Freehold

ROYALTY TRUST

3

2002 QUARTERLY REPORT

Quarterly Report for the period ended September 30, 2002

Third Quarter Highlights

- **Production averaged 5,922 barrels of oil equivalent (boe)* per day**
- **Average price realizations up 9% to $29.81 per boe**
- **Declared distributions of $11.2 million ($0.37 per Trust Unit)**
- **Completed a minor royalty acquisition of 24 boe per day for $1.1 million**
- **Monthly distribution remains set at $0.10 per Trust Unit; declared extra distribution for November of $0.08 per Trust Unit**

Freehold's monthly distribution rate is currently fixed at $0.10 per Trust Unit. Improved price realizations in the third quarter have enabled the Board of Directors to declare an extra distribution of $0.08 per Trust Unit payable on December 15, 2002 to Unitholders of record on November 30, 2002. Combined, the regular monthly distribution for November ($0.10) and the extra distribution ($0.08) to be paid on December 15, 2002, will total $0.18 per Trust Unit. Including the above distributions, the trailing 12-month-distributions paid is $1.31 per Trust Unit, representing a 13% cash-on-cash yield at current Trust Unit prices. Since inception in November 1996, the Trust has distributed a total of $6.75 per Trust Unit. It is anticipated that approximately 55% to 60% of distributions will be taxable to Unitholders in 2002.

Highlights	Three Months Ended September 30		%	Nine Months Ended September 30		%
($000s, except as noted)	**2002**	2001	Change	**2002**	2001	Change
Gross revenue	**16,503**	16,085	+3	**45,582**	51,105	-11
Operating income	**14,590**	14,070	+4	**40,173**	44,744	-10
Royalty lands income	**11,139**	11,279	-1	**31,385**	34,382	-9
Working interest income	**3,451**	2,791	+24	**8,788**	10,362	-15
Net income	**8,016**	7,097	+13	**20,239**	24,869	-19
Per Trust Unit ($)	**0.27**	0.24	+13	**0.67**	0.88	-24
Funds generated from operations	**13,684**	13,130	+4	**37,112**	41,504	-11
Per Trust Unit ($)	**0.45**	0.44	+2	**1.23**	1.46	-16
Income available for distribution	**12,724**	12,020	+6	**34,532**	38,774	-11
Per Trust Unit ($)	**0.42**	0.40	+5	**1.15**	1.37	-16
Distributable income	**11,169**	12,337	-9	**28,053**	36,230	-23
Per Trust Unit ($)	**0.37**	0.41	-10	**0.93**	1.26	-26
Long-term debt	**30,500**	31,000	-2	**30,500**	31,000	-2
Trust Units outstanding	**30,202,736**	30,106,736	-	**30,202,736**	30,106,736	-
Weighted average	**30,180,481**	30,084,481	-	**30,152,423**	28,411,983	+6
Average daily production (boe/d)	**5,922**	6,359	-7	**5,994**	6,042	-1
Total production (boe)	**544,806**	584,984	-7	**1,636,309**	1,649,337	-1
Average price realizations ($/boe)	**29.81**	27.26	+9	**27.48**	30.73	-11

***** In this report, references to barrels of oil equivalent (boe) use the 6:1 ratio.

Management's Discussion and Analysis (MD&A)

The following discussion is management's opinion about Freehold Resources Ltd. ("Resources") and Freehold Royalty Trust's (the "Trust") (collectively "Freehold"), operating and financial results for the three months ended September 30, 2002 and previous periods, and the outlook for Freehold based on currently available information. All comparative percentages are between the quarters ended September 30, 2002 and September 30, 2001, unless stated otherwise. This discussion should be read in conjunction with the Trust's annual MD&A and audited combined financial statements for the years ended December 31, 2001 and 2000, together with the accompanying notes. These are included on pages 15 through 32 of the Trust's 2001 annual report to Unitholders.

Results of Operations

Production – Average daily production for the third quarter of 2002 decreased 7% to 5,922 boe per day. Year-to-date production averaged 5,994 boe per day, down 1% over the same period in 2001. Freehold concluded a minor royalty acquisition on September 20, 2002, for $1.1 million (net of adjustments), adding 24 boe per day of production. Two additional minor royalty acquisitions and swaps completed in November for $1.3 million will add approximately 55 boe per day to royalty production volumes.

Average Daily Production	Three Months Ended September 30		%	Nine Months Ended September 30		%
	2002	2001	Change	**2002**	2001	Change
Royalty Lands						
Oil (bbls/d)	**2,603**	2,755	-6	**2,652**	2,419	+10
NGLs (bbls/d)	**211**	368	-43	**215**	291	-26
Natural gas (mcf/d)	**7,520**	8,068	-7	**7,823**	8,002	-2
Oil equivalent (boe/d)	**4,067**	4,467	-9	**4,171**	4,044	+3
Working Interest Properties						
Oil (bbls/d)	**1,280**	1,344	-5	**1,246**	1,387	-10
NGLs (bbls/d)	**79**	75	+5	**69**	78	-12
Natural gas (mcf/d)	**2,977**	2,837	+5	**3,046**	3,196	-5
Oil equivalent (boe/d)	**1,855**	1,892	-2	**1,823**	1,998	-9
Total Trust (boe/d)	**5,922**	6,359	-7	**5,994**	6,042	-1
Potash (tonnes/d)	**7.6**	6.3	+21	**8.4**	8.8	-5

Pricing – In the third quarter of 2002, benchmark WTI crude oil prices rose 7% and AECO natural gas prices decreased 17%. The benchmark price for Bow River heavy oil improved 19%, reflecting a narrowing in the price differential for heavy oil. For first nine months of 2002, average WTI prices were down 8%, Bow River prices improved 15% and AECO natural gas prices fell 50% compared to one year ago.

Average Benchmark Commodity Prices*	Three Months Ended September 30		%	Nine Months Ended September 30		%
	2002	2001	Change	**2002**	2001	Change
WTI crude oil (US$/bbl)	**28.27**	26.49	+7	**25.39**	27.72	-8
Bow River heavy oil (C$/bbl)	**35.80**	29.96	+19	**31.49**	27.38	+15
AECO natural gas (C$/mcf)	**3.25**	3.91	-17	**3.67**	7.29	-50

* Source: Canadian Association of Petroleum Producers

Freehold's selling price increased 9% for the third quarter. The 11% year-to-date decrease in selling price is largely the result of unprecedented high gas prices realized in 2001. The variances largely mirror the changes in benchmark pricing and reflect Freehold's product mix. Freehold's production remains unhedged, in keeping with expressed policy.

Freehold Average Selling Prices (C$)	Three Months Ended September 30 **2002**	2001	% Change	Nine Months Ended September 30 **2002**	2001	% Change
Oil ($/bbl)	**34.64**	31.57	+10	**31.02**	26.61	+17
NGLs ($/bbl)	**25.77**	23.03	+12	**23.44**	32.34	-28
Oil and NGLs ($/bbl)	**34.03**	30.74	+11	**30.51**	27.12	+13
Natural gas ($/mcf)	**3.29**	3.09	+6	**3.42**	6.47	-47
Oil equivalent ($/boe)	**29.81**	27.26	+9	**27.48**	30.73	-11
Potash ($/tonne)	**134.22**	139.59	-4	**143.08**	154.16	-7

Revenue **–** Gross revenue for the third quarter increased 3% to $16.5 million. Revenue for the first nine months of 2002 declined 11% to $45.6 million. The accompanying table demonstrates the net effect of price and volume variances on gross revenues.

Gross Revenue Variances ($000s)	Three Months Ended Sept 30 **2002 vs. 2001**	2001 vs. 2000	Nine Months Ended Sept 30 **2002 vs. 2001**	2001 vs. 2000
Oil and NGLs				
Production increase (decrease)	**(1,155)**	2,089	**59**	3,737
Price increase (decrease)	**1,373**	(1,840)	**3,861**	(7,259)
Net increase (decrease)	**218**	249	**3,920**	(3,522)
Natural gas				
Production increase (decrease)	**(123)**	(87)	**(307)**	176
Price increase (decrease)	**201**	(1,777)	**(9,322)**	7,981
Net increase (decrease)	**78**	(1,864)	**(9,629)**	8,157
Other	**122**	(92)	**186**	(414)
Gross revenue increase (decrease)	**418**	(1,707)	**(5,523)**	4,221

Royalty Expenses **–** Royalty expenses, which are sensitive to commodity prices, are 10% lower for the third quarter on a boe basis and 40% lower for the year-to-date, reflecting lower natural gas prices in 2002. As Freehold is a mineral title owner on most of its production, no royalty expense is incurred on the Trust's share of production from its royalty lands.

Royalty Expenses ($000s, except as noted)	Three Months Ended September 30 **2002**	2001	% Change	Nine Months Ended September 30 **2002**	2001	% Change
Working interest properties	**697**	831	-16	**1,859**	3,113	-40
Per boe ($)	**4.08**	4.78	-15	**3.74**	5.71	-35
Royalty interest properties	**0**	0	-	**0**	0	-
Per boe ($)	**0**	0	-	**0**	0	-
Total royalty expense (net of ARC)	**697**	831	-16	**1,859**	3,113	-40
Per boe ($)	**1.28**	1.42	-10	**1.14**	1.89	-40

Operating Expenses **–** Operating expenses on working interest properties rose 5% per boe for the third quarter and 20% year-to-date, reflecting one-time adjustments in the second quarter of 2002 and the effect of fixed costs on lower working interest production. On a total Trust basis, operating expenses were 10% higher in 2002. Freehold does not incur operating expenses on its royalty lands.

Operating Expenses ($000s, except as noted)	Three Months Ended September 30 **2002**	2001	% Change	Nine Months Ended September 30 **2002**	2001	% Change
Working interest properties	**1,216**	1,184	+3	**3,550**	3,248	+9
Per boe ($)	**7.12**	6.80	+5	**7.13**	5.96	+20
Royalty interest properties	**0**	0	-	**0**	0	-
Per boe ($)	**0**	0	-	**0**	0	-
Total operating expenses	**1,216**	1,184	+3	**3,550**	3,248	+9
Per boe ($)	**2.23**	2.02	+10	**2.17**	1.97	+10

General and Administrative Expenses (G&A) **–** Freehold incurs expenses to administer its royalty interests in more than 15,000 producing wells in western Canada. G&A expenses for the third quarter of 2002 rose 24% on a boe basis due to increased staff requirements. Year-to-date G&A averaged $1.34 per boe, up 34%.

G&A Expenses	Three Months Ended			Nine Months Ended		
	September 30		%	September 30		%
($000s, except as noted)	**2002**	2001	Change	**2002**	2001	Change
G&A expenses	**587**	508	+16	**2,188**	1,656	+32
Per boe ($)	**1.08**	0.87	+24	**1.34**	1.00	+34

Management Fees **–** The Manager of the Trust receives its management fee in Trust Units, which is unique in the oil and gas royalty trust sector. For the third quarter of 2002, the Manager received 22,500 Trust Units, with an ascribed value of $251,000. The issuance of 3.3 million Trust Units in May of 2001 resulted in a pro-rata increase in the management fee, from 20,000 Trust Units per quarter to 22,500 Trust Units per quarter. The change in the value of management fees year-over-year is related to the increase in the number of Trust Units and also reflects the higher market price of the Trust Units in 2002.

Management Fees	Three Months Ended			Nine Months Ended		
	September 30		%	September 30		%
($000s, except as noted)	**2002**	2001	Change	**2002**	2001	Change
Management fees	**251**	200	+26	**726**	569	+28
Per boe ($)	**0.46**	0.34	+35	**0.44**	0.35	+26

Netbacks **–** Freehold's operating netback for the third quarter was $26.78 per boe, up 11% as higher average selling prices and lower royalty expenses offset higher operating expenses. For the first nine months of 2002, operating netbacks declined 10%, reflecting lower revenues and higher operating expenses.

Operating Netbacks	Three Months Ended			Nine Months Ended		
	September 30		%	September 30		%
($/boe)	**2002**	2001	Change	**2002**	2001	Change
Gross revenue *	**30.29**	27.50	+10	**27.86**	30.99	-10
Royalty expenses (net of ARC)	**1.28**	1.42	-10	**1.14**	1.89	-40
Operating expenses	**2.23**	2.02	+10	**2.17**	1.97	+10
Operating netback	**26.78**	24.06	+11	**24.55**	27.13	-10

* includes potash revenue, sulphur revenue & other

Net Income, Cash Flow and Distributable Income **–** Net income increased 13% to $8.0 million versus $7.1 million in the third quarter of 2001. Funds generated from operations (cash flow) rose 4%. Income available for distribution totalled $12.7 million ($0.42 per Trust Unit), 5% higher on a per unit basis. After deducting acquisition costs of $1.1 million and working capital changes the Trust's distributable income to Unitholders was $11.2 million ($0.37 per Trust Unit). Royalty lands provided 82% of distributable income for the quarter. In the first nine months of 2002, net income was down 19%, while cash flow and income available for distribution were 11% lower, primarily reflecting lower natural gas prices year-over-year.

Liquidity and Capital Resources **–** Interest expenses declined 49% to $0.8 million in the first nine months of 2002, reflecting lower interest rates combined with a $2.5 million reduction in long-term debt since the end of 2001. As at September 30, 2002, Freehold had no short-term debt outstanding and long-term debt was $30.5 million. Working capital at the end of the first half totaled $7.0 million, resulting in net debt obligations of $23.5 million. The Trust's healthy financial condition is best demonstrated by the ratio of net debt to trailing cash flow, which is 0.5:1, among the lowest in the energy trust sector.

Capital Expenditures **–** As the Trust does not incur capital expenditures to develop of its royalty properties, Freehold's operating capital requirements are relatively modest. Freehold's 2002 development expenditures for working interest properties will be roughly $3.3 million, funded entirely from cash flow. Capital expenditures in the third quarter totaled $1.5 million ($2.6 million year-to-date).

Reclamation Fund **–** To fund Freehold's ongoing environmental obligations on working interest lands, quarterly cash payments are made to a reclamation fund. For the third quarter of 2002, a total of $60,000 (Q3 2001 – $60,000) was paid into the reclamation account and $30,000 in site restoration expense (Q3 2001 – $0) was paid from the fund. The balance in the fund at the end of the quarter was $967,000. No reclamation expenses are incurred on the royalty lands.

Development Activities

Drilling activity in western Canada for the first nine months of 2002 has declined 22% year-over-year. However drilling on Freehold's lands has increased 19% (17% on a net basis), reflecting the favourable land position of the Trust. This drilling will help to sustain our production and reserves.

Royalty Lands **–** Industry operators drilled 124 (3.9 net) wells on Freehold's royalty lands in the third quarter, at no cost to the Trust. Year-to-date, drilling on royalty lands is up 20%. There are currently 38 (1.4 net) drilling locations planned on Freehold's royalty lands.

Wells Drilled	Three Months Ended September 30		%	Nine Months Ended September 30		%
	2002	2001	Change	**2002**	2001	Change
Royalty lands (includes unitized wells)	**124**	135	-8	**452**	377	+20
Working interest properties	**19**	11	+73	**48**	44	+9
Total wells (gross)	**143**	146	-2	**500**	421	+19
Total wells (net)	**6.6**	3.4	+94	**13.4**	11.5	+17

Working Interest Properties **–** In the third quarter, Freehold spent $1.5 million to participate in the drilling of 19 (2.8 net) wells. Six (1.4 net) wells were drilled at Hayter, where Freehold owns 48.5% of the mineral title as well as a 23.5% working interest. Thirteen (1.3 net) infill wells were drilled at Pembina Cardium Unit #9, in which Freehold has a 0.6% royalty interest and a 9.9% working interest.

Outlook

We remain confident that our volumes will average 6,000 boe per day for the year, given the activity levels on our lands to date. Cash distributions paid in 2002 (including the payment to be made on December 15, 2002) will be $1.31 per Trust Unit.

It is expected that approximately 55% to 60% of distributable income will be taxable to Unitholders in 2002. Unitholders will be advised after completion of accounting for the year as to the exact portion of 2002 distributions that are taxable (information to be available in mid-February 2003).

We estimate that cash distributions for the year 2003 will total $1.30 per Trust Unit, based on the following assumptions. The Board of Directors will evaluate the distribution outlook throughout the year and we will provide additional guidance as warranted.

Distribution Outlook	**November 13, 2002**
2003 Assumptions	
Average daily production (boe/d), excluding acquisitions	**5,800**
Average WTI oil price (US$/bbl)	**23.00**
Average AECO natural gas price (C$/mcf)	**4.30**
Average light/heavy oil price differential (C$/bbl)	**9.00**
Average Canadian/US dollar exchange rate	**0.635**
Estimated cash distributions ($ per Unit)	**1.30**

The regular monthly distribution remains at $0.10 per Trust Unit. As in the past, a portion of any excess income available for distribution will be directed toward repayment of long-term debt and/or working capital improvement and extra distributions may be declared from time to time at the discretion of the Board of Directors. We caution that significant changes in production rates or commodity prices (positive or negative) will result in adjustments to the distribution level. Freehold is particularly vulnerable to swings in the light/heavy oil price differential, as approximately 35% of our total boe production is heavy oil. An analysis of the potential impact of key variables on distributable income can be found on page 27 of the Trust's 2001 annual report to Unitholders.

We are often asked what impact ratification of the Kyoto Protocol will have on the Trust. We cannot answer definitively until the Federal government advises our industry on how it plans to implement the accord if ratified. We do not expect possible ratification of the accord to have material impact on our performance in 2003.

Our lower-cost structure continues to provide superior netbacks to Unitholders. Our recent acquisitions, while small, demonstrate our continued efforts to pursue opportunities to add high quality assets to the Trust. Our bias remains towards acquisitions of royalty interest properties, however suitable working interest properties will be considered. It is important that we maintain a strong balance sheet to be in a position to take advantage of opportunities as they arise.

On behalf of the Board of Directors
of Freehold Resources Ltd.,

David J. Sandmeyer
President & Chief Executive Officer

November 13, 2002

Forward-Looking Statements – Certain information set forth in this document, including management's assessment of Freehold's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Freehold's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Freehold's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Freehold will derive therefrom. Freehold disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Supplemental Disclosure – Distributable income and income available for distribution are not recognized measures under Canadian generally accepted accounting principles. Management believes that in addition to net income and net income per Trust Unit, distributable income and income available for distribution are useful supplemental measures as they provide investors with information on cash available for distribution. Investors should be cautioned that distributable income and income available for distribution should not be construed as an alternate to net income as determined by Canadian generally accepted accounting principles.

Combined Balance Sheets

($000s)	September 30 2002	December 31 2001
	(Unaudited)	
Assets		
Current assets:		
Cash	**$ 280**	$ 260
Accounts receivable	**12,919**	9,074
	13,199	9,334
Reclamation fund	**967**	884
Petroleum and natural gas interests, net of accumulated depletion and depreciation of $127,216 (2001 – $111,316)	**213,163**	225,367
	$ 227,329	$ 235,585
Liabilities and Unitholders' Equity		
Current liabilities:		
Distributions payable to Unitholders	**$ 3,020**	$ 3,013
Accounts payable and accrued liabilities	**3,140**	2,005
	6,160	5,018
Provision for future site restoration	**1,275**	1,125
Long-term debt	**30,500**	33,000
Unitholders' equity	**189,394**	196,442
	$ 227,329	$ 235,585

Combined Statements of Unitholders' Equity

($000s)	Nine Months Ended September 30 2002	Year Ended December 31 2001
	(Unaudited)	
Unitholders' equity, beginning of period	**$ 196,442**	$ 183,029
Net income	**20,239**	27,299
Distributions to Unitholders	**(28,053)**	(45,264)
Issue of new Trust Units	**766**	31,378
Unitholders' equity, end of period	**$ 189,394**	$ 196,442

Combined Statements of Income

($000s, Except per Unit Data)	Three Months Ended September 30 **2002**	Three Months Ended September 30 2001	Nine Months Ended September 30 **2002**	Nine Months Ended September 30 2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Royalty income and working interest sales	**$ 16,503**	$ 16,085	**$ 45,582**	$ 51,105
Royalty expense (net of ARC)	**(697)**	(831)	**(1,859)**	(3,113)
	15,806	15,254	**43,723**	47,992
Other expenses:				
Operating	**1,216**	1,184	**3,550**	3,248
General and administrative	**587**	508	**2,188**	1,656
Interest on long-term debt	**274**	394	**759**	1,514
Other interest	**13**	6	**15**	16
Capital taxes and other	**32**	32	**99**	54
	2,122	2,124	**6,611**	6,488
Funds generated from operations	**13,684**	13,130	**37,112**	41,504
Depletion and depreciation	**5,330**	5,746	**15,900**	15,798
Provision for future site restoration	**87**	87	**247**	268
Management fee	**251**	200	**726**	569
Net income	**$ 8,016**	$ 7,097	**$ 20,239**	$ 24,869
Net income per Trust Unit, basic and diluted	**$ 0.27**	$ 0.24	**$ 0.67**	$ 0.88

Combined Statements of Cash Flows

($000s)	Three Months Ended September 30 **2002**	2001	Nine Months Ended September 30 **2002**	2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash provided by (used in):				
Operating:				
Net income	**$ 8,016**	$ 7,097	**$ 20,239**	$ 24,869
Items not involving cash:				
Depletion and depreciation	**5,330**	5,746	**15,900**	15,798
Provision for future site restoration	**87**	87	**247**	268
Trust Units issued in lieu of management fee	**251**	200	**726**	569
Funds generated from operations	**13,684**	13,130	**37,112**	41,504
Changes in non-cash operating working capital	**6**	50	**(2,710)**	(1,537)
	13,690	13,180	**34,402**	39,967
Financing:				
Issue of new Trust Units	**–**	–	**–**	31,845
Issue cost of new Trust Units	**–**	–	**–**	(1,343)
Trust Units issued upon exercise of options	**–**	–	**40**	100
Long-term debt	**–**	–	**(2,500)**	(7,000)
Distributions paid	**(11,166)**	(12,334)	**(28,045)**	(35,290)
	(11,166)	(12,334)	**(30,505)**	(11,688)
Investing:				
Property and royalty acquisitions	**(1,145)**	490	**(1,145)**	(25,400)
Development expenditures	**(1,476)**	(1,063)	**(2,552)**	(2,540)
Site reclamation fund contributions	**(60)**	(60)	**(180)**	(180)
	(2,681)	(633)	**(3,877)**	(28,120)
Increase (decrease) in cash	**(157)**	213	**20**	159
Cash, beginning of period	**437**	226	**260**	280
Cash, end of period	**$ 280**	$ 439	**$ 280**	$ 439

Notes to Interim Combined Financial Statements

For the period ended September 30, 2002

1) Significant Accounting Policies

The interim combined financial statements of Freehold Royalty Trust "the Trust" have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim combined financial statements have been prepared following the same accounting policies and methods of computation as the combined financial statements for the fiscal year ended December 31, 2001 except as outlined below. The interim combined financial statements should be read in conjunction with the combined financial statements and the notes thereto in the Trust's annual report for the year ended December 31, 2001.

2) Change in Accounting Policy

Effective January 1, 2002 the Trust adopted the new Canadian Accounting standard on the reporting of stock-based compensation and other stock-based payments. The new standard requires additional disclosure for options granted to employees, officers and directors and that a compensation cost be recorded for the fair value of options granted to non-employees. There has been no impact on the current period financial statements as a result of this change in accounting policy.

3) Long-Term Debt

The Trust has a $50.0 million committed production facility on which $30.5 million was drawn at September 30, 2002. The facility is structured as a one-year committed revolving credit facility, extendible annually. In the event that the lender does not consent to such extension, the revolving credit facility will revert to a three-year, non-revolving amortizing term loan with equal quarterly principal repayments. At September 30, 2002, the entire amount outstanding under the production facility is presented as long-term based on the Trust's ability to refinance this amount with the undrawn portion of the facility. Borrowings under the facility bear interest at the Bank's prime lending rate, bankers' acceptance or LIBOR rates plus applicable margins, ranging from 90 to 165 basis points.

In addition, the Trust has available a $15.0 million demand operating facility and a U.S. $10.0 million swap facility which was unused at September 30, 2002. Borrowings under these facilities bear interest at the Bank's prime lending rate.

4) Unitholders' Equity

During the quarter the Trust issued 22,500 Trust Units in payment of the management fee to Rife Resources Management Ltd., bringing the total outstanding Trust Units at September 30, 2002 to 30,202,736. The weighted average number of Trust Units outstanding for the nine months ending September 30, 2002 was 30,152,423 (2001 – 28,411,983) and for the quarter was 30,180,481 (2001 – 30,084,481).

As at September 30, 2002, options to purchase 1,139,000 Trust Units were outstanding with 9,000 vested. 1,130,000 of the outstanding options are priced at $9.24, with a vesting date of November 14, 2002 and an expiry date of November 14, 2006. The remaining 9,000 of the outstanding options are fully vested and priced at $6.65, with an expiry date of August 12, 2003.

For the nine months ending September 30, 2002, the Manager charged the Trust $1,576,000 in general and administrative costs, of which $497,000 was for the current quarter. At September 30, 2002 there was $161,000 in accounts payable relating to these costs. The Manager also earns a fee of 1.5% of the purchase price of oil and gas properties acquired by Freehold. During the current quarter, the manager was paid $18,000 relating to the acquisition described in Note 5. This fee was charged to capital assets as part of the properties acquired.

5) Property and Royalty Acquisition

On September 20, 2002, the Trust completed an acquisition of producing mineral title properties for $1,200,000 ($1,145,000 net of purchase price adjustments).

6) Distributable Income

($000s, Except per Unit Data)	Three Months Ended **September 30** **2002**	Three Months Ended September 30 2001	Nine Months Ended **September 30** **2002**	Nine Months Ended September 30 2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Funds generated from operations	**$ 13,684**	$ 13,130	**$ 37,112**	$ 41,504
Deduct:				
Site reclamation fund contributions	**(60)**	(60)	**(180)**	(180)
Provision for capital expenditures	**(900)**	(1,050)	**(2,400)**	(2,550)
Income available for distribution	**$ 12,724**	$ 12,020	**$ 34,532**	$ 38,774
Per Trust Unit	**$ 0.42**	$ 0.40	**$ 1.15**	$ 1.37
Debt repayment	**–**	–	**(2,500)**	(2,288)
Property and royalty acquisition	**(1,145)**	–	**(1,145)**	–
Working capital change	**(410)**	317	**(2,834)**	(256)
Distributable income	**$ 11,169**	$ 12,337	**$ 28,053**	$ 36,230
Per Trust Unit	**$ 0.37**	$ 0.41	**$ 0.93**	$ 1.26

Corporate Information

Directors

D. Nolan Blades [1, 2]
President
Sunny Gables Holdings Ltd.

Harry S. Campbell, Q.C.
Managing Partner
Burnet, Duckworth & Palmer, LLP

Tullio Cedraschi
President & C.E.O.
CN Investment Division

Peter T. Harrison [1]
Senior Vice-President,
Montrusco Bolton Inc.

Dr. P. Michael Maher [1, 2]
Professor, Haskayne School of Business
University of Calgary

David J. Sandmeyer
President
Rife Resources Ltd.

William W. Siebens [2]
President & C.E.O.
Candor Investments Ltd.

1 Audit Committee
2 Corporate Governance & Nominating Committee

Officers

William W. Siebens
Chairman

David J. Sandmeyer
President & C.E.O.

J. Frank George
Vice-President, Exploitation

Joseph N. Holowisky
Vice-President, Finance/Administration & C.F.O. and Secretary

William O. Ingram
Vice-President, Production

Michael J. Okrusko
Vice-President, Land

Head Office

Freehold Resources Ltd.
Freehold Royalty Trust
400, 144 - 4th Avenue S.W.
Calgary, Alberta T2P 3N4
Telephone: (403) 221-0802
Fax: (403) 221-0888

Investor Relations

Karen C. Taylor
Manager, Investor Relations
Direct: (403) 221-0891
Fax: (403) 221-0888
Toll Free: 1-888-257-1873
Email: ir@freeholdtrust.com

Website

www.freeholdtrust.com

Stock Exchange Listing

Toronto Stock Exchange
Trading Symbol: FRU.UN

Third Quarter Trading Summary

High – $11.35

Unitholder Services

Registered Unitholders should contact the Transfer Agent regarding distribution payments, Trust Unit certificates, change of address/duplicate mailings, and Unitholder Plans (direct deposit, distribution reinvestment, and U.S. currency payments):

Computershare Trust Company of Canada
600, 530 – 8th Avenue S.W.
Calgary, Alberta T2P 3S8
Telephone: 1-888-267-6555
Fax: (403) 267-6598
Contact: Laura Leong
Email: laura.leong@computershare.com
Website: www.computershare.com

2002 Cash Distributions

Record Date	Payment Date	Per Trust Unit
December 31, 2001	January 15, 2002	$0.10
January 31, 2002	February 15, 2002	$0.08
February 28, 2002	March 15, 2002	$0.08
March 31, 2002	April 15, 2002	$0.08
April 30, 2002	May 15, 2002	$0.08
May 31, 2002	June 15, 2002	$0.14
June 30, 2002	July 15, 2002	$0.10
July 31, 2002	August 15, 2002	$0.10
August 31, 2002	September 15, 2002	$0.17
September 30, 2002	October 15, 2002	$0.10
October 31, 2002	November 15, 2002	$0.10
November 30, 2002	December 15, 2002	$0.18

Taxability of Distributions

Cash distributions received in 2001 were 38% taxable to Unitholders as other income and 62% were tax deferred (return of capital). Freehold estimates that approximately 55% to 60% of distributions paid in 2002 will be taxable to Unitholders. Further information is available on Freehold's website or by contacting Freehold.

Low – $9.50
Close – $11.17
Volume – 2,428,073

Trustee & Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta
Toronto, Ontario

Legal Counsel

Burnet Duckworth & Palmer, LLP
Calgary, Alberta

Auditors

KPMG, LLP
Calgary, Alberta

Banker

Canadian Imperial Bank of Commerce
Calgary, Alberta

Evaluation Engineers

Trimble Engineering Associates Ltd.
Calgary, Alberta