MANAGEMENT INFORMATION CIRCULAR
DATED MARCH 30, 2016

Freehold
ROYALTIES LTD.

www.freeholdroyalties.com

WHO WE ARE, THE ROYALTY ADVANTAGE

Freehold Royalties Ltd. is one of the largest owners of privately held mineral rights in Canada. A majority of our free cash flow is distributed to Shareholders in the form of dividends.

We are publicly traded on the Toronto Stock Exchange (TSX: FRU). Find out more on our website www.freeholdroyalties.com, or contact Investor Relations toll free (Canada and U.S.) at 1-888-257-1873.

WHAT'S INSIDE

PROXY SUMMARY

The following summary highlights some of the important information you will find in this Information Circular. We recommend you read the entire Information Circular before voting.

Shareholder Voting Matters

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Freehold
ROYALTIES LTD.

LETTER TO SHAREHOLDERS

March 30, 2016

Dear Fellow Shareholders,

On behalf of the Board of Directors (the "**Board**") and management of Freehold Royalties Ltd. ("**Freehold**"), we cordially invite you to attend the annual and special meeting (the "**Meeting**") of Freehold shareholders that will be held in the Roxy Theatre A&B, Sun Life Plaza Conference Centre, Plus 15 Level, 140 – 4th Avenue S.W., Calgary, Alberta on Wednesday, May 11, 2016 at 3:30 p.m.

The accompanying management information circular describes the business to be conducted at the meeting and provides information on executive compensation and Freehold's governance practices.

Two of your current directors are retiring this year. We would like to recognize David Sandmeyer, who is not standing for re-election and will retire from the Board of Freehold at the Meeting. Mr. Sandmeyer was appointed to the Board in 1996 and served as President and Chief Executive Officer of Rife Resources Ltd. and Freehold until his retirement in May 2009. We would like to thank him for his dedication, wisdom and leadership throughout his tenure on the Board.

We are pleased to announce that Douglas Kay has agreed to stand for election at the Meeting. Mr. Kay is a Corporate Director and former oil and gas executive with over 37 years of industry experience.

As well, I will not be standing for election, and after 19 years of service, will retire from the Board at the Meeting. It has been a distinct privilege to have been a member of this Board which has served its shareholders so capably since the founding of Freehold. It is planned that Marvin Romanow will succeed me as Chair of the Board following the Meeting. Mr. Romanow has over 30 years of experience in the oil and gas industry. I am confident he will provide the quality of board leadership expected by all stakeholders.

In closing, we would like to thank the shareholders of Freehold for their continued support.

Sincerely,

(signed) "D. Nolan Blades"
Chair of the Board

Freehold
ROYALTIES LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING

TO THE SHAREHOLDERS:

NOTICE is hereby given that an Annual and Special Meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of Freehold Royalties Ltd. ("**Freehold**") will be held in the Roxy Theatre A&B, Sun Life Plaza Conference Centre, Plus 15 Level, 140 – 4th Avenue S.W., Calgary, Alberta on Wednesday, May 11, 2016 at the hour of 3:30 p.m. (Calgary time) for the following purposes, namely:

1. to receive and consider the consolidated financial statements for the fiscal year ended December 31, 2015, together with the Auditors' report thereon;
2. to elect the directors of Freehold for the ensuing year;
3. to appoint Auditors of Freehold for the ensuing year;
4. to consider, and if thought advisable, to pass, with or without variation, an ordinary resolution approving the reservation and issuance of up to 300,000 Common Shares to be issued pursuant to the Deferred Share Unit Plan of Freehold, as more particularly described in the accompanying management information circular of Freehold dated March 30, 2016 ("**Information Circular**");
5. to consider and, if thought advisable, to pass, with or without variation, a special resolution approving a reduction in the stated capital of Freehold, as more particularly described in the Information Circular; and
6. to transact all such other business that may properly be brought before the Meeting or any adjournment thereof.

The specific details of these matters proposed to be put before the Meeting are set forth in the accompanying Information Circular.

Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to complete, date and sign the enclosed form of proxy and return it in the envelope provided for that purpose. A proxy will not be valid unless it is completed and delivered to the attention of Freehold's Transfer Agent and Registrar, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours before the Meeting or any adjournment(s) thereof.

The record date for the Meeting has been fixed at the close of business on March 28, 2016 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he or she owns such Common Shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED at Calgary, Alberta this 30th day of March, 2016.

BY ORDER OF THE BOARD OF DIRECTORS OF FREEHOLD ROYALTIES LTD.

(signed) "Karen C. Taylor"
Corporate Secretary

Management Information Circular dated March 30, 2016 for the Annual and Special Meeting of Shareholders of Freehold Royalties Ltd. to be held on May 11, 2016.

VOTING MATTERS

Solicitation of Proxies

This management information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Freehold Royalties Ltd. ("**Freehold**") for use at the annual and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of Freehold to be held in the Roxy Theatre A&B of the Sun Life Plaza Conference Centre, Plus 15 Level, 140 – 4th Avenue S.W., Calgary, Alberta, on May 11, 2016, commencing at 3:30 p.m. (Calgary time) for the purposes set forth in the Notice of the Meeting accompanying this Information Circular. Unless otherwise stated, the information contained herein is given as of March 30, 2016. The costs incurred in the solicitation of proxies and in the preparation and mailing of this Information Circular will be borne by Freehold. Solicitation of proxies by management will be through the mail, in person and by telephone.

Appointment and Revocation of Proxy

A form of proxy accompanies the Notice of the Meeting and this Information Circular. The persons named in such form of proxy are directors and officers of Freehold. A person or corporation submitting the proxy shall have the right to appoint a person (who need not be a Shareholder) to be a representative at the Meeting, other than the persons designated in the form of proxy furnished by Freehold. Such appointment may be exercised by inserting the name of the appointed representative in the blank space provided for that purpose. A form of proxy will not be valid unless it is completed and delivered to the attention of Freehold's Transfer Agent and Registrar, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours before the Meeting or any adjournment thereof.

A Shareholder who has given a proxy may revoke it by depositing an instrument in writing executed by such Shareholder (or by an attorney duly authorized in writing) or, if such Shareholder is a corporation, by any officer or attorney thereof duly authorized, either at the registered office of Freehold at any time up to and including the close of business on the last business day preceding the Meeting or any adjournment(s) thereof, or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof.

Notice to Beneficial Holders of Common Shares

The information in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold Common Shares in their own name. If you do not hold your Common Shares in your own name, you are considered a "Beneficial Shareholder". You should note that only proxies deposited by Shareholders whose names appear on the records of Freehold as the registered holders of the Common Shares can be recognized and acted upon at the Meeting.

If your Common Shares are listed in an account statement provided to you by a broker, then in almost all cases those Common Shares will not be registered in your name on the records of Freehold. Those Common Shares will more likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of Common Shares are registered under the name of CDS & Co. (the registration name for The

Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Freehold does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Each intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by the intermediary/broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the intermediary/broker on how to vote on behalf of the Beneficial Shareholder.

The majority of brokers in Canada and the United States delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder may be given the option to vote by telephone or via the Internet. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting.

Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by the intermediary/broker in order to have the Common Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed voting instruction forms as directed well in advance of the Meeting.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy or voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Notice and Access

We have elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the meeting in respect of mailings to Beneficial Holders but not in respect of mailings to registered holders of our Common Shares (i.e., a Shareholder whose name appears on our records as a holder of Common Shares). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

We have also elected to use procedures known as 'stratification' in relation to our use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management's discussion and analysis ("**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the Meeting, registered Shareholders will receive a paper copy of the Notice of the Meeting, this Information Circular and a form of proxy whereas Beneficial Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form. Furthermore, a paper copy of the Financial Information in respect of our most recently completed financial year was mailed to all registered Shareholders and those beneficial Shareholders who previously requested to receive such information.

Exercise of Discretion By Proxy

The persons named in the enclosed form of proxy will, if the instructions are certain, vote the Common Shares represented thereby and where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Common Shares will be voted or withheld from voting in accordance with the specification so made. The Common Shares represented by all proxies received by Freehold will be voted to approve each matter to which no specification has been made.

The enclosed form of proxy confers discretionary authority on the persons appointed with respect to amendments or variations of matters identified in the Notice or other matters that may properly come before the Meeting. At the time of printing this Information Circular, management of Freehold is not aware of any such amendments, variations or other matters.

Voting Shares

There are presently issued and outstanding 99,211,675 Common Shares to which are attached voting rights and the registered holders thereof, at the close of business on March 28, 2016 (the "**Record Date**"), are entitled to attend and vote at the Meeting on the basis of one vote for each Common Share held. Shareholders of Freehold of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he or she owns such Common Shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Principal Shareholders

To the best of the knowledge of management of Freehold, the following are the only persons who beneficially own, or control or direct, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to the issued and outstanding Common Shares of Freehold that may be voted at the Meeting:

Name	Common Shares Beneficially Directly or Indirectly[1]	Percentage of Issued and Outstanding Common Shares
CN Pension Trust Funds (the pension funds for employees of Canadian National Railway Company)	23,333,616[2]	23.52%

(1) The information as to Common Shares beneficially owned, not being within the knowledge of Freehold, has been derived from sources available to Freehold.
(2) Includes 5,178,509 Common Shares held indirectly.

Governance Agreement

Pursuant to a governance agreement dated December 31, 2010 (the "**Governance Agreement**") between Rife Resources Management Ltd. (the "**Manager**") and Freehold, if the Manager and its affiliates, including the CN Pension Trust Funds, hold 10% or more of the issued and outstanding Common Shares, the Manager will have the right to nominate for election two individuals as directors of Freehold. If the Manager and its affiliates hold less than 10% of the issued and outstanding Common Shares, the Manager will have the right to nominate for election one individual as a director of Freehold. If the individuals nominated by the Manager fail to get elected or if the Manager ceases to hold any Common Shares (in which case the Manager will not have the right to nominate any individuals as directors of Freehold) but continues to act as manager of Freehold pursuant to the Management Agreement (as defined below) (see "*The Manager - Management Agreement*"), the Governance Agreement will provide the Manager with the right to have an observer present at all meetings of directors of Freehold. The CN Pension Trust Funds holds, directly or indirectly, approximately 24% of the outstanding Common Shares and as a result, has the right to nominate two individuals as directors of Freehold.

Say on Pay

Our Governance, Nominating and Compensation Committee ("**GNC Committee**") monitors the use of Say on Pay votes – where shareholders are given an opportunity to provide non-binding approval of the executive compensation program. We have historically not implemented a voluntary Say on Pay vote as Freehold does not have any employees and therefore does not directly compensate executives.

Pursuant to an amended and restated management agreement dated November 9, 2015 (the "**Management Agreement**"), Freehold is managed by the Manager, which is an external company and a wholly-owned subsidiary of Rife Resources Ltd. ("**Rife**") (a private Canadian oil and gas company). Rife is wholly owned by the CN Pension Trust Funds. Pursuant to an agreement between Rife and the Manager, Rife provides the Manager on a contract basis, with all necessary personnel, equipment and facilities required to provide management and operational services to Freehold on a cost recovery basis. Freehold's executives are employed by and receive their compensation directly from Rife.

As a result of the amendment and restatement of the Management Agreement in November 2015, Rife has agreed to cooperate with the GNC Committee in the development of all policies and programs relating to the review and approval of compensation for the employees of the Manager and Rife that work on the business of Freehold, including with respect to Freehold's executives; however, all elements of compensation are ultimately determined by the Manager and Rife and Freehold is obligated to pay an agreed portion of these amounts according to the Management Agreement. As a result of these factors, Freehold has decided not to implement a Say on Pay vote this year.

Quorum for Meeting

At the Meeting, a quorum shall consist of two or more persons present and holding or representing by proxy not less than 25% of the outstanding Common Shares. If a quorum is not present at the opening of the Meeting, the Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

BUSINESS OF THE MEETING

Recommendation of the Board of Directors

The Board unanimously recommends that the Shareholders vote FOR each of the election of directors, appointment of auditors, approval of issuance of Common Shares under the Deferred Share Unit Plan of Freehold (the "DSU Plan"), and Reduction of Stated Capital as set forth in this Information Circular. Unless instructed otherwise, the person named on the proxy will vote FOR each of such matters to be acted upon at the Meeting.

1. Financial Statements

The consolidated financial statements for the year ending December 31, 2015, together with the auditors' report on those statements, have been mailed to the Shareholders who requested such materials together with this Information Circular, in accordance with applicable securities laws. Copies of these financial statements are also available through the internet under Freehold's SEDAR profile at www.sedar.com and on Freehold's website at www.freeholdroyalties.com.

2. Election of Directors

There are presently nine directors of Freehold, each of whom will retire from office at the Meeting. The Board has determined that the number of directors to be elected at the Meeting, to hold office until the next annual meeting of Freehold or until their successors are elected or appointed, subject to the Articles or By-laws of Freehold, be set at eight.

Pursuant to the Governance Agreement, the Manager is entitled to nominate for election two individuals as directors of Freehold. The Manager has nominated Peter T. Harrison and Thomas J. Mullane for election as directors at the Meeting.

In addition, the following six persons have been proposed for election as directors of Freehold: Gary R. Bugeaud, J. Douglas Kay, Arthur N. Korpach, Susan M. MacKenzie, Marvin F. Romanow, and Aidan M. Walsh.

Director Nominee	Director Since	Age	Committees	Current Number of Public Boards (including Freehold)
Gary R. Bugeaud	2015	54	GNC	2
Peter T. Harrison	1996	60	-	1
J. Douglas Kay	Nominee	62	N/A	-
Arthur N. Korpach	2012	58	Audit, GNC	2
Susan M. MacKenzie	2014	55	GNC, Reserves	3
Thomas J. Mullane	2013	55	-	1
Marvin F. Romanow	2015	60	Audit	1
Aidan M. Walsh	2013	61	Audit, Reserves	1

It is the intention of the persons named in the enclosed form of proxy, if named as proxy, to vote for the election of all of the persons named above (including Peter T. Harrison and Thomas J. Mullane) as directors. Management does not contemplate that any of the proposed nominees will be unable to serve as directors. If any of the proposed nominees do not stand for election or are unable to serve, proxies will not be voted for any other nominee. Each director elected will hold office until the next annual meeting of Shareholders or until his or her successor is elected or appointed.

See "*Director Nominees*" in this Information Circular for additional information on the Director Nominees.

Voting for Election of Directors

The Board has adopted an individual director voting policy which allows a Shareholder to vote with respect to each individual director. The individual voting results will be published on www.sedar.com after the meeting. The individual voting results will be reviewed by the GNC Committee and will be considered as part of the GNC Committee's overall review and assessment of the nominees recommended to Shareholders at the next annual meeting of Shareholders.

The Board has also adopted a majority voting policy, which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at a meeting of Shareholders, such nominee shall offer his or her resignation as a director to the Board promptly following the meeting of Shareholders at which the director was elected. Upon receiving such offer of resignation, our GNC Committee will consider such offer and make a recommendation to the Board whether to accept it or not. Freehold will announce the decision of the Board promptly after such decision is made in a press release with respect to whether they have decided to accept such director's resignation, which decision will be made within 90 days following the meeting of Shareholders, and the reasons why they have accepted or not accepted such resignation. The director who tendered such resignation will not attend any meeting (or portion of a meeting) of any Board committee (including the GNC Committee if such director is a member of such committee) or the Board where such resignation is being considered.

The majority voting policy only applies in circumstances involving an uncontested election of directors. For the purpose of the policy, an uncontested election of directors means that the number of nominees for election as a director is the same as the number of directors to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not named as nominees in the applicable management information circular.

3. Appointment of Auditors

The persons named in the form of proxy solicited by management of Freehold will vote the Common Shares represented by proxy for the appointment of KPMG LLP, Chartered Accountants, as Auditors of Freehold until the next annual meeting of Shareholders at remuneration to be fixed by the directors of Freehold. KPMG LLP were first appointed Auditors of Freehold on September 30, 1996.

The following table sets out the fees paid to KPMG LLP by Freehold in the two most recently completed financial years.

	Year Ended December 31	
	2015	2014
Audit Fees(1)	184,000	176,500
Audit-related fees(2)	95,000	72,500
Tax fees(3)	35,500	15,000
All other fees	-	-
Total	314,500	264,000

(1) Audit fees consist of fees for the audit of Freehold's annual financial statements, reviews of interim consolidated financial statements for the first, second, and third quarters of the respective year, or services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of Freehold's financial statements and are not reported as Audit Fees. The services provided in this category includes work performed by Freehold's external auditors in connection with the bought deal financings completed by Freehold during 2014 and 2015.

(3) Tax fees consist of fees for tax compliance and advisory services.

4. Approval of Reservation and Issuance of Common Shares under Deferred Share Unit Plan

At the Meeting, Shareholders, other than Non-Management Directors (as defined below), will be asked to consider and, if deemed advisable, approve an ordinary resolution to approve the reservation and issuance of an additional 300,000 Common Shares (representing approximately 0.3% of the issued and outstanding Common Shares) to be issued to the directors of Freehold pursuant to the DSU Plan (the "**DSU Plan Resolution**").

On December 8, 2010, the unitholders of Freehold Royalty Trust, the predecessor of Freehold, approved the DSU Plan including the reservation of a maximum of 300,000 Common Shares to be issued pursuant to the DSU Plan. As at the date hereof, there are 184,656 Common Shares reserved for issuance pursuant to currently outstanding deferred share units ("**DSUs**") under the DSU Plan (including notional DSUs resulting from dividends paid on the Common Shares). In addition, since the DSU Plan was approved, a total of 55,405 Common Shares have been issued on the redemption of DSUs issued pursuant to the DSU Plan. As a result, as at the date hereof, there remains 59,939 Common Shares available for issuance pursuant to DSUs (including notional DSUs resulting from dividends paid on the Common Shares) to be granted pursuant to the DSU Plan.

All directors who are not employees of Freehold or Rife (the "**Non-Management Directors**") are eligible to participate in the DSU Plan. Freehold believes that the DSU Plan provides a form of directors' compensation that aligns the interests of the Non-Management Directors and shareholders of Freehold and allows Freehold to continue to attract qualified directors. A copy of the DSU Plan is attached as Appendix "E".

Under the DSU Plan, dividends to Shareholders declared by the Corporation prior to redemption are assumed to be reinvested on behalf of the directors in notional DSUs on the date of the dividend. The issued and outstanding DSUs (including additional notional DSUs resulting from dividends) are redeemable for an equal number of Common Shares (less applicable withholding tax if necessary) after the director's retirement until December 15 of the year following the director's retirement.

Unless otherwise provided at the time of grant, each DSU will be fully vested immediately upon grant and a director's entitlement to receive the Common Shares underlying such DSUs at his or her termination date shall not thereafter be subject to satisfaction of any requirements as to any minimum period of membership on the Board or other conditions. The assignment or transfer of DSUs, or any other benefits under the DSU Plan, shall not be permitted other than by operation of law.

The DSU Plan and any DSUs granted pursuant to the DSU Plan may be amended, modified or terminated by the Board without approval of the Shareholders of Freehold (subject to any required approval of the Toronto Stock Exchange (the "**TSX**")); provided that the DSU Plan may not be amended without the approval of the Shareholders to:

(a) make any amendment to the DSU Plan to increase the number of Common Shares issuable pursuant to the DSU Plan;

(b) extend the expiry date of any outstanding DSUs;

(c) make any amendment to the DSU Plan that would permit a holder to transfer or assign DSUs to a new beneficial holder other than in the case of death of the holder; or

(d) make any amendment to the amending provisions of the DSU Plan.

In addition, no amendment to the DSU Plan or DSUs granted pursuant to the DSU Plan may be made without the consent of any director holding outstanding DSUs, if such amendment adversely alters or impairs the rights of any such director in respect of any DSUs previously granted to such director under the DSU Plan.

If the DSU Plan Resolution at the Meeting is approved it will increase the maximum number of Common Shares issuable pursuant to the Plan to an aggregate 600,000 Common Shares (representing approximately 0.6% of the current issued and outstanding Common Shares); however, based on the number of Common Shares issued on redemption of DSUs to date and the number of DSUs currently outstanding, only 359,939 DSUs will be available for future grant pursuant to the DSU Plan (not taking into account any notional DSUs to be issued as a result of dividends paid on the Common Shares prior to the Meeting).

The conditional approval of the TSX for the listing of up to 300,000 Common Shares to be reserved for issuance pursuant to the DSU Plan was expressly given on the basis that the issuance of the Common Shares would be approved by a disinterested vote of Shareholders. A disinterested vote of Shareholders requires the approval of a majority of votes cast, in person or by proxy, at the Meeting, by Shareholders other than directors of Freehold who are entitled to receive grants of Deferred Share Units pursuant to the DSU Plan, which includes all Non-Management Directors. As a result, the Common Shares held by the Non-Management Directors will not be voted at the Meeting in relation to this matter. In the aggregate, the votes attached to 142,250 Common Shares, representing less than 1.0% of the Common Shares will not be counted for the purposes of determining approval of this matter.

At the Meeting, Shareholders, other than Non-Management Directors, will be asked to consider and, if thought advisable, to pass the following ordinary resolution, being the DSU Plan Resolution:

> "BE IT RESOLVED THAT the reservation and issuance of an additional 300,000 Common Shares pursuant to the Deferred Share Unit Plan (the "**DSU Plan**") of Freehold Royalties Ltd., increasing the maximum number of Common Shares issuable pursuant to the DSU Plan to 600,000 Common Shares, be and the same is hereby authorized and approved."

In order to be passed, the DSU Plan Resolution requires the approval of a simple majority of the votes cast thereon by or on behalf of Shareholders, other than Non-Management Directors, present in person or represented by proxy at the Meeting.

5. Reduction of Stated Capital

At the Meeting, the Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution reducing the stated capital of the Common Shares by $250,000,000, without any payment or distribution to the Shareholders (the "**Reduction of Stated Capital Resolution**").

Reasons for the Reduction of Stated Capital

Under the *Business Corporations Act* (Alberta) ("**ABCA**"), the corporate statute governing Freehold, a corporation is prohibited from taking certain actions, including declaring or paying a dividend, if, among other things, there are reasonable grounds for believing that the realizable value of its assets would as a result of the declaration or payment of the dividend be less than the aggregate of its liabilities and stated capital of all classes of its shares (the "**ABCA Requirement**").

The purpose of reducing the stated capital of the Common Shares is to reduce the aggregate of our liabilities and stated capital so as to increase the difference between such amount and the realizable value of our assets, thereby providing us with additional flexibility under the ABCA Requirement to pay dividends if, as and when declared by the Board.

The stated capital account of the Common Shares is currently $1,035 million. If the Reduction of Stated Capital Resolution is approved by the Shareholders, the stated capital of the Common Shares will be $785 million. The proposed reduction in stated capital will have no impact on the day-to-day operations of Freehold and will not alter the financial condition of Freehold.

Limitation on the Reduction of Stated Capital under the ABCA

The ABCA provides that a corporation shall not reduce its stated capital if there are reasonable grounds for believing that (i) the corporation is, or would after the reduction be, unable to pay its liabilities as they become due, or (ii) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Freehold does not have reasonable grounds to believe that (i) it is, or would after the stated capital reduction contemplated by the Reduction of Stated Capital Resolution be, unable to pay its liabilities as they become due, or (ii) the realizable value of Freehold's assets would, as a result of the stated capital reduction contemplated by the Reduction of Stated Capital Resolution, be less than the aggregate of its liabilities.

Certain Canadian Federal Income Tax Considerations with Respect to the Reduction of Stated Capital

The following is a summary of the principal Canadian federal income tax considerations related to the proposed reduction of stated capital that are generally applicable to Shareholders. This summary is based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**"), the regulations to the Tax Act, and the current published administrative practices and assessing policies of the Canada Revenue Agency (publicly available prior to the date hereof). This summary also takes into account all proposed amendments to the Tax Act and regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and assumes that all proposed amendments will be enacted in the form proposed, although no assurances can be given in this regard. Except for the proposed amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental, regulatory, or judicial action or decision, or changes in the administrative practices of the Canada Revenue Agency, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below.

This summary is not applicable to (i) a Shareholder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, (ii) a Shareholder an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iii) a Shareholder that is a "specified financial institution" as defined in the Tax Act, or (iv) a Shareholder who makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act. Any such Shareholder should consult its own tax advisor.

This summary is not exhaustive of all Canadian federal income tax considerations related to the proposed reduction of stated capital, nor does it take into account any provincial or territorial tax laws of Canada or any tax laws of any jurisdiction outside Canada. This summary is of a general nature only and is not, and is not intended to be, and should not be construed to be, legal or tax advice to any particular Shareholder of Freehold. Each Shareholder should obtain advice from his, her or its own independent tax advisors with respect to his, her or its particular tax position as such consequences can vary depending upon the particular circumstances of each Shareholder.

The proposed reduction of the stated capital of the Common Shares will not result in any immediate Canadian income tax consequences to a Shareholder nor will it affect a Shareholder's adjusted cost base ("**ACB**") of the Common Shares for purposes of the Tax Act. However, the reduction in the stated capital will reduce the paid-up capital (as defined in the Tax Act) of the Common Shares ("**PUC**") by an amount equal to the reduction in stated capital. PUC is generally the aggregate of all of the amounts received by Freehold upon issuance of its shares (by class) adjusted in certain circumstances in accordance with the Tax Act over the total outstanding number of shares of that class. PUC differs from the ACB of shares to any particular Shareholder as ACB is calculated based on the amount paid by a Shareholder to acquire shares of Freehold, whether on issuance by Freehold or through the marketplace. Although the reduction of the stated capital and the corresponding reduction of the PUC of the Common Shares will not have any immediate Canadian income tax consequences, such reduction may have future Canadian federal income tax consequences to a Shareholder in certain limited circumstances, including, but not limited to, if Freehold repurchases any Common Shares, if Freehold distributes its assets to its Shareholders, or if Freehold is wound-up.

Reduction of Stated Capital Resolution and Approval Requirement

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass the following special resolution, being the Reduction of Stated Capital Resolution:

> "BE IT RESOLVED, as a special resolution of the holders of common shares of Freehold Royalties Ltd. (the "**Corporation**"), that the stated capital account maintained in respect of the common shares of the Corporation be and is hereby reduced by $250,000,000."

In order to be passed, the Reduction of Stated Capital Resolution requires the approval of not less than two-thirds of the votes cast thereon by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

Other Matters

The Manager knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

DIRECTOR NOMINEES

The following tables set out the names of the proposed nominees, including the nominees of the Manager, for election as directors, together with their age, place of primary residence, principal occupation, year first elected or appointed as a director, membership on committees of the Board, attendance at Board and committee meetings during 2015, voting results with respect to such director at the 2015 annual and special meeting of shareholders and directorships of other public entities. The information contained herein as to Common Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to Freehold by the respective nominees.

The Board has determined that all of the nominees with the exception of Peter T. Harrison and Thomas J. Mullane are independent within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Practices of the Canadian Securities Administrators* ("**NI 58-101**").

Gary R. Bugeaud

Corporate Director
Age: 54
Calgary, Alberta, Canada
Director Since: 2015
Independent

Public Board Interlocks:
None

Gary Bugeaud is a Corporate Director and former corporate lawyer with over 23 years of legal experience focused on securities, corporate finance, mergers and acquisitions, and corporate governance matters. He has been a director or corporate secretary of approximately 20 publicly traded entities.

Mr. Bugeaud has a Bachelor of Commerce (Finance) degree and a Bachelor of Laws degree from the University of Saskatchewan. Mr. Bugeaud holds the ICD.D designation from the Institute of Corporate Directors.

Freehold Board/Committees	2015 Meeting Attendance
Board of Directors	(4/4) 100%
GNC Committee	(2/2) 100%

Freehold Securities held (March 28, 2016)	
Common Shares	15,130
DSUs	7,995
Total	23,125
Market Value ($)	254,144
Meets Share Ownership Requirements:	Yes

Voting Results of 2015 Annual and Special Meeting	
2015 Total Votes in Favour	43,249,568 (99.76%)
2015 Votes Withheld	103,091 (0.24%)

Director Total Compensation	
2015	$73,500
2014	N/A

Appointed May 14, 2015

Other Public Boards

Raging River Exploration Inc. (Public – RRX: TSX) – Director and Member of Compensation and Corporate Governance Committee (Chair)

Peter T. Harrison

Manager, Oil and Gas Investments,
CN Investment Division
Age: 60
Brossard, Quebec, Canada
Director Since: 1996
Not Independent

Public Board Interlocks:
None

Peter Harrison is Manager, Oil and Gas Investments, of the CN Investment Division. Mr. Harrison has spent over 30 years analyzing business models and investing in public companies. Having managed multi-billion dollar equity portfolios and voted proxies for many years, he brings a deep understanding of investor concerns to the Board. He has been a director of several public and private companies.

Mr. Harrison has a Bachelor of Commerce degree from McGill University, an MBA from the University of Western Ontario, and is a Chartered Financial Analyst.

Freehold Board/Committees	2015 Meeting Attendance
Board of Directors	(10/10) 100%
Reserves Committee	(1/1) 100%

Freehold Securities held (March 28, 2016)	
Common Shares	22,000
DSUs	19,148
Total	41,148
Market Value ($)	452,217
Meets Share Ownership Requirements:	Yes

Voting Results of 2015 Annual and Special Meeting	
2015 Total Votes in Favour	43,248,107 (99.76%)
2015 Votes Withheld	104,552 (0.24%)

Director Total Compensation	
2015	$46,500
2014	$49,500

Mr. Harrison's fees are paid to CN Pension Trust Funds

Other Public Boards

none

J. Douglas Kay
Corporate Director
Age: 62
Calgary, Alberta, Canada
Director Since: N/A - Nominee
Independent

Public Board Interlocks: None

Douglas Kay is a Corporate Director and an experienced oil and gas industry Executive with strong land, finance, negotiating and leadership skills. He has over 37 years of diverse responsibilities with Canadian based oil and gas exploration and production companies.

Mr. Kay holds a Bachelor of Economics degree from the University of Calgary, is a graduate of the Management Development Program of the University of Western Ontario, and holds the designation of P. Land through the Canadian Association of Petroleum Landmen (CAPL).

Freehold Board/Committees	2015 Meeting Attendance	Freehold Securities held (March 28, 2016)	
N/A - Nominee	N/A - Nominee	Common Shares	Nil
		DSUs	N/A
		Total	Nil
		Market Value ($)	Nil
		Meets Share Ownership Requirements:	N/A

Voting Results of 2015 Annual and Special Meeting		Director Total Compensation
N/A - Nominee		N/A - Nominee

Other Public Boards
none

Arthur N. Korpach
Corporate Director
Age: 58
Calgary, Alberta, Canada
Director Since: 2012
Independent

Public Board Interlocks: None

Arthur Korpach is a Corporate Director and prior to May 31, 2012, was Vice-Chairman, Investment Banking at CIBC World Markets Inc. Mr. Korpach has four years of public company audit and 27 years of investment banking experience, with a focus on the energy sector. His experience includes providing advice on strategy, business plans, capital structure, credit strategy, financing, and mergers and acquisitions. He has advised clients on over 300 transactions.

Mr. Korpach is a Fellow Chartered Accountant and a Chartered Business Valuator. He has a Bachelor of Commerce degree from the University of Saskatchewan and an MBA from Harvard Business School. In 2012, Mr. Korpach received the designation of ICD.D from the Institute of Corporate Directors.

Freehold Board/Committees	2015 Meeting Attendance	Freehold Securities held (March 28, 2016)	
Board of Directors	(10/10) 100%	Common Shares	15,000
Audit Committee (Chair)	(5/5) 100%	DSUs	17,512
Compensation Committee (Chair)	(1/1) 100%	Total	32,512
GNC Committee	(2/2) 100%	Market Value ($)	357,307
		Meets Share Ownership Requirements:	Yes

Voting Results of 2015 Annual and Special Meeting		Director Total Compensation	
2015 Total Votes in Favour	43,232,204 (99.72%)	2015	$133,750
2015 Votes Withheld	120,455 (0.28%)	2014	$122,500

Other Public Boards
Canexus Corporation (Public: - CUS:TSX) – Director and member of the Audit Committee and Corporate Governance Committee (Chair)

Susan M. MacKenzie

Corporate Director
Age: 55
Calgary, Alberta, Canada
Director Since: 2014
Independent

Public Board Interlocks:
None

Susan MacKenzie is a Corporate Director, independent consultant and former oil and gas industry executive with over 25 years of energy sector experience in operations and service support areas. She has a proven track record in the areas of governance, strategy development, organizational alignment, operational execution and project management, and she has demonstrated success in corporation-wide policy development and implementation.

Ms. MacKenzie holds a Bachelor of Engineering (Mechanical) degree from McGill University, an MBA from the University of Calgary and is a life member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA). Ms. MacKenzie also holds the ICD.D designation from the Institute of Corporate Directors.

Freehold Board/Committees	2015 Meeting Attendance
Board of Directors	(9/10) 90%
Compensation Committee	(1/1) 100%
GNC Committee (Chair)	(2/2) 100%
Reserves Committee	(2/2) 100%

Freehold Securities held (March 28, 2016)	
Common Shares	8,000
DSUs	10,912
Total	18,912
Market Value ($)	207,843
Meets Share Ownership Requirements:	Yes

Voting Results of 2015 Annual and Special Meeting	
2015 Total Votes in Favour	43,219,919 (99.69%)
2015 Votes Withheld	132,740 (0.31%)

Director Total Compensation	
2015	$120,167
2014	$75,000

Other Public Boards

Enerplus Corporation (Public – ERF:TSX) – Director and Member of Reserves Committee, Safety & Social Responsibility Committee, and Compensation and Human Resources Committee (Chair)

TransGlobe Energy Corporation (Public - TGL:TSX) (TGA:NASDAQ) - Director and Member of Reserves Committee, Health, Safety, Environment and Social Responsibility Committee, Compensation & Human Resources Committee (Chair), and Governance & Nominating Committee

Thomas J. Mullane

President and Chief Executive Officer and Director,
Rife Resources Ltd. and
Freehold Royalties Ltd.
Age: 55
Calgary, Alberta, Canada
Director Since: 2013
Not Independent

Public Board Interlocks:
None

Tom Mullane joined Rife and Freehold as Executive Vice-President and Chief Operating Officer on July 18, 2012 and was appointed President and Chief Executive Officer on May 17, 2013. He has over 25 years of experience in the oil and gas industry with a broad background in exploitation and production engineering. He has both domestic and international experience. His roles have included responsibility and oversight of acquisitions, divestitures, exploitation and reservoir engineering management, with significant experience in horizontal drilling.

Mr. Mullane graduated from the University of Alberta in 1983 with a Bachelor of Science degree in Chemical Engineering and is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA).

Freehold Board/Committees	2015 Meeting Attendance
Board of Directors	(10/10) 100%

Freehold Securities held (March 28, 2016)	
Common Shares	1,400
DSUs	N/A
Total	1,400
Market Value ($)	15,386
Meets Share Ownership Requirements:	N/A

Voting Results of 2015 Annual and Special Meeting	
2015 Total Votes in Favour	43,226,345 (99.71%)
2015 Votes Withheld	126,314 (0.29%)

Director Total Compensation	
2015	N/A
2014	N/A

Mr. Mullane does not receive compensation for serving as a director.

Other Public Boards

none

Marvin F. Romanow

Corporate Director
Age: 60
Calgary, Alberta, Canada
Director Since: 2015
Independent

Public Board Interlocks:
None

Marvin Romanow is a Corporate Director, Executive in Residence at the University of Saskatchewan, and former oil and gas industry executive with over 30 years of energy sector experience. He has a proven track record in the areas of operating, financial and strategic leadership. His executive roles provided direct engagement with shareholders and directors at two major public corporations over the past 20 years.

Mr. Romanow is a graduate of Harvard's Program for Management Development and in October 2007 he completed INSEAD's Advance Management Programme. He has an MBA and a Bachelor of Engineering, with Great Distinction, from the University of Saskatchewan. Mr. Romanow holds the ICD.D designation from the Institute of Corporate Directors.

Freehold Board/Committees	2015 Meeting Attendance
Board of Directors	(4/4) 100%
Audit Committee	(3/3) 100%

Freehold Securities held (March 28, 2016)	
Common Shares	21,347
DSUs	7,995
Total	29,342
Market Value ($)	322,469
Meets Share Ownership Requirements:	Yes

Voting Results of 2015 Annual and Special Meeting	
2015 Total Votes in Favour	43,242,225 (99.75%)
2015 Votes Withheld	110,434 (0.25%)

Director Total Compensation	
2015	$75,000
2014	N/A

Appointed May 14, 2015

Other Public Boards
none

Aidan M. Walsh

President, Chief Executive Officer and Director, Baccalieu Energy Inc.
Age: 61
Calgary, Alberta, Canada
Director Since: 2013
Independent

Public Board Interlocks:
None

Aidan Walsh is President and Chief Executive Officer of Baccalieu Energy Inc, a private junior oil and gas company that he co-founded in 2008. He has over 38 years of oil and gas experience in production, marketing, transportation, acquisitions, finance, facility engineering, and construction. He is a proven negotiator and a strategic thinker with strong leadership and analytical skills. He has experience interacting with industry partners as well as regulators and federal and provincial government representatives on issues affecting the Canadian oil and gas industry.

Mr. Walsh has a Bachelor of Engineering degree in Mechanical Engineering from Memorial University of Newfoundland and an MBA from the University of Calgary. He is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA). Mr. Walsh also holds the ICD.D designation from the Institute of Corporate Directors.

Freehold Board/Committees	2015 Meeting Attendance
Board of Directors	(10/10) 100%
Audit Committee	(5/5) 100%
Governance and Nominating Committee	(1/1) 100%
Reserves Committee	(1/1) 100%

Freehold Securities held (March 28, 2016)	
Common Shares	10,518
DSUs	13,967
Total	24,485
Market Value ($)	269,090
Meets Share Ownership Requirements:	Yes

Voting Results of 2015 Annual and Special Meeting	
2015 Total Votes in Favour	43,187,964 (99.62%)
2015 Votes Withheld	164,695 (0.38%)

Director Total Compensation	
2015	$122,917
2014	$117,000

Other Public Boards
none

Corporate Cease Trade Orders or Bankruptcies

Except as described below, during the past ten years, none of the current directors and executive officers of Freehold is or has been a director, chief executive officer or chief financial officer of any company that: (i) was the subject of a cease trade order or similar order or an order that denied that company access to any exemption under securities legislation for a period of more than 30 consecutive days, while that person was acting in the capacity as director, chief executive officer or chief financial officer; and (ii) was the subject of a cease trade order or similar order or an order that denied that company access to any exemption under securities legislation for a period of more than 30 consecutive days, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. None of the directors or executive officers of Freehold is as at the date of the Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Harrison was a director of Spyglass Resources Ltd. ("**Spyglass**") and resigned on November 26, 2015. Spyglass was placed into receivership on November 26, 2015. The common shares of Spyglass were suspended from trading on the TSX on December 31, 2015.

Personal Bankruptcies

During the past ten years, none of the proposed directors of Freehold has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties or Sanctions

No proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body.

Director Share Ownership Guidelines

In order to align the directors' interests with those of our Shareholders, on November 12, 2015 we implemented share ownership guidelines for Non-Management Directors. Pursuant to the guidelines, Non-Management Directors are required to hold equity interests in Freehold (Common Shares and/or DSUs) equal to a minimum of three times their annual cash retainer within five years from the date of adoption of the director share ownership requirements by Freehold. Any new Non-Management Directors will be expected to achieve this level within five years of their election to our Board. The value of Common Shares is based on the greater of the current market price of the Common Shares and the original purchase price for the Common Shares. The value of DSU is based on the greater of the current market price of the underlying Common Shares and the closing price of the underlying Common Shares on the trading day immediately prior to the date of grant.

The following table sets forth the number of Common Shares and DSUs held by each director and director nominee, as at March 28, 2016.

DIRECTOR SHARE OWNERSHIP SUMMARY

Name	Common Shares	DSUs[1]	Total Number of Common Shares and DSUs Owned	Market Value of Common Shares and DSUs Owned ($)[2]	Total Value of Share Ownership Required ($)	Meets Share Ownership Requirements
D. Nolan Blades	30,000	61,347	91,347	1,003,904	120,000	Yes
Gary R. Bugeaud	15,130	7,995	23,125	254,144	90,000	Yes
Peter T. Harrison	22,000	19,148	41,148	452,217	90,000	Yes
J. Douglas Kay[3]	-	-	-	N/A	N/A	N/A
Arthur N. Korpach	15,000	17,512	32,512	357,307	90,000	Yes
Susan M. MacKenzie	8,000	10,912	18,912	207,843	90,000	Yes
Thomas J. Mullane[4, 5]	1,400	-	1,400	15,386	N/A	N/A
Marvin F. Romanow	21,347	7,995	29,342	322,469	90,000	Yes
David J. Sandmeyer	20,255	26,237	46,492	510,947	90,000	Yes
Aidan M. Walsh	10,518	13,967	24,485	269,090	90,000	Yes
Total	143,650	165,113	308,763	3,393,307		

(1) All DSUs vest immediately upon grant but cannot be redeemed until the director ceases to be a director of Freehold.

(2) Market value has been determined by multiplying the number of Common Shares and DSUs by the closing price of the Common Shares on the TSX on March 24, 2016 of $10.99.

(3) Proposed nominee. If Mr. Kay is elected at the Meeting he will be required to satisfy the director share ownership requirements by May 11, 2021.

(4) As a member of management, Mr. Mullane is not eligible to receive DSUs.

(5) As a member of management of Rife, Mr. Mullane is not required to meet the share ownership requirements applicable to Non-Management Directors.

BOARD OF DIRECTORS' COMPENSATION

The Board has determined that the directors should be compensated in a form and amount that attracts and retains the services of highly qualified individuals, is competitive with comparable peers and appropriate having regard to such matters as time commitment, responsibility and trends in director compensation. The GNC Committee is responsible for periodically reviewing and recommending to the Board for approval the remuneration of the directors (including remuneration for chairing or serving on a committee of the Board); the terms and awards of equity compensation for directors; and any other arrangements pursuant to which monies or other compensation are payable to a director.

In 2015, the compensation for non-management directors consisted of cash retainers and meeting fees, and grants of DSUs under the DSU Plan. The directors do not receive any option-based or non-equity compensation plan awards. Directors who are employees of the Manager do not receive additional compensation for Board service.

Cash Fees and Retainers

The following table sets forth the cash retainers and meeting fees currently payable to directors.

DIRECTOR RETAINERS AND MEETING FEES

Type of Retainer or Fee[1,2]	Amount($)
Board Chair Retainer	40,000
Board Member Retainer	30,000
Audit Committee Chair Retainer	14,000
GNC Committee Chair Retainer[3, 4]	10,000
Reserves Chair Retainer	7,000
Board and Committee Member Fees (per meeting attended)	1,500

(1) Directors are also reimbursed for out-of-pocket expenses to attend meetings.

(2) Mr. Mullane, President and Chief Executive Officer ("**CEO**"), is an employee of the Manager and does not receive retainer or fees for serving as a director.

(3) In May 2015, the Compensation Committee and the Governance and Nominating Committee were merged to form the GNC Committee.

(4) The retainer for the Chair of the GNC Committee was increased from $7,000 to $10,000 effective January 1, 2016.

On July 13, 2015, the Board established a special committee comprised of independent directors (the "**Special Committee**") to review and consider the renewal or termination of the Management Agreement. While temporary, the Special Committee's mandate and scope of work were significant and required considerable management, execution, oversight and stewardship by its membership. The Special Committee's work continued through November 2015 when Freehold, Rife and the Manager agreed to amend and restate the Management Agreement. The members of the Special Committee were Nolan Blades (Chair), Gary Bugeaud, Art Korpach, Susan MacKenzie, Marvin Romanow, David Sandmeyer and Aidan Walsh. The committee met formally three times during 2015.

Compensation for Special Committee meetings was set consistent with Freehold's existing Board philosophy and fee schedule: each member received $1,500 for each formal committee meeting attended and was reimbursed for out-of-pocket expenses to attend meetings. However, the Chair of the Special Committee (Nolan Blades) did not receive a retainer for serving as the committee's Chair.

Director Incentive Plan Awards

In 2015, each Non-Management Director, other than D. Nolan Blades, Gary R. Bugeaud, and Marvin F. Romanow, received a grant of DSUs having a value of $60,000. D. Nolan Blades as chairman of the Board received a grant of DSUs having a value of $90,000. The grants of DSUs to Gary R. Bugeaud and Marvin F. Romanow were pro-rated based on their date of election to the Board and as a result each received a grant of DSUs having a value of $40,000. The dollar value of each grant is converted into DSUs based on the closing price of the Common Shares on the TSX on the trading day immediately prior to the date of grant. For a description of the DSU Plan, see "*Business of the Meeting – Approval of Reservation and Issuance of Common Shares under Deferred Share Unit Plan*". In addition the full text of the DSU Plan is attached as *Appendix "E"*.

Summary Director Compensation

The following table sets forth the aggregate compensation paid to each director during 2015.

SUMMARY DIRECTOR COMPENSATION

Name	Fees earned ($)	Share-based awards[1] ($)	Option-based awards ($)	Non-equity incentive plan compensation plans ($)	Pension value ($)	All other compensation ($)	Total compensation ($)
D. Nolan Blades	58,000	90,000	-	-	-	-	148,000
Gary R. Bugeaud[2]	33,500	40,000					73,500
Harry S. Campbell[3]	27,417	60,000	-	-	-	-	87,417
Peter T. Harrison[4]	46,500	-	-	-	-	-	46,500
Arthur N. Korpach	73,750	60,000	-	-	-	-	133,750
Susan M. MacKenzie	60,167	60,000	-	-	-	-	120,167
Thomas J. Mullane[5]	-	-	-	-	-	-	-
Marvin F. Romanow[6]	35,000	40,000					75,000
David J. Sandmeyer	55,417	60,000	-	-	-	-	115,417
Rodger A. Tourigny[7]	31,833	60,000	-	-	-	-	91,833
Aidan M. Walsh	62,917	60,000	-	-	-	-	122,917
Total	484,501	530,000					1,014,501

(1) This is a grant in dollars that is converted to DSUs based on the closing price per Common Share on the TSX on the trading day immediately prior to the date of the grant. This methodology for calculating the fair value of the DSU awards on the grant date is consistent with the initial fair value determined in accordance with IFRS 2.
(2) Mr. Bugeaud was elected to the Board on May 14, 2015 and DSUs granted in 2015 were prorated accordingly.
(3) Mr. Campbell retired from the Board on May 14, 2015.
(4) Mr. Harrison's director's fees are paid to the CN Pension Trust Funds. Mr. Harrison is eligible to receive DSUs; however, he has waived this right due to his affiliation with the Manager and the CN Pension Trust Funds.
(5) Mr. Mullane is not compensated by Freehold for his services as a director.
(6) Mr. Romanow was elected to the Board on May 14, 2015 and DSUs granted in 2015 were prorated accordingly.
(7) Mr. Tourigny retired from the Board on May 14, 2015.

The following table sets forth the outstanding DSUs held by each director as at December 31, 2015. The directors do not receive or currently hold any option-based awards.

SHARE BASED AWARDS

Name	Number of shares or units of shares[1] (#)	Market or payout value of vested share-based awards not paid out or distributed[1, 2] ($)
D. Nolan Blades	51,840	562,982
Gary R. Bugeaud[3]	2,345	25,467
Harry S. Campbell[4]	37,340	405,512
Peter T. Harrison[5]	18,747	203,592
Arthur N. Korpach	11,662	126,649
Susan M. MacKenzie	5,201	56,483
Thomas J. Mullane[6]	-	-
Marvin F. Romanow[7]	2,345	25,467
David J. Sandmeyer	20,205	219,426
Rodger A. Tourigny[8]	19,132	207,774
Aidan M. Walsh	8,192	88,965

(1) All DSUs vest immediately upon grant but cannot be redeemed until the director ceases to be a director of Freehold.
(2) Calculated using the December 31, 2015 Common Share closing price on the TSX of $10.86.
(3) Mr. Bugeaud was elected to the Board on May 14, 2015.
(4) Mr. Campbell retired from the Board on May 14, 2015.
(5) Mr. Harrison's director's fees are paid to CN Pension Trust Funds. Mr. Harrison received the DSUs set forth above prior to August 2009. Following such date, he has waived his right to receive DSUs due to his affiliation with the Manager and the CN Pension Trust Funds.
(6) As a member of management, Mr. Mullane is not eligible to receive DSUs.
(7) Mr. Romanow was elected to the Board on May 14, 2015.
(8) Mr. Tourigny retired from the Board on May 14, 2015.

The following table sets forth the value of DSUs that vested during the year ended December 31, 2015. The directors do not receive any option-based awards or non-equity incentive plan compensation.

VALUE VESTED OR EARNED

Name	Share-based awards Value vested during the year[1, 2] ($)
D. Nolan Blades	142,347
Gary R. Bugeaud[3]	41,298
Harry S. Campbell[4]	97,740
Peter T. Harrison[5]	19,167
Arthur N. Korpach	71,488
Susan M. MacKenzie	64,882
Thomas J. Mullane[6]	-
Marvin F. Romanow[7]	41,298
David J. Sandmeyer	80,222
Rodger A. Tourigny[8]	79,125
Aidan M. Walsh	67,940

(1) All DSUs vest immediately upon grant but cannot be redeemed until the director ceases to be director of Freehold.

(2) Calculated based on (i) the number of DSUs granted multiplied by the closing price per Common Share on the TSX on the trading day immediately prior to the date of the grant; plus (ii) the number of additional DSUs credited to a director for all DSUs held by such director upon the payment of dividends on the Common Shares for all DSUs held by such directors multiplied by the closing price per Common Share on the TSX on the trading day immediately prior to the date such additional DSUs are credited.

(3) Mr. Bugeaud was elected to the Board on May 14, 2015.

(4) Mr. Campbell retired from the Board on May 14, 2015.

(5) Represents the number of additional DSUs credited to Mr. Harrison upon the payment of dividends for DSUs granted to Mr. Harrison prior to August 2009. Following such date, he has waived his right to receive DSUs due to his affiliation with the Manager and the CN Pension Trust Funds.

(6) As a member of management, Mr. Mullane is not eligible to receive DSUs.

(7) Mr. Romanow was elected to the Board on May 14, 2015.

(8) Mr. Tourigny retired from the Board on May 14, 2015.

CORPORATE GOVERNANCE

NI 58-101 sets out requirements for corporate governance disclosure in management information circulars. The following information outlines Freehold's corporate governance practices within the context of NI 58-101.

Board of Directors

It is a term of the Governance Agreement that the Manager presently has the right to nominate for election two individuals as directors of Freehold. See "*Governance Agreement*".

The majority of proposed directors (75%) is independent. The Board has determined that six of the eight proposed directors are independent within the meaning of NI 58-101 as they are not officers or employees of Freehold, Rife or the Manager and they do not have any other direct or indirect material relationship with Freehold which could be reasonably expected to interfere with such directors' exercise of independent judgment. The six proposed independent directors are: Gary R. Bugeaud, J. Douglas Kay, Arthur N. Korpach, Susan M. MacKenzie, Marvin F. Romanow, and Aidan M. Walsh.

Thomas J. Mullane is not considered independent by virtue of the fact that he is an officer of Freehold and of the Manager. Peter T. Harrison is not considered independent by virtue of his relationship with the Manager and the CN Pension Trust Funds.

For more information about each of the proposed directors, see the nominee profiles beginning on page 15.

The Board's mandate does not specifically prohibit interlocking Board positions. The Board prefers to examine each situation on its own merits with a view to examine material relationships which may affect independence. There were no interlocking Board memberships among our Directors as at March 30, 2016.

Mandates and Board Committees

The Board carries out its mandate directly and through three standing committees of the Board (Audit Committee, GNC Committee and Reserves Committee), and such other committees as it appoints from time to time. Each committee functions according to a written mandate approved by the Board. The Board Mandate, Audit Committee Mandate, GNC Committee Mandate and Reserves Committee Mandate are attached to this Information Circular in Appendix A, Appendix B, Appendix C and Appendix D, respectively.

Chair of the Board

The Chair reports to the Board and to the Shareholders, and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities. The Chair is required to be an independent director. The current Chair of the Board, D. Nolan Blades, has been determined by the Board to be independent. As Mr. Blades is intending to retire as a Board member at the Meeting, the Board intends to appoint Marvin Romanow as the new independent Chair of the Board following the Meeting.

In-Camera Sessions

The independent directors meet without non-independent directors and members of management at the end of each Board and committee meeting. As a result, the independent directors have met 10 times since January 1, 2015 without non-independent directors and members of management present.

Board Meeting Attendance

The following table summarizes the meetings of the Board and its standing committees held during the year ended December 31, 2015, and the attendance of individual directors at such meetings.

Director	Board of Directors	Audit Committee	GNC Committee[1]	Compensation Committee[1]	Governance and Nominating Committee[1]	Reserves Committee	Total
D. Nolan Blades	10 of 10 (Chair)	-	-	-		-	10 of 10 (100%)
Gary R. Bugeaud[2]	4 of 4	-	2 of 2	-	-	-	6 of 6 (100%)
Harry S. Campbell[3]	6 of 6	-	-	-	1 of 1 (Chair)	1 of 1	8 of 8 (100%)
Peter T. Harrison	10 of 10	-	-	-	-	1 of 1	11 of 11 (100%)
Arthur N. Korpach[4]	10 of 10	5 of 5 (Chair)	2 of 2	1 of 1 (Chair)	-	-	18 of 18 (100%)
Susan M. MacKenzie[5]	9 of 10	-	2 of 2 (Chair)	1 of 1	-	2 of 2	14 of 15 (93%)
Thomas J. Mullane	10 of 10	-	-	-	-	-	10 of 10 (100%)
Marvin F. Romanow[6]	4 of 4	3 of 3	-	-	-	-	7 of 7 (100%)
David J. Sandmeyer[7]	10 of 10	-	-	-	1 of 1	2 of 2	13 of 13 (100%)
Rodger A. Tourigny[8]	6 of 6	2 of 2	-	1 of 1	-	-	9 of 9 (100%)
Aidan M. Walsh[9]	10 of 10	5 of 5	-	-	1 of 1	1 of 1 (Chair)	17 of 17 (100%)

(1) The Compensation Committee merged with the Governance and Nominating Committee to form the GNC Committee on May 15, 2015.

(2) Mr. Bugeaud was elected to the Board on May 14, 2015, and became a member of the GNC Committee effective May 15, 2015.

(3) Mr. Campbell was the Chair of the Governance and Nominating Committee from May 15, 2014 to May 14, 2015. He retired on May 14, 2015.

(4) Mr. Korpach was Chair of the Compensation Committee from May 9, 2012 to May 14, 2015.

(5) Ms. MacKenzie was appointed Chair of the GNC Committee on May 15, 2015.

(6) Mr. Romanow was elected to the Board on May 14, 2015, and became a member of the Audit Committee effective May 15, 2015.

(7) Mr. Sandmeyer was a member of the Governance and Nominating Committee from May 15, 2014 to May 14, 2015. He was Chair of the Reserves Committee from May 13, 2009 to May 14, 2015.

(8) Mr. Tourigny was Chair of the Audit Committee from November 10, 2009 to May 14, 2015. He retired on May 14, 2015.

(9) Mr. Walsh was appointed Chair of the Reserves Committee on May 14, 2015. Mr. Walsh served on the Governance and Nominating Committee from July 24, 2013 to May 14, 2015.

Position Descriptions

The Board has approved position descriptions for the Chair of the Board and the Chair of each Board committee, as well as for the CEO. These position descriptions are provided on Freehold's website.

Orientation and Continuing Education

The Board is committed to ensuring that directors have the requisite skills, knowledge, and understanding to fulfill their duties as directors. A director's manual containing Board and committee mandates, position descriptions, policies, and other information is provided to new directors, who are expected to review and become familiar with its contents. In addition, management conducts orientation sessions with new directors to review Freehold's business, current issues and opportunities. In 2015, new director orientation was provided to Messrs. Bugeaud and Romanow.

Management provides directors with regular opportunities to increase their knowledge and understanding of Freehold's business. Pre-reading materials are provided in quarterly Board packages sent to directors in advance of regularly scheduled Board meetings. Briefings on strategic issues are conducted annually and typically include reviews of the competitive environment and Freehold's performance relative to its peers. From time to time, management brings in industry experts to brief directors on activity and trends in the oil and gas sector including mergers and acquisitions, financings, and market activity. Information on any other developments that could materially affect Freehold's business is provided as developments occur. In addition, the Board is briefed regularly on governance developments and emerging best practices in governance.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct and Conflict of Interest Policy ("**Code**") and a Whistleblower Policy. A copy of the Code has been filed on SEDAR and copies of both policies are available on Freehold's website.

The Board and management monitor compliance with the Code. The Board must approve any waivers and ensure disclosure of any waivers, if required. All directors and officers, as well as the employees of the Manager in their capacity as the management of Freehold are required to sign an annual compliance letter and are encouraged to report violations of the Code in accordance with Freehold's Whistleblower Policy. Reports made to Freehold are dealt with expeditiously, thoroughly investigated and remedied as appropriate.

Under the general requirements of the *Business Corporations Act* (Alberta), a director must disclose the nature and extent of his or her interest, in writing, or request to have that interest entered in the minutes of the meeting of directors at which the contract or transaction is first considered, if he or she is:

- a party to a material contract or transaction or proposed material contract or transaction with Freehold;
- a director or officer of any entity who is a party to a material contract or transaction or proposed material contract or transaction with Freehold; or
- a person who has a material interest in any entity which is a party to a material contract or transaction or proposed material contract or transaction with Freehold.

In addition, the director will retire from the meeting, if required by the Board, while the discussion on the material contract or transaction or proposed material contract or transaction is taking place and will refrain from voting on the subject under consideration. This will not prevent the Board from calling him or her into the meeting to answer any questions regarding the matter under discussion, nor does it release the director from his or her fiduciary duties to Freehold.

However, because it may be impractical for a director who serves as a director or officer of another entity or who has a material interest in another entity to know that the entity is entering into a material contract or transaction with Freehold (and therefore to give notice of every such material contract or transaction), it is sufficient for the director to deliver a general notice to the Board, declaring that he or she is a director or officer or has a material interest in an entity, and is to be regarded as interested in any material contract or transaction made with that entity.

The Board has also implemented a related party transaction policy that sets out a specific process for consideration and Board approval of potential acquisitions, dispositions, joint ventures, farm-in arrangements and transactions of a similar nature that are outside the ordinary course of business ("**Related Party Transactions**") and involve Freehold and Rife and/or Canpar Holdings Ltd. (an oil and gas company that is also a wholly-owned subsidiary of the CN Pension Trust Funds) ("**Canpar**"). The policy provides for negotiation of the terms of any Related Party Transaction by representatives of Freehold who do not have a material interest in such transaction. In addition, the policy requires that any such Related Party Transaction must be approved by members of the Board who do not have a material interest in such transaction.

Freehold also has a Disclosure Policy and an Insider Trading Policy that are in place to ensure that:

- Freehold has consistent standards and procedures for communication of both material and non-material information.
- Communication of material information to the investing public (whether positive or negative) is timely, factual and accurate, and is broadly disseminated in a non-selective manner in accordance with applicable legal and regulatory guidelines.
- The directors and officers, and the employees of Freehold and the Manager have guidelines regarding trading in securities of Freehold.
- Mandatory blackout periods are put in place when personnel of Freehold or the Manager may be in possession of potentially undisclosed material information relating to Freehold.

The Insider Trading Policy also prohibits executive officers or directors of Freehold from buying or selling financial instruments that are designed to hedge or offset a decrease in market value of the Common Shares or other securities of Freehold held, directly or indirectly, by such executive officers or directors.

Nomination of Directors

Subject to the Governance Agreement, the GNC Committee (composed entirely of independent directors) is responsible for proposing nominees, other than nominees of the Manager, for election to the Board as well as reviewing the effectiveness of the Board, its committees and its individual members. Other than the nominees of the Manager, the individuals to be nominated annually are selected by the directors of Freehold based on the recommendation of the GNC Committee (see "*Director Term Limits and other Mechanisms for Board Renewal*"). A majority of the directors are to be independent, within the meaning of NI 58-101.

Director and Executive Compensation

The GNC Committee is responsible for periodically reviewing and recommending to the Board for approval the remuneration of the directors (including remuneration for chairing or serving on a committee of the Board) and any other arrangements pursuant to which monies are payable to a director or a party related to a director; the terms and awards of equity compensation for directors.

The GNC Committee is responsible for periodically reviewing and recommending to the Board for approval Freehold's annual commitment and funding contribution to Rife's incentive compensation programs for employees of Rife. The GNC Committee also reviews Rife's stated compensation philosophy periodically to ensure that management is rewarded appropriately and that Rife's executive compensation program is related to Freehold's corporate performance and returns, as well as the performance of the individual executives.

In addition, pursuant to the terms of the Management Agreement, as amended and restated in November 2015, the GNC Committee cooperates with Rife in the development of all policies and programs relating to the review and approval of compensation for the employees of the Manager and Rife that work on the business of Freehold, including with respect to Freehold's executives.

Assessments

The GNC Committee is responsible for ensuring that there is a process in place for annually evaluating the effectiveness and contribution of the Board, the committees of the Board and the individual directors. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. In addition to any other matters the GNC Committee deems relevant, the assessments consider the applicable Board or committee mandate and position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board.

The Board through the GNC Committee (and its predecessor, the Governance and Nominating Committee) has conducted an ongoing assessment process and evaluation of the requisite skills for the Board as part of director succession planning over the last several years. On an annual basis, directors are surveyed on Board size, committee structure and membership, skills required for new directors, Board function and Board process.

Director Term Limits and other Mechanisms for Board Renewal

The Board has adopted a Board Diversity and Renewal Policy (the "**Diversity and Renewal Policy**"), which includes mechanisms for insuring Board renewal. As part of the Board's renewal process under the Diversity and Renewal Policy and pursuant to the mandate of the GNC Committee, the GNC Committee annually reviews the skills and experience of the current directors of Freehold to assess whether the Board's skills and experience need to be strengthened in any area. Below are the skills and competencies that the Board has determined are important to Freehold's continuing success. In conducting its annual review the GNC Committee evaluates the skills and experience of the individual Board members and the Board as a whole. The GNC Committee has determined that the Board, as a whole, possesses appropriate experience in all of these key areas. The Board supplements its knowledge in rapidly evolving technical areas, such as legal matters, by bringing in expert consultants to advise on specific matters when needed.

BOARD SKILLS AND COMPETENCIES

Name	Competencies[1]										Director Since	Age	Independent
	M&A/Capital Markets	Corporate Governance	Executive Background	Financial Expertise	Human Capital Experience	Legal Experience	Managing/Leading Growth	Risk Management	Strategic Insight	Technical Oil and Gas Background			
Gary R. Bugeaud	•	•	•	•		•			•		2015	54	Y
Peter T. Harrison	•	•	•	•			•		•		1996	60	N
J. Douglas Kay (nominee)	•	•	•	•	•		•	•	•		N/A	62	Y
Arthur N. Korpach	•	•	•	•	•		•	•	•		2012	58	Y
Susan M. MacKenzie		•	•	•	•		•	•	•	•	2014	55	Y
Thomas J. Mullane	•	•	•	•	•		•	•	•	•	2013	55	N
Marvin F. Romanow	•	•	•	•	•		•	•	•	•	2015	60	Y
Aidan M. Walsh	•	•	•	•	•		•	•	•	•	2013	61	Y

(1) Definition of competencies:

M&A/Capital Markets: Experience in capital markets transactions, financing, mergers & acquisitions, and securities regulations.
Corporate Governance: Understanding the requirements of good corporate governance through experience as a board member of a public company.
Executive Background: Experience as an executive officer of a business organization.
Financial Expertise: Experience in corporate finance and the ability to critically read and analyze financial statements, which could include; experience in financial accounting and reporting and internal financial controls.
Human Capital Experience: A thorough understanding of succession planning, talent development and retention, and compensation programs, including executive compensation.
Legal Experience: Experience or background in securities or corporate law, contracts and agreements with public companies.
Managing/Leading Growth: Experience in planning and executing on value creation opportunities, and demonstrated knowledge in developing long-term corporate business strategies.
Risk Management: Executive experience in evaluating and managing the variety of risks faced by a public company.
Strategic Insight: Experience in driving strategic insight and direction, encouraging innovation and conceptualizing key trends to challenge the organization.
Technical Oil and Gas Background: Management or executive experience in planning and managing oil and gas projects, with a professional designation in engineering, geology or geophysics.

In addition to considering the skills and experience of the Board, the GNC Committee also assesses the knowledge and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management.

The Board has not set a limit on the number of annual terms that its directors may stand for re-election. While term limits ensure fresh viewpoints on the Board, they may cause a company to lose the valuable contributions of those directors who best understand the business of the company and the challenges it faces. The Board has established retirement guidelines for directors whereby, upon reaching the age 72, directors shall submit their resignation to the Board. On a case by case basis, the Board may determine that a director may serve beyond age 72. In addition, pursuant to the Diversity and Renewal Policy, the GNC Committee considers both the term of service, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of Freehold.

The Board's commitment to renewal has been demonstrated in the last several years. Since 2012, five directors have retired from the Board and five directors have been added. In addition, at the Meeting two additional directors will retire and, as discussed herein, one new nominee will stand for election as a director of Freehold. This process has been proactively managed by the GNC Committee to ensure that the new directors have skills and competencies that complement the skills and competencies of the existing Board members and other new directors.

During 2015, the Board exercised its discretion and extended the term of two long-standing directors, Mr. Nolan Blades (Chair of the Board) and Mr. David Sandmeyer, both who have served as directors since 1996. On the recommendation of the GNC Committee, the Board unanimously agreed to extend the terms of Messrs. Blades and Sandmeyer with the Board for one year. This extension was approved on the basis of the valuable contributions each makes to the Board, their engagement and performance as individual directors and to ensure effective transition of the Board as a whole.

Women Representation on the Board

The Board recognizes the benefits of diversity within the Board and the Board encourages the consideration of women who have the necessary skills, knowledge, experience and character when considering new potential candidates for the Board. The main principle of the Diversity and Renewal Policy as adopted by the Board is that Board nominations should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board and management at the time. Freehold is committed to a meritocracy and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide leadership needed to achieve our business objectives, without reference to their gender, race, ethnicity or religion, is in the best interests of Freehold and all of its stakeholders. The Board recognizes the benefits of diversity within the Board and will encourage the consideration of women who have the necessary skills, knowledge, experience and character for nomination to the Board. However, the Board has not imposed any quotas or targets regarding the representation of women on the Board.

To ensure the effectiveness of the Board Diversity and Renewal Policy, the GNC Committee will review the number of women considered or brought forward as potential nominees for Board positions when the Board is looking to add additional members or replace existing members and the skills, knowledge, experience and character of any such women candidates relative to other candidates to ensure that women candidates are being fairly considered relative to other candidates. The GNC Committee will also review the number of women actually appointed and serving on our Board to evaluate whether it is desirable to adopt additional requirements or policies with respect to the diversity of the Board.

The GNC Committee is authorized under its charter to retain experts to assist them in "board searches" for qualified candidates and to the extent it does so the GNC Committee will provide direction to such experts to endeavour to bring forward women candidates for consideration as nominees to the Board.

There is presently one woman serving on the Board which represents approximately 11% of the number of directors on the Board.

Women Representation in Executive Officer Positions

As Freehold is managed by the Manager pursuant to the terms of the Management Agreement, all executive officers of Freehold are employees of Rife and therefore Freehold has not implemented any policies with respect to the consideration of representation of women in executive officer appointments. For the same reason, no quotas or targets have been imposed with respect to women representation in executive officer positions.

There are no women currently serving in an executive officer position at Freehold. Approximately 48% of Rife's staff are women.

Strategic Planning Oversight

The Board oversees the development and execution of a longer range strategic plan and a shorter range business plan for Freehold’s business which are designed to achieve Freehold’s principal objectives and identify the principal strategic and operational opportunities and risks of Freehold’s business. To assist the Board in meeting this responsibility, the agenda for every regularly scheduled Board meeting includes a discussion of the progress of the strategy and business plan and quarterly results where management provides a review of business development, exploration, financial forecasts, human resources and emerging trends and opportunities. In addition, the Board holds a Strategic Planning Session annually where Board members and management discuss and approve the long-term plan for the organization in detail.

Risk Management Oversight

The Board is responsible for overseeing the management of principal risks of the business and to ensure that all reasonable steps are taken to ensure the implementation of appropriate systems and procedures to manage such risks. The business risks are reviewed at least annually with the Board at the Strategic Planning Session. In addition, both the Audit Committee and GNC Committee are tasked with regularly reviewing areas of risk with respect to their specific mandates and as appropriate, the Corporation as a whole.

THE MANAGER

The Manager, at its head, principal and registered office located at Suite 400, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4, provides comprehensive oil and gas company management and operational services to Freehold. The Manager is a wholly-owned subsidiary of Rife. Pursuant to an agreement between Rife and the Manager dated November 25, 1996, Rife provides the Manager, on a contract basis, with all necessary personnel, equipment and facilities required to provide management and operational services to Freehold on a cost recovery basis.

Management Agreement

In July 2015, the Special Committee comprised of independent members of the Board was formed to review and consider the renewal or termination of the Management Agreement. The terms of the Management Agreement were amended effective November 9, 2015.

Highlights included favourable term and fee adjustments: the management fee was capped at 71,912 shares per quarter for 2016 and decreases to a level of 5,500 shares per quarter (8% of today's rate) by 2023; Freehold can terminate the Management Agreement at any time after May 26, 2020 without any request for a shareholder vote by providing six months written notice; and agreement was reached that members of the GNC Committee and the Board of Directors of Rife would cooperate in all matters regarding executive compensation, human resource matters and employee plans with respect to Rife.

Pursuant to the Management Agreement, the Manager provides the following services to Freehold and certain subsidiaries and partnerships of Freehold:

1. administer all matters relating to the securities of Freehold, including the Common Shares, and the royalties, working interest properties and other interests in oil, natural gas and potash resources held by Freehold and its subsidiaries and partnerships, including:

    (a) determining the total amount owing to Freehold and its subsidiaries and partnerships from third parties and conducting joint venture audits as required;
    (b) determining the total amounts owing to Shareholders and arranging for dividends to Shareholders, subject to the supervision of Freehold;
    (c) providing Shareholders with periodic reports on the royalties, working interest properties and other interests in oil, natural gas and potash resources held by Freehold and its subsidiaries and partnerships; and
    (d) providing Shareholders with financial reports and tax information relating to the royalties, working interest properties and other interests in oil, natural gas and potash resources held by Freehold and its subsidiaries and partnerships;

2. provide management services for the economic and efficient exploitation of oil and natural gas properties;

3. operate oil and natural gas properties that Freehold and its subsidiaries and partnerships are entitled to operate and monitor the activities of third party operators;

4. recommend, carry out and monitor property acquisitions and dispositions and exploitation and development programs for Freehold and its subsidiaries and partnerships;

5. negotiate on behalf of Freehold and its subsidiaries and partnerships all exploitation and development agreements, operating agreements, working interest agreements, farmin and farmout agreements, leases and other documents relating to the exploitation of the oil and natural gas properties as may be advisable;

6. recommend and, subject to the supervision of Freehold, negotiate banking arrangements for Freehold; and

7. provide office space, office furnishings and equipment and personnel necessary for the proper administration of the assets of Freehold and its subsidiaries and partnerships.

In exercising its power and discharging its duties under the Management Agreement, the Manager will be required to exercise that degree of care, diligence and skill that a reasonably prudent advisor and manager in respect of oil and gas properties in western Canada would exercise in comparable circumstances.

The Management Agreement will continue in force until terminated by either the Manager or Freehold in accordance with the terms of the Management Agreement. The Manager can terminate the Management Agreement at any time after November 26, 2016 by providing six months written notice prior to the date of such termination. Freehold can terminate the Management Agreement at any time after May 26, 2020 by providing six months written notice prior to the date of such termination. Alternatively, Freehold can terminate the Management Agreement at any time after November 26, 2016 if the Manager and its affiliates cease to beneficially own or exercise control or direction over (in aggregate) 5% or more of the issued and outstanding Common Shares for a period of more than 90 consecutive days. In addition, if a "Change of Control" (as defined in the Management Agreement) of Freehold occurs after November 26, 2016, Freehold will have the right to terminate the Management Agreement by providing written notice to the Manager within 90 days of such Change of Control together with making a payment to the Manager of $2,000,000. If Freehold terminates the Management Agreement Freehold will be liable for actual termination costs of employees terminated by the Manager whom Freehold does not elect to employ.

Prior to the amendment and restatement of the Management Agreement in November 2015, the Management Agreement was renewed every three years for three-year terms unless the termination of the Management Agreement at the end of a term was approved by a special resolution of holders of Common Shares and the Manager was given 12 months written notice of termination or unless Freehold was given 12 months written notice of termination by the Manager prior to the end of a term. Pursuant to the terms of the Management Agreement as amended and restated in November 2015 the Management Agreement may also be terminated by Freehold at any time without the payment of compensation to the Manager if the Manager institutes bankruptcy proceedings, seeks relief under bankruptcy law, consents to the appointment of a receiver, voluntarily suspends transaction of its usual business, is declared bankrupt or insolvent, if a receiver is appointed in respect of the Manager, or if the Manager fails to carry out its material obligations under the Management Agreement and does not commence to cure such failure within 30 days of notice being given.

No amendment, alteration or variation of the Management Agreement or any of its terms or provision shall be binding upon the parties thereto unless made in writing and signed by the duly authorized representatives of each of the parties and (other than such amendments not, in the opinion of counsel for Freehold, prejudicial to the interests of Shareholders) approved by an ordinary resolution of the Shareholders.

As discussed below, the Manager will be paid management fees for providing all of the management services. The Manager will be indemnified by Freehold in respect of certain damages that it may suffer in discharging its obligations under the Management Agreement provided that such damages do not arise from the fraud, wilful default, gross negligence or bad faith of the Manager.

The full text of the Management Agreement has been filed on SEDAR at www.sedar.com.

Conflicts of Interest

There may be circumstances in which the interests of the Manager and Rife will conflict with those of Shareholders. Rife also manages its own business and affairs and the business and affairs of Canpar. Rife or the Manager may also provide similar management services to others in the future. Rife or the Manager may acquire oil and gas properties on its own behalf or on behalf of persons other than the Shareholders. Rife or the Manager may manage and administer such additional properties, as well as enter into other types of energy-related management and advisory activities.

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 such 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 of persons. The Manager will use all reasonable efforts to resolve such conflicts of interest in a manner which will treat Freehold and the other interested party fairly, taking into account all of the circumstances of Freehold and such interested party and will act honestly and in good faith in resolving such matters. In addition, the Manager ensures that the Board is made aware of any material acquisitions undertaken by Rife and Canpar.

Proceeds relating to subscription offerings, royalty income and other revenues generated from or associated with any interest of Freehold may not be commingled with the funds of any other entity that is managed by the Manager.

The Board has implemented a related party transaction policy that sets out a specific process for consideration and Board approval of potential acquisitions, dispositions, joint ventures, farm-in arrangements and transactions of a similar nature that are outside the ordinary course of business and involve Freehold and Rife and/or Canpar. The policy provides for negotiation of the terms of any Related Party Transaction by representatives of Freehold who do not have a material interest in such transaction. In addition, the policy requires that any such Related Party Transaction must be approved by members of the Board who do not have a material interest in such transaction.

Compensation and Reimbursement of the Manager

The officers of Freehold, including the CEO and CFO, are employees of Rife and receive their remuneration from Rife. These officers do not receive any compensation directly from Freehold for their services. The Manager, through Rife, provides management services to Freehold and its controlled entities. Rife, a private oil and gas company also manages its own business and affairs, and the business and affairs of Canpar, another private oil and gas company. Both Rife and Canpar are wholly-owned by CN Pension Trust Funds. The Manager is compensated and reimbursed as follows for providing services to Freehold and certain subsidiaries and partnerships of Freehold.

Management Fee

Prior to the amendment and restatement of the Management Agreement in November 2015 the number of Common Shares payable quarterly to the Manager as management fee was adjusted quarterly based on the number of issued and outstanding Common Shares such that as the number of issued and outstanding Common Shares increased (excluding increases attributable to the issuance of Common Shares to the Manager as payment of the management fee) the Common Shares issuable to the Manager as payment of the management fee increased. In 2013, 2014 and 2015 an aggregate of 193,694, 206,280 and 269,978 Common Shares, respectively, were issued to the Manager as payment of the management fee. As at December 31, 2015, the quarterly management fee was 71,912 Common Shares.

Under the terms of the Management Agreement as amended and restated in November 2015, the Common Shares issuable as payment of the management fee will be gradually reduced over a period of seven years, as follows:

- through 2016 the Common Shares issuable on payment of the management fee will be capped at 71,912 Common Shares paid quarterly;
- from 2017 through 2019 the Common Shares issuable on payment of the Management fee will be capped at 55,000 Common Shares paid quarterly;
- in 2020 the Common Shares issuable on payment of the Management fee will be capped at 41,250 Common Shares paid quarterly;
- in 2021 the Common Shares issuable on payment of the management fee will be capped at 27,500 Common Shares paid quarterly;
- in 2022 the Common Shares issuable on payment of the management fee will be capped at 13,750 Common Shares paid quarterly; and
- in 2023 and beyond the Common Shares issuable on payment of the management fee will be capped at 5,500 Common Shares paid quarterly.

In addition, the Management Agreement provides a mechanism for reducing the number of Common Shares issuable as payment of the management fee if the market price of the Common Shares at such time exceeds $19.00 per Common Share. Pursuant to the Management Agreement, the management fee, at the option of Freehold, may be paid by (i) the issuance of Common Shares, or (ii) cash equal to the value of such Common Shares as determined by the market price of such Common Shares at such time.

General and Administrative Costs

The Manager is reimbursed for general and administrative costs incurred by Rife on behalf of Freehold. General and administrative costs are generally charged to Freehold based on time spent and direct costs incurred by Rife in fulfilling the obligations of the Manager to Freehold pursuant to the Management Agreement. Rife maintains a time sheet entry system pursuant to which each employee of Rife records the amount of time devoted to each entity managed by Rife. The portion of general and administrative costs allocated to Freehold is based on a ratio of the total time expended by Rife's staff on Freehold's business divided by the total time allocated to all of the businesses managed by Rife, which was 37% in 2015, and has been approved at 42% for 2016. In 2015, general and administrative costs, excluding share based and retirement benefit totaled $10.6 million, including $9.0 million charged by the Manager for time and direct costs incurred by Rife on behalf of Freehold. Commencing in 2017, the allocation of costs based on time spent will be adjusted quarterly based on the actual percentage for the allocation of time spent by Rife's staff in the prior quarter (currently, the adjustment is only made once annually).

Share Based Compensation

Freehold accrues for its proportionate share of awards under the long-term incentive plan ("**Rife Employees LTIP**") for employees of Rife. The liability is estimated at the end of each quarter based on the quarter-end Common Share price and performance factors; the related compensation charges are recognized over the three-year vesting period. At December 31, 2015, Freehold had accrued $0.1 million as a long-term liability and $0.1 million as a current liability. The current liability relates to 2013 grants under the Rife Employees LTIP, which vested and were paid out in the first quarter of 2015. See "*Executive Compensation – Summary Executive Compensation – Incentive Compensation Plans*".

Retirement Benefit Plan

Freehold participates in its proportionate share of a retirement benefit for certain former employees of Rife. The retirement benefit is payable in four equal installments upon retirement. Service costs are amortized on a straight-line basis over the expected average remaining service lifetime. See "*Executive Compensation – Summary Executive Compensation – Pension Plan Benefits*".

Short Term Incentive Plan

Freehold pays its proportionate share of an annual short-term incentive plan (cash bonus) ("**Rife Employees STIP**") for employees of Rife. See "*Executive Compensation – Summary Executive Compensation – Incentive Compensation Plans*".

EXECUTIVE COMPENSATION

Report to Shareholders

March 30, 2016

Dear Fellow Shareholders,

Freehold is externally managed by our Manager, Rife Resources Management Ltd. According to an agreement between Rife and the Manager, Rife provides the Manager (which is a wholly-owned subsidiary of Rife) on a contract basis, with all necessary personnel, equipment and facilities required to provide management and operational services to Freehold on a cost recovery basis. Freehold's executives are employed by and receive their compensation directly from Rife.

The Board believes in providing clear and transparent disclosure to help our Shareholders understand the compensation paid to the Manager and to Rife's executives. A more detailed description of the compensation paid to the Manager and Rife's compensation programs and decisions can be found in the Compensation, Discussion and Analysis ("**CD&A**") of this Executive Compensation section of the Information Circular.

Our Strategy

Freehold is an Alberta-based dividend-paying corporation with a focus on royalty assets. Activities are directed towards maximizing value for our Shareholders. A major component of our strategy is the acquisition of royalty assets that provide long-term dividend sustainability.

2015 Business Overview

2015 represented a challenging year for Freehold, driven primarily by sustained weakness in the commodity price environment which reduced Freehold's cash flows significantly. Overall, WTI prices retreated 48% through 2015, while Freehold's average realized price declined 44% over the period. As a result, Freehold reduced its monthly dividend twice in 2015, while its share price declined 43% over the period.

Outside of the effects of weak commodity prices, Freehold had another successful year reaching all-time highs for production, averaging 10,945 boe/d, or 19% growth year-over-year. Production gains were associated with acquisitions (Freehold completed greater than $400 million in transactions in 2015) and increased drilling on our royalty lands.

With continued uncertainty in the commodity price environment, maintaining a conservative debt strategy remains a key objective for Freehold. We exited 2015 with year-end net debt of $147 million, implying a 1.4 times trailing debt to funds from operations.

Through periods of volatility, we expect our strategy to remain consistent. Freehold strives to provide Shareholders with a low risk, income vehicle with long-term upside to oil and gas prices.

Manager's Compensation Philosophy

Rife's approach to compensation for the Freehold executives is driven by a commitment to deliver sustainable and solid returns. Rife's compensation philosophy is to attract, motivate and retain highly performing executives in order to achieve target objectives. Market competitiveness of compensation programs is ensured through a mix of base salary, short term incentives and long term incentives. This compensation approach is described more fully in the CD&A following.

2015 Compensation Decisions

Rife's decisions on executive base salaries and grants under the Rife Employees LTIP were made in February 2015 to reward corporate and individual performance, link long-term pay to performance, and ensure continued competitiveness within the peer group.

Base salaries were increased by 3.5% for executives from 2014 to 2015. In 2015, executives received grants under the Rife Employees LTIP that were consistent with the allocation to executives of the total pool under the Rife Employees LTIP in the prior year.

The Rife Employees STIP awards reflected 2015 corporate performance against defined metrics although the 2015 Rife Employees STIP pool was reduced due to sustained weakness in the commodity price environment. This resulted in awards of approximately 27% of salary for executives, and represented a 33% decrease from bonuses paid for 2014 performance.

CEO Compensation

The CEO's compensation in 2015 was directly tied to performance of Freehold, Rife and Canpar with approximately 51% of Mr. Mullane's total direct compensation at risk. As determined by Rife, in 2015 Mr. Mullane received a 3% base salary increase, a below target Rife Employees STIP payout as per the Rife Employees STIP reduced pool, and a grant under the Rife Employees LTIP equal to approximately 78% of Mr. Mullane's base salary.

2015 Changes to Management Agreement

In July 2015, the Special Committee comprised of independent members of the Board was formed to review and consider the renewal or termination of the Management Agreement. The terms of the Management Agreement were amended effective November 9, 2015, and are more fully explained under the heading "*The Manager*" and in the CD&A. Highlights included favourable term and fee adjustments: the management fee was capped at 71,912 shares per quarter for 2016 and decreases to a level of 5,500 shares per quarter (8% of today's rate) by 2023; Freehold can terminate the Management Agreement at any time after May 26, 2020 without any request for a shareholder vote by providing six months written notice; and agreement was reached that members of the GNC Committee and the Board of Directors of Rife would cooperate in all matters regarding executive compensation, human resource matters and employee plans with respect to Rife. The Management Agreement is available on SEDAR at www.sedar.com.

2016 Compensation Decisions Made

In light of the macro-environment and significantly lower commodity prices, base salaries for the majority of Rife's staff, and for all executives were reduced in 2016. Executives' salaries were reduced by 7.5%; and employees' salaries were reduced by 5% effective March 1, 2016. Rife Employees LTIP grants were awarded in February 2016 and consisted of reductions of approximately 7% versus last year**.** Freehold's general and administrative expense allocation was increased from 37% to 42%, reflecting the increased proportion of the Manager's work distribution allocated to Freehold business due to our growth through acquisitions.

Say-On-Pay

The GNC Committee monitors the use of Say on Pay votes – where shareholders are given an opportunity to provide non-binding approval of the executive compensation program.

As a result of the amendment and restatement of the Management Agreement in November 2015, Rife has agreed to cooperate with the GNC Committee in the development of all policies and programs relating to the review and approval of compensation for the employees of the Manager and Rife that work on the business of Freehold, including with respect to Freehold's executives; however, all elements of compensation are ultimately determined by the Manager and Rife and Freehold is obligated to pay an agreed portion of these amounts according to the Management Agreement. As a result of these factors, Freehold has decided not to implement a Say on Pay vote this year.

In conclusion, we are committed to open and transparent communication with our shareholders. We encourage you to engage with us on our approach to compensation and with any related questions you may have. We invite you to give direct feedback at any time of the year to your Board c/o Freehold's Corporate Secretary: ktaylor@rife.com.

Sincerely,

(signed) "D. Nolan Blades"
Chair of the Board

(signed) "Susan M. MacKenzie"
Chair of the GNC Committee

Compensation Discussion and Analysis

Compensation Governance

Governance, Nominating and Compensation Committee Mandate

The Board has adopted a mandate for the GNC Committee, pursuant to which the Board has delegated certain responsibilities relating to Board compensation, compensation of the Manager, review of compensation of the CEO and other officers of Freehold by the Manager, and Freehold's participation in the incentive compensation programs for employees of the Manager. The full text of the GNC Committee Mandate is attached to this Information Circular in Appendix C.

Composition of the GNC Committee

The GNC Committee Mandate requires the GNC Committee to be comprised of at least three directors, all of whom are independent, as such term is defined for purposes of NI 58-101. The GNC Committee is comprised of Susan M. MacKenzie (Chair), Gary Bugeaud, and Arthur N. Korpach, all of whom are independent directors. For details of the relevant education and experience of each member of the GNC Committee that enables such member to make decisions on the suitability of Freehold's compensation policies and practice, see the nominee profiles starting on page 15.

Compensation Consultant or Advisor

At no time in the previous two completed financial years of Freehold has a compensation consultant or advisor been formally retained to assist the Board or the GNC Committee to determine the compensation of the directors or executive officers of Freehold.

Compensation Philosophy

Rife's approach to compensation for the Freehold executives is driven by a commitment to deliver sustainable and solid returns. Rife's compensation philosophy is to attract, motivate and retain highly performing executives in order to achieve its target objectives.

In 2015, the following four elements of compensation were paid to the CEO; the Vice-President, Finance and Chief Financial Officer ("**CFO**"); the Vice-President, Exploration; the Vice-President, Production; and the Vice-President, Land (collectively, the "**Named Executive Officers**"):

- Salary, which is compensation for discharging job responsibilities with respect to Freehold, Rife and Canpar.
- Rife Employee STIP, which is a cash bonus awarded annually. Awards are determined based on performance of Freehold, Rife and Canpar, industry survey data, market conditions, and individual performance.
- Rife Employees LTIP, which is designed to reward employees of Rife based on the long-term performance of Freehold, Rife and Canpar. Annual grants are determined based on performance of Freehold, Rife and Canpar, market conditions, and individual performance.
- Other compensation includes pension and certain perquisites.

Other than the Named Executive Officers, no individual acting as an executive officer or in a similar capacity of Freehold received total compensation related to services rendered to Freehold in excess of $150,000 in the year ended December 31, 2015.

In determining compensation levels for the Named Executive Officers, including assessing the competitiveness of Rife's executive compensation practices, the Board of Directors of Rife utilizes compensation survey information provided by Mercer Human Resource Consulting Ltd. ("**Mercer**"), an independent human resource consulting firm. Information provided by Mercer is based on its annual survey of compensation practices within the Canadian oil and gas industry, which reflects the prior fiscal year's compensation determinations. Although Rife is unique in that its employees don't only manage the business and affairs of Freehold but also manage the business and affairs of Rife and Canpar, Rife has historically compared the compensation of the Named Executive Officers to the compensation data for the group of oil and gas exploration and production companies with average daily production in the range of 10,000 barrels of oil equivalent per day to 50,000 barrels of oil equivalent per day as reported in the Mercer survey.

All of the Named Executive Officers receive compensation directly from Rife and Freehold is obligated to pay a portion of these amounts pursuant to the Management Agreement. Prior to the amendment and restatement of the Management Agreement in November 2015, Freehold had limited ability to influence the compensation of the Named Executive Officer and all elements of compensation were determined by Rife. Historically, the only determination made by the Compensation Committee and the Board with respect to compensation for the Named Executive Officers was in the context of whether to continue to renew the Management Agreement. In connection with the renewal of the Management Agreement, the Compensation Committee reviewed the compensation levels of the executive officers of Freehold annually, and from time to time the Board considered both the nature and extent of the services required of the Manager and the costs of providing the same, relative to the amounts paid for executive and employee compensation and other general and administrative costs by Freehold's industry peers.

In 2015, the Special Committee, comprised of independent directors, with the assistance of independent financial and legal advisors, renegotiated certain of the terms of the Management Agreement with Rife and CN Pension Trust Funds, who also retained independent financial and legal advisors. As a result of the negotiations, Freehold, Rife and the Manager amended and restated the Management Agreement in November 2015. In addition to the other amendments to the Management Agreement, Rife also agreed to cooperate with the GNC Committee in the development of all policies and programs relating to the review and approval of compensation for the employees of the Manager and Rife that work on the business of Freehold, including with respect to the Named Executive Officers.

Although the Special Committee determined that it was in the best interests of Freehold to renegotiate certain terms of the Management Agreement, it concluded it was appropriate to continue the management relationship with the Manager under the terms of the Management Agreement, as amended and restated. The Special Committee and the Board believe that Freehold benefits from the fact that Rife has been in operation for more than 30 years and many of Rife's personnel have extensive experience managing the assets underlying Freehold's royalty and working interests. Under the renegotiated terms of the Management Agreement, including the reduction in the management fee, the Special Committee and Board believe that these organizational and synergistic benefits are advantageous to Shareholders.

The management fee is paid to the Manager in Common Shares. The share ownership level of the Manager and its affiliates, including the CN Pension Trust Funds, is approximately 24%. The Board believes that this significant share ownership position aligns the interests of the Manager with the interests of the Shareholders.

Compensation Risk

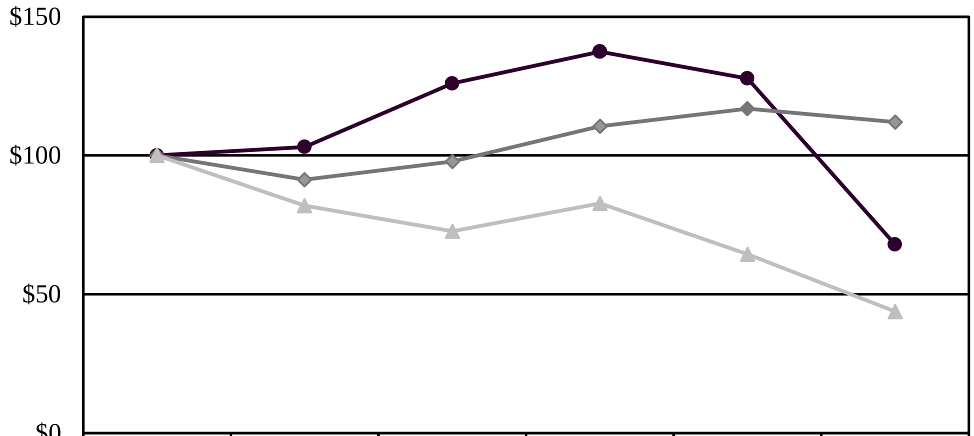
The GNC Committee has considered the implications of the risks associated with Freehold's and Rife's compensation policies and practices, including the Management Agreement. Freehold has the option of paying the management fee payable to the Manager in cash or Common Shares. The fact that the Manager has historically received Common Shares as the main element of its compensation, and the fact that CN Pension Trust Funds, the owner of both Rife and the Manager, owns 24% of the outstanding Common Shares and is a long-term shareholder, help to mitigate the risk that the Manager will implement compensation practices and policies that put Freehold's long-term success at risk. In addition, the Manager's incentive compensation plan awards provide a maximum benefit or payout limit to executive officers (see "*Rife Employees LTIP*"). Freehold has further alleviated the risks of Rife adopting compensation practices that are not in the best interests of Freehold over the long term by adding terms to the Management Agreement that require Rife to cooperate with the GNC Committee in the development of all policies and programs relating to the review and approval of compensation for the employees of the Manager and Rife that work on the business of Freehold, including with respect to the Named Executive Officers, as well as the fact that the Management Agreement may be terminated.

The Insider Trading Policy of Freehold also prohibits executive officers or directors of Freehold from buying or selling financial instruments that are designed to hedge or offset a decrease in market value of the Common Shares or other securities of Freehold held, directly or indirectly, by such executive officers or directors.

Performance Chart

The following graph and table illustrate changes during the last five years in the value of $100 invested on December 31, 2010, in the Common Shares and in the S&P/TSX Composite Index and the S&P/TSX Oil & Gas Exploration and Production Index, assuming reinvestment of all dividends.

Cumulative Value of a $100 Investment



	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
Freehold Royalties Ltd.	$100.00	$103.06	$125.94	$137.45	$127.74	$67.93
S&P/TSX Composite Index	$100.00	$91.29	$97.85	$110.56	$116.87	$112.06
S&P/TSX Oil & Gas Exploration and Production Index	$100.00	$81.97	$72.74	$82.78	$64.47	$43.77

The Named Executive Officers are employees of Rife, which manages the oil and gas operations of Rife and Canpar in addition to Freehold. In previous periods, compensation of Named Executive Officers was at the sole discretion of Rife, only a portion of which relates to activities performed on behalf of Freehold. Compensation relating to services rendered to Freehold is allocated based on the ratio of hours expended by staff of Rife on Freehold versus Rife and Canpar. For these reasons, the trend of compensation levels for the Named Executive Officers applicable to Freehold over the period from 2011 to 2015 has little correlation to the trend of total return on investment for Freehold charted in the performance chart. Over the period from 2011 to 2015, the total return performance of Freehold decreased approximately 9%, while the total compensation levels of Named Executive Officers paid by Freehold during the same period increased approximately 17%. As a result of the renegotiation of certain terms of the Management Agreement that occurred in 2015 as discussed herein, in future periods Freehold will have greater influence on the decisions of Rife and the Manager relating to the compensation of the employees and officers of Rife.

Summary Executive Compensation

The following table provides a summary of compensation to the Named Executive Officers relating to services rendered to Freehold for the periods indicated, allocated based on the ratio of hours expended by staff of Rife on Freehold versus Rife and Canpar as described under "*Executive Compensation – Compensation Discussion and Analysis – The Manager*". The Named Executive Officers also perform functions for Rife and Canpar.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary[1] ($)	Option-based awards ($)	Share-based awards[1,2] ($)	Non-equity incentive plan compensation[1]: Annual incentive plans[1,3] ($)	Non-equity incentive plan compensation[1]: Long-term incentive plans ($)	Pension value[1] ($)	All other compensation ($)	Total compensation[1] ($)
Thomas J. Mullane	2015	127,650	-	99,900	40,700	-	4,619	-	272,869
President and Chief Executive Officer	2014	113,900	-	71,400	78,200	-	4,238	-	267,738
	2013	109,307	-	65,550	62,100	-	4,197	-	241,154
Darren G. Gunderson	2015	101,565	-	64,750	25,900	-	4,619	-	196,834
Vice-President, Finance and Chief	2014	89,590	-	45,900	51,000	-	4,238	-	190,728
Financial Officer	2013	85,733	-	31,740	39,675	-	4,197	-	161,344
Scott W. Hadley[4]	2015	98,975	-	61,050	22,940	-	4,619	-	187,584
Vice-President, Exploration	2014	87,550	-	45,900	45,900	-	4,238	-	183,588
	2013	50,312	-	34,500	29,325	-	2,516	-	116,653
Daniel R. Moore[5]	2015	99,900	-	64,750	-	-	4,619	-	169,269
Vice-President, Production	2014	87,550	-	45,900	51,000	-	4,238	-	188,688
	2013	71,760	-	34,500	39,675	-	3,588	-	149,523
Michael J. Stone	2015	94,905	-	61,050	22,940	-	4,619	-	183,514
Vice-President, Land	2014	85,000	-	44,200	45,900	-	4,238	-	179,338
	2013	82,455	-	41,400	37,950	-	4,123	-	165,928

(1) Freehold's proportionate share (2013 – 34.5%, 2014 – 34%, 2015 – 37%).
(2) Based on Freehold's proportionate share of the value of awards under the Rife Employees LTIP on the grant date. Freehold's accounting treatment is based on the fair value of the awards at each period end and dependent on the Common Share price plus certain adjustments made for dividends since the date of the grant and performance factors. The liability and compensation expense associated with awards under the Rife Employees LTIP is recognized as services are rendered over the vesting period. The actual value realized upon the vesting and payment of these awards may be greater or less than the value indicated. (For further information, see the notes to Freehold's consolidated financial statements for the year ended December 31, 2015, which are available on SEDAR at www.sedar.com).
(3) Rife Employees STIP in the period earned, paid the following year.
(4) Mr. Hadley was appointed Vice-President, Exploration on June 3, 2013. Mr. Hadley resigned as an officer on February 29, 2016.
(5) Mr. Moore was appointed Vice-President, Production on January 1, 2014. Mr. Moore resigned as officer on January 9, 2016.

Incentive Plan Awards

The following table sets forth Freehold's proportionate share of outstanding awards under Rife Employees LTIP held by the Named Executive Officers as at December 31, 2015. The Named Executive Officers do not receive any option-based awards.

SHARE-BASED AWARDS

Name	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested[1] ($)
Thomas J. Mullane	13,417	22,135
Darren G. Gunderson	8,064	12,642
Scott W. Hadley	8,395	13,952
Daniel R. Moore	8,221	13,071
Michael J. Stone	8,305	13,789

(1) Estimated based on the closing price of the Common Shares on the TSX on December 31, 2015, which was $10.86, plus certain adjustments made for dividends since the date of grant and performance factors.

The following table sets forth the value of Freehold's proportionate share of (i) awards under Rife Employees LTIP held by the Named Executive Officers that vested, and (ii) bonuses paid pursuant to Rife's Annual Bonus Plan, in the year ended December 31, 2015. The Named Executive Officers do not receive any option-based awards or non-equity compensation plan awards.

VALUE VESTED OR EARNED

Name	Share-based awards Value vested during 2015[1,2] ($)	Non-equity incentive plan compensation – value earned during 2015[1] ($)
Thomas J. Mullane	27,453	85,100
Darren G. Gunderson	25,708	45,500
Scott W. Hadley	27,857	49,950
Daniel R. Moore	25,071	55,000
Michael J. Stone	31,571	49,950

(1) Freehold's proportionate share.
(2) Calculated based on the weighted average trading price of the Common Shares for the five trading days prior to vesting plus certain adjustments made for dividends since the date of the grant and performance factors.

Incentive Compensation Plans

Rife Employees STIP

Rife has an annual short-term incentive plan (cash bonus), of which Freehold pays its proportionate share. The total short-term incentive available to each Named Executive Officer is based on the median short-term incentive paid to executive officers at a similar level based on the benchmarking group in the Mercer report. The actual amount of the total available Rife Employees STIP paid is determined based on production, cash flow, operating costs and capital efficiency of Freehold, Rife and Canpar, industry survey data, market conditions, and individual performance.

The following table shows the applicable performance targets for the annual bonus plan relating to Freehold's performance, the weighting of the performance targets and whether such performance targets were achieved in 2015.

2015 FREEHOLD SHORT TERM INCENTIVE TARGETS

2015 STIP Criterion	Weighting (%)	Targets	Actuals(1)	Assessment
Production (boe/d)	25	9,800	10,288	Exceeded
Before Tax Cash Flow per Financials ($mm)	25	90.1	88.1	Missed
Operating Costs ($/boe)	25	6.59	4.56	Exceeded
Capital Efficiency ($/boe/d)(2)	25	26,709	26,251	Met

(1) 2015 Actuals may not represent reported results, as production and cash flow have been partially adjusted for the effects of acquisitions made during the year.
(2) Capital efficiency is based on half of the capital expenditures during the year (excluding unitized expenditures, acquisitions and joint ventures outside of the capital budgets) divided by production additions for the year.

Rife Employees LTIP

The Rife Employees LTIP uses a combination of the value of phantom shares of Rife and Canpar and phantom Common Shares, which are granted annually to employees of Rife at the discretion of the Board of Directors of Rife. The proportion of a grant under the Rife Employees LTIP in phantom Common Shares and phantom shares of Rife and Canpar is equivalent to the ratio of time expended by Rife's staff on Freehold versus Rife and Canpar. Freehold is only responsible for funding the cost of the phantom Common Shares.

The Rife Employees LTIP is designed to reward employees of Rife based on long-term performance of Freehold and Rife and Canpar. The basic features of the Rife Employees LTIP are:

- participants are allocated a grant amount by the Board of Directors of Rife, for which Freehold's share is converted into a number of phantom Common Shares determined by dividing the grant amount by the weighted average trading price of the Common Shares for the five trading days prior to the date of grant;
- phantom Common Shares vest at the end of a three-year period from the date of grant;
- dividends to Shareholders declared by Freehold during the vesting period are assumed to be reinvested in phantom Common Shares on the dividend payment date;
- the awards under Rife Employees LTIP do not vest upon a change of control of Freehold; however, the awards do vest upon a change of control of Rife and/or Canpar; and
- for the Freehold component, participants receive a cash payment on the fixed vesting date based on the intrinsic value of the phantom Common Shares, including phantom Common Shares received on dividend reinvestment, using the weighted average trading price of the Common Shares on the TSX on the five days prior to the vesting date, multiplied by a factor based on the annual average compounded return on the intrinsic value of the phantom Common Shares from the date of grant to the vesting date. The factor for the Freehold component is determined based on the following annual average compounded return:

Annual Average Percentage Return	Factor
<5%	0.25
5% – 10%	0.25 – 1.0
10% – 15%	1.0 – 1.5
>15%	1.5

Pension Plan Benefits

The following table sets forth information with respect to Freehold's proportionate share of contributions to Rife's defined contribution pension plan.

DEFINED CONTRIBUTION PLAN[1]

Name	Accumulated value at start of year ($)	Compensatory change ($)	Accumulated value at year end ($)
Thomas J. Mullane	25,773	4,619	35,075
Darren G. Gunderson	137,007	4,619	162,266
Scott W. Hadley	14,725	4,619	26,524
Daniel R. Moore	23,673	4,619	37,599
Michael J. Stone	49,926	4,619	65,537

(1) Based on Freehold's proportionate share for 2015.

Termination and Change of Control Benefits

Freehold is not a party to any employment agreement or other agreement with any of the executive officers of Freehold that provide for payment upon termination, resignation, retirement, change of control of Freehold or a change in an executive officer's responsibilities.

Under the Management Agreement Freehold may terminate the Management Agreement after a "Change of Control" (as defined in the Management Agreement) by providing a notice of termination within 90 days of the Change of Control and concurrently paying $2,000,000. In addition, if Freehold terminates the Management Agreement for any reason as permitted under the Management Agreement, including after a Change of Control, Freehold will be liable for actual termination costs of employees terminated by the Manager whom Freehold does not elect to employ. See "The Manager – Management Agreement".

OTHER INFORMATION

Securities Authorized for Issuance under Equity Compensation Plans

The following sets forth information in respect of Common Shares authorized for issuance under Freehold's equity compensation plans as at December 31, 2015.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by Shareholders			
DSU Plan	177,013	N/A	93,922
Management Agreement[1]	N/A [1]	N/A	966,115 [1]
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
Total	177,013	N/A	1,060,037

(1) Pursuant to the Management Agreement, Freehold engaged the Manager to provide certain management services as more fully described under the heading "*Executive Compensation – Compensation Discussion and Analysis – Management Agreement*". Pursuant to the Management Agreement, the Manager receives a management fee, paid in Common Shares, as described under "*Compensation Discussion and Analysis – The Manager - Compensation and Reimbursement of the Manager*".

Indebtedness of Directors And Executive Officers

None of the directors, executive officers, employees or any former directors, executive officers or employees of Freehold or its subsidiaries or any associates of any such directors or officers, is, or has been at any time since the beginning of the most recently completed financial year of Freehold, indebted to Freehold in respect of any indebtedness that is still outstanding, nor is, or at any time since the beginning of the most recently completed financial year has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Freehold.

Interest of Informed Persons in Material Transactions

Other than as disclosed below or herein, there were no material interests, direct or indirect, of any directors or executive officers of the Manager, directors or executive officers of Freehold, any Shareholder who beneficially owns more than 10% of the Common Shares or any known associate or affiliate of such persons in any transaction completed in the most recently completed financial year or during the current financial year or in any proposed transaction that has materially affected or will materially affect Freehold.

The Manager and Rife are wholly-owned subsidiaries of the CN Pension Trust Funds, which held 23,333,616 Common Shares as at March 28, 2016, representing approximately 24% of the outstanding Common Shares. The Manager receives certain compensation for providing management services to Freehold and its controlled entities as described under "Executive Compensation – Compensation Discussion and Analysis - The Manager". All transactions during 2015 were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by Freehold and the Manager.

Concurrent with a bought deal offering completed by Freehold on May 6, 2015, CN Pension Trust Funds purchased 1,833,334 Common Shares of Freehold at a price of $18.00 per Common Share on a non-brokered private placement basis for gross proceeds of approximately $33 million.

On January 23, 2015 Freehold acquired Anderson Energy Ltd. ("**Anderson**") for total consideration of $35 million (subject to certain adjustments). David J. Sandmeyer a director of Freehold was also a director and the Chairman of Anderson. Mr. Sandmeyer did not participate in any deliberations by the Board with respect to the Anderson acquisition and did not vote on any resolution of the Board to approve the Anderson acquisition.

On November 9, 2015, Freehold and its controlled entities agreed to amend and restate the Management Agreement with the Manager and Rife. On July 13, 2015 the Board established the Special Committee comprised of independent directors to review and consider the renewal or termination of the Management Agreement. The Special Committee retained financial advisors and independent legal counsel to provide financial and legal advice with respect to such matter. Following its review, the Special Committee concluded that it was in the best interests of Freehold to amend the terms of the Management Agreement and proceeded to negotiate such amendments with Rife and the CN Pension Trust Funds, who also retained a financial advisor and independent legal counsel. As a result of the negotiations between Freehold and Rife a number of amendments were made to the Management Agreement, including amendments of the provisions relating to the payment of the management fee to the Manager and the provisions relating to termination. For additional details on the terms of the Management Agreement, see "*Executive Compensation – Compensation Discussion and Analysis*". In addition, the full text of the Management Agreement has been filed on SEDAR www.sedar.com.

Interest of Certain Persons or Companies in Matters to be Acted Upon

No director, proposed nominee for election as a director or executive officer of Freehold or anyone who has held office as such since the beginning of our last financial year or of any associate or affiliate of any of the foregoing in has any material interest, direct or indirect, in any matter to be acted on at the Meeting other than for the election of directors and approval of the DSU Plan Resolution.

Additional Information

Additional information relating to Freehold is available on SEDAR at www.sedar.com. Financial information in respect of Freehold and its affairs is provided in Freehold's annual audited consolidated financial statements for the year ended December 31, 2015 and the related management's discussion and analysis. Copies of these documents are available upon request from Freehold by contacting the Corporate Secretary, Freehold Royalties Ltd., Suite 400, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4, Telephone 403-221-0802, or such materials may be accessed via Freehold's website at www.freeholdroyalties.com.

Appendix A
Board Mandate

INTRODUCTION

The board of directors (the "**Board**") of Freehold Royalties Ltd. ("**Freehold**"), is committed to maintaining a high standard of corporate governance. The Board has responsibility for the overall stewardship of Freehold and its controlled entities and discharges its responsibility by reviewing, discussing, and approving Freehold's strategic planning and organizational structure and supervising management, including retention of the Manager, with a view to preserving and enhancing the underlying value of Freehold. Management of the business within this process and structure is the responsibility of the Chief Executive Officer ("**CEO**") and Rife Resources Management Ltd. (the "**Manager**").

Mandate of the Manager

The Manager is responsible for the day-to-day management of the business of Freehold subject to a supervisory role of the Board. In exercising its powers and discharging its duties under the amended and restated management agreement dated November 9, 2015 (the "**Management Agreement**") between the Manager and Freehold, the Manager must exercise the degree of care, diligence and skill that a reasonably prudent advisor and manager in respect of petroleum and natural gas properties in western Canada would exercise in comparable circumstances.

Pursuant to the provisions of the Management Agreement, the Manager provides certain administrative and support services to Freehold, including those necessary to:

1. ensure compliance by Freehold with continuous disclosure obligations under applicable securities legislation;
2. provide investor relations services;
3. provide or cause to be provided to shareholders all information to which shareholders are entitled under applicable securities laws;
4. call, hold and distribute materials including notices of meetings and information circulars in respect of all necessary meetings of shareholders;
5. determine the amounts available for payment from time to time to shareholders and to arrange for dividend payments to shareholders;
6. determine the timing and terms of future offerings of securities, if any;
7. determine the terms and conditions upon which Freehold may acquire additional royalties; and
8. determine the terms and conditions upon which Freehold may from time to time borrow money.

The Manager recovers its general and administrative costs and a portion of its long term incentive plan costs and retirement benefit costs and receives a quarterly management fee paid in Common Shares.

COMPOSITION OF THE BOARD

The governance agreement dated December 31, 2010 (the "**Governance Agreement**") provides that if the Manager and its affiliates, including the CN Pension Trust Funds, hold 10% or more of the issued and outstanding Common Shares, the Manager has the right to nominate for election two individuals as directors of Freehold. If the Manager and its affiliates hold less than 10% of the issued and outstanding Common Shares the Manager has the right to nominate for election one individual as a director of Freehold. If the individuals nominated by the Manager fail to get elected or if the Manager ceases to hold any Common Shares (in which case the Manager will not have the right to nominate any individuals as directors of Freehold) but continues to act as Manager of Freehold pursuant to the Management Agreement, the Governance Agreement provides the Manager with the right to have an observer present at all meetings of directors of Freehold.

The Board consists of nine members, two of whom were nominated by the Manager and seven of whom were nominated by the Board based on the recommendation of the Governance, Nominating and Compensation Committee (the "**GNC Committee**"). A majority of the directors will be independent. All members of the Board shall have the skills and abilities required to carry out their duties and responsibilities in the most effective manner. The Board shall endeavor to always have the right mix of experience and competencies to discharge its responsibilities.

Director Independence

The Board has determined that an independent director is a director who is not a member of management and who does not have a relationship with Freehold or with management that may affect the director's ability to act with a view to the best interests of Freehold, or be perceived to do so. The Board may adopt other categorical standards for determining whether a director is independent and will review the independence of each of the non-management directors annually.

For Audit Committee purposes only, a director is not independent if he or she does not satisfy the Audit Committee independence requirements contained in any applicable securities legislation, or rules of any stock exchange on which Freehold's securities are listed for trading.

Independent directors and their firms will not be retained for consulting without prior approval of the Board.

Selection of Chair

The Chair will be appointed by the Board from among the independent directors. The Chair reports to the Board and to the shareholders. The Board has approved, and will periodically review, a position description for the Chair.

Director Compensation

The Board has determined that the directors should be compensated in a form and amount that is appropriate and which is customary for comparable entities, having regard to such matters as time commitment, responsibility and trends in director compensation. The Board, based upon recommendations of the GNC Committee, will periodically review the adequacy and form of directors' compensation, including compensation of the Chair and Committee Chairs, to ensure that it is competitive and realistically reflects the responsibilities and risks involved in being a director.

Directors who are employees of the Manager will not receive additional compensation for Board service.

Term Limits for Directors

The Board has determined that fixed-term limits for directors should not be established. The Board is of the view that such a policy would have the effect of forcing directors off the Board who have developed, over a period of service, increased insight into Freehold and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide ongoing input of fresh ideas and views and annually considers changes to the composition of the Board.

Selection of New Director Candidates

Subject to the Articles or By-Laws of Freehold and the Governance Agreement, the selection of directors and procedures to identify possible nominees will be determined after giving consideration to:

1. the competencies and skills which the Board considers necessary for the Board as a whole to possess;
2. the competencies and skills possessed by each current director;
3. the competencies and skills each new nominee will bring to the Board; and
4. the appropriate size of the Board, with a view to facilitating effective decision-making.

Director Qualification Standards

In nominating an individual to become a director, the Board will consider education, business, governmental and civic experience, communication and interpersonal skills, the diversity of the existing Board, and the background of the potential candidate, as well as any other matters which are relevant to the Board's objectives.

This review will take into account the desirability of maintaining a reasonable diversity of personal characteristics such as age, gender, and geographic residence. However, all directors should possess high personal and professional ethics, integrity, and values and be committed to representing the long-term interests of the shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment, outstanding ability in their individual fields of expertise, and a willingness to devote necessary time to Board matters.

Director Orientation and Education

The Board is committed to ensuring that directors have the requisite skills, knowledge, and understanding to fulfill their duties as directors. A director's manual containing Board and committee mandates, position descriptions, policies, and other information is provided to new directors who are expected to review and become familiar with its contents. In addition, management conducts orientation sessions with new directors to review Freehold's business, current issues, and opportunities.

Management provides directors with opportunities to increase their knowledge and understanding of Freehold's business. Pre-reading materials are provided in quarterly Board packages sent to directors in advance of regularly scheduled Board meetings. Briefings on strategic issues are conducted annually and typically include reviews of the competitive environment, Freehold's performance relative to its peers, and any other developments that could materially affect Freehold's business. In addition, the Board is briefed on a regular basis on corporate governance developments and emerging best practices.

MATTERS REQUIRING BOARD APPROVAL

Pursuant to the Management Agreement, the Manager has responsibility for the day-to-day operations of Freehold, subject to the Board's general supervision and direction. Any amendment to the Management Agreement requires the approval of the Board.

Certain responsibilities of the Board are sufficiently important to warrant the attention of the full Board and, accordingly, are not delegated or are only delegated in a qualified or partial manner, including:

1. submitting to shareholders any matter requiring their approval;
2. filling vacancies among the directors or appointing additional directors, other than nominees of the Manager;
3. approving capital structure plans and strategies;
4. approving borrowing and hedging;
5. approving issuance of debt or equity securities, declaring dividends or repurchasing shares, and approving related prospectuses or information circulars;
6. approving capital expenditures outside approved budgets;
7. approving the acquisition and disposition of significant properties of Freehold;
8. approving policies relating to material expenditures or assumptions of liability outside of the ordinary course of business, including expenditures for acquisitions, joint ventures, divestitures, leasing transactions, third party loans and other similar transactions;
9. approving management proxy circulars;
10. approving annual financial statements and interim financial reports and related management's discussion and analysis;
11. approving the annual statement of reserves data and other oil and gas information and reports thereon;
12. approving changes in the By-laws and Articles of Incorporation; and
13. approving Freehold's legal structure, name, logo, vision and mission statement.

Appointment, Supervision, and Compensation of the Manager, and Review of Compensation of the Officers

The Board has the responsibility to:

1. plan for succession, including appointing the officers, monitoring the Manager, and determining if the Manager's engagement should be extended;
2. review the Manager's compensation strategy and approve Freehold's annual commitment and funding contribution to the Manager's incentive compensation programs; and
3. satisfy itself as to the business and professional integrity of the CEO and other officers, as well as the CEO's leadership in the creation of a culture of integrity throughout the organization.

Strategic Planning and Risk Oversight

The Board has the responsibility to:

1. approve Freehold's goals and objectives;
2. review, adopt and monitor the strategic planning process;
3. review Freehold's long-term strategy annually;
4. review and approve the operating budget;
5. consider principal business risks and review and approve risk management strategies, including a quarterly review of risk management and an annual review of insurance coverage;
6. confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities, health, safety and environment, and other compliance matters; and
7. approve policies and other protocols and controls and confirm that processes are in place to comply with Freehold's By-laws, codes of conduct, health, safety and environment, and all other significant policies and procedures.

Financial Reporting and Management

The Board has the responsibility to:

1. monitor operating and financial performance and review results relative to established strategy, budgets and objectives;
2. approve financial statements and review and oversee compliance with applicable audit, accounting and financial reporting requirements;
3. approve annual operating and capital budgets;
4. approve any single capital commitment exceeding $10 million or any capital commitment that results in expenditures in excess of the approved annual capital expenditure budget;

5. approve cash management plans and strategies and all activities relating to cash accounts and cash investments portfolio, including the establishment and maintenance of bank, investment and brokerage accounts;
6. satisfy itself that management has an appropriate system in place to ensure the integrity of internal control and management information systems, and review the effectiveness of internal control procedures annually;
7. ensure that a system is in place for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
8. approve significant changes in accounting practices or policies.

Shareholder Communication

The Board has the responsibility to:

1. adopt a disclosure policy relating to, among other matters, the confidentiality of business information and the timely reporting of developments that have a significant and material impact on the value of Freehold;
2. confirm that management has established a system for effective communications including disclosure controls and processes for consistent, transparent, regular and timely public disclosure;
3. report annually to shareholders on the Board's stewardship for the previous year; and
4. ensure that a system is in place to receive feedback from shareholders, including a process to permit stakeholders to communicate with the Board. Any person who has a concern about Freehold's corporate governance, business conduct or financial practices may communicate that concern to the Board. Concerns may be submitted in writing, addressed to the Chair, Freehold Royalties Ltd., c/o Burnet, Duckworth & Palmer LLP, Attention: Grant A. Zawalsky, Suite 2400, 525 – 8th Avenue SW, Calgary, Alberta T2P 1G1.

The Board believes it is generally a function of management to speak for Freehold in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. The Chair or other individual directors may from time to time be requested by management to assist with such communications.

Corporate Governance

The Board, based on the recommendations of the GNC Committee's, has the responsibility to:

1. approve appropriate corporate governance principles and guidelines, including practices to permit the Board to function independently of management;
2. establish committees and approve their respective mandates and the limits of authority delegated to each committee;
3. establish a written position description for directors, which describes and communicates performance expectations of directors and provides a benchmark for developing an approach to individual director assessment and evaluation;
4. discuss the GNC Committee's evaluation of the effectiveness of individual directors, each committee, and the Board as a whole;
5. ensure that adequate orientation programs are in place for new directors and that all directors have access to education programs to maintain and enhance their skills and abilities as directors;
6. determine director qualification standards and approve the nomination of directors;
7. arrange for independent directors to hold regular in-camera sessions, at which non-independent directors and members of management are not in attendance; and
8. establish procedures for monitoring compliance with written standards of business conduct and ethics, and approve any waivers.

The Board, based on the recommendations of the GNC Committee, is responsible for approving directors' compensation, including compensation to the Chair and Committee Chairs.

POLICIES RELATING TO DISCLOSURE, INSIDER TRADING AND BUSINESS CONDUCT

The Board will confirm that policies and procedures are in place to:

1. ensure that Freehold has consistent standards and procedures for communication of both material and non-material information;
2. ensure that communication of material information to the investing public (whether positive or negative) is timely, factual and accurate, and is broadly disseminated in a non-selective manner in accordance with applicable legal and regulatory guidelines;
3. ensure that the directors and officers, and the employees of the Manager, comply with Freehold's written standards of business conduct and ethics. The Board must approve any waivers and ensure disclosure of any waivers, if

required; and

4. ensure that the directors and officers, and the employees of the Manager, have been given guidelines regarding trading in securities of Freehold, including mandatory blackout periods.

BOARD OPERATIONS

Number of Board Meetings

The Board will meet quarterly, or more frequently as needed for the directors to diligently discharge their responsibilities.

Committees of the Board

The Board has established three standing committees of its members: the Audit Committee, the GNC Committee, and the Reserves Committee, to assist it in discharging its responsibilities, and may constitute other committees from time to time. Each committee has a mandate approved by the Board and reviewed annually.

All members of the Audit Committee and the majority of the members of other committees must be independent directors.

Any committee of the Board may retain persons having special expertise or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Freehold without any further approval of the Board.

Notwithstanding the delegation of responsibilities to a committee, the Board as a whole is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided in the mandate of the committee or a resolution of the Board, the role of the committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

Conduct of Meetings

Board and committee meetings will be conducted in a manner that ensures open communication, meaningful participation and timely resolution of issues.

Agenda for Board and Committee Meetings

The Chair and the CEO will propose an agenda for each Board meeting. Each director is free to suggest the inclusion of items on the agenda. The Chair of each committee of the Board, in consultation with appropriate members of management, will develop agendas for committee meetings.

Materials Distributed in Advance of Meetings

Meeting materials will be distributed to directors before each Board meeting, in sufficient time to ensure adequate opportunity for review. Under some circumstances, due to the confidential nature of matters to be discussed at the meeting, it may not be prudent or appropriate to distribute materials in advance.

Non-Directors at Board Meetings

The Board believes there is value in having certain members of management attend each Board meeting to provide information and opinions to assist the directors in their deliberations. Attendance by management will be determined by the CEO with the concurrence of the Chair. Management attendees will be excused for any agenda items that are reserved for discussion among directors only.

In-Camera Sessions

The independent directors will meet without non-independent directors and members of management at each meeting.

Appendix B
Audit Committee Mandate

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Freehold Royalties Ltd. ("**Freehold**") 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 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 the external auditors;
3. to enhance the external auditors' 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 the 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 ("**CFO**") 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 in-camera with the external auditors at least quarterly (in connection with the preparation of the annual and quarterly financial statements) and at such other times as the external auditors and the Committee consider appropriate.
6. The Committee will hold an in-camera session, without members of management or management directors, at each meeting. The Committee may invite other directors, members of management, and advisors to attend all or part of any in-camera session, as it deems advisable.

Mandate and Responsibilities

The mandate and responsibilities of the Committee will be as set forth below:

1. Oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting;
2. Satisfy itself on behalf of the Board with respect to Freehold's internal control systems, which include:
   (a) identifying, monitoring and mitigating business risks; and
   (b) ensuring compliance with legal, ethical and regulatory requirements;
3. 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:
   (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
   (b) reviewing significant accruals, reserves or other estimates such as impairment testing;
   (c) reviewing accounting treatment of unusual or non-recurring transactions;
   (d) ascertaining compliance with covenants under loan agreements;
   (e) reviewing adequacy of reclamation provisions;

(f) reviewing disclosure requirements for commitments and contingencies;
(g) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
(h) reviewing unresolved differences between management and the external auditors; and
(i) obtaining explanations of significant variances with comparative reporting periods;

4. 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 assess the accuracy of those procedures;
5. Recommend to the Board the annual appointment of external auditors, and in so doing:
   (a) annually review the performance and independence of the external auditors;
   (b) review the terms of engagement of the auditor, including the compensation of the auditors;
   (c) confirm that the auditors will report directly to the Committee;
   (d) 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
   (e) 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. 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. 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. Review, on an annual basis, the risk management policies and procedures of Freehold, including hedging, litigation and insurance;
9. Review and approve management's hiring policies regarding current and former partners and employees of the present and former external auditor;
10. Establish procedures for:
   (a) the receipt, retention and treatment of complaints received by Freehold regarding accounting, internal accounting controls or auditing matters; and
   (b) 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; and
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.

Appendix C
Governance, Nominating and Compensation Committee Mandate

Role and Objective

The Governance, Nominating and Compensation Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Freehold Royalties Ltd. ("**Freehold**"), which has been constituted to assist the Board in respect of the development and monitoring of Freehold's approach to corporate governance, the nomination of directors for appointment to the Board, the appointment of directors to committees of the Board, and to which the board has delegated certain responsibilities relating to Board compensation; compensation of Rife Resources Management Ltd. (the "**Manager**"); review of compensation of the Manager's Chief Executive Officer ("**CEO**") and executive officers and employees; Freehold's participation in the incentive compensation programs for employees of the Manager; and the other matters described below.

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 58-101 – *Corporate Governance Practices* ("**NI 58-101**")).
2. The Board will have the power to appoint the Committee Chair.

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 twice per year. Minutes of all meetings of the Committee will be taken.
4. The Committee will forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.
5. The Committee will hold an in-camera session, without members of management or management directors, at each meeting. The Committee may invite other directors, members of management, and advisors to attend all or part of any in-camera session, as it deems advisable.

Mandate and Responsibilities of Committee

The mandate and responsibilities of the Committee will be as set forth below:

<u>Governance matters:</u>

1. Develop for approval by the Board and periodically review Freehold's approach to corporate governance matters;
2. Review and recommend to the Board for approval disclosure and reports concerning Freehold's corporate governance practices as required by regulatory authorities;
3. Make recommendations to the Board as to which directors should be classified as independent directors pursuant to any such report;
4. Act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a Board meeting, including the performance of Rife Resources Management Ltd. (the "**Manager**") or the performance of the Board or individual directors. The Chair of the Committee will be responsible for developing a response to any such concerns;
5. Develop and recommend to the Board for approval and periodically review structures and procedures designed to ensure that the Board can function independently of management;
6. Consider, subject to the Articles or By-Laws of Freehold and the governance agreement dated December 31, 2010 (the "**Governance Agreement**") between the Manager and Freehold, and from time to time make recommendations to the Board as to the appropriate size of the Board;
7. Develop for approval by the Board and periodically review orientation programs for new directors and ongoing education programs for all directors;
8. Develop for approval by the Board and periodically review evaluation procedures for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director;
9. Review annually and recommend to the Board the appointments to each committee of the Board and any changes to the mandates of the committees;
10. Review, and report to the Board on matters relating to the nomination of directors, other than nominees of the Manager;
11. Assess the performance and effectiveness of the Manager, the Board as a whole, the Board committees, and the

individual directors. The Committee does not review the Chief Executive Officer ("**CEO**") or other members of senior management independently of its review of the Manager;

12. Maintain, through outside counsel, a summary of the duties and liabilities of directors and periodically update and provide such summary to the directors;
13. Review annually and recommend to the Board for approval, Freehold's directors and officers liability insurance;
14. Review periodically and monitor Freehold's disclosure policy with a view to determining whether Freehold is communicating effectively with shareholders, other stakeholders, the investment community and the public generally; and
15. Review such other matters of a corporate governance nature as may be directed by the Board from time to time.

Compensation matters:

1. Review annually and recommend to the Board for approval the remuneration of the directors (including remuneration for chairing or serving on a committee of the Board) and any other arrangements pursuant to which monies are payable to a director or a party related to a director;
2. Review the adequacy and form of directors' compensation, including compensation of the Chair and Committee Chairs, to ensure that it is competitive with companies that are similarly situated and realistically reflects the responsibilities and risks involved in being a director. Directors who are employees of the Manager will not be compensated for their services as directors;
3. Propose the terms and awards of equity compensation for directors;
4. Review the management fee (when applicable) under the amended and restated management agreement dated November 9, 2015 (the "**Management Agreement**") between the Manager and Freehold, and review the Manager's stated compensation strategy periodically to ensure that management is compensated appropriately and that the Manager's executive compensation program is related to Freehold's financial performance and returns, as well as the performance of the individual executives;
5. Review and recommend to the Board for approval Freehold's annual commitment and funding contribution to the Manager's incentive compensation programs;
6. Take reasonable steps to ensure that compensation plans and employee benefit programs of the Manager are administered in accordance with applicable laws, stock exchange policies and stated compensation objectives;
7. Consider the implications of the risks associated with Freehold's and Rife's compensation policies and practices, including the Management Agreement, and take any steps it determines appropriate to identify, assess and mitigate such risks; and
8. Review and approve, prior to publication, the CD&A (compensation discussion and analysis) in Freehold's annual management information circular;

General matters:

1. Review the Committee mandate annually and recommend changes when necessary;
2. Review and consider the engagement, at the expense of Freehold, of professional and other advisors to an individual director(s) when so requested by such directors(s); and
3. 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.

Appendix D
Reserves Committee Mandate

Role and Objective

The Reserves Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Freehold Royalties Ltd. ("**Freehold**"), which has been constituted to assist the Board in discharging its responsibilities with respect to reporting on oil and natural gas activities, including compliance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

Membership of Committee

1. The Committee will be comprised of at least three directors, none of whom are members of management of Freehold and a majority of whom are independent (as such term is used in National Instrument 51-101 ("**NI 51-101**")).
2. The Board will have the power to appoint the Committee Chair, who must be an independent director.

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 two times per year. Minutes of all meetings of the Committee will be taken. The Vice-President, Production 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 reserves evaluator (the "**Evaluator**") at least once per year, in connection with the preparation of the year-end reserves evaluation, and at such other times as the Evaluator and the Committee consider appropriate.
6. The Committee will hold an in-camera session, without members of management or management directors, at each meeting. The Committee may invite other directors, members of management, and advisors to attend all or part of any in-camera session, as it deems advisable.

Mandate and Responsibilities

The mandate and responsibilities of the Committee will be as set forth below:

1. Review the annual reserves report of Freehold prior to its submission to the Board for approval. The process should include but not be limited to:
(a) ensuring that management and the Evaluator's processes for estimating and reporting reserves are conducted in compliance with NI 51-101;
(b) reviewing management's reporting on internal reserves standards and practices, including the procedures for assembling and reporting other information associated with oil and natural gas activities;
(c) reviewing management's procedures for providing information to the Evaluator;
(d) meeting with management and the Evaluator to review the reserves data and the report of the Evaluator, including the reserves estimates methodology, available tax pools and future price/cost assumptions utilized in the analysis, and the reconciliation of changes in reserves and future net revenue;
(e) meeting independently with the Evaluator to determine the ability of the Evaluator to report, without reservation, on the reserves of Freehold;
(f) recommending to the Board the filing of the Evaluator's report;
(g) obtaining a signed report and NI 51-101 certificate from the Evaluator and a certificate of compliance from management; and
(h) reviewing public disclosure of reserves;
2. Recommend to the Board the annual appointment of the Evaluator and in so doing:
(a) review the terms of engagement of the Evaluator, including the appropriateness and reasonableness of the Evaluator's fees; and
(b) when there is to be a change in Evaluator, review the reasons for the proposed change and whether there have been disputes between the Evaluator and management;
3. 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.

Appendix E

Deferred Share Unit Plan for Directors

1. PREAMBLE AND DEFINITIONS

1.1 **Title**

The Plan herein described shall be called the "Deferred Share Unit Plan for Directors of Freehold Royalties Ltd".

1.2 **Purpose of the Plan**

The purpose of the Plan is to promote a greater alignment of interests between Directors and the shareholders of the Corporation.

1.3 **Definitions**

(a) "**Affiliate**" means an affiliate of the Corporation as the term "affiliate" is defined in paragraph 3 of Canada Customs and Revenue Agency Interpretation Bulletin IT 337R3, Retiring Allowances.
(b) "**Board**" means the Board of Directors of the Corporation.
(c) "**Cease Trade Date**" has the meaning ascribed thereto in Section 6.3.
(d) "**Committee**" means the Compensation Committee of the Board.
(e) "**Common Share**" means a common share of the Corporation and such other common share or other security as is substituted therefore as a result of amendments to the articles of the Corporation, reorganization or otherwise, including any rights that form a part of the common share or other security or substituted common share or other security but not including any other rights that are attached thereto and trade therewith or any other common share or other security that is added thereto.
(f) "**Corporation**" means Freehold Royalties Ltd. and any successor corporation whether by amalgamation, merger or otherwise.
(g) "**Director**" means a director of the Corporation who is not an employee of the Corporation or Rife Resources Ltd. otherwise than in his or her capacity as a member of the Board.
(h) "**Director's Termination Date**" has the meaning ascribed thereto in Section 6.1.
(i) "**DSU**" means a bookkeeping entry on the books of the Corporation, the value of which on any particular date shall be equal to the Market Value.
(j) "**DSU Account**" has the meaning ascribed thereto in Section 5.1.
(k) "**Expiry Date**" has the meaning ascribed thereto in Section 6.2;
(l) "**Market Value**" means, with respect to a particular date, the closing price for a Common Share on the Stock Exchange on the Trading Day immediately prior to that date or, in the event of the Cease Trade Date, such other value as may be determined pursuant to Section 6.3.
(m) "**Redemption Date**" has the meaning ascribed thereto in Section 6.1.
(n) "**Stock Exchange**" means the Toronto Stock Exchange, or if the Common Shares are not listed on the Toronto Stock Exchange, such other stock exchange on which the Common Shares are listed, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market.
(o) "**Trading Day**" means any date on which the Stock Exchange is open for the trading of Common Shares and on which one or more Common Shares actually traded.

2. CONSTRUCTION AND INTERPRETATION

2.1 In the Plan, references to the masculine include the feminine; references to the singular shall include the plural and vice versa, as the context shall require.

2.2 The Plan shall be governed and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada.

2.3 If any provision of the Plan or part hereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

2.4 Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained.

3. ELIGIBILITY

3.1 The Corporation is establishing the Plan for Directors, effective on January 1, 2011.

3.2 Nothing herein contained shall be deemed to give any person the right to be retained as a Director of the Corporation or of an Affiliate.

4. DEFERRED SHARE UNIT GRANTS

4.1 Annually the Board (or the Committee) shall authorize, subject to the conditions stated herein, an annual grant of DSUs. The participation of a Director in the Plan shall be evidenced by a written agreement between the Corporation and the eligible Director in the form of Schedule A hereto. The first grant of DSUs shall be effective January 1, 2011, subject to all necessary stock exchange and shareholder approval. For years following 2011, each such grant of DSUs shall, except as otherwise provided in this Section 4.1, be effective January 1st. In the case of a Director who becomes a Director during a calendar year after the grant of DSUs for that particular year, DSUs shall be granted as of the date of appointment to the Board.

5. ACCOUNTS, DISTRIBUTION EQUIVALENTS AND REORGANIZATION

5.1 An account, to be known as a "DSU Account" shall be maintained by the Corporation for each Director and will be credited with notional grants of DSUs received by a Director from time to time. Unless otherwise provided at the time of grant, DSUs will be fully vested upon being credited to a Director's DSU Account and the Director's entitlement to payment of such DSUs at his or her Termination Date shall not thereafter be subject to satisfaction of any requirements as to any minimum period of membership on the Board or other conditions.

5.2 Whenever cash dividends or other distributions are paid on the Common Shares, additional DSUs will be credited to the Director's DSU Account. The number of such additional DSUs will be calculated by dividing the dividends that would have been paid to such Director if the DSUs recorded in the Director's DSU Account as at the record date for the cash dividend had been Common Shares by the Market Value on the date on which the dividends are paid on the Common Shares. Notwithstanding the foregoing, following a Cease Trade Date, the value of a Common Share used to calculate the number of additional DSUs under this Section 5.2 shall be the value determined on a reasonable and equitable basis by the Board.

5.3 In the event of any property distribution, unit split, combination or exchange of common shares, merger, arrangement, re-organization, re-capitalization, consolidation, spin off or other distribution (other than normal cash, note or Common Share dividends) of the Corporation's assets to shareholders, or any other similar changes affecting the Corporations, such proportionate adjustments, to reflect such change or changes shall be made with respect to the number of DSUs outstanding under the Plan, all as determined by the Board in its sole discretion.

5.4 For greater certainty, no amount will be paid to, or in respect of, a Director under the Plan or pursuant to any other arrangement, and no additional DSUs will be granted to a Director to compensate for a downward fluctuation in the fair market value of the Common Shares, nor will any other form of benefit be conferred upon, or in respect of, a Director for such purpose.

6. REDEMPTION ON RETIREMENT OR DEATH

6.1 The value of the DSUs credited to a Director's DSU Account shall be redeemable by the Director (or, where the Director has died, his or her estate) at the Director's option (or after the Director's death at the option of his or her legal representative) following the event, including death, causing the Director to be no longer any of a Director, or a director of an Affiliate (the "Director's Termination Date"). The Director (or after the Director's death, his or her legal representative) shall, by filing a written notice of redemption in the form of Schedule B hereto with the Secretary of the Corporation, specify a redemption date (the "Redemption Date") which in any event must be after the date on which the notice of redemption is filed with the Corporation and within the period from the Director's Termination Date to December 15 of the first calendar year commencing after the Director's Termination Date.

6.2 The value of the DSUs redeemed by or in respect of a Director pursuant to Section 6.1 shall be the Market Value on the Director's Redemption Date and shall be paid to the Director (or, if the Director has died, to his or her estate) in the form of Common Shares in a number equal to the number of DSUs redeemed, net of any applicable withholdings, as soon as practicable after the Director's Redemption Date, provided that in any event such payment date shall be no later than December 31 of the first calendar year commencing after the Director's Termination Date (the "Expiry Date"). The maximum number of Common Shares issuable under the Plan shall be set at 600,000.

6.3 In the event that the Director's Redemption Date is after the date on which the Common Shares ceased to be traded on the Stock Exchange, provided such cessation in trading is not reasonably expected to be temporary (the "Cease Trade Date"), the value of the DSUs redeemed by or in respect of the Director pursuant to Section 6.1 shall be determined in accordance with the following:

(a) where the Director's Termination Date is before or not more than 365 days after the last Trading Day before the Cease Trade Date, the value of each DSU credited to the Director's DSU Account at his or her Redemption Date shall be equal to the Market Value on the last Trading Day before the Cease Trade Date; and

(b) where the Director's Termination Date is after the date that is 365 days after the last Trading Day before the

Cease Trade Date, the value of each DSU credited to the Director's DSU Account at his or her Redemption Date shall be based on the fair market value of a common share of the Corporation or of a corporation related thereto at his or her Redemption Date as is determined on a reasonable and equitable basis by the Board after receiving the advice of one or more independent firms of investment bankers of national repute.

The value of a Director's DSUs determined in accordance with paragraph (a) or (b) of this Section 6.3, as applicable, shall be paid to the Director (or, if the Director has died, to his or her estate) in the form of Common Shares, net of any applicable withholdings as soon as practicable after the Director's Redemption Date, provided that in any event such payment date shall be no later than December 31 of the first calendar year commencing after the Director's Termination Date.

6.4. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the withholding tax obligation may be accomplished, at the option of the Corporation, by any of the following methods or by a combination of such methods:

(a) the tendering by a Director of cash payment to the Corporation in an amount less than or equal to the total withholding tax obligation;

(b) the withholding by the Corporation from the Common Shares otherwise due to a Director such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the total withholding tax obligation (net of selling costs). Each Director consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; or

(c) the withholding by the Corporation from any cash payment otherwise due to Director such amount of cash as is required for the amount of the total withholding tax obligation;

provided, however, that the sum of any cash so paid or withheld and the fair market value of any Common Shares so withheld is sufficient to satisfy the total withholding tax obligation.

7. CURRENCY

7.1 All references in the Plan to currency refer to lawful Canadian currency.

8. SHAREHOLDER RIGHTS

8.1 DSUs are not Common Shares or other securities of the Corporation and will not entitle a Director to any shareholder rights, including, without limitation, voting rights, distribution entitlement or rights on liquidation.

9. ADMINISTRATION

9.1 Unless otherwise determined by the Board, the Plan shall remain an unfunded and unsecured obligation of the Corporation.

9.2 Unless otherwise determined by the Board, the Plan shall be administered by the Committee.

9.3 This Plan and any DSUs granted pursuant to the Plan may be amended, modified or terminated by the Board without approval of the shareholders of the Corporation subject to any required approval of the Stock Exchange. Notwithstanding the foregoing, the Plan may not be amended without the approval of the shareholders of the Corporation to:

(a) make any amendment to the Plan to increase the number of Common Shares issuable pursuant to the Plan;

(b) extend the Expiry Date of any outstanding DSUs;

(c) make any amendment to the Plan that would permit a holder to transfer or assign DSUs to a new beneficial holder other than in the case of death of the holder or by operation of law;

(d) an amendment to amend this subsection 9.3.

In addition, no amendment to the Plan or DSUs granted pursuant to the Plan may be made without the consent of a Director who holds outstanding DSUs, if it adversely alters or impairs the rights of such Director in respect of any DSUs previously granted to such Director under the Plan. Notwithstanding the foregoing, any amendment or termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the Income Tax Regulations or any successor provision thereto.

9.4 The Corporation will be responsible for all costs relating to the administration of the Plan.

10. ASSIGNMENT

10.1 The assignment or transfer of the DSUs, or any other benefits under this Plan, shall not be permitted other than by operation of law.

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