

NEWS RELEASE

FRU.UN

Freehold Royalty Trust Announces Closing of Petrovera Acquisition

CALGARY, Alberta, May 10, 2005 – Freehold Royalty Trust ("Freehold") (TSX:FRU.UN) is pleased to announce that it has closed the previously announced acquisition of Petrovera Resources, a general partnership which owns approximately 3,700 barrels of oil equivalent ("boe") per day of royalty production, indirectly from Canadian Natural Resources Limited, for total consideration of \$345 million. The effective date of the acquisition is January 1, 2005, with purchase price adjustments for interim net revenue to the closing date.

The acquisition more than doubles Freehold's royalty land base to 1.9 million gross acres and adds 387,000 gross acres of undeveloped land in western Canada and Ontario. Net proved plus probable reserves increase by approximately 60% to 34.1 million boe. The acquisition is consistent with Freehold's strategy of acquiring high quality, long-life royalty assets and is expected to be accretive to cash flow, net asset value, production and reserves per Trust Unit in 2005 and future years, after giving effect to the financing.

Production and cash flow from these assets will have an impact on Freehold's operations from the closing date. The 3,700 boe per day acquisition provides an immediate 65% boost to production and the acquired assets are expected to add approximately 2,300 boe per day to Freehold's annualized 2005 production. As a result, Freehold expects 2005 production to average approximately 7,900 boe per day for the full year 2005.

The transaction was funded with a bought-deal equity financing through the issuance of 13.505 million subscription receipts ("Subscription Receipts") at a price of \$15.55 per Subscription Receipt for gross proceeds of approximately \$210 million (the "Offering"), a private placement of 3,858,520 trust units of the Trust ("Trust Units") at \$15.55 per Trust Unit to Canadian Natural Resources Limited for gross proceeds of approximately \$60 million, and the remainder with debt utilizing Freehold's expanded credit facilities.

As a result of the closing of the transaction, the holders of Subscription Receipts issued pursuant to the Offering are entitled to receive, without payment of additional consideration, one Trust Unit for each Subscription Receipt held on May 10, 2005 and will be entitled, provided they hold the Trust Units received pursuant to the Subscription Receipts on May 31, 2005, to receive the monthly distribution expected to be paid to Unitholders on June 15, 2005.

The Subscription Receipts and the underlying Trust Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

With the successful closing of this acquisition and Offering, Freehold has significantly strengthened its operating base and expanded its future opportunities while maintaining financial strength and ensuring sustainability.

Freehold is a Calgary-based oil and gas royalty trust that provides monthly cash distributions to Unitholders. Monthly distributions are supplemented by quarterly top-ups when excess funds are available. Approximately 90% of distributions to Unitholders comes from mineral title and gross overriding royalties, the majority of which Freehold owns in perpetuity. Freehold now has an interest in over 21,000 oil and gas wells in western Canada and Ontario. The Trust Units trade on the Toronto Stock Exchange in Canada under the symbol FRU.UN.

Please visit our website at www.freeholdtrust.com for more information.

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