direct impact on the Trust's profitability. Any suspected incidents of fraud or theft must be immediately reported in accordance with Freehold's Whistleblower Policy.

The obligation to protect the Trust's assets includes proprietary information. Proprietary information includes any information that is not generally known to the public and would be helpful to the Trust's competitors. Examples of proprietary information are intellectual property, technical data, operating budgets, agreements, business and marketing plans and personnel information. The obligation to preserve proprietary information continues even after your employment ends.

USE OF INFORMATION TECHNOLOGY

Freehold's information technologies are to be used for business purposes only unless otherwise expressly authorized by management. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. Your messages (including voice mail) and computer information are considered Freehold's property and you should not have any expectation of privacy. Use good judgment, and do not access, send messages or store any information that you would not want to be seen or heard by other individuals, including information that could be insulting or offensive to another person.

HEALTH, SAFETY AND ENVIRONMENT

You must respect and comply with applicable health, safety and environmental laws, rules and regulations. All hazards, near misses, incidents (including violent behaviour) or accidents, regardless of the magnitude, must be reported immediately.

POLITICAL CONTRIBUTIONS

The Trust prohibits the use of corporate funds for political contributions, unless approved by the Board.

Personal Political Contributions

The above prohibitions relate only to the use of corporate funds and in no way are intended to discourage employees from making personal contributions to candidates or political parties of their choice. Employees must not, however, be reimbursed by the Trust in any way for such personal contributions.

PROPER ACCOUNTING

Compliance with accepted accounting rules and controls is required at all times. All Trust records must accurately reflect and properly describe the transactions they record.

- All business transactions must be properly authorized.
- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect the Trust's assets, liabilities, revenues and expenses.
- Information is not to be concealed from the independent auditors, the Audit Committee, or the Board.
- Employees must not knowingly undertake or participate in improper activity and if requested by someone to do so should report such request, in accordance with Freehold's Whistleblower Policy.

REPORTING AND CONTROL

Compliance with this Policy is a condition of your employment. Violations may result in severe consequences, which could include civil and criminal penalties and internal disciplinary action up to and including dismissal for cause or termination of contract.

You are encouraged to talk to your supervisor or any senior officer about observed illegal or unethical behaviour, or when in doubt about the best course of action in a particular situation. If you are concerned that a violation of this Policy or other illegal or unethical conduct has occurred or may occur, you should report the matter in accordance with Freehold's Whistleblower Policy.

Waivers

Freehold's Board is ultimately responsible to monitor compliance with this Policy. Any waiver of this Policy for executive officers or directors will be made only by the Board. Any change to this Policy will be disclosed as required by applicable law or regulation.

- (a) A Report Letter, in the form attached as "Exhibit A" to this Policy, will be submitted annually, prior to the end of February of each year, by all officers, and those employees who may be engaged, or may become engaged in any activity which might conflict with the Trust's interest. The reports will be sent to the President, who will forward them to the Chair of the Board, if facts are reported that may constitute a conflict of interest. If the facts disclose a conflict of interest, the employee will be notified and will have the obligation to remedy the situation.

- (b) A Report Letter will also be submitted by any employee, whether or not he or she is required to submit an annual Report Letter, when he or she becomes or may become involved in what might be a conflict of interest situation that has not previously been reported. If the facts disclose a conflict of interest, the employee will be notified and will have the obligation to remedy the situation. Similarly, if the facts do not disclose a conflict of interest, the employee will be so informed.

EXHIBIT "A"
REPORT LETTER

**Employees of Rife Resources Management Ltd. and
Directors and Officers of Freehold Resources Ltd.
in their capacity of the management of Freehold Royalty Trust**

MEMO TO: The President
Freehold Royalty Trust

RE: CONFLICT OF INTEREST

I have reviewed and understand the Trust's policy regarding conflicts of interest as set forth in the Policy Guide.

As specified below, to the best of my knowledge and belief, neither I nor any member of my immediate family has any interest or connection, or has, within the past year, engaged in any activity which might conflict with the Trust's interests:

- _____ A. The above statement is true, without exception.
- _____ B. The above statement is true, except as described
in my attachment to this Report Letter.

I have read and understand the Trust's Insider Trading Policy. As specified below, neither I nor any member of my immediate family has engaged in any activity that might conflict with the Insider Trading Policy.

- _____ A. The above statement is true, without exception.
- _____ B. The above statement is true, except as described
in my attachment to this Report Letter.

Name (please print)

Signature

Date Signed