MANAGEMENT INFORMATION CIRCULAR
DATED MARCH 23, 2018

Freehold
ROYALTIES LTD.

www.freeholdroyalties.com

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.

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PROXY SUMMARY

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

Shareholder Voting Matters

Voting Matters	Board Vote Recommendation	For More Information See Pages
Election of Eight (8) Directors	FOR each nominee	11
Appointment of KPMG LLP as Auditors	FOR	12

Capitalized terms used in the Letter to Shareholders and the accompanying Management Information Circular and not otherwise defined have the meaning ascribed to such terms in Appendix D – Glossary of Terms of the Management Information Circular.

LETTER TO SHAREHOLDERS

March 23, 2018

Fellow Shareholders,

On behalf of the Board and management of Freehold, I am pleased to invite you to attend the annual meeting of Freehold Shareholders. The 2018 Meeting 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 9, 2018 at 3:30 p.m. (Calgary time). Matters to be discussed and voted on at the Meeting include the election of directors and the appointment of auditors.

In 2018, we have eight candidates nominated for election to the Board, including myself. Each of our directors brings significant oil and gas, financial, and business expertise to Freehold. I would like to thank them for the significant time they dedicate to Freehold. The accompanying Information Circular describes the business to be conducted at the Meeting and provides information on executive compensation and Freehold's governance practices. Please take some time to read through our Information Circular in determining your vote.

In 2017 Freehold continued to position itself as a low risk income vehicle with upside to commodity prices. In line with our adjusted payout thresholds Freehold increased its monthly dividend by 25% in March 2017, and increased the dividend a further 5% in March 2018. Over the past two decades, we have paid out over $31.00 per share in dividends generating superior returns for our Shareholders, relative to the TSX Oil & Gas Index and the TSX Composite Index. Financially, we maintained low net debt, with year-end net debt of $68.6 million or 0.6 times net debt to funds from operations. Operationally, we achieved another record year of production, averaging 12,350 boe/d. Royalty production grew by 10% year over year, a testament to the quality of our underlying portfolio.

Freehold remains focused on creating, enhancing and delivering value to our Shareholders. I would like to acknowledge Rife and the dedication and hard work of all of its employees, who do an outstanding job of managing our assets and identifying new opportunities.

On behalf of the Board and management of Freehold, we thank you for your ongoing support and confidence. I would ask you to please take a moment and vote online, per the instructions in the form of proxy or voting instruction form you have received.

Sincerely,

(signed) "Marvin F. Romanow"
Chair of the Board

NOTICE OF ANNUAL MEETING

TO THE SHAREHOLDERS:

NOTICE is hereby given that an Annual 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 9, 2018 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, 2017, 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; and
4. 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 management information circular.

The record date for the Meeting has been fixed at the close of business on March 22, 2018 (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 Common 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 Common Shares at the Meeting.

DATED at Calgary, Alberta this 23rd day of March, 2018.

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

(signed) "Karen C. Taylor"
Corporate Secretary

Management Information Circular dated March 23, 2018 for the Annual Meeting of Shareholders of Freehold Royalties Ltd. to be held on May 9, 2018.

ABOUT THE SHAREHOLDER MEETING

Voting

How to vote

The voting process is different depending on whether you are a registered or non-registered Shareholder:

Registered Shareholders

Your Common Shares are registered in your name.

Voting by proxy is the easiest way to vote. This means you have the right to appoint someone else (your proxyholder) to attend the meeting and vote your Common Shares for you. Your proxyholder does not need to be a Shareholder, but this person or company must attend the Meeting and vote on your behalf.

Print the name of the person or company you are appointing in the space provided on the proxy form you received in your package of materials. Then complete your voting instructions, date and sign the form and return it to Computershare Trust Company of Canada.

If you do not appoint your own proxyholder, the Freehold representatives named on the proxy form will act as your proxyholder, and will vote your Common Shares according to your instructions.

If you sign and return the form but do not give your voting instructions or specify that you want your Common Shares withheld from voting on certain matters, the Freehold representatives will vote FOR the following items of business:

- FOR the nominated directors
- FOR the appointment of KPMG LLP as our auditors

Vote by proxy

Internet	Go to www.investorvote.com. Enter the 15-digit control number printed on the form and follow the instructions on screen.
Phone	1.866.732.8683 (toll-free in North America) and enter the 15-digit control number printed on the form. Follow the interactive voice recording instructions to submit your vote.
Mail	Enter your voting instructions on the proxy form, sign and date it, and send the completed form to: Computershare Trust Company of Canada Attention: Proxy Department 135 West Beaver Creek, P.O. Box 300, Richmond Hill, ON L4B 4R5

Vote in person

If you are a registered Shareholder and would like to attend the Meeting and vote your Common Shares in person, check in with a Computershare Trust Company of Canada representative when you arrive at the Meeting. Do not fill out the proxy form because you will be casting your vote at the Meeting.

Non-registered Shareholders (or Beneficial Shareholders)

Your Common Shares are held in the name of your nominee (usually a bank, trust company, broker, securities dealer or other financial institution) and you are the Beneficial Shareholder.

The majority of brokers in Canada and the United States delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. Please return your voting instructions as specified in the voting instruction form.

Submit your voting instructions

Use one of the methods provided on the voting instruction form, or simply complete the form and mail it to the address provided on the form.

Vote by proxy

Internet	Go to www.proxyvote.com. Enter the control number printed on the form and follow the instructions on screen.
Phone	1.800.474.7493 (toll-free in North America) and enter the specified control number printed on the form. Follow the interactive voice recording instructions to submit your vote.
Mail	Enter your voting instructions on the voting instruction form, sign and date it, and send the completed form as specified in the voting instruction form.

Vote in person

If you are a Beneficial Shareholder and would like to attend the Meeting and vote your Common Shares in person, you should enter your own name in the blank space on the voting instruction form provided to you and return the same by mail following the instructions on the form well in advance of the Meeting. Check in with a Computershare Trust Company of Canada representative when you arrive at the Meeting.

Who can vote

You are entitled to receive notice of and vote at the Meeting if you held Common Shares at the close of business on March 22, 2018, the Record Date. Shareholders will vote on two items of business and any other matters that may properly come before the Meeting (see page 11).

If you acquired your Common Shares after this date, you can ask for your name to be included in the list of eligible Shareholders up until 10 days before the meeting if you have proper proof that you own the Common Shares. Contact our transfer agent, Computershare Trust Company of Canada at 1-800-564-6253.

As of the Record Date, we had 118,182,667 Common Shares issued and outstanding. Each Common Share entitles the holder to one vote on each of the items to be voted on.

Send your voting instructions right away

Take some time to read this Information Circular and then vote your Common Shares right away. We must receive your voting instructions by 3:30 p.m. (Mountain Daylight time) on May 7, 2018 to ensure your Common Shares are voted at the Meeting.

If you are a Beneficial Shareholder, you will need to allow enough time for your nominee (or their representative) to receive your voting instructions and then submit them to Computershare Trust Company of Canada.

If the Meeting is postponed or adjourned, you must send your voting instructions at least 48 hours (not including Saturdays, Sundays and holidays) before the time the Meeting is reconvened.

Changing your vote

If you change your mind about how you want to vote your Common Shares, you can revoke your proxy in one of the following ways, or by any other means permitted by law.

If you are a registered Shareholder:

- Vote again on the internet or by phone before 3:30 p.m. (Mountain Daylight time) on May 7, 2018
- Complete a proxy form with a later date than the form you originally submitted, and mail it as soon as possible so that it is received before 3:30 p.m. (Mountain Daylight time) on May 7, 2018
- Send a written notice from you or your authorized attorney revoking your previously provided proxy to our Corporate Secretary so that it is received before 4:30 p.m. (Mountain Daylight time) on May 8, 2018
- Present a written notice from you or your authorized attorney revoking your previously provided proxy with the Chair of the Meeting

If you are a Beneficial Shareholder, follow the instructions provided by your nominee.

How to obtain paper copies of our meeting materials

Registered and Beneficial Shareholders can ask for free paper copies of this Information Circular and the proxy form or voting information form to be sent to them by mail. If you have any questions about notice and access or would like to request paper copies of the materials for the Meeting, please contact our Corporate Secretary toll-free at 1-888-257-1873 or 403-221-0891.

Or request free paper copies from our Corporate Secretary:

Freehold Royalties Ltd.
Suite 400, 144 – 4th Avenue SW
Calgary, AB T2P 3N4
noticeandaccess@freeholdroyalties.com

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Freehold for use at the Meeting of Shareholders to be held in the Roxy Theatre A&B, Sun Life Plaza Conference Centre, Plus 15 Level, 140 – 4th Avenue S.W., Calgary, Alberta, on May 9, 2018, commencing at 3:30 p.m. (Calgary time) for the purposes set forth in the Notice of the Meeting accompanying this Information Circular. 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. As indicated above, such appointment may be exercised by inserting the name of the appointed representative in the blank space provided for that purpose.

As indicated above, 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 or otherwise vote their Common Shares following the instructions provided on page 5.** 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* for the Meeting in respect of mailings to Beneficial Shareholders but not in respect of mailings to registered Shareholders (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, 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 statements and related management's discussion and analysis 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, including on any ballot that may be called for at the Meeting, 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 of Meeting 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 118,182,667 Common Shares issued and outstanding to which are attached voting rights and the registered holders thereof, at the close of business on the Record Date (March 22, 2018), 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 Common 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 Common 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:

PRINCIPAL SHAREHOLDERS

Name	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Issued and Outstanding Common Shares
CN Pension Trust Funds (the pension funds for employees of Canadian National Railway Company)	25,573,264[1,2]	21.6%

(1) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of Freehold, has been derived from sources available to Freehold.
(2) Includes 5,686,157 Common Shares held indirectly.

Governance Agreement

Pursuant to a Governance Agreement dated December 31, 2010 between 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, 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 21.6% of the outstanding Common Shares and as a result, has the right to nominate two individuals as directors of Freehold.

Say on Pay

Our 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, Freehold is managed by the Manager, which is an external company and a wholly-owned subsidiary of 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 plus a management fee paid in Common Shares. 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 the election of directors and appointment of auditors. 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, 2017, 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 eight 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.

DIRECTORS AT A GLANCE

Director Nominee	Director Since	Independent	Age	Committees	Current Number of Public Boards (including Freehold)
Gary R. Bugeaud	2015	Y	56	Audit, GNC	2
Peter T. Harrison[1]	1996	N	62	-	2
J. Douglas Kay	2016	Y	64	GNC, Reserves	1
Arthur N. Korpach	2012	Y	60	Audit, GNC	1
Susan M. MacKenzie	2014	Y	57	GNC, Reserves	4
Thomas J. Mullane[2]	2013	N	57	-	1
Marvin F. Romanow	2015	Y	62	-	1
Aidan M. Walsh	2013	Y	63	Audit, Reserves	2

(1) Mr. Harrison is not considered independent by virtue of his relationship with the Manager and the CN Pension Trust Funds.
(2) Mr. Mullane is not considered independent by virtue of the fact that he is an officer of Freehold and of the Manager.

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*" on page 13 for additional information on the Director Nominees.

Voting for Election of Directors

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

The majority voting policy also 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 Board will accept the resignation absent exceptional circumstances. 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.

A copy of the majority voting policy is available on Freehold's website.

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 were first appointed Auditors of Freehold on September 30, 1996.

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

AUDIT FEES

	December 31, 2017 ($)	December 31, 2016 ($)
Audit Fees[1]	178,000	177,800
Audit-related fees[2]	-	75,000
Tax fees[3]	70,500	15,000
All other fees	-	-
Total	248,500	267,800

(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 2016.

(3) Tax fees consist of fees for tax compliance and advisory services. During 2017, $12,500 was for U.S. tax and the remainder was for advisory services. During 2016, all fees were for compliance work relating to U.S. tax requirements.

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 2017, voting results for each director at the 2017 annual 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 NI 58-101 of the Canadian Securities Administrators.

DIRECTOR PROFILES

Gary R. Bugeaud
Corporate Director
Age: 56
Calgary, Alberta, Canada
Director Since: 2015
Independent
Public Board Interlocks: None

Gary Bugeaud is a Corporate Director and was the Managing Partner of Burnet, Duckworth & Palmer LLP until his retirement in December 2013. He has over 23 years of legal experience focused on securities, corporate finance, mergers and acquisitions, and corporate governance matters. 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.

Board and Committees	2017 Meeting Attendance	Voting Results of 2017 Annual Meeting	
Board of Directors	(12/12) 100%	Votes For	76,592,480 (99.73%)
Audit Committee	(4/4) 100%	Votes Withheld	205,457 (0.27%)
GNC Committee	(6/6) 100%		

Compensation		Director Share Ownership Guidelines
Total compensation for 2017	$123.000	Minimum 3 times annual cash retainer
Total compensation for 2016	$123,000	Meets Guideline: Yes

Securities held as of March 22, 2018	Number	Market Value	TSX Closing Price
Freehold Common Shares	15,412	$194,654	$12.63
Deferred Share Units	18,514	$233,832	
Total Common Shares and Deferred Share Units	33,926	$428,486	

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: 62
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 (Montreal), which manages one of the largest corporate pension funds in Canada. 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. He has a Bachelor of Commerce (Finance) degree from McGill University, an MBA from the University of Western Ontario, and is a Chartered Financial Analyst.

Board and Committees	2017 Meeting Attendance	Voting Results of 2017 Annual Meeting	
Board of Directors	(11/12) 92%	Votes For	76,609,092 (99.75%)
		Votes Withheld	188,845 (0.25%)

Compensation[1]		Director Share Ownership Guidelines
Total compensation for 2017	$46,500	Minimum 3 times annual cash retainer
Total compensation for 2016	$45,000	Meets Guidelines: Yes

Securities held as of March 22, 2018	Number	Market Value	TSX Closing Price
Freehold Common Shares	22,000	$277,860	$12.63
Deferred Share Units[2]	20,799	$262,691	
Total Common Shares and Deferred Share Units	42,799	$540,551	

Other Public Boards

Delphi Energy Corp. (Public – DEE:TSX) Director and Member of Audit Committee

(1) Mr. Harrison's fees are paid to CN Pension Trust Funds.
(2) Mr. Harrison is entitled to receive Deferred Share Units but since August 2009 he has waived this right due to his affiliation with the Manager and CN Pension Trust Funds.

J. Douglas Kay
Corporate Director
Age: 64
Calgary, Alberta, Canada
Director Since: 2016
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 40 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). Mr. Kay holds the ICD.D designation from the Institute of Corporate Directors.

Board and Committees	2017 Meeting Attendance	Voting Results of 2017 Annual Meeting	
Board of Directors	(12/12) 100%	Votes For	76,592,746 (99.73%)
GNC Committee	(2/2) 100%	Votes Withheld	205,191 (0.27%)
Reserves Committee	(2/2) 100%		
Compensation		**Director Share Ownership Guidelines**	
Total compensation for 2017	$114,000	Minimum 3 times annual cash retainer	
Total compensation for 2016	$68,121	Meets Guidelines: Yes	

Securities held as of March 22, 2018	Number	Market Value	TSX Closing Price
Freehold Common Shares	5,000	$63,150	$12.63
Deferred Share Units	13,586	$171,591	
Total Common Shares and Deferred Share Units	18,586	$234,741	

Other Public Boards
None

Arthur N. Korpach
Corporate Director
Age: 60
Calgary, Alberta, Canada
Director Since: 2012
Independent
Public Board Interlocks: None

Arthur Korpach is a Corporate Director. He 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. Mr. Korpach holds the ICD.D designation from the Institute of Corporate Directors.

Board and Committees	2017 Meeting Attendance	Voting Results of 2017 Annual Meeting	
Board of Directors	(12/12) 100%	Votes For	76,611,454 (99.76%)
Audit Committee (Chair)	(4/4) 100%	Votes Withheld	186,483 (0.24%)
GNC Committee	(6/6) 100%		
Compensation		**Director Share Ownership Guidelines**	
Total compensation for 2017	$137,000	Minimum 3 times annual cash retainer	
Total compensation for 2016	$140,000	Meets Guidelines: Yes	

Securities held as of March 22, 2018	Number	Market Value	TSX Closing Price
Freehold Common Shares	15,000	$189,450	$12.63
Deferred Share Units	28,852	$364,401	
Total Common Shares and Deferred Share Units	43,852	$553,851	

Other Public Boards
None

Susan M. MacKenzie
Corporate Director
Age: 57
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 and an MBA from the University of Calgary. She is a Life member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA). Ms. MacKenzie holds the ICD.D designation from the Institute of Corporate Directors.

Board and Committees	2017 Meeting Attendance	Voting Results of 2017 Annual Meeting	
Board of Directors	(12/12) 100%	Votes For	76,582,493 (99.72%)
GNC Committee (Chair)	(6/6) 100%	Votes Withheld	215,444 (0.28%)
Reserves Committee	(2/2) 100%		
Compensation		**Director Share Ownership Guidelines**	
Total compensation for 2017	$130,000	Minimum 3 times annual cash retainer	
Total compensation for 2016	$133,000	Meets Guidelines: Yes	

Securities held as of March 22, 2018	Number	Market Value	TSX Closing Price
Freehold Common Shares	12,500	$157,875	$12.63
Deferred Share Units	21,683	$273,856	
Total Common Shares and Deferred Share Units	34,183	$431,731	

Other Public Boards

Enerplus Corporation (Public – ERF:TSX, ERF: NYSE) – Director and Member of Audit Committee, Reserves Committee, and Safety & Social Responsibility Committee
Precision Drilling Corporation (Public – PD:TSX. PDS: NYSE) – Director and Member of the Corporate Governance, Nominating and Risk Committee and the Human Resources and Compensation Committee
TransGlobe Energy Corporation (Public - TGL:TSX) (TGA:NASDAQ) - Director and Member of Reserves, Health, Safety, Environment and Social Responsibility Committee, and Compensation, Human Resources, and Governance Committee (Chair)

Thomas J. Mullane
President and Chief Executive Officer and Director,
Rife Resources Ltd. and Freehold Royalties Ltd.
Age: 57
Calgary, Alberta, Canada
Director Since: 2013
Not Independent
Public Board Interlocks: None

Tom Mullane is the President and Chief Executive Officer of the Corporation. He joined Rife in July 2012 and was appointed President and Chief Executive Officer in May 2013. He has over 25 years of industry experience and a broad background in exploitation and production engineering gathered from both domestic and international assignments. His roles have included responsibility and oversight of acquisitions, divestitures, exploitation and reservoir engineering management, with significant experience in horizontal drilling. He graduated from the University of Alberta with a Bachelor of Science (Chemical Engineering) degree and is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA).

Board and Committees	2017 Meeting Attendance	Voting Results of 2017 Annual Meeting	
Board of Directors	(11/11) 100%	Votes For	76,613,834 (99.76%)
		Votes Withheld	184,103 (0.24%)
Compensation		**Director Share Ownership Guidelines**	
Total compensation for 2017	N/A	N/A[1]	
Total compensation for 2016	N/A		

Securities held as of March 22, 2018	Number	Market Value	TSX Closing Price
Freehold Common Shares	22,365	$282,470	$12.63
Deferred Share Units	N/A		
Total Common Shares and Deferred Share Units	22,365	$282,470	

Other Public Boards

None

(1) As a member of management of Rife, Mr. Mullane is not required to meet the share ownership requirements applicable to Non-Management Directors (as defined below). Effective March 2, 2017 Mr. Mullane is subject to Executive Share Ownership Guidelines as described on page 42.

Marvin F. Romanow
Corporate Director
Age: 62
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 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.

Board and Committees	**2017 Meeting Attendance**	**Voting Results of 2017 Annual Meeting**	
Board of Directors (Chair)	(12/12) 100%	Votes For	76,620,234 (99.77%)
		Votes Withheld	177,703 (0.23%)
Compensation		**Director Share Ownership Guidelines**	
Total compensation for 2017	$148,000	Minimum 3 times annual cash retainer	
Total compensation for 2016	$134,374	Meets Guidelines: Yes	

Securities held as of March 22, 2018	**Number**	**Market Value**	**TSX Closing Price**
Freehold Common Shares	31,856	$402,341	$12.63
Deferred Share Units	25,128	$317,367	
Total Common Shares and Deferred Share Units	56,984	$719,708	

Other Public Boards

None

Aidan M. Walsh
Chief Executive Officer and Director,
Baccalieu Energy Inc.
Age: 63
Calgary, Alberta, Canada
Director Since: 2013
Independent
Public Board Interlocks: None

Aidan Walsh is Chief Executive Officer of Baccalieu Energy Inc. (Calgary), a private junior oil and gas company that he co-founded in 2008. Mr. Walsh has over 40 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 (Mechanical) degree from Memorial University of Newfoundland and a Masters of Business Administration degree from the University of Calgary. He is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA). Mr. Walsh holds the ICD.D designation from the Institute of Corporate Directors

Board and Committees	**2017 Meeting Attendance**	**Voting Results of 2017 Annual Meeting**	
Board of Directors	(11/11) 100%	Votes For	76,589,075 (99.73%)
Audit Committee	(4/4) 100%	Votes Withheld	208,862 (0.27%)
Reserves Committee (Chair)	(2/2) 100%		
Compensation		**Director Share Ownership Guidelines**	
Total compensation for 2017	$122,500	Minimum 3 times annual cash retainer	
Total compensation for 2016	$119,500	Meets Guidelines: Yes	

Securities held as of March 22, 2018	**Number**	**Market Value**	**TSX Closing Price**
Freehold Common Shares	20,518	$259,142	$12.63
Deferred Share Units	25,001	$315,763	
Total Common Shares and Deferred Share Units	45,519	$574,905	

Other Public Boards

Bonterra Energy Corp. (Public – BNE:TSX) – Director and Member of the Audit; Compensation; Policy, Governance and Nominating; Disclosure; and Reserves Committees

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 Corp. ("**Spyglass**") and resigned on November 26, 2015. Spyglass was placed into receivership on November 26, 2015. On May 6, 2016 the Alberta Securities Commission issued a cease trade order in respect of the securities of Spyglass for failing to file annual financial statements. The securities regulatory authorities in certain other provinces in which Spyglass was a reporting issuer also issued cease trade orders in respect of the securities of Spyglass.

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, each Non-Management Director is 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 (the director share ownership requirements were adopted on November 12, 2015). 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 DSUs 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, as at March 22, 2018.

DIRECTOR SHARE OWNERSHIP

Name	Common Shares (#)	DSUs[1] (#)	Total Number of Common Shares and DSUs Owned (#)	Market Value of Common Shares and DSUs Owned[2] ($)	Total Value of Share Ownership Required[3] ($)	Meets Share Ownership Requirements
Gary R. Bugeaud	15,412	18,514	33,926	428,486	165,000	Yes
Peter T. Harrison	22,000	20,799	42,799	540,551	165,000	Yes
J. Douglas Kay	5,000	13,586	18,856	234,741	165,000	Yes
Arthur N. Korpach	15,000	28,852	43,852	553,851	165,000	Yes
Susan M. MacKenzie	12,500	21,683	34,183	431,731	165,000	Yes
Thomas J. Mullane[4,5]	22,365	-	22,365	282,470	N/A	N/A
Marvin F. Romanow	31,856	25,128	56,984	719,708	210,000	Yes
Aidan M. Walsh	20,518	25,001	45,519	574,905	165,000	Yes
Total	144,641	153,563	298,214	3,766,443		

(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 22, 2018 of $12.63.
(3) Based on annual cash retainer effective January 1, 2018.
(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. Effective March 2, 2017 Mr. Mullane is subject to Executive Share Ownership Guidelines as described on page 42.

BOARD OF DIRECTORS' COMPENSATION

Discussion of Director 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 2017, 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 Board and Committee retainer fee schedule and meeting fees for Non-Management Directors for 2017.

2017 DIRECTOR RETAINERS AND MEETING FEES

Type of Retainer or Fee[1]	Amount($)
Board Chair Retainer	40,000
Non-Management Director (other than Board Chair) Retainer	30,000
Additional Committee Chair Retainers:	
Audit Committee	14,000
GNC Committee	10,000
Reserves Committee	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.

In 2017, the GNC Committee engaged Hugessen Consulting to conduct a comprehensive review of Freehold's director compensation. Compensation benchmarking indicated an opportunity to better align director compensation with Mercer peer group, particularly for the Chair of the Board. As a result, effective January 1, 2018 Freehold eliminated meeting fees and adopted a flat fee structure. The annual cash and equity retainers for Non-Management Directors and the Chair of the Board were increased. The following table sets forth the Board and Committee retainer fee schedule for Non-Management Directors effective January 1, 2018.

2018 DIRECTOR RETAINERS

Type of Retainer or Fee[1]	Amount($)
Board Chair Retainer	70,000
Non-Management Director (other than Board Chair) Retainer	55,000
Additional Committee Chair Retainers:	
Audit Committee	15,000
GNC Committee	10,000
Reserves Committee	7,500

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

Director Incentive Plan Awards

All 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. In 2017, each Non-Management Director, other than Marvin F. Romanow, received a grant of DSUs having a value of $60,000. Marvin F. Romanow as Chair of the Board received a grant of DSUs having a value of $90,000. 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. Effective January 1, 2018, the Chair of the Board receives an annual grant of DSUs having a value of $110,000 and Non-Management Directors receive an annual grant of DSUs having a value of $75,000.

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.

In March 2017, the Board approved an amendment to the DSU Plan to provide that the maximum value of DSUs that may be granted to any one Non-Management Director in any calendar year may not exceed $150,000 and, in connection with such amendment, the Board approved an amendment to restrict the Board's ability to increase the limit on the value of DSUs that may be granted to any one Non-Management Director in a calendar year without Shareholder approval. In addition, the Board approved an amendment to the withholding language in the DSU Plan to allow Freehold to remit a cash payment to satisfy withholding taxes on behalf of a Director, in lieu of issuing such Common Shares to such Director.

An aggregate of 600,000 Common Shares (representing approximately 0.5% of the current issued and outstanding Common Shares) have been reserved for issuance pursuant to the DSU Plan. As at the date hereof, there are 153,566 Common Shares (representing approximately 0.1% of the current issued and outstanding Common Shares) reserved for issuance pursuant to currently outstanding DSUs under the DSU Plan (including notional DSUs resulting from dividends paid on the Common Shares). In addition, since the DSU Plan was originally approved, a total of 132,656 Common Shares (representing approximately 0.1% of the current issued and outstanding 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 313,773 Common Shares (representing approximately 0.3% of the current issued and outstanding 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.

The annual burn rate of the DSU Plan, as calculated by the number of DSUs granted in the year (including additional notional DSUs resulting from dividends) divided by the weighted average number of Common Shares outstanding for such year, for each of 2015, 2016 and 2017 was 0.045%, 0.104% and 0.065%, respectively.

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 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) make any amendment to the DSU Plan to increase the limit on the value of DSUs that may be granted to any one Non-Management Director in a calendar year;

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

(d) 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

(e) 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.

Summary Director Compensation

The following table sets forth the aggregate compensation paid to each director during 2017.

SUMMARY DIRECTOR COMPENSATION

Name	Fees Earned ($)	Share-based awards[1] ($)	Option-based awards ($)	Non-equity incentive compensation plans ($)	Pension value ($)	All other compensation ($)	Total compensation ($)
Gary R. Bugeaud	63,000	60,000	-	-	-	-	123,000
Peter T. Harrison[2]	46,500	-	-	-	-	-	46,500
J. Douglas Kay	54,000	60,000	-	-	-	-	114,000
Arthur N. Korpach	77,000	60,000	-	-	-	-	137,000
Susan M. MacKenzie	70,000	60,000	-	-	-	-	130,000
Thomas J. Mullane[3]	-	-	-	-	-	-	-
Marvin F. Romanow	58,000	90,000	-	-	-	-	148,000
Aidan M. Walsh	62,500	60,000	-	-	-	-	122,500
Total	431,000	390,000					821,000

(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. 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.

(3) Mr. Mullane is not compensated by Freehold for his services as a director.

The following table sets forth the outstanding DSUs held by each director as at December 31, 2017. 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] ($)
Gary R. Bugeaud	12,985	182,439
Peter T. Harrison[3]	20,564	288,924
J. Douglas Kay	8,113	113,988
Arthur N. Korpach	23,206	326,044
Susan M. MacKenzie	16,118	226,458
Thomas J. Mullane[4]	-	-
Marvin F. Romanow	17,042	239,440
Aidan M. Walsh	19,399	272,556

(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 29, 2017 Common Share closing price on the TSX of $14.05.
(3) 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.
(4) As a member of management, Mr. Mullane is not eligible to receive DSUs.

The following table sets forth the value of DSUs that vested during the year ended December 31, 2017. 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] ($)
Gary R. Bugeaud	67,073
Peter T. Harrison[3]	11,469
J. Douglas Kay	64,356
Arthur N. Korpach	72,773
Susan M. MacKenzie	68,820
Thomas J. Mullane[4]	-
Marvin F. Romanow	99,251
Aidan M. Walsh	70,650

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

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*" on page 10.

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 14.

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 23, 2018.

Board Directorship Guidelines

To ensure that all directors have sufficient time to commit to the Board, Freehold has adopted guidelines such that should a director wish to serve on the board of directors of another entity, that director must obtain prior approval before committing to do so. The Chair of the Board and the Chair of the GNC Committee review any requests of Board members who wish to serve on other boards. At the present time, Freehold believes all of the nominees for election to the Board have demonstrated and continue to demonstrate that they have sufficient time to commit to their duties as Freehold directors.

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 is attached to this Information Circular as Appendix A, and reports summarizing the mandates and activities of the Committees begin on page 33. In addition, the Board Mandate and the mandates of each of the Audit Committee, GNC Committee and Reserves Committee are available on Freehold's website.

Freehold
ROYALTIES LTD.

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, Marvin F. Romanow, has been determined by the Board to be independent.

In-Camera Sessions

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

Committee Composition

There are three committees of the Board of Directors. The following table outlines the composition of the Board committees as at December 31, 2017.

COMMITTEE MEMBERS

Director	Year Appointed	Independent	Audit Committee	GNC Committee	Reserves Committee
Gary R. Bugeaud	2015	Yes	✓	✓	
Peter T. Harrison[1]	1996	No			
J. Douglas Kay	2016	Yes		✓	✓
Arthur N. Korpach	2012	Yes	Chair	✓	
Susan M. MacKenzie	2014	Yes		Chair	✓
Thomas J. Mullane[2]	2013	No			
Marvin F. Romanow[3]	2015	Yes			
Aidan M. Walsh	2013	Yes	✓		Chair

(1) Mr. Harrison is not considered independent by virtue of his relationship with the Manager and the CN Pension Trust Funds.
(2) Mr. Mullane is not considered independent by virtue of the fact that he is an officer of Freehold and of the Manager.
(3) Mr. Romanow is the Board Chair.

Board Meeting Attendance

The following table summarizes the meetings of the Board and its standing committees held during the year ended December 31, 2017, and the attendance of individual directors at such meetings.

BOARD ATTENDANCE

Director	Board of Directors	Audit Committee	GNC Committee[1]	Reserves Committee	Total
Gary R. Bugeaud	12 of 12	4 of 4	6 of 6	-	22 of 22 (100%)
Peter T. Harrison	11 of 12	-	-	-	11 of 12 (92%)
J. Douglas Kay[2]	12 of 12	-	2 of 2	2 of 2	16 of 16 (100%)
Arthur N. Korpach	12 of 12	4 of 4	6 of 6	-	22 of 22 (100%)
Susan M. MacKenzie	12 of 12	-	6 of 6	2 of 2	20 of 20 (100%)
Thomas J. Mullane[3]	11 of 11	-	-	-	11 of 11 (100%)
Marvin F. Romanow	12 of 12	-	-	-	12 of 12 (100%)
Aidan M. Walsh[4]	11 of 11	4 of 4	-	2 of 2	17 of 17 (100%)

(1) The GNC Committee held three joint compensation meetings with the Rife Board in 2017.
(2) Mr. Kay was appointed to the GNC Committee on May 10, 2017.
(3) A meeting of the Non-Management Directors has not been included in Mr. Mullane's attendance record as Mr. Mullane was excluded from such meeting.
(4) A meeting of the Board at which Mr. Walsh excused himself from attending due to a conflict of interest has not been included in Mr. Walsh's attendance record.

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.

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 at an annual strategy session and at regularly scheduled quarterly Board meetings, 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.

All of our directors regularly engage in a variety of continuing education activities, including industry conferences and seminars. All members of the Freehold Board are members of the Institute of Corporate Directors (ICD). Six directors, namely Mr. Bugeaud, Mr. Kay, Mr. Korpach, Ms. MacKenzie, Mr. Romanow, and Mr. Walsh have completed the ICD Directors Education Program. The Chair of the Board works with senior management to discuss continuing education topics. In 2017, directors received several presentations and updates on a broad range of topics. In addition to education opportunities undertaken by Freehold’s directors individually, the following table lists education topics provided by Freehold to its directors in 2017.

DIRECTOR EDUCATION IN 2017

Date	Topic	Presented by	Attended by
March 2017	Investor Perception Study	National PR	All Directors
October 2017	Tax Considerations	KPMG LLP	All Directors
November 2017	Corporate Governance and Securities Regulatory Update; D&O Liabilities	Burnet, Duckworth & Palmer, LLP	GNC Committee; materials available to all Directors
November 2017	Macro Forecast	GMP/First Energy	All Directors

Board, Committee and Member Performance Assessment

The GNC Committee is responsible for ensuring the effectiveness of the Board, the committees of the Board and individual Board members through a yearly self-assessment and inquiry process. A key component of the process is a five part questionnaire that each member of the Board completes. The first four sections ask the directors to evaluate the Board and where appropriate the committees and committee Chairs, with regards to Board responsibility, operations and effectiveness. The questionnaire provides qualitative rankings for key questions as well as seeking subjective content and suggestions for improvements in all areas. In the final section, the directors perform a self-assessment of their work on the Board and its committees. The data is compiled, is reviewed by the Chair of GNC Committee, and is presented in summary form to the GNC Committee for discussion and follow-up with the full Board as required.

Following this review the Chair of the Board meets with all directors to engage in a full and candid two way discussion on any issues that either wants to raise with an emphasis placed on maximizing the contribution of each director to the Board and continually improving the effectiveness of the Board.

Further to the Board and individual assessment process is the review of the “Skills Matrix” (see "*Board Skills and Competencies*" on page 29) outlining the experience and background of the member of the Board in a variety of key subject areas. This matrix is maintained so that the Board can identify areas for strengthening the Board, if any, and address them through the recruitment of new members.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct and Conflict of Interest Policy 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.

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

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 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.

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*" on page 28). 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) the terms and awards of equity compensation for directors, and any other arrangements pursuant to which monies are payable to a director or a party related to a director.

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 as well as recommendations on the granting of long-term incentive awards under the new Freehold Award Plan adopted in 2017. 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, 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 Freehold's executives.

Director Term Limits and other Mechanisms for Board Renewal

The Board has adopted a 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. The GNC Committee evaluates both 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 skills and experience in all key areas.

The director skills matrix below provides a listing of skills and competencies that the Board has determined are important to Freehold's continuing success and which of those skills and competencies each Board nominee possesses.

BOARD SKILLS AND COMPETENCIES

	Competencies[1]										
Name	Corporate Governance	Environmental Stewardship	Executive Background	Financial Expertise	Human Capital Experience	Legal Experience	Managing/Leading Growth	M&A/Capital Markets	Risk Management	Strategic Insight	Technical Oil and Gas Background
Gary R. Bugeaud	✓	✓	✓	✓	✓	✓		✓		✓	
Peter T. Harrison	✓		✓	✓	✓		✓	✓		✓	
J. Douglas Kay	✓	✓	✓	✓	✓		✓	✓	✓	✓	
Arthur N. Korpach	✓		✓	✓	✓		✓	✓	✓	✓	
Susan M. MacKenzie	✓	✓	✓	✓	✓		✓		✓	✓	✓
Thomas J. Mullane	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Marvin F. Romanow	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Aidan M. Walsh	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓

(1) Definition of competencies:
Corporate Governance: Understanding the requirements of good corporate governance through experience as a board member of a public company.
Environmental Stewardship: Understanding the environmental regulatory framework governing oil and gas operations and experience implementing or overseeing policies and procedures relating to the responsible use and protection of the natural environment.
Executive Background: Experience as an executive officer of a business organization.
Financial Expertise: The ability to critically read and analyze financial statements, which could include; experience in corporate finance, 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.
M&A/Capital Markets: Experience in capital markets transactions, financing, mergers & acquisitions, and securities regulations.
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.

The GNC reviews the matrix annually to ensure there is an appropriate mix of skills on the current Board and utilizes it as a guide for future Board member appointments.

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 GNC Committee is also required to conduct an annual review to ensure that there are not conflicts of interest or performance concerns with respect to nominees who serve on multiple boards.

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 past several years. Since 2012, seven directors have retired from the Board and seven directors have been added. This process has been proactively managed by the GNC Committee to ensure that the new directors have skills and competencies that complement those of the existing Board members, and enable achievement of Freehold's strategic initiatives.

Representation of Women 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 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 encourages the consideration of women who have the necessary skills, knowledge, experience and character for nomination to the Board. The Board has not imposed any quotas or targets regarding the representation of women on the Board.

To ensure the effectiveness of the Diversity and Renewal Policy, the GNC Committee reviews 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. It considers 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 also reviews 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 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 12.5% of directors on the Board.

Succession Planning

Succession and development of talent are important initiatives at Rife and Freehold. Formal succession planning includes:

- **Identifying Key Roles and Timelines**: Identify key roles that are critical to the current and/or future success of Rife and Freehold as well as identifying potential succession timelines and emergency short term coverage planning.
- **Talent Assessment and Identification**: For all key roles, identify those in the organization who are potential succession candidates through an internal talent assessment. Included in the process is a competency assessment, a review of expected timeline of readiness and internal diversity demographics.
- **Developing Succession Candidates**: Actively develop and execute development plans for potential succession candidates.

This process and its progress are reviewed a minimum of bi-annually by the GNC Committee.

Representation of Women 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 executive officer positions at Freehold. Approximately 38% of Rife's non-executive leadership roles are filled by women, and approximately 53% of Rife's total employees are women. The GNC Committee, as part of its cooperative efforts with the Manager, reviews the representation of women within Rife's employee group at each joint meeting.

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.

Evaluation of the Manager

The GNC Committee is responsible for assessing the performance of the Manager through a yearly assessment process. A key component of the process is a questionnaire that is completed by our independent directors. The data is compiled, is reviewed by the Chair of the GNC Committee, and is presented in summary form to the GNC Committee for discussion and follow-up with the full Board and the Manager as required.

Board Committees

Audit Committee

Members: Arthur N. Korpach (Chair), Gary R. Bugeaud, Aidan M. Walsh – 100% independent. All members have been determined to be financially literate by the Board.

Mandate: Assists the Board with the 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 recommends for Board approval the audited annual financial statements, interim financial statements and other mandatory disclosure containing financial information. The full mandate of the Audit Committee is available on Freehold's website.

Key Activities for 2017:

- Met with management and separately with the external auditor to review the quarterly and annual financial statements and management's discussion and analysis and made recommendations to the Board;
- Reviewed significant accounting principles and disclosure in accordance with International Financial Reporting Standards;
- Reviewed disclosure controls and procedures and the CEO/CFO certification process for interim and annual financial statements;
- Reviewed financial risk management policies, strategies and practices;
- Reviewed and approved the annual external auditor's plan and reviewed quarterly and annual reports;
- Approved all audit and non-audit services performed by the external auditor;
- Reviewed Freehold's business insurance and recommended to the Board for approval; and
- Reviewed and reported to the Board on procedures in place for reporting and certification under the *Extractive Sector Transparency Measures Act* (ESTMA).

Reserves Committee

Members: Aidan M. Walsh (Chair), J. Douglas Kay, Susan M. MacKenzie – 100% independent

Mandate: Assists the Board in discharging its responsibilities with respect to reporting on oil and natural gas activities, including ensuring compliance with NI 51-101. The full mandate of the Reserves Committee is available on Freehold's website.

Key Activities for 2017:

- Recommended to the Board the engagement of the independent reserves evaluators;
- Reviewed management's assessment of the work of the independent reserves evaluators;
- Reviewed the disclosure of reserves and resources information;
- Met in camera with the independent reserves evaluators; and
- Made recommendations to the Board regarding approval of year-end reserves evaluations.

Governance, Nominating and Compensation Committee

Members: Susan M. MacKenzie (Chair), Gary R. Bugeaud, J. Douglas Kay, Arthur N. Korpach – 100% independent. See director nominee profiles starting on page 14 for details of the relevant education and experience that qualify each member of the GNC Committee to make decisions on the suitability of Freehold's compensation policies and practices.

Mandate: Assists the Board in the development and monitoring of Freehold's approach to corporate governance; the nomination of directors for appointment to the Board; recommends compensation paid to directors; reviews compensation of the Manager; reviews compensation paid to the CEO, executive officers and employees and makes recommendations on executive officer compensation to the Manager; reviews short-term incentive awards; and reviews and recommends to the Board grants of long-term incentive awards under the Freehold Award Plan. The full mandate of the GNC Committee is available on Freehold's website.

Key Activities for 2017 – Governance and Nominating:

- Reviewed and discussed Freehold's governance practices and disclosure;
- Evaluated the Manager, director and board performance;
- Reviewed emergent and best practices in corporate governance;
- Reviewed and recommended to the Board Freehold's directors' and officers' liability insurance coverage; and
- Recommended to the Board the adoption of Board Directorship Guidelines.

Key Activities for 2017 – Compensation:

- Met jointly with Rife's Board of Directors on three occasions in 2017 to discuss compensation philosophy for Freehold's executive officers, develop new incentive programs for employees of Rife who work on the business of Freehold and review succession planning for executive positions;
- Assessed, reviewed and recommended revised director compensation to the Board;
- Assessed CEO Performance;
- Reported to the Board on base salary, annual bonus and long-term incentive recommendations for CEO and other executive officers;
- Reviewed the Manager's overall compensation programs to ensure competitiveness, reasonableness and employee retention;
- Reviewed and recommended to the Board a Freehold specific STIP corporate scorecard for the Rife STIP;
- Researched and recommended to the Board the adoption of the Freehold Award Plan to award long-term incentive awards to executives and employees of Rife; and
- Increased focus on the Manager's succession plans for executive positions.

Freehold
ROYALTIES LTD.

EXECUTIVE COMPENSATION

TABLE OF CONTENTS FOR EXECUTIVE COMPENSATION

Letter to Shareholders

March 23, 2018

Fellow Shareholders,

The Freehold 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 of this Information Circular.

2017 Business Overview

Operationally, Freehold had a very strong year in 2017. Production increased by 1% to average 12,350 boe/d, representing an all-time high for Freehold. Freehold completed 800 boe/d of working interest dispositions in 2017. On the royalty side, Freehold grew its production by 10% year over year with the strength in volumes aided by third party drilling on our royalty lands and continued success of our audit function and leasing team.

2017 marked a very busy year for Freehold's acquisition and disposition team. In total, Freehold completed $86.7 million in value enhancing acquisitions, both adding to Freehold's light oil portfolio and enhancing the quality of our suite of royalties.

Freehold also completed $32.4 million in non-core working interest dispositions in 2017. As an offset to successful dispositions, Freehold's cash costs for 2017 totaled $5.82/boe, representing a 24% improvement versus the previous year.

2017 Executive Compensation Decisions

Freehold's 2017 business performance, as well as a continued challenging macro-environment and continued low commodity prices, influenced compensation decisions made in 2017. Freehold's allocation of Rife's G&A Costs increased from 42% in 2016 to 48% in 2017, reflecting the increased proportion of the Manager's work distribution allocated to Freehold due to its growth through acquisitions. This increase in allocation is reflected in 2017 NEO compensation, as are the items we highlight below:

- ***2017 Base Salary Freeze.*** 2017 base salaries for NEOs were frozen.
- ***Short Term Incentive Plan (STIP).*** For 2017 the Rife STIP incorporated a Freehold-specific scorecard reflecting Freehold's 2017 corporate performance against defined metrics. Based on 2017 results the GNC Committee recommended and the Board approved a Freehold STIP score of 1.16.
- ***Long Term Incentive Plan (LTIP).*** In March 2017, Freehold adopted the Freehold Award Plan in conjunction with the Rife Award Plan as replacements for the Rife LTIP. The GNC Committee recommended and the Board approved 2017 LTIP grants to NEOs in aggregate grant value of $463,200.

2017 CEO Compensation

The CEO's compensation in 2017 was directly tied to performance of Freehold, Rife and Canpar with approximately 61% of Mr. Mullane's total direct compensation at risk. In 2017, Mr. Mullane's base salary remained at 2016 levels, consistent with an overall salary freeze for employees. In 2017, Mr. Mullane received an above target STIP payout and a LTIP award equal to approximately 94% of his base salary.

2018 Compensation Decisions

- ***Base Salary Increase.*** Freehold's base salary budget increased by 2.4% in 2018.
- ***2018 Freehold STIP scorecard was approved with operational, financial and strategic measures.***
- ***LTIP Grant Target Increase for NEOs.*** Following an analysis of Mercer peer group data, increases were made to 2018 NEO long term incentive targets to better align with competitive practice and shareholder interests. Long term incentive grants were awarded in March 2018.
- ***Director Pay: Adopted a Flat Fee Structure and Increased Annual Cash and Equity Retainers.*** Following a review of competitive director pay practices undertaken with independent advisor Hugessen Consulting, effective January 1, 2018 Freehold eliminated meeting fees and adopted a flat fee structure. Annual cash and equity retainers were increased. See *"Director Compensation"* on page 20.

Advisory Vote on Executive Compensation

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.

Although under the terms of the Management Agreement 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 Freehold's executives, 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 to your Board by email at boardofdirectors@freeholdroyalties.com.

Sincerely,

(signed) "Marvin F. Romanow"
Chair of the Board

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

Compensation Discussion and Analysis

Compensation Governance

The GNC Committee, which is made up exclusively of independent directors, cooperates with the Rife Board of Directors in the development of all policies and programs relating to the review and approval of compensation for the employees of the Manager and Rife who work on the business of Freehold, including Freehold's executives. For specific details on the GNC Committee's members, mandate, and activities during 2017, see page 35 in the Corporate Governance section of this Information Circular.

Compensation Advisor

In 2016, the Rife Board of Directors engaged Hugessen Consulting to assist in the redesign of Rife's incentive plans, to ensure programs align with shareholder interests and are affordable and sustainable. The process included review of pay philosophy, desired pay positioning, pay mix, and high-level incentive pay design, review of current compensation peer group, and review and refinement of both the short term incentive plan and long term incentive plan design and performance framework. In 2017, the GNC Committee engaged Hugessen Consulting to assist with the disclosure of the revised compensation programs in last year’s management information circular, as well as to conduct a review of director and executive compensation. Fees billed by Hugessen Consulting (no other compensation consultants or advisors were retained) to Rife and/or Freehold in 2016 and 2017 were:

COMPENSATION CONSULTANT FEES

	December 31, 2017 ($)	December 31, 2016 ($)
Executive and Director Compensation Related Fees	18,929	58,206
All Other Fees	8,029	0
Total	26,958	58,206

Named Executive Officers

The NEOs who are the focus of the Compensation Discussion and Analysis and who appear in the compensation tables are:

Thomas J. Mullane | President and Chief Executive Officer
Tom Mullane is the President and Chief Executive Officer of the Corporation. He joined Rife in July 2012 and was appointed President and Chief Executive Officer in May 2013. He has over 25 years of industry experience and a broad background in exploitation and production engineering gathered from both domestic and international assignments. His roles have included responsibility and oversight of acquisitions, divestitures, exploitation and reservoir engineering management, with significant experience in horizontal drilling. He graduated from the University of Alberta with a Bachelor of Science (Chemical Engineering) degree and is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA).

Darren G. Gunderson | Vice President, Finance and Chief Financial Officer
Darren Gunderson is Vice-President, Finance and Chief Financial Officer of the Corporation. He joined Rife in 1991, and was appointed Vice-President, Finance and Chief Financial Officer in August 2008. Mr. Gunderson has a Bachelor of Commerce (Accounting) degree from the University of Saskatchewan and is a Chartered Public Accountant (CPA, CGA).

Robert E. Lamond | Vice President, Exploration
Robert Lamond is Vice-President, Exploration of the Corporation. He joined Rife in September 2017. He previously held various geoscience and managerial roles at Murphy Oil Corporation, Shell Canada Ltd., and Imperial Oil Ltd. Most recently he held the role of General Manager, Geoscience at Murphy Oil Corporation. Mr. Lamond holds a Bachelor of Science (Geology) degree from Queen's University and is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA).

David M. Spyker | Vice President, Production
David Spyker is Vice-President, Production of the Corporation. He joined Rife in November 2016. Prior to, Mr. Spyker held various roles at Anderson Exploration Ltd., Anderson Energy Ltd., and Anderson Energy Inc. Most recently he held the role of Chief Operating Officer at Anderson Energy Inc. Mr. Spyker holds a Bachelor of Science (Mechanical Engineering) degree from the University of Alberta and is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA).

Michael J. Stone | Vice President, Land
Michael Stone is Vice-President, Land of the Corporation and has held such position since March 2010. Mr. Stone has a Bachelor of Commerce (Management) degree from the University of Calgary and is a member of the Canadian Association of Petroleum Landmen (CAPL).

Other than the NEOs, 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, 2017.

Aligning Executive Compensation and Shareholder Interests

Compensation Philosophy and Program

All elements of compensation are ultimately determined by the Manager and Rife, and Freehold is obligated to pay (or in the case of long-term incentive grant Restricted Awards or Performance Awards pursuant to the Freehold Award Plan) an agreed portion of these amounts according to the Management Agreement. However, according to the terms of the Management Agreement, 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 who work on the business of Freehold, including Freehold's executives.

Rife's approach to compensation for the Freehold executives is driven by a commitment to deliver sustainable and solid returns to Shareholders. Rife's compensation philosophy is to align pay with performance in an affordable and sustainable manner, and to attract, motivate and retain executives in order to achieve its business objectives.

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 uses compensation survey information provided by 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 do not 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 100,000 barrels of oil equivalent per day as reported in the Mercer survey.

In 2016, the Rife Board of Directors engaged Hugessen Consulting to assist in the review and redesign of Rife's incentive plans. As a result of the advice received from Hugessen Consulting and cooperation between the Rife Board of Directors and the GNC Committee, the short-term incentive programs for Rife employees were revamped and the new Rife Award Plan and Freehold Award plan providing for the ability to grant Performance Awards and Restricted Awards were adopted by both Rife and Freehold in 2017.

Compensation Risk Mitigation

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 21.6% 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. 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 the Named Executive Officers. Additionally, the Management Agreement may be terminated by Freehold in certain circumstances.

The compensation policies and practices that have been adopted by Rife and supported by Freehold encourage behaviors which align and support the long-term interests of Rife, Freehold and Freehold's Shareholders. They include a number of mitigating strategies to limit compensation-related risks described in more detail below.

Anti-hedging Requirement

The Insider Trading Policy of Freehold has an anti-hedging requirement which prohibits executive officers or directors of Freehold from buying or selling of any 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.

Executive Share Ownership Guidelines

To further align executive and Shareholder interests, effective March 2, 2017, Freehold introduced minimum share ownership guidelines for executives requiring ownership of a defined multiple of Freehold's proportionate base salary. Both Common Shares and unvested Restricted Awards held by NEOs count toward the executive share ownership guidelines. NEOs have five years from the later of the date of the implementation of the guidelines, or the date of their appointment as an officer of the Corporation to acquire the value required. The value of Common Shares is calculated based on the greater of the current market price of the Common Shares on the TSX or the original purchase price for the Common Shares. The value of Restricted Awards 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 table below illustrates the ownership holdings at March 22, 2018.

EXECUTIVE SHARE OWNERSHIP[1]

Name	Share Ownership Guideline (multiple of base salary)[2]	Common Shares Owned (#)	Value of Common Shares Owned[3] ($)	Restricted Awards Held (#)	Value of Restricted Awards Held[4] ($)	Total Number of Common Shares and Restricted Awards Owned (#)	Total Value of Common Shares and Restricted Awards Owned[3,4] ($)	Total Value of Share Ownership Required[2] ($)	Meets Share Ownership Requirements
Thomas J. Mullane	3x	22,365	293,430	5,658	74,523	28,023	367,953	468,720	has until 2022
Darren G. Gunderson	1x	2,000	25,260	3,257	42,921	5,257	68,181	124,320	has until 2022
Robert E. Lamond	1x	4,000	50,520	2,786	36,575	6,786	87,095	115,200	has until 2023
David M. Spyker	1x	4,750	59,993	2,843	37,642	7,593	97,634	117,504	has until 2022
Michael J. Stone	1x	30,000	391,176	2,785	36,807	32,785	427,983	116,160	Yes

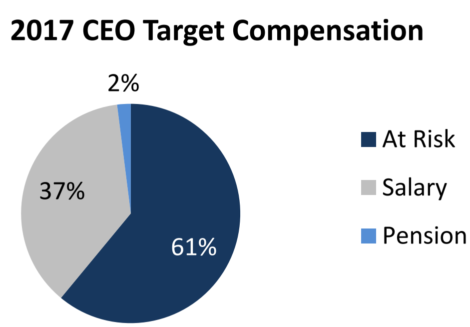
(1) Executive Share Ownership Guidelines implemented March 2, 2017.
(2) Based on Freehold's proportionate share (48%) of base salaries effective January 1, 2018.
(3) Value has been determined by multiplying the number of Common Shares by the greater of the current market price of the Common Shares on the TSX (the closing price of the Common Shares on the TSX on March 22, 2018 of $12.63) and the original purchase price for the Common Shares.
(4) Value has been determined by multiplying the number of Common Shares underlying the Restricted Awards by the greater of the current market price of the Common Share on the TSX (the closing price of the Common Shares on the TSX on March 22, 2018 was $12.63) and the original price for the Common Shares at the time the grants were made (values are adjusted for dividends since the date of grant).

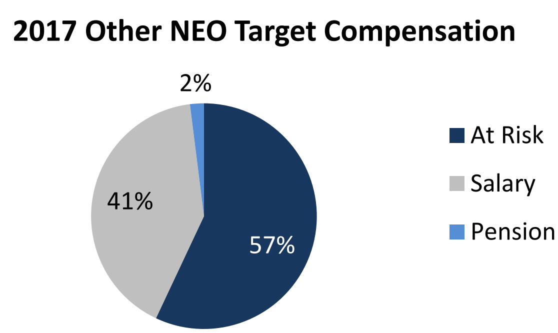
Claw Back

Clawback policies were adopted by Freehold and Rife in 2017. Any incentive compensation paid or awarded to an executive officer is subject to clawback (including cancellation of unvested awards) when such incentive compensation was based on the achievement of financial results that were subsequently restated or in certain circumstances when the executive officer engaged in negligence, intentional misconduct or fraud that caused or partially caused the need for a restatement.

Pay at Risk

Freehold's compensation program is designed to align compensation with corporate performance and therefore more than half of executive compensation is performance based and "at risk". The two graphs below demonstrate the "at risk" pay for the CEO as well as the average "at risk" pay for all other NEOs. Approximately 61% of the CEO's compensation and on average 57% of other NEO's compensation is "at risk" (bonus or long-term incentives).





Compensation Elements

SUMMARY OF COMPENSATION ELEMENTS

Element	Risk	Objective	Time Frame	Description
Base salary	Fixed (not at risk)	Intended to provide market competitive level of fixed compensation	Set Annually	• Only fixed component of total direct compensation • Typically set in reference to pay comparator group • Individual NEO salary reflects level of responsibility, skills and experience
Short term incentive compensation	Variable (at risk)	Rewards based on annual corporate and individual performance	One year	• Cash-based performance incentive under Rife STIP • Payout based on corporate performance measures as approved by the Freehold and Rife Boards as well as individual performance
Long term incentive compensation	Variable (at risk)	Rewards based on long-term corporate performance	Three years	**Performance Awards** • Annual grants under the Freehold Award Plan and the Rife Share Award Plan • 3 year cliff vesting • Grants under the Freehold Award Plan, subject to corporate performance multiplier (from 0 to 2): ▪ 50% Relative Total Shareholder Return ▪ 50% Absolute Rate of Return (2% min, 7% target, 12% max) **Restricted Awards** • Annual grants under the Freehold Award Plan and the Rife Award Plan • 1/3 per year vesting • Vesting value for grants under the Freehold Award Plan based on Common Share price at time of vest (5 day weighted average price preceding vesting date)

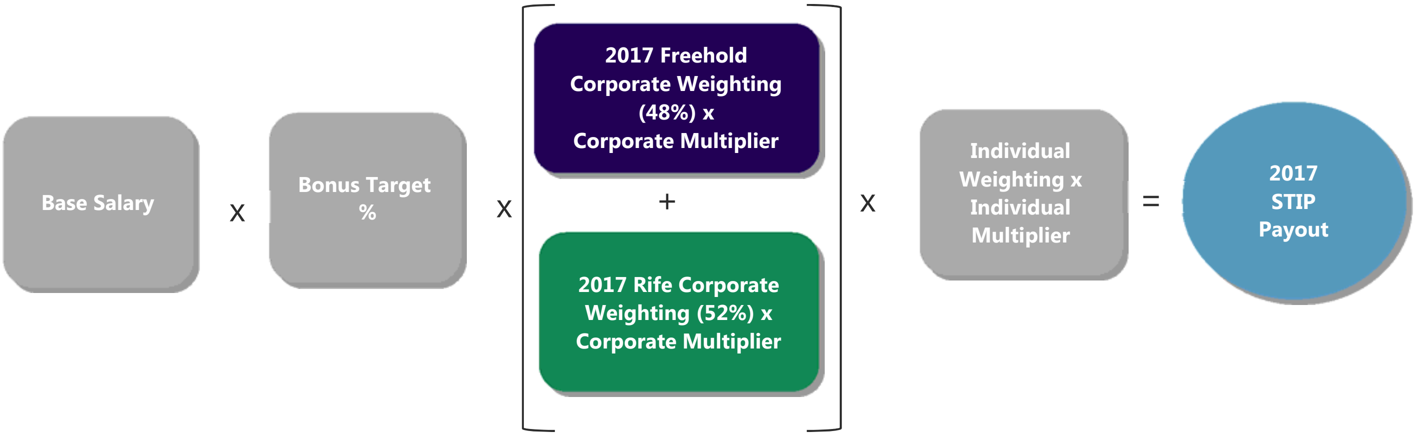
In addition to the above compensation elements, executives participate in the pension and benefits plans on the same basis as all employees. Perquisites are limited in nature and value. Neither Freehold nor Rife have a savings or option plan.

Base Salary

Base salaries for Named Executive Officers are reviewed annually against the median of the pay comparator group and provide a fixed level of pay.

Short-Term Incentive Plan

NEOs are eligible to participate in the Rife STIP, which provides a cash-based bonus award for the attainment of both corporate performance and individual performance. In 2017, changes were made to the Rife STIP to incorporate a Freehold-specific scorecard to ensure that bonus rewards aligned with Freehold's performance.



Each NEO has a target award, expressed as a percentage of salary, which is made up of a corporate and individual performance weighting as per the table below.

STIP TARGETS AND PERFORMANCE WEIGHTING

Position	Name	Target	Corporate Weighting	Individual Weighting
CEO	Thomas J. Mullane	60%	80%	20%
CFO	Darren G. Gunderson	50%	60%	40%
VP, Exploration	Robert E. Lamond	40%	60%	40%
VP, Production	David M. Spyker	40%	60%	40%
VP, Land	Michael J. Stone	40%	60%	40%

Long-Term Incentive Plan

In March 2017, Freehold adopted the Freehold Award Plan and Rife adopted the Rife Award Plan as replacements for the Rife LTIP. As a result, the awards granted in 2016 under the Rife LTIP were the last grants made under the Rife LTIP. In 2017 and in future years, Freehold's proportionate share of long-term incentive compensation will consist of grants of Performance Awards and Restricted Awards under the Freehold Award Plan.

Both the Freehold Award Plan and Rife Award Plan provide for the granting of Restricted Awards and Performance Awards. Once the size of the annual grants have been determined jointly by Rife's Board of Directors and Freehold's GNC Committee, Freehold and Rife grant their proportional share based on the current allocation between Freehold and Rife in accordance with the Management Agreement. The weighting of Restricted Awards and Performance Awards awarded to employees is directly linked to their position and influence on Freehold's total return. Some employees receive only Restricted Awards whereas executives receive both Performance Awards and Restricted Awards. The awarding of Performance Awards to executives who have more influence over Freehold's results aligns with the pay for performance philosophy advocated by the Board. Awards are granted annually in March.

Restricted Awards and Performance Awards accumulate the full value of Freehold's monthly dividend and upon vesting, the payout amount is adjusted to reflect these dividends.

LTIP TARGETS AND WEIGHTING

Level	LTIP Target as a percentage of base salary	RSU Weighting	PSU Weighting
CEO	95%	25%	75%
CFO	75%	25%	75%
VP	60%	25%	75%

Vesting

Restricted Awards vest one-third annually over three years. On the vesting date the number of Restricted Awards (adjusted to include accumulated dividends) is multiplied by the previous five-day weighted average price of Freehold's Common Shares to determine the cash payment amount.

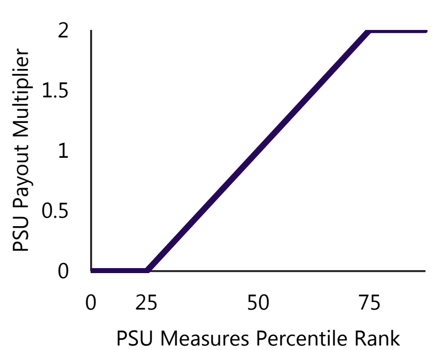
Performance Awards cliff vest (all at once) after three years. On the vesting date the number of Performance Awards (adjusted to include accumulated dividends) is multiplied first by a performance multiplier that can range from zero to two and then multiplied by the previous five-day weighted average of Freehold's Common Shares to determine the cash payment amount.

Performance Multiplier

The performance multiplier ranges on a sliding scale from zero to two based on the following two measures:

- 50% Relative Total Shareholder Return - based on the percentile rank of Freehold's total shareholder return relative to Freehold's performance peer group (zero for bottom quartile performance to two for top quartile performance)
- 50% Absolute Rate of Return – with performance hurdles of 2% minimum, 7% target, 12% maximum

The following graph shows the Performance Awards associated with various percentile rankings for the two combined measures.



Freehold's performance peer group used to determine the Relative Total Shareholder Return portion of the performance multiplier for Performance Awards is based on the TSX Capped Energy Index at January 1, 2017 adjusted to remove international, oil sands, and service focused companies, and consists of the following companies:

2017 PERFORMANCE AWARD PERFORMANCE PEER GROUP

Advantage Oil & Gas Ltd.	NuVista Energy Ltd.
ARC Resources Ltd.	Peyto Exploration & Development Corp
Baytex Energy Corp.	PrairieSky Royalty Ltd.
Birchcliff Energy Ltd.	Raging River Exploration Inc.
Bonavista Energy Corporation	Seven Generations Energy Ltd.
Bonterra Energy Corp	Spartan Energy Inc.
Crescent Point Energy Corp.	Surge Energy Inc.
Crew Energy Inc.	TORC Oil & Gas Ltd.
Encana Corporation	Tourmaline Oil Corp.
Enerplus Corporation	Vermilion Energy Inc.
Kelt Exploration Ltd.	Whitecap Resources Inc.

2017 NEO Compensation Treatment

2017 Base Salary

Base salaries were frozen for all NEOs in 2017.

2017 Short Term Incentive Plan

The following table outlines Freehold's 2017 corporate scorecard for the Rife STIP which consisted of seven factors within three primary objectives as well as the assessment of 2017 performance relative to each. Threshold, target and maximum performance achievement levels were defined for each of the quantitative factors. If the maximum performance was achieved on all of the objectives, the bonus multiplier would have been 1.5 times the target bonus amount with respect to Freehold's corporate weighting. If overall performance was at target, the multiplier would have been 1.0; and below threshold performance overall would have resulted in a score of zero and no NEO bonus payout. The majority of the factors were evaluated quantitatively while certain factors are evaluated qualitatively.

PERFORMANCE OBJECTIVES AND 2017 PERFORMANCE

OPERATIONAL EXCELLENCE	Weighting	Multiplier
Leasing and Audit Production Additions - Organic creation of royalties through increased leasing activity and compliance activities allowed us to make significant additions to our royalty production. We did this by using improved software, through creative marketing efforts, and by issuing a record dollar number of audit queries. As a result, the Rife Board in consultation with the GNC Committee considered that Freehold came close to achieving the defined maximum performance on this factor, which is reflected in the multiplier.	15%	1.48
Cash Costs per Boe - Reduced operating costs by 38% year over year with the sale of working interest properties. Interest expense was reduced 43% year over year with debt reductions. General and administrative expenses came in 8% lower than originally forecast. As a result Freehold met defined target with cash costs of $5.80/boe.	10%	0.99
Funds from Operations per Share – In 2017, funds from operations per share were $1.05 which was lower than the defined target of $1.15. Funds from operations per share came in lower than the target due to weak natural gas pricing and an aggressive target for oil prices which was partially offset by growth in royalty production of 10% year over year.	15%	0.77
BALANCE SHEET STEWARDSHIP		
Net Debt to Funds from Operations (times) - Proceeds from dispositions were directed to debt repayment and debt levels were managed with a conservative dividend payout; however, year end net debt to funds from operations was 0.6 times which underperformed relative to a defined target of 0.3 times despite representing a reduction from 0.8 times in 2016.	10%	0.69
STRATEGIC		
Royalty Production as a Percentage of Total Production - Successfully marketed working interest assets in a soft commodity price environment, successfully divesting of approximately 800 boe/d of working interest production (based on 2016 records). Royalty production grew through drilling on our royalty lands, acquisitions, leasing and audit. As a result, Freehold's 2017 royalty production was approximately 89% of total production exceeding the defined target of 87%.	20%	1.30
Royalty Creation - Completed $87.6 million in accretive acquisitions, adding approximately 420 boe/d of mostly medium and light oil production (approximately 80%), adding to our key royalty assets in the Cardium in the greater Pembina area of Alberta and the Viking in the greater Dodsland area of Saskatchewan. Evaluated and developed in-house expertise in oil sands and US asset evaluations. As a result, based on a qualitative assessment, the Rife Board in consultation with the GNC Committee considered that Freehold's performance was between target and the maximum on this factor, which is reflected in the multiplier.	15%	1.25
Stakeholder Relations - Positive effects from enhanced messaging in all public disclosure documents, additional targeting of value investors, increased availability of leasing materials to industry, adding improved governance practices and took steps towards strengthening employee engagement. As a result, based on a qualitative assessment, the Rife Board in consultation with the GNC Committee considered that Freehold came close to achieving the maximum performance on this factor, which is reflected in the multiplier.	15%	1.40
	Total Multiplier	**1.16**

On the basis of performance reflected in the scorecard, the Rife Board in consultation with the GNC Committee approved a Freehold corporate score multiplier of 1.16 for 2017 which is applied to 48% of the NEO's total corporate weighting for 2017. Freehold's 48% share of the total Rife STIP to NEO's are shown below.

2017 STIP PAYOUTS

Position	Name	Freehold Proportionate share (48%) ($)	Total STIP Payout ($)	% of Total Salary
CEO	Thomas J. Mullane	103,964	218,000	68%
CFO	Darren G. Gunderson	59,613	125,000	49%
VP, Exploration	Robert E. Lamond	49,598	104,000	43%
VP, Production	David M. Spyker	53,890	113,000	47%
VP, Land	Michael J. Stone	49,598	104,000	44%

Long Term Incentive Plan Grants

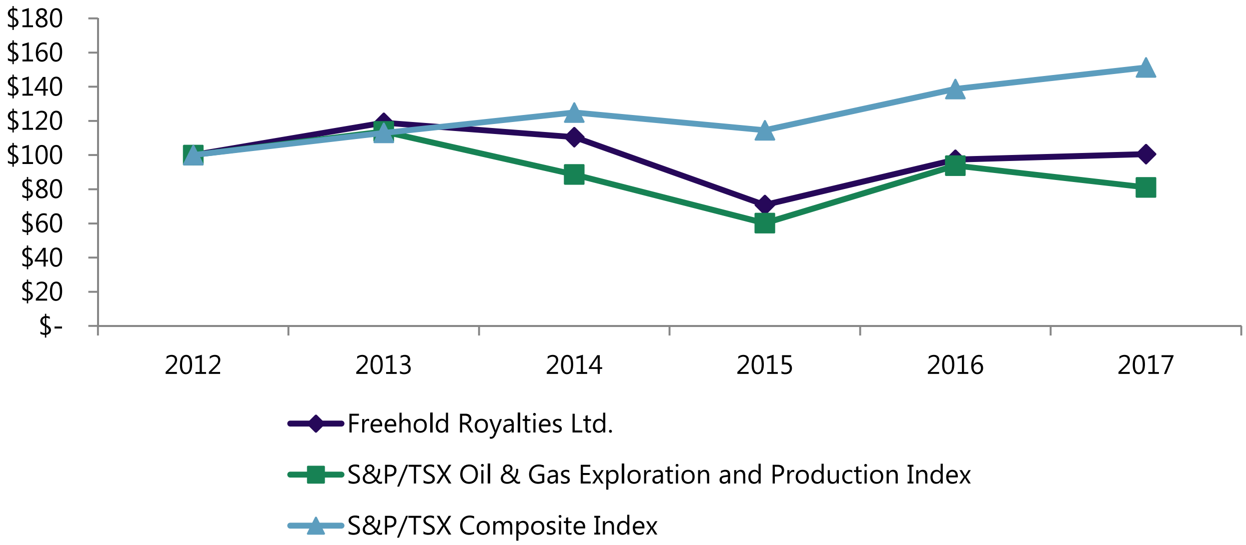
In 2017, the NEO's received to follow grants under the Freehold Award Plan:

2017 VALUE OF FREEHOLD AWARDS GRANTED

Position	Name	Freehold PSU's ($)	Freehold RSU's ($)
CEO	Thomas J. Mullane	108,000	36,000
CFO	Darren G. Gunderson	63,000	21,000
VP, Exploration	Robert E. Lamond	57,600	19,200
VP, Production	David M. Spyker	61,200	20,400
VP, Land	Michael J. Stone	57,600	19,200

Performance Chart

The following graph and table illustrate changes during the last five years in the value of $100 invested on December 31, 2012, 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.



	2012	2013	2014	2015	2016	2017
Freehold Royalties Ltd.	$100.00	$118.90	$110.51	$70.80	$97.29	$100.52
S&P/TSX Oil & Gas Exploration & Production Index	$100.00	$113.81	$88.63	$60.18	$93.84	$81.09
S&P/TSX Composite Index	$100.00	$112.99	$124.92	$114.53	$138.67	$151.28

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 2013 to 2017 has little correlation to the trend of total return on investment for Freehold charted in the performance chart. Over the period from 2013 to 2017, the total return performance of Freehold increased approximately 1%, while the total compensation levels of Named Executive Officers paid by Freehold during the same period decreased by approximately 4%. Throughout the five years represented in the chart, the individuals serving as executive officers have changed. In previous information circulars, only the compensation allocated to Freehold was disclosed. In 2017, we have chosen to also include a summary table showing the total compensation paid to the NEOs by Rife, which is included in Appendix E.

Executive Compensation Summary

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 "*Compensation and Reimbursement of the Manager*" on page 54. The Named Executive Officers also perform functions for Rife and Canpar. In Appendix E we have also included a table showing a summary of the total compensation paid to the Named Executive Officers by Rife relating to services rendered to all the entities managed by Rife including Freehold, Rife and Canpar.

SUMMARY COMPENSATION TABLE

					Non-equity incentive plan compensation[1]				
Name and Principal Position	Year	Salary[1] ($)	Option-based awards ($)	Share-based awards[1,2] ($)	Annual incentive plans[1,3] ($)	Long-term incentive plans ($)	Pension value[1] ($)	All other Compensation ($)	Total compensation[1] ($)
Thomas J. Mullane	2017	153,180	-	144,000	103,964	-	7,659	-	408,803
President and CEO	2016	135,844	-	109,200	52,500	-	6,792	-	304,336
	2015	127,650	-	99,900	40,700	-	4,619	-	272,869
Darren G. Gunderson	2017	121,878	-	84,000	59,613	-	6,094	-	271,585
Vice-President, Finance and CFO	2016	108,084	-	75,600	42,000	-	5,404	-	231,088
	2015	101,565	-	64,750	25,900	-	4,619	-	196,834
Robert E. Lamond[4]	2017	38,014	-	163,700	49,598	-	1,901	-	253,213
Vice-President, Exploration									
David M. Spyker[5]	2017	115,200	-	81,600	53,890	-	5,760	-	256,450
Vice-President, Production	2016	9,559	-	127,000	5,040	-	478	-	142,077
Michael J. Stone	2017	113,886	-	76,800	49,598	-	5,694	-	245,978
Vice-President, Land	2016	100,997	-	69,300	29,400	-	5,050	-	204,747
	2015	94,905	-	61,050	22,940	-	4,619	-	183,514

(1) Freehold pays its proportionate share of G&A Costs based on an allocation of time spent and direct costs incurred by Rife in fulfilling obligations under the Management Agreement. Freehold's proportionate share of compensation was approximately 48% in 2017, 42% in 2016 and 37% in 2015. The amounts in the above table reflect only the proportionate amounts paid or awarded to the Named Executive Officers relating to services rendered to Freehold for the periods indicated.

(2) Based on Freehold's proportionate share of the value of awards under the Rife LTIP or the total value of awards under the Freehold Award Plan, as applicable, 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 LTIP and the Freehold Award Plan 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, 2017, which are available on SEDAR at www.sedar.com).

(3) Bonuses awarded under the Rife STIP in the period earned, paid the following year.

(4) Mr. Lamond was appointed Vice President, Exploration on September 5, 2017. Upon his appointment, he was granted awards under the Freehold Award Plan and Rife Award Plan, the old Rife LTIP, and the Rife STIP plan in part to compensate him for long-term and short-term incentives forfeited when leaving his previous employment. As a result, Mr. Lamond's grants of long-term incentive awards upon joining Freehold/Rife were higher than annual long-term incentive grants awarded in the ordinary course of business. A portion of the awards under the Freehold Award Plan and old Rife LTIP granted upon joining Freehold/Rife were prorated based on historical annual allocations of time between Freehold and Rife. Vesting of the initial awards has been timed to coincide with the vesting schedules of the other NEOs' historical awards.

(5) Mr. Spyker was appointed Vice-President, Production on November 28, 2016. Upon his appointment, Mr. Spyker was granted awards under the Rife LTIP in part to compensate him for long-term incentive forfeited when leaving his previous employment. As a result, Mr. Spyker's grant of awards in 2016 under the Rife LTIP was higher than annual grants awarded in the ordinary course of business. A portion of the long-term incentive awards granted upon joining Freehold/Rife were prorated based on historical annual allocations of time between Freehold and Rife. Vesting of the initial awards has been timed to coincide with the vesting schedules of the other NEOs' historical awards.

Incentive Plan Awards

The following table sets out the total number of outstanding awards granted under the Freehold Award Plan and Freehold's proportionate share of outstanding awards granted under the Rife LTIP held by NEOs as at December 31, 2017. The Named Executive Officers do not receive any option-based awards. Descriptions of the Freehold Award Plan and Rife LTIP are contained in Appendices B and C, respectively.

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, 2] ($)
Thomas J. Mullane	17,254 awards under Rife LTIP	177,234
	8,083 Performance Awards	113,803
	2,695 Restricted Awards	37,939
Darren G. Gunderson	11,670 awards under Rife LTIP	121,734
	4,715 Performance Awards	66,390
	1,572 Restricted Awards	22,130
Robert E. Lamond	9,536 awards under Rife LTIP	107,500
	4,237 Performance Awards	59,651
	1,412 Restricted Awards	19,879
David M. Spyker	7,202 awards under Rife LTIP	74,641
	4,580 Performance Awards	64,487
	1,526 Restricted Awards	21,491
Michael J. Stone	10,803 awards under Rife LTIP	111,961
	4,311 Performance Awards	60,694
	1,437 Restricted Awards	20,277

(1) Estimated based on the five day volume weighted average price of the Common Shares on the TSX at December 29, 2017, which was $14.08, plus certain adjustments made for dividends since the date of grant. For purposes of the Performance Awards a performance multiplier of 1.0 has been assumed.

(2) No NEO held any vested share-based awards as at December 31, 2017 that had not been paid out or distributed.

The following table sets forth (i) the total value of awards granted under the Freehold Award Plan held by the Named Executive Officers that vested, (ii) Freehold's proportionate share of awards granted under the Rife LTIP held by the Named Executive Officers that vested, and (iii) Freehold's proportionate share of bonuses earned pursuant to the Rife STIP. The Named Executive Officers do not receive any option-based awards.

VALUE VESTED OR EARNED

	Total Number of Shares and Payout Value	
Name	Share-based awards Value vested during 2017[1, 2, 3] ($)	Non-equity incentive plan compensation – value earned during 2017[4] ($)
Thomas J. Mullane	13,846	103,964
Darren G. Gunderson	8,901	59,613
Robert E. Lamond	0	49,598
David M. Spyker	0	53,890
Michael J. Stone	8,571	49,598

(1) Freehold's proportionate share of the 2014 grant under the Rife LTIP that vested in 2017.
(2) Freehold's proportionate share of the Rife LTIP is 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.
(3) As 2017 was the first year in which grants were made under the Freehold Award Plan, no Restricted Awards or Performance Awards vested in 2017.
(4) Freehold's proportionate share of bonuses earned in 2017 (paid in 2018) under the Rife STIP.

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	71,261	7,659	93,684
Darren G. Gunderson	238,705	6,094	283,262
Robert E. Lamond	-	1,901	3,859
David M. Spyker	478	5,760	13,527
Michael J. Stone	96,159	5,694	110,994

(1) Calculated based on Freehold's proportionate share of 48% for 2017.

Termination and Change of Control Benefits

Termination and Change of Control Benefits for Executive Officers

None of the Named Executive Officers have entered into employment agreements with Freehold, Rife or the Manager that provide for any payment to such Named Executive Officers at, following or in connection with any termination, resignation, retirement, change of control or change in responsibilities.

However, both the Freehold Award Plan and the Rife Award Plan contain provisions relating to the acceleration of vesting of Performance Awards and Restricted Awards in certain circumstances if there is a change of control of Freehold and/or Rife. For a description of these provisions see Appendix B.

The following table shows the number of Performance Awards and Restricted Awards granted under the Freehold Award Plan held by our Named Executive Officers and the value of such Performance Awards and Restricted Awards as at December 31, 2017, demonstrating the value of the accelerated unvested Performance Awards and Restricted Awards held by the Named Executive Officers if a change of control had occurred on December 31, 2017 and if each Named Executive Officer was terminated on such date in connection with such change of control.

Name	Number of Performance Awards and Restricted Awards held on December 31, 2017 (#)	Market or payout value of Performance Awards and Restricted Awards that have not vested[1] ($)
Thomas J. Mullane	8,083 Performance Awards	113,803
	2,695 Restricted Awards	37,939
Darren G. Gunderson	4,715 Performance Awards	66,390
	1,572 Restricted Awards	22,130
Robert E. Lamond	4,237 Performance Awards	59,651
	1,412 Restricted Awards	19,879
David M. Spyker	4,580 Performance Awards	64,487
	1,526 Restricted Awards	21,491
Michael J. Stone	4,311 Performance Awards	60,694
	1,437 Restricted Awards	20,227

(1) For Restricted Awards, calculated based on the number of notional Common Shares underlying such Restricted Awards held at December 31, 2017 multiplied by the closing price per Common Share on the TSX on December 29, 2017. For Performance Awards, calculated based on the closing price per Common Share on the TSX on December 29, 2017 multiplied by the number of notional Common Shares underlying such Performance Awards assuming a performance multiplier of 1.0.

Termination of Management Agreement

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.

Compensation and Reimbursement of the Manager

The Manager provides comprehensive oil and gas company management and operational services to Freehold pursuant to the terms of the Management Agreement. 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.

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 other than grants of Performance Awards and Restricted Awards under the Freehold Award Plan. 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 described below for providing services to Freehold and certain subsidiaries and partnerships of Freehold. 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.

A full description of the Management Agreement is contained in Freehold's annual information form for the year ended December 31, 2017 which is available through the internet under Freehold's SEDAR profile at www.sedar.com and on Freehold's website at www.freeholdroyalties.com. The full text of the Management Agreement has been also filed on SEDAR at www.sedar.com and on Freehold's website at www.freeholdroyalties.com.

Management Fee

Under the terms of the Management Agreement, the Manager is issued Common Shares quarterly as a management fee. In 2015, 2016 and 2017 an aggregate of 269,978, 287,648 and 220,000 Common Shares, respectively, were issued to the Manager as payment of the management fee. As at December 31, 2017, the quarterly management fee was 55,000 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:

- 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 G&A Costs incurred by Rife on behalf of Freehold. G&A 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 G&A 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 48% in 2017. In 2017, G&A Costs, excluding share based and retirement benefit totaled $11.0 million, including $9.5 million charged by the Manager for time and direct costs incurred by Rife on behalf of Freehold. Beginning in 2017, the allocation of costs based on time spent is adjusted quarterly based on the actual percentage for the allocation of time spent by Rife's staff in the prior quarter (previously, the adjustment was only made once annually).

Share Based Compensation

Historically, Rife annually granted long-term incentive awards under a long-term incentive plan for Rife employees. Under the terms of the Management Agreement, Freehold accrued for its proportionate share (2015 grants – 37%; 2016 grants – 42%) of grants under the long-term incentive plan for employees of Rife.

In March 2017, each of Freehold and Rife adopted new long-term incentive award plans to replace the old long-term incentive plan for Rife employees. As a result, the awards granted in 2016 under the Rife old long-term incentive plan were the last grants made under such plan. In 2017, (and in future years), Freehold's proportionate share of long-term incentive compensation consisted of grants of Performance Awards and Restricted Awards under the new Freehold Award Plan. A total of 54,466 restricted awards and 49,802 performance awards were granted in 2017 to employees of Rife under Freehold's new award plan reflecting Freehold's 48% of long-term incentive compensation granted to Rife employees in 2017. Restricted awards and performance awards accumulate the full value of Freehold's monthly dividend and upon vesting, the payout amount is adjusted to reflect these dividends and, in the case of the performance awards, a performance multiplier based on certain applicable Freehold performance factors.

Manager's Annual Bonus Plan

The Corporation pays its proportionate share (2017 – 48%) of annual cash bonuses paid under the Rife STIP for employees of the Manager.

Retirement Benefit Plan

Historically, Freehold participated in its proportionate share (2017 – $48,000) of a retirement benefit for certain former employees of Rife. The retirement benefit was payable in four equal installments upon retirement. 2017 was the last year that any retirement benefits were payable.

Pension Plan

The Manager has a defined contribution pension plan, of which Freehold pays its proportionate share (2017 – 48%). See "*Pension Plan Benefits*" on page 53.

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, 2017.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders			
DSU Plan	117,429	N/A	349,915
Management Agreement[1]	N/A	N/A	458,467
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
Total	117,429	N/A	808,382

(1) Pursuant to the Management Agreement, the Manager receives a management fee, paid in Common Shares, as described under "*Compensation and Reimbursement of the Manager*" on page 54.

Annual Burn Rate under Equity Compensation Plans

The following sets forth information in respect of the number of Common Shares issued under the Management Agreement and the number of DSUs granted under the DSU Plan in the applicable year relative to the weighted average number of Common Shares outstanding in such year.

Plan Category	Year	Number of Common Shares or DSUs granted or issued during applicable year (a)[1]	Weighted average number of Common Shares outstanding for the applicable fiscal year (b)	Burn Rate ((a)/(b)) (c)
DSU Plan	2017	76,742	118,044,473	0.065%
	2016	112,252	110,391,160	0.104%
	2015	40,557	90,504,786	0.045%
Management Agreement	2017	220,000	118,044,473	0.186%
	2016	287,648	110,391,160	0.261%
	2015	269,978	90,504,786	0.298%

(1) The number of DSUs granted includes notional DSUs granted resulting from dividends paid on the Common Shares.

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 25,573,264 Common Shares as at March 23, 2018, representing approximately 21.6% of the outstanding Common Shares. The Manager receives certain compensation for providing management services to Freehold and its controlled entities as described under "*Compensation and Reimbursement of the Manager*" on page 54. All transactions during 2017 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.

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.

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, 2017 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.

Freehold
ROYALTIES LTD.

APPENDICES

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 eight members, two of whom were nominated by the Manager and six 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 and assess, in conjunction with the Board of Directors of Rife Resources Ltd., the performance and effectiveness of the CEO;
3. review the Manager's compensation strategy and approve Freehold's annual commitment and funding contribution to the Manager's incentive compensation programs;
4. review and approve the granting of long-term incentive awards to executive officers and new employees of the Manager under Freehold's Share Unit Award Plan; and
5. 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;
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; and
8. review on an annual basis, management's strategy to estimate and manage the liability of Freehold as it relates to wellbore abandonments, facility decommissioning, and lease reclamation and remediation obligations.

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.

Corporate Governance

The Board, based on the recommendations of the GNC Committee, 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.

Adopted January 1, 2011; amended November 9, 2017

Appendix B – Descriptions of New Freehold Award Plan and Rife Award Plan

Underlying each Performance Award ("**Performance Award**") and Restricted Award ("**Restricted Award**") under the new Freehold incentive award plan (the "**Freehold Award Plan**") is one notional Common Share. Underlying each Performance Award and Restricted Award under the new Rife incentive award plan (the "**Rife Award Plan**") is one "phantom" share of Rife and Canpar. Each phantom share is based on a notional combined share capital of Rife and Canpar that is adjusted whenever a capital contribution is made to Rife or Canpar. The underlying Common Shares in respect of the Freehold Award Plan and the phantom shares in respect of the Rife Award Plan are adjusted whenever a dividend is paid by Freehold or Rife/Canpar, as applicable.

Subject to the terms and conditions of the Freehold Award Plan (including such additional or different conditions to the determination of vesting and payment as may be prescribed at the time of grant), on the vesting of Restricted Awards granted under the Freehold Award Plan the holder is entitled to an amount (the "**Payout Amount**") equal in value of the Common Shares (as adjusted for dividends paid) underlying such Performance Award. The value of the underlying Common Shares is based on the volume weighted average trading price of the Common Shares on the TSX for the five-trading days prior to the settlement date of such Restricted Awards. Generally, one-third of the granted Restricted Awards will vest on each of the first, second and third anniversaries of the date of grant.

For Performance Awards, the Payout Amount is also adjusted based on a performance multiplier. Although the metrics used for determining the performance multiplier are at the discretion of the Board at the time of grant, it is expected that the performance multiplier will be determined based 50% on absolute total shareholder return and 50% on the relative total shareholder return over an annual performance period. The performance multiplier can range from 0 to 2 times depending on relative and absolute performance outcome. Generally, all of the granted Performance Awards will vest on the third anniversary of the date of grant. The Rife Award Plan is similar to the Freehold Award Plan other than certain differences resulting from Rife and Canpar being private companies.

The aggregate Restricted Awards and Performance Awards to be granted to each employee of Rife will be determined by the Rife Board of Directors and the proportion of a grant of such awards under the Freehold Award Plan and the Rife Award Plan will be equivalent to the ratio of time expended by Rife's staff on Freehold versus Rife and Canpar. Named Executive Officers and other more senior employees of Rife will receive a greater percentage of Performance Awards relative to Restricted Awards and more junior employees of Rife will received a greater percentage of Restricted Awards relative to Performance Awards.

The Payout Amount in respect of both the Freehold Award Plan and the Rife Award Plan will be paid out in cash. The Freehold Award Plan provides that if Freehold is to obtain the necessary TSX and Shareholder approvals Freehold will have the option of paying out the Payout Amount with Common Shares issued from treasury; however, Freehold has no present intention to seek such approvals or to issue any Common Shares as payment of the Payout Amount.

Unless otherwise determined by the Board or the Rife Board of Directors, as applicable, or unless otherwise provided in any written employment or consulting agreement or in any retirement policy of Freehold or Rife applicable to a person receiving a grant of awards (a "**Grantee**") under the Freehold Award Plan or the Rife Award Plan, the following provisions shall apply in the event that the Grantee ceases to provide services to Freehold or Rife, as applicable: (i) if a Grantee is terminated for any reason other than death or termination not for cause, all Performance Awards and Restricted Awards held by the Grantee will terminate and the Grantee shall not be entitled to receive the Payout Amount; (ii) if a Grantee is terminated not for cause all Performance Awards and

Restricted Awards held by the Grantee that have a vesting date within 90 days of the termination of such Grantee will vest and be paid out and all other Performance Awards and Restricted Awards will terminate; or (iii) upon the death of a Grantee, all Performance Awards and Restricted Awards held by the Grantee will vest and be paid out.

Both the Freehold Award Plan and Rife Award Plan contain provisions relating to the treatment of Performance Awards and Restricted Awards in the event of a "Change of Control" (as such term is defined in each of such plans) that provide that if there is a "Change of Control" and a participant ceases to provide services to Freehold or Rife, as applicable, or is constructively dismissed from Freehold or Rife, as applicable, within six (6) months of such event all awards granted under the Freehold Award Plan and/or the Rife Award Plan, as applicable, will vest and be paid out (in respect of Performance Awards, the Board or the Rife Board of Directors, as applicable, will need to make a determination of the performance multiplier applicable).

Both the Freehold Award Plan and Rife Award Plan contain provisions relating to the treatment of Performance Awards and Restricted Awards in the event of the termination of the Management Agreement that provide all Performance Awards and Restricted Awards, whether granted under the Freehold Award Plan or the Rife Award Plan, would survive a termination of the Management Agreement and be paid out in accordance with their terms provided that the holder of such awards continues to provide services to either Rife or Freehold. Alternatively, the Board or the Rife Board of Directors can offer employees the opportunity to convert or exchange their Performance Awards and Restricted Awards of the entity that they are not staying with following the termination of the Management Agreement for Performance Awards and Restricted Awards of the entity that they are staying with following the termination of the Management Agreement.

Where an award granted under the Freehold Award Plan is to be settled when a Grantee is subject to a black-out period or within six (6) trading days of the expiry of such black-out period, the settlement of such awards shall be extended to a date which is six (6) business days following the end of such black-out period, unless such extension would cause the awards to be settled past December 31 in the third year (the "**Expiry Date**") following the grant date of such awards, in which case the awards shall be settled on the Expiry Date and the five day volume weighted average trading price utilized in determining the Payout Amount of such award shall be based on the lesser of: (i) the volume weighted average trading price for the five trading days immediately prior to the commencement of such black-out period; and (ii) the volume weighted average trading price for the five trading days immediately prior to the Expiry Date.

Freehold or Rife may amend or discontinue the Freehold Award Plan or Rife Award Plan, respectively, or awards granted thereunder at any time provided that, in the case of Freehold, any amendment to the Freehold Award Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Freehold Award Plan or Rife Award Plan, as applicable, or awards granted thereunder may be made without the consent of the Grantee, if it adversely alters or impairs any awards previously granted to such Grantee under such plan; provided that any amendments to the Freehold Award Plan to allow for the Payout Amount of any awards to be settled by the issuance of Common Shares or to comply with the requirements of the TSX shall not be considered to adversely alter or impair any awards previously granted under the Freehold Award Plan and all Grantees are deemed to have consented to such amendments.

Appendix C – Descriptions of Previous LTIP Plan

Rife LTIP

Up until new Freehold Award Plan and the Rife Award Plan were adopted 2017, long-term incentives were granted under Rife's long-term incentive plan, the Rife LTIP. It used a combination of the value of phantom shares of Rife and Canpar and phantom Common Shares, which were granted annually to employees of Rife at the discretion of the Board of Directors of Rife. The proportion of a grant under the Rife LTIP in phantom Common Shares and phantom shares of Rife and Canpar was equivalent to the ratio of time expended by Rife's employees on Freehold versus Rife and Canpar. Freehold was only responsible for funding the cost of the phantom Common Shares.

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

- participants were allocated a grant amount by the Board of Directors of Rife, for which Freehold's share was 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 the Rife 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

In 2017 the Freehold Award Plan and the Rife Award Plan were adopted by the Board and Rife Board of Directors to replace the Rife LTIP and as such the awards granted in 2016 were the last long-term incentive grants under the Rife LTIP. The last Rife LTIP awards will vest in 2019.

Appendix D – Glossary of Terms

Beneficial Shareholder	• Shareholders who do not hold Common Shares in their own name
Board	• Board of Directors of Freehold
Broadridge	• Broadridge Investor Communications
Canpar	• Canpar Holdings Ltd., an oil and gas company that is also a wholly-owned subsidiary of the CN Pension Trust Funds
CN Pension Trust Funds	• The pension funds for employees of Canadian National Railway Company
Code	• Code of Business Conduct and Conflict of Interest Policy
Common Share	• A common share in the capital of Freehold
Diversity and Renewal Policy	• Board Diversity and Renewal Policy adopted March 10, 2015; amended March 2, 2017
DSU Plan	• The Directors' Deferred Share Unit Plan adopted January 1, 2011; amended March 2, 2017
DSUs or Deferred Share Units	• Deferred share units granted under the DSU Plan
Freehold	• Freehold Royalties Ltd.
Freehold Award Plan	• Freehold Royalties Ltd. Share Unit Award Plan adopted in 2017
G&A Costs	• General and administrative costs
GNC Committee	• Governance, Nominating and Compensation Committee
Governance Agreement	• Governance Agreement between Freehold Royalties Ltd. and Rife Resources Management Ltd. dated December 31, 2010 which provides, among other things, rights to the Manager to nominate directors to the Board and rights to the Manager to have a Board observer present at meetings of the Board or its committees
Hugessen Consulting	• Hugessen Consulting Inc., compensation consultant to the Board and GNC Committee
Information Circular	• This management information circular dated March 23, 2018
KPMG	• KPMG LLP, Chartered Accountants, Freehold's external auditor
Management Agreement	• Fourth Amended and Restated Management Agreement dated November 9, 2015 between Rife Resources Management Ltd., Rife Resources Ltd., Freehold Royalties Ltd., 1872348 Alberta Ltd. (as trustee of Freehold Holdings Trust) and Freehold Royalties Partnership, which sets out the management structure between Freehold, Rife and the Manager
Manager	• Rife Resources Management Ltd., a wholly-owned subsidiary of Rife Resources Ltd.
Meeting	• The Annual Meeting of the Shareholders of Freehold to be held on May 9, 2018
Mercer	• Mercer Human Resource Consulting Ltd., Rife's compensation survey supplier
Named Executive Officers or NEOs	• Our named executive officers, including individuals who were the CEO or CFO during 2017
NI 51-101	• National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*
NI 58-101	• National Instrument 58-101 *Disclosure of Corporate Governance Practices*
Non-Management Director	• Each director who is not an employee of Freehold or Rife
Notice and Access Provisions	• As provided under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer*
Performance Award	• An award designated as a performance award under the Freehold Award Plan or Rife Award Plan
Record Date	• Close of business on March 22, 2018
Related Party Transaction	• Any transaction between Freehold Royalties Ltd. and Rife Resources Ltd. and/or Canpar Holdings Ltd. that may include items such as potential acquisitions, dispositions, joint ventures, farm-in arrangements and transactions of a similar nature that are outside the ordinary course of business
Restricted Award	• An award designated as a restricted award under the Freehold Award Plan or Rife Award Plan
Rife	• Rife Resources Ltd., a private oil and gas company that is also a wholly-owned subsidiary of the CN Pension Trust Funds
Rife Award Plan	• Rife Resources Ltd. Share Unit Award Plan adopted in 2017, amended in 2018
Rife LTIP	• Rife Resources Ltd.'s long-term incentive award plan, replaced in 2017 by the Rife Award Plan
Rife STIP	• Rife Resources Ltd.'s short-term incentive award plan
Shareholder	• A holder of common shares
TSX	• Toronto Stock Exchange

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Appendix E – Summary Total Executive Compensation

The following table provides a summary of the total compensation paid by Rife to the NEOs. While historically we only reported Freehold's share of total compensation, for 2017, we have elected to disclose the total compensation paid to NEOs in this Appendix. The NEOs also perform functions for Rife and Canpar. See "*Compensation and Reimbursement of the Manager*" on page 54 for more details on how compensation is allocated.

SUMMARY COMPENSATION TABLE

					Non-equity incentive plan compensation						
Name and Principal Position	Year	Salary[1] ($)	Option-based awards ($)	Share-based awards[2] ($)	Annual incentive plans[3] ($)	Long-term incentive plans ($)	Pension value ($)	All other Compensation ($)	Total Compensation[1] ($)	Freehold's Share of Total Compensation[4] (%)	Freehold's Share of Total Compensation ($)
Thomas J. Mullane President & CEO	2017	319,125	-	300,000	218,000	-	15,956	-	853,081	48	408,803
	2016	323,437	-	260,000	125,000	-	16,172	-	724,609	42	304,336
	2015	345,000	-	270,000	110,000	-	12,485	-	737,485	37	272,869
Darren G. Gunderson Vice President Finance & CFO	2017	253,913	-	175,000	125,000	-	12,696	-	572,609	48	271,585
	2016	257,344	-	180,000	100,000	-	12,867	-	550,211	42	231,088
	2015	274,500	-	175,000	70,000	-	12,485	-	531,985	37	196,834
Robert E. Lamond[5] Vice President, Exploration	2017	79,195	-	380,000	104,000	-	4,000	-	567,195	48[5]	253,213
David M. Spyker[6] Vice President, Production	2017	240,000	-	170,000	113,000	-	12,000	-	535,000	48	256,450
	2016	22,759	-	325,000	12,000	-	1,138	-	362,447	42[6]	142,077
Michael J. Stone Vice President, Land	2017	237,263	-	160,000	104,000	-	11,863	-	513,126	48	245,978
	2016	240,469	-	165,000	70,000	-	12,024	-	487,493	42	204,747
	2015	256,500	-	165,000	62,000	-	12,485	-	495,985	37	183,514

(1) The total compensation was paid to NEOs by Rife on behalf of Rife, Canpar and Freehold.

(2) Calculated as the total value of awards under the Rife LTIP, Rife Award Plan and Freehold Award Plan 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 LTIP, Rife Award Plan and Freehold Award Plan 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, 2017, which are available on SEDAR at www.sedar.com).

(3) Bonuses awarded under the Rife STIP in the period earned, paid the following year.

(4) Freehold pays its proportionate share of G&A Costs based on an allocation of time spent and direct costs incurred by Rife in fulfilling obligations under the Management Agreement. Freehold's proportionate share of compensation was approximately 48% in 2017, 42% in 2016 and 37% in 2015.

(5) Mr. Lamond was appointed Vice President, Exploration on September 5, 2017. Upon his appointment, he was granted awards under the Freehold Award Plan and Rife Award Plan, the old Rife LTIP, and the Rife STIP plan in part to compensate him for long-term and short-term incentives forfeited when leaving his previous employment. As a result, Mr. Lamond's grants of long-term incentive awards upon joining Freehold/Rife were higher than annual long-term incentive grants awarded in the ordinary course of business. A portion of the awards under the Freehold Award Plan and old Rife LTIP granted upon joining Freehold/Rife were prorated based on historical annual allocations of time between Freehold and Rife; as a result, Freehold's percentage share of total compensation in 2017 did not equal 48% as per the allocation pursuant to the Management Agreement. Vesting of the initial awards has been timed to coincide with the vesting schedules of the other NEOs' historical awards.

(6) Mr. Spyker was appointed Vice-President, Production on November 28, 2016. Upon his appointment, Mr. Spyker was granted awards under the Rife LTIP in part to compensate him for long-term incentive forfeited when leaving his previous employment. As a result, Mr. Spyker's grant of awards in 2016 under the Rife LTIP was higher than annual grants awarded in the ordinary course of business. A portion of the long-term incentive awards granted upon joining Freehold/Rife were prorated based on historical annual allocations of time between Freehold and Rife; as a result, Freehold's percentage share of total compensation in 2016 did not equal 42% as per the allocation pursuant to the Management Agreement. Vesting of the initial awards has been timed to coincide with the vesting schedules of the other NEOs' historical awards.

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