MATERIAL CHANGE REPORT

1. **Name and Address of Company:**

Freehold Royalty Trust ("Freehold" or the "Trust")
400, 144 - 4th Avenue SW
Calgary, Alberta T2P 3N4

2. **Date of Material Change:**

May 10, 2005

3. **News Release**

Two media releases disclosing the details outlined in this Material Change Report were issued by the Trust on May 10, 2005 and disseminated through the facilities of CCN Matthews and would have been received by the British Columbia Securities Commission, Alberta Securities Commission, Saskatchewan Financial Services Commission - Securities Division, The Manitoba Securities Commission, Ontario Securities Commission, Autorité des Marchés Financiers du Québec, New Brunswick Securities Commission, Nova Scotia Securities Commission, Prince Edward Island Securities Office, Securities Commission of Newfoundland and Labrador and the Toronto Stock Exchange where the securities of the Trust are listed and posted for trading, in the normal course of its dissemination.

4. **Summary of Material Change:**

Freehold has completed its previously announced acquisition of Petrovera Resources, a general partnership which owns approximately 3,700 barrels of oil equivalent ("boe") per day of royalty production, indirectly from Canadian Natural Resources Limited for consideration of $345 million after giving effect to certain purchase price adjustments (the "Acquisition").

Immediately prior to the closing of the Acquisition, Freehold completed its previously announced "bought deal" financing by issuing 13,505,000 subscription receipts (the "Subscription Receipts") at a price of $15.55 per Subscription Receipt for gross proceeds of approximately $210 million. Upon completion of the Acquisition, the Subscription Receipts converted automatically into trust units of the Trust ("Trust Units").

5. **Full Description of Material Change:**

On May 10, 2005, Freehold closed its previously announced "bought deal" financing. At closing, Freehold issued a total of 13,505,000 Subscription Receipts at a price of $15.55 per Subscription Receipt for gross proceeds of approximately $210 million. Each Subscription Receipt represented the right to receive one Trust Unit upon the completion of the Acquisition. The gross proceeds from the offering of Subscription Receipts were deposited in escrow pending completion of the Acquisition and then released upon the closing of the Acquisition and used to finance a portion of the purchase price of the Acquisition.

Freehold completed the acquisition of Petrovera Resources on May 10, 2005, with an effective date of January 1, 2005, to acquire approximately 3,700 barrels of oil equivalent ("boe") per day of royalty production for net consideration of $345 million, after giving effect to purchase price adjustments for interim net revenue to the closing date.

The Acquisition more than doubles Freehold's royalty land base to 1.9 million gross acres and adds 387,000 gross acres of undeveloped land in western Canada and Ontario. Net proved plus probable reserves increase by approximately 60% to 34.1 million boe. The Acquisition is consistent with Freehold's strategy of acquiring high quality, long-life royalty assets and is expected to be accretive to cash flow, net asset value, production and reserves per Trust Unit in 2005 and future years, after giving effect to the financing.

Production and cash flow from these assets will have an impact on Freehold's operations from the closing date. The 3,700 boe per day acquisition provides an immediate 65% boost to production and the acquired assets are expected to add approximately 2,300 boe per day to Freehold's annualized 2005 production. As a result, Freehold expects 2005 production to average approximately 7,900 boe per day for the full year 2005.

The Acquisition was funded with the proceeds from the issuance of the Subscription Receipts, a private placement of 3,858,520 Trust Units at $15.55 per Trust Unit to Canadian Natural Resources Limited for gross proceeds of approximately $60 million, and the remainder with debt utilizing Freehold's expanded credit facilities.

With the successful closing of the Acquisition, Freehold has significantly strengthened its operating base and expanded its future opportunities while maintaining financial strength and ensuring sustainability.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:**

Not Applicable.

7. **Omitted Information:**

Not Applicable.

8. **Executive Officer:**

For further information, please contact David Sandmeyer, President of Freehold Resources Ltd. at Telephone (403) 221-0896 or Facsimile (403) 221-0888.

9. **Date of report:**

May 18, 2005.