

Related Party Transactions Policy**No. 11****Transactions between Freehold Royalties Ltd., Rife Resources Ltd. and/or Canpar Holdings Ltd.**

As Freehold Royalties Ltd. ("**Freehold**"), Rife Resources Ltd. ("**Rife**") and Canpar Holdings Ltd. ("**Canpar**") are related parties as a result of the following relationships among the companies:

- Rife Resources Management Ltd. (the "**Manager**") is the manager of each of Freehold, Rife and Canpar;
- Each of the Manager, Rife and Canpar are also fully-owned subsidiaries of CN Pension Trust Funds and the CN Pension Trust Funds own a significant shareholding in Freehold; and
- CN Pension Trust Funds, through the Manager, has the right to nominate for election individuals to the board of directors of Freehold (the "**Board**") pursuant and subject to the terms of a governing agreement between Freehold and the Manager,

this Policy is intended to set out the 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.

Consideration of Related Party Transactions

To the extent that any potential Related Party Transaction is identified by the Manager, Freehold, Rife or Canpar, the Chief Executive Officer of the Manager shall inform:

- Chair of the Board (or if the Chair of the Board has a material interest in such transaction or is unavailable a member of the Board who is free of any material interest in such transaction) ("**Freehold Representatives**"), and
- representatives of the board of directors of Rife ("**Rife Representatives**") and/or Canpar ("**Canpar Representatives**"), as applicable,

of the general nature of the Related Party Transaction.

If Freehold, Rife and/or Canpar, as applicable, has no interest in considering or pursuing the potential Related Party Transaction, such party shall inform the Manager and the Manager shall cease pursuing and evaluating such potential Related Party Transaction.

If each of Freehold, Rife and/or Canpar, as applicable, expresses an interest in continuing to consider and pursue such potential Related Party Transaction, the Manager shall complete its analysis of the potential Related Party Transaction and determine the consideration and other terms and conditions for such potential Related Party Transaction that the Manager has concluded in good faith are reasonable for each of Freehold, Rife and/or Canpar, as applicable. In conducting its analysis of the potential Related Party Transaction and determining the consideration with respect to such transaction the Manager shall consider such metrics and factors it determines appropriate and any other metrics and factors as may be requested by the Freehold Representatives, Rife Representatives and/or Canpar Representatives, as applicable. Upon completing its analysis of the Related Party Transaction, the Manager shall provide such analysis concurrently to each of the Freehold Representatives, the Rife Representatives and/or the Canpar Representatives, as applicable. Following the receipt of such analysis and any negotiations between the parties, the Freehold Representatives, Rife Representatives and/or Canpar Representatives, as applicable, will inform the other party or parties to such Related Party Transaction of their willingness to proceed with such transaction and negotiate any terms or conditions as determined appropriate. Upon all parties confirming their willingness to proceed with the

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Related Party Transaction, the Related Party Transaction will be presented to the Board for approval in accordance with the procedure below.

Board Approval of Related Party Transactions

All potential Related Party Transactions, other than Ordinary Course Transactions, which require approval of the Board will be considered and, if determined to be in the best interests of Freehold, approved by members of the Board (the "**Independent Members**") (or a committee of such Independent Members) who are free of any material interest in such transaction. For the purpose of this policy, in addition to any other member of the Board who may have a material interest in the transaction, any director who is also a director or officer of the Manager, Rife and/or Canpar and any director who is a nominee of the Manager will be considered to be non-Independent Members. For the purpose of this policy "Ordinary Course Transactions" shall mean: (a) transactions conducted in the ordinary course of business in managing Freehold's existing assets in accordance with the Management Agreement including, without limitation, leasing of jointly owned lands, farm-outs of jointly owned lands and pooling of jointly owned interests; and (b) acquisitions of new assets or dispositions of existing assets (other than leases, farm-outs or pooling of interests) with a purchase price of less than \$1,000,000 in aggregate.

Other Requirements for Related Party Transactions

In addition to the requirements relating to Related Party Transactions as set out in this Policy and in the *Business Corporations Act* (Alberta), applicable securities laws, including particularly Multilateral Instrument – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), set out additional requirements with respect to approval of Related Party Transactions. In particular, MI 61-101 requires in certain circumstances minority shareholder approval of any Related Party Transaction and a formal valuation (that are more stringent than the above requirements for an Assessment) for such Related Party Transaction. Although the requirements for minority shareholder approval and formal valuations will usually only be applicable when the fair market value of a Related Party Transaction exceeds 25% of the market capitalization of Freehold, the Board and Independent Members needs to ensure that the approval process for any Related Party Transactions satisfies the requirements of MI 61-101 as well as all other applicable securities and corporate laws.