

NEWS RELEASE

FRU.UN

Freehold Royalty Trust Announces Acquisition of Royalty Interests and Equity Financing

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CALGARY, Alberta, April 20, 2005 – Freehold Royalty Trust (“Freehold”) (TSX:FRU.UN) today announced that it has entered into a partnership acquisition agreement to acquire approximately 3,700 barrels of oil equivalent (“boe”) per day of royalty production indirectly from Canadian Natural Resources Limited (“Canadian Natural”) for a total consideration of approximately \$345 million, after giving effect to anticipated adjustments.

“We are pleased to acquire this large portfolio of royalty interests,” said David Sandmeyer, President and Chief Executive Officer of Freehold Resources Ltd. “This is a significant acquisition and an excellent strategic fit for Freehold. Since inception, our royalty lands have been our distinguishing feature. This acquisition doubles our royalty production and expands our presence in the western Canadian sedimentary basin. Upon closing, our production will be approximately 9,300 barrels of oil equivalent per day, 80% of which will be royalty production. As well, the acquisition will be accretive on a per trust unit basis and that was an important factor for us.”

The acquisition will be completed through two commercial trusts wholly-owned by Freehold, which will acquire Petrovera Resources, a general partnership owned by Canadian Natural and certain of its subsidiaries and affiliates. The transaction is expected to close on or about May 10, 2005, subject to receipt of required regulatory approvals and standard closing conditions and will be effective January 1, 2005.

In connection with the acquisition, pursuant to the partnership acquisition agreement, Canadian Natural has agreed to purchase 3,858,520 trust units of Freehold (“Trust Units”) for approximately \$60 million. The Trust Units acquired by Canadian Natural will be subject to a statutory hold period of four months. Freehold intends to fund the balance of the acquisition with the proceeds of a concurrent bought deal equity financing (as described below) and debt utilizing Freehold’s expanded credit facilities.

CIBC World Markets Inc. acted as financial advisor to Freehold in connection with the acquisition, lead underwriter on the equity financing and lead agent on the expansion of Freehold’s credit facility to finance the acquisition.

Freehold expects to maintain its current monthly distribution to holders of Trust Units (“Unitholders”) at \$0.12 per Trust Unit for the next four months, after which time the board of directors will re-evaluate the distribution level.

The additional debt assumed as a result of this acquisition will increase Freehold’s exposure to a downturn in commodity prices. Therefore, while it has been Freehold’s policy not to hedge production, the board of directors may decide in the future to enter into hedging arrangements in order to mitigate this potential risk.

ACQUISITION HIGHLIGHTS

- The acquisition 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 proposed financing. In 2005, the acquisition is expected to be approximately 7% accretive to net operating income per Trust Unit, based on the Trimble Report, as defined below.
- Acquiring approximately 3,700 boe per day of royalty interest production, weighted 42% to natural gas and 58% to crude oil and natural gas liquids (NGL). These properties generated net operating income of \$48.6 million in 2004. The acquisition also includes a net profit interest that generated net operating income of \$2.2 million in 2004 and potash production of 5.4 tonnes per day that generated approximately \$0.3 million of net operating income in 2004. In aggregate, the properties generated net operating income in 2004 of \$51.1 million.
- The properties are located in western Canada and Ontario and include interests in approximately 7,600 wells, including 100 production units, of which 59 overlap Freehold's current unit interests.
- Approximately 8.3 million boe of net proved reserves (100% of which are proved producing) and 12.9 million boe of net proved plus probable reserves are being acquired based on an independent engineering evaluation prepared by Trimble Engineering Associates Ltd. dated February 22, 2005 and effective as of December 31, 2004 (the "Trimble Report"). The evaluation was performed in accordance with National Instrument 51-101 ("NI 51-101").
- The production and reserves are royalty interests, which are an excellent strategic fit with Freehold's existing asset base. Royalty interests are significantly more valuable than conventional working interest reserves, because they provide revenue without Freehold having to pay any of the working interest costs (working interest costs such as operating expenses, royalties paid and maintenance capital expenditures can account for 50% or more of gross production revenue). Pro forma the acquisition, Freehold's royalty weighting is expected to increase to approximately 80% from 68%, on a production basis.
- The acquisition increases production by approximately 65% and net proved plus probable reserves by approximately 60%.
- The assets have a long reserve life ("RLI") of 9.6 years on a proved plus probable basis. When combined with Freehold's current 10.6 year RLI, the pro forma RLI of Freehold is approximately 10.2 years.
- The acquisition will also increase Freehold's overall natural gas weighting on a boe basis. The pro forma production profile is expected to be approximately 37% natural gas, 5% NGL, 18% light and medium oil and 40% heavy oil.
- Freehold's operating expenses per boe will decline, as the assets being acquired are royalty interests, which have no operating costs.
- Synergies and economies of scale from this acquisition are expected to reduce general and administrative costs per boe.
- The acquisition more than doubles Freehold's royalty land base to 1,892,294 gross acres and adds 386,509 gross acres of undeveloped land, of which 213,465 acres are located in Ontario and 173,044 acres are located in western Canada. Approximately 8% of the royalty lands being acquired overlap with Freehold's current royalty lands.

- Overall, the acquired lands are less densely drilled than Freehold's current royalty lands, while the drilling activity on the acquired lands over the past three years has been very similar to the drilling that has taken place on Freehold's properties, signaling additional future development potential, with no capital requirements.
- The acquisition expands Freehold's presence into northwestern Alberta, northeastern British Columbia and southern Ontario.
- The acquisition significantly increases Freehold's size. It adds critical mass to enhance stability of distributions over the long term, as well as a larger market capitalization that should lead to enhanced liquidity.

SUMMARY OF ASSETS ACQUIRED

	Freehold Pre-acquisition	Acquisition	Freehold Pro Forma
Production (year ended December 31, 2004)			
Oil (bbls/d)	3,594	2,005	5,599
NGL (bbls/d)	283	101	384
Natural gas (Mcf/d)	10,270	9,347	19,617
Total (boe/d)	5,588	3,663	9,251
Royalty production (%)	66	99	79
Reserves (as at December 31, 2004) ⁽¹⁾			
Net proved (Mboe)	14,678	8,324	23,002
Net proved plus probable (Mboe)	21,163	12,889	34,052
Reserve life index (net proved plus probable, years)	10.6	9.6	10.2
Royalty lands (as at December 31, 2004)			
Gross acres ⁽²⁾	867,155	1,109,922	1,892,294
Gross undeveloped acres ⁽²⁾	246,177	386,509	623,366

SUMMARY OF ROYALTY WELLS DRILLED

Year ended December 31, 2004	Freehold Pre-acquisition	Acquisition	Freehold Pro Forma ⁽²⁾
Gross wells	671	358	1,000
Equivalent net wells ⁽³⁾	12.3	16.4	28.7
Net success rate (%)	99.2	98.3	98.9

SUMMARY OF NET RESERVES ACQUIRED ⁽¹⁾

Year Ended December 31, 2004	Light and Medium Oil (Mbbls)	Heavy Oil (Mbbls)	Natural Gas (MMcf)	NGL (Mbbls)	Total (Mboe)	Net Present Value ⁽⁴⁾ (\$000s)
Proved						
Producing	1,035	2,798	25,399	258	8,324	170,018
Non-producing	0	0	0	0	0	0
Undeveloped	0	0	0	0	0	0
Total proved	1,035	2,798	25,399	258	8,324	170,018
Probable	518	1,925	12,136	99	4,565	54,503
Total proved plus probable	1,553	4,723	37,535	357	12,889	224,521

Notes:

1. Reserves based on evaluations by Trimble Engineering Associates Ltd. effective December 31, 2004.
2. Numbers may not add due to some common interests.
3. Gross wells multiplied by the percentage interests therein, including royalty interests.

4. Net present value of reserves based on evaluations by Trimble Engineering Associates Ltd., using forecast prices and costs, before tax, including Alberta Royalty Credit, discounted at 10%. Pricing assumptions for 2005 contained in the Trimble Report: WTI crude oil US\$44.29/bbl; AECO natural gas \$6.97/Mcf; Edmonton light/Hardisty Bow River Medium oil price differential \$14.99/bbl; US\$/Cdn\$ exchange rate 0.84.

FINANCING

In connection with the acquisition, Freehold has entered into an agreement to sell, to a syndicate of underwriters led by CIBC World Markets Inc., including RBC Capital Markets, BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc., 13,505,000 subscription receipts ("Subscription Receipts") at a price of \$15.55 per Subscription Receipt to raise gross proceeds of \$210,002,750 on a bought deal basis. The issue will be offered in all provinces of Canada. Closing of the offering is expected to occur on May 10, 2005, and is subject to regulatory approvals.

The gross proceeds from the sale of the Subscription Receipts will be held in escrow. If the proposed acquisition closes on or before May 26, 2005, the proceeds of the offering will be released to Freehold to finance a portion of the acquisition and one Trust Unit will be issued to holders of subscription receipts for each Subscription Receipt held without payment of additional consideration. However, if the acquisition fails to close by May 26, 2005, the escrow agent will return to the holders of subscription receipts the issue price thereof and their pro-rata entitlement to interest earned thereon.

The offering of the Subscription Receipts is being made in all provinces of Canada by means of a short-form prospectus and is subject to normal regulatory approvals. The securities offered 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.

CONFERENCE CALL NOTIFICATION

Freehold will host a conference call tomorrow, Thursday, April 21, 2005 at 8:00 am Mountain Daylight Time (10:00 am Eastern Daylight Time) to review the acquisition. The call-in number for the conference call is 1-800-298-3006 (North America). An audio webcast will also be available at www.freeholdtrust.com. A replay of the call will be available after 1:00 pm (Mountain Daylight Time), April 21, 2005 until Thursday, April 28, 2005 by calling 1-800-558-5253 (North America) and entering passcode 21245229, followed by the pound (#) key. An audio archive will be available on Freehold's website for 90 days.

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. No assurance can be given that any of the events anticipated will transpire or occur, or if any of them do so, what benefits Freehold will derive from them. 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.

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