

ADVANCE NOTICE BY-LAW

BY-LAW NO. 2

A by-law relating generally to the advance notice requirements for the nomination of directors of FREEHOLD ROYALTIES LTD.

(the "Corporation")

INTRODUCTION

The purpose of this advance notice by-law (the "**Advance Notice By-law**") is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper form. It is the position of the Corporation that this Advance Notice By-law is beneficial to shareholders and other stakeholders of the Corporation.

NOMINATIONS OF DIRECTORS

1. **Eligible Director Nominations.** Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors. Such nominations may be made in the following manner:
 - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of meeting of the shareholders of the Corporation made in accordance with the provisions of the *Business Corporations Act* (Alberta) (the "**Act**"); or
 - (c) by any person (a "**Nominating Shareholder**"): (i) who, at the close of business on the date of the giving of the notice provided below in this Advance Notice By-law and on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set forth below in this Advance Notice By-law.

For the avoidance of doubt, the foregoing paragraph shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Corporation.

2. **Notice.** In addition to any other requirements under the Act, Applicable Securities Laws (as defined below) or stock exchange rules, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof (in accordance with this Advance Notice By-law) in proper written form (in accordance with this Advance Notice By-law) to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.

3. **Timely Notice.** For a nomination made by a Nominating Shareholder to be a timely notice (a "Timely Notice"), a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
 - (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the "**Notice Date**") of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date;
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made; and
 - (c) provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described in subparagraphs 3(a) or 3(b), and the Notice Date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.
4. **Adjournment or Postponement.** To the extent that the applicable annual meeting or special meeting of shareholders is adjourned or postponed, the time periods for the giving of Timely Notice set forth above shall be calculated based on the new adjourned or postponed date of the annual meeting or special meeting of shareholders and not based on the original date of such meeting.
5. **Proper Written Form.** To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:
 - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "**Proposed Nominee**"):
 - (i) such Proposed Nominee's name, age, business and residential address, principal occupation or employment for the past five years, status as a "**resident Canadian**" (as such term is defined in the Act);
 - (ii) such Proposed Nominee's direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation;
 - (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee and the Nominating Shareholder;
 - (iv) such Proposed Nominee's written consent to serving as a director of the Corporation if elected;
 - (v) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of

proxies for election of directors pursuant to the Act or Applicable Securities Laws;
and

- (b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice:
- (i) such Nominating Shareholder's name, business and residential address and direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount;
 - (ii) such Nominating Shareholder's interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation;
 - (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;
 - (iv) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the board; and
 - (v) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by Applicable Securities Laws.

The information requested pursuant to this paragraph 5, to the extent provided by the Nominating Shareholder or Proposed Nominee, shall be publicly disclosed by the Corporation as necessary to comply with the provisions of the Act and Applicable Securities Laws.

6. **Updated Notice.** A Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct in all material respects as of the date that is ten business days prior to the date of the meeting, or any adjournment or postponement thereof.
7. **Discussion and Chair's Authority.** No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Advance Notice By-law; provided, however, that nothing in this Advance Notice By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of the Corporation of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

8. **Definitions.** For purposes of this Advance Notice By-law:
- (a) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at *www.sedar.com*; and
 - (b) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province of Canada.
9. **Delivery of Notices.** Notwithstanding any other provision of this Advance Notice By-law, notice given to the Corporate Secretary of the Corporation may only be given by registered mail, personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is delivered by registered mail, served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary of the Corporation at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
10. **Waiver of Requirements.** Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Advance Notice By-law.

Adopted by the Board of Directors on March 7, 2019.