

NEWS RELEASE

TSX: FRU.UN

Freehold Royalty Trust Announces \$10 million Acquisition of Natural Gas Properties

CALGARY, Alberta/December 16, 2004/CCN/ - Freehold Royalty Trust (FRU.UN) today announced that it has acquired certain royalty interests in 12,160 acres of land in the Willesden Green area of Alberta for approximately \$10 million, prior to adjustments. The acquisition is effective October 1, 2004 and will be funded through Freehold's existing bank facilities.

The properties are expected to add approximately 175 barrels of oil equivalent (boe) per day to Freehold's 2005 production base. Production is weighted 70% towards natural gas and 30% to light oil and NGLs. The acquisition of these properties supports Freehold's strategy of acquiring royalty interests and represents an accretive transaction for Unitholders. As there are no operating and capital costs or third party royalties associated with the royalty production acquired, this production receives high netbacks.

Proved plus probable reserves attributed to the properties were independently evaluated at 288,000 boe. This results in a cost of \$32.05 per boe for proved plus probable reserves and \$52,971 boe per day of production. Based on 2005 forecast production, the reserve life index is approximately 4.5 years. Currently 16 wells are producing, 10 additional wells have been drilled, and four locations are licenced on the lands.

The following remaining recoverable reserves for these assets were independently evaluated in an appraisal effective October 1, 2004:

Net Reserves	Proved Producing	Total Proved	Proved Plus Probable	Percentage of Total
Natural Gas (mmcf)	701	968	1,267	73%
Oil & NGL's (mbbls)	45	58	76	27%
Total MBOE	162	219	288	100%

Freehold is an oil and gas royalty trust that provides monthly cash distributions to Unitholders. Monthly distributions are supplemented by quarterly top-ups when excess funds are available. More than 85% of distributions to Unitholders come from mineral title and gross overriding royalties, the majority of which Freehold owns in perpetuity. Freehold currently has an interest in over 16,000 wells in western Canada. The Trust Units trade on the Toronto Stock Exchange in Canada under the symbol FRU.UN.

Forward-Looking Statements – Certain information set forth in this document, including management's assessment of Freehold's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Freehold's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although

considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Freehold's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. No assurance can be given that any of the events anticipated will transpire or occur, or if any of them do so, what benefits Freehold will derive from them. Freehold disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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