MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) was prepared as of May 6, 2024 and is management's opinion about the consolidated operating and financial results of Freehold Royalties Ltd. and its wholly-owned subsidiaries (collectively, Freehold or the Company) for the three months ended March 31, 2024 and its comparative period, and the outlook for Freehold based on information available as of the date hereof.

The financial information contained herein is based on information in the interim condensed consolidated financial statements, which have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board, which are the Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises. All comparative percentages are between the three months (Q1-2024) (the "first quarter") ended March 31, 2024 and the same period in 2023, and all dollar amounts are expressed in Canadian currency, unless otherwise noted. References to "US$" are to United States (U.S.) dollars. This MD&A should be read in conjunction with the March 31, 2024 unaudited interim condensed consolidated financial statements (the "interim financial statements") and the December 31, 2023 audited consolidated financial statements (the "audited financial statements"). These documents, as well as, additional information about Freehold, including its Annual Information Form for the year ended December 31, 2023 (AIF), are available on SEDAR+ at www.sedarplus.ca and on Freehold's website at www.freeholdroyalties.com.

This MD&A contains the non-GAAP financial measures: **net revenue**, **cash costs** and **netback** and the supplementary financial measures: **dividend payout ratio** and **funds from operations per share**. These are useful supplements to analyze operating performance, financial leverage, and liquidity, among others. However, these terms do not have any standardized meanings prescribed by GAAP and therefore may not be comparable with the calculations of similar measures for other entities. This MD&A also contains the capital management measures of working capital, net debt, capitalization and net debt to trailing funds from operations for the last 12 months as defined in Note 13 of the interim financial statements. In addition, this MD&A contains forward-looking statements that are intended to help readers better understand our business and prospects. Readers are cautioned that the MD&A should be read in conjunction with our disclosure under "Non-GAAP and Other Financial Measures" and "Forward-Looking Statements" included at the end of this MD&A.

Business Overview

Freehold is incorporated under the laws of the Province of Alberta and trades on the Toronto Stock Exchange under the symbol FRU. We receive revenue primarily from royalties on crude oil, natural gas, natural gas liquids (NGLs) and potash properties as reserves are produced over the life of the properties located in Canada and the continental U.S. Freehold's primary focus is managing and acquiring royalties.

The Royalty Advantage

Freehold manages one of the largest non-government portfolios of oil and natural gas royalties in Canada with a sizeable land base in the U.S., uniquely positioning Freehold as a leading North American energy royalty company. Our total land holdings encompass approximately 6.2 million gross acres in Canada and approximately 1.1 million gross drilling acres in the U.S., collectively greater than 99% of which are royalty lands. Our Canadian mineral title lands, which we own in perpetuity, cover approximately 1.1 million acres and we also have gross overriding royalty (GORR) and other interests in approximately 5.1 million acres. Our U.S. acreage is comprised of greater than 75% mineral title lands.

We have royalty interests in more than 20,000 producing wells and almost 400 units spanning five provinces and eight states and receive royalty income from over 360 industry operators throughout North America. Our revenues also include potash royalties, lease bonus consideration and lease rental streams that diversify our revenue portfolio. Our North American land base lowers Freehold's risk and, as a royalty owner, Freehold benefits from the drilling activity of others without any capital investments.

As a royalty interest owner, Freehold does not pay any of the capital costs to drill, complete and equip wells for production on its properties, nor does it incur costs to operate wells, maintain production, or ultimately abandon wells and restore the land to its original state. All of these costs are paid by our royalty payors. Freehold receives royalty income from gross production revenue (revenue before any royalty expenses and operating costs are deducted) resulting in strong netbacks.

Freehold's Strategy

As a leading North American royalty company, Freehold's objective is to deliver growth and lower risk attractive returns to shareholders over the long term. Freehold accomplishes this by:

- Creating Value
  - Drive development on our lands through our lease out program and royalty optimization
  - Acquire royalty assets with acceptable risk profiles and long economic life
  - Generate GORRs for revenue growth
- Enhancing Value
  - Maximize Freehold's royalty interests through a comprehensive audit and compliance program
  - Manage our debt prudently with a target below 1.5 times net debt to trailing funds from operations for the last 12 months
- Delivering Value
  - Target a dividend payout ratio of approximately 60%

Dividend Announcement

Freehold's Board of Directors (the Board) approved a dividend of $0.09 per common share to be paid on June 17, 2024, to shareholders of record on May 31, 2024. Freehold's dividend of $0.09 per common share is in-line with our payout strategy and highlights the sustainability of our dividend through commodity cycles. The dividend is designated as an eligible dividend for Canadian income tax purposes.

Outlook

Gains in commodity prices late in the quarter and the relative strength of our payors is expected to drive activity on our North American royalty lands through the remainder of the year. We expect activity in Canada to slow into Q2-2024 through spring break-up, however, we expect to continue to see drilling associated with key plays in the Viking, Clearwater, Manville stack and southeast Saskatchewan with development bolstered by our strong leasing program in 2023 that has continued into Q1 2024. In the U.S., gross drilling activity was up 15% compared to the fourth quarter of 2023 and we expect capital programs within our portfolio of payors to ramp-up through the year, almost entirely on the crude oil side (99% of drilling in Q1-2024 targeted oil). The development of our North American portfolio has provided stability to our funds from operations against periods of weaker natural gas prices or periods of widening oil differentials in Canada.

Two previously announced U.S. mineral title and royalty transactions in the Permian closed in January 2024 for $116.2 million, after closing adjustments, with production from these royalty assets expected to increase throughout 2024 as additional development activities are anticipated to be undertaken by third parties, with forecasted production averaging 600 boe/d in 2024.

2024 Guidance

Freehold has not made any changes to its 2024 production and commodity price assumptions.

The following table summarizes our key operating assumptions for 2024 with production expected to be weighted 64% oil and NGLs and 36% natural gas:

2024 Guidance	
Production (boe/d) (1)	**14,700 - 15,700**
West Texas Intermediate crude oil (US$/bbl)	**$75.00**
AECO natural gas (Cdn$/Mcf)	**$2.50**
Nymex (US$/Mcf)	**$2.50**
Exchange rate (Cdn$/US$)	**1.33**

1. 2024 production is expected to consist of 9% heavy oil, 43% light and medium oil, 12% NGLs and 36% natural gas

Operating and Financial Results

Financial ($000s, except as noted)	Three months ended March 31 2024	2023	Change
Royalty and other revenue	**$ 74,273**	$ 76,572	-3%
Net income	**$ 34,019**	$ 31,051	10%
Per share, basic & diluted ($) [1]	**$ 0.23**	$ 0.21	10%
Cash flows from operations	**$ 52,479**	$ 42,562	23%
Funds from operations	**$ 54,362**	$ 58,569	-7%
Per share, basic & diluted ($) [1][3]	**$ 0.36**	$ 0.39	-8%
Acquisitions and related expenditures	**$ 121,481**	$ 4,268	nm
Dividends paid	**$ 40,686**	$ 40,680	0%
Per share ($) [2]	**$ 0.27**	$ 0.27	0%
Dividends declared	**$ 40,686**	$ 40,681	0%
Per share ($) [2]	**$ 0.27**	$ 0.27	0%
Dividend payout ratio (%) [3]	**75%**	69%	9%
Long-term debt	**$ 223,585**	$ 159,114	41%
Net debt [4][5]	**$ 210,538**	$ 122,274	72%
Shares outstanding, period end (000s)	**150,689**	150,673	0%
Average shares outstanding (000s) [1]	**150,689**	150,667	0%
Operating			
Light and medium oil (bbl/d)	**6,094**	6,102	0%
Heavy oil (bbl/d)	**1,300**	1,253	4%
NGL (bbl/d)	**1,884**	1,788	5%
Total liquids (bbl/d)	**9,278**	9,143	1%
Natural gas (Mcf/d)	**32,617**	33,486	-3%
Total production (boe/d) [6]	**14,714**	14,724	0%
Oil and NGL (%)	**63%**	62%	2%
Petroleum and natural gas realized price ($/boe) [6]	**$ 54.81**	$ 56.99	-4%
Cash costs ($/boe) [3][6]	**$ 7.19**	$ 5.82	24%
Netback ($/boe) [3][6]	**$ 46.62**	$ 50.79	-8%

1. Weighted average number of shares outstanding during the period, basic and diluted
2. Based on the number of shares issued and outstanding at each record date
3. See Non-GAAP and Other Financial Measures
4. Net debt is a capital management measure
5. The March 31, 2023 balance has been restated due to the retrospective adoption of IAS 1 (see Amendments to IAS 1 Presentation of Financial Statements)
6. See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

(nm) not meaningful

Q1-2024 Operating and Financial Highlights

- In January 2024, Freehold invested $116.2 million (US$85.4 million), after customary closing adjustments, in U.S. acquisitions through two transactions. These acquisitions included mineral title and royalty assets on approximately 123,000 gross acres, in the Midland and Delaware basins of the Permian located in Texas and New Mexico.
- Q1-2024 drilling activity included 300 gross wells, comprised of 132 wells in Canada and 168 wells in the U.S..
- Q1-2024 production averaged 14,714 boe/d, consistent with the same quarter in 2023, with the acquisitions contributing approximately 400 boe/d of production in Q1-2024 but offset by the short-term impact of severe winter weather conditions experienced in North America.

- Freehold's realized crude oil pricing neared $90/bbl in Q1-2024, a 2% increase from the same quarter in 2023, although lower natural gas benchmark prices resulted in an average realized commodity price of $54.81/boe, a decrease of 4% from the same period.
- Royalty and other revenue totaled $74.3 million, down 3% from the same period in 2023, mainly reflecting lower natural gas commodity pricing. Total royalty revenue in Q1-2024 was resilient to lower natural gas pricing as Freehold's revenue was weighted 90% to oil and NGL, a 5% increase from the same period in 2023.
- Cash costs[(1)] for the quarter totaled $7.19/boe, an increase of 23% versus the same period in 2023 reflecting higher interest costs from incremental borrowings for the U.S. acquisitions and higher interest rates, along with share based compensation payouts to non-management directors.
- Funds from operations totaled $54.4 million or $0.36 per share[(1)], down 7% from the $58.6 million or $0.39 per share[(1)] in the same quarter in 2023.
- Dividends paid for Q1-2024 totaled $40.7 million ($0.27 per share), consistent with the same period in 2023.
    - Dividend payout ratio[(2)] of 75% is up 9% from the same period in 2023.
- Long term debt at March 31, 2024 was $223.6 million, an increase of $100.6 million versus December 31, 2023. The two recent U.S. acquisitions were largely funded by borrowings from Freehold's credit facility.
    - Net debt at March 31, 2024 was $210.5 million, an increase of $109.6 million[(3)] versus December 31, 2023.

1. See Non-GAAP and Other Financial Measures
2. Dividend payout ratio is a supplementary financial measure
3. The December 31, 2023 balance has been restated due to the retrospective adoption of IAS 1 (see Amendments to IAS 1 Presentation of Financial Statements)

Drilling Activity

During Q1-2024, 300 gross wells (6.4 net) were drilled on Freehold's North American royalty lands, below the 349 gross well (7.7 net) drilled during the same period in 2023, but an increase from the 262 gross wells (4.5 net) drilled in the prior quarter. The reduction in activity from the first quarter of 2023 reflects the lower rig activity across North American with Canadian and U.S. rig counts down 13% and 18%, respectively, compared to the same period in 2023.

On a gross measure, 99% of the total prospects targeted oil. Approximately 44% of wells drilled in the quarter were in Canada (80% on Freehold's GORR lands and 20% targeted mineral title prospects); and 56% targeted Freehold's U.S. royalty acreage (67% drilled on mineral title lands).

	Three months ended March 31			
	2024		2023	
	Gross	**Net** [1]	Gross	Net [1]
Canada	**132**	**5.9**	175	6.9
United States	**168**	**0.5**	174	0.8
Total	**300**	**6.4**	349	7.7

1. Net wells are the equivalent aggregate of the numbers obtained by multiplying each gross well by our royalty interest percentage

CANADA

During Q1-2024, 132 gross locations (44%), were drilled on Freehold's Canadian lands, a 25% decrease over 175 gross locations in the same period of 2023, correlating with increased capital discipline within our payor group of companies. Top focus areas were oil weighted plays in the Viking, Cardium, Clearwater and Mississippian. Additionally, there was an increase in heavy oil drilling in the Mannville stack in Alberta and Saskatchewan, the result of strong recent leasing activity.

During Q1-2024, Freehold entered into 20 new leases with 12 counterparties. The majority of this new leasing focus was in southeast Saskatchewan and the Mannville stack.

U.S.

During Q1-2024, 168 gross wells were drilled on our U.S. royalty lands, with 73% in the Permian and 27% in the Eagle Ford, compared to 174 gross wells during the same quarter in 2023. By geography, all but one of Q1-2024 gross wells in the U.S. targeted prospects in Texas.

Although Freehold's U.S. net well additions were lower than in Canada, U.S. wells generally come on production at approximately ten times that of an average Canadian well in our portfolio. However, a U.S. well can take upwards of six to nine months on average from initial license to first production, compared to three to four months in Canada.

Production

Freehold's total production averaged 14,714 boe/d during Q1-2024, stable to the same period in 2023. During Q1-2024, the two most recent U.S. acquisitions contributed approximately 400 boe/d, which along with third party drilling and completion activities on Freehold's lands were offset by the impact of January's severe winter weather conditions experienced throughout North America. The impact of the extreme weather was short-lived, and production had recovered by the end of the quarter, with Q1-2024 exit production of over 15,000 boe/d.

Production Summary

	Three months ended March 31		
	2024	2023	Change
Canada (boe/d)	**9,593**	9,822	-2%
United States (boe/d)	**5,121**	4,902	4%
Total production (boe/d)	**14,714**	14,724	0%

Average Daily Production by Product Type

	Three months ended March 31		
	2024	2023	Change
Light and medium oil (bbl/d)	**6,093**	6,102	0%
Heavy oil (bbl/d)	**1,300**	1,253	4%
NGL (bbl/d)	**1,884**	1,788	5%
Natural gas (Mcf/d)	**32,617**	33,486	-3%
Total production (boe/d)	**14,714**	14,724	0%
Number of days in period (days)	**91**	90	
Total volumes during period (MMboe)	**1.339**	1.325	1%

CANADA

Canadian production averaged 9,593 boe/d during Q1-2024, comprised of 56% oil and NGLs and 44% natural gas. Production volumes were 2% lower than the same period in 2023 mainly due to the short-term impact of freezing conditions which reduced Q1-2024 production.

Canadian Average Daily Production by Product Type

	Three months ended March 31		
Canadian production	**2024**	2023	Change
Light and medium oil (bbl/d)	**3,097**	3,243	-5%
Heavy oil (bbl/d)	**1,300**	1,253	4%
NGL (bbl/d)	**907**	903	0%
Natural gas (Mcf/d)	**25,735**	26,538	-3%
Total production (boe/d)	**9,593**	9,822	-2%

U.S.

U.S. production averaged 5,121 boe/d during Q1-2024, a 4% increase compared to the same period in 2023. The increase mainly reflects the two most recent U.S. acquisitions and third-party drilling and completion activities, but was also partially offset by the short-term impact of extreme weather conditions. Q1-2024 production was also impacted by declines in flush production from new wells that came on production in the Permian in the second half of 2023.

Freehold's U.S. production during Q1-2024 represents approximately 35% of corporate volumes, a slight increase from the same period in 2023, comprised of approximately 78% oil and NGLs and 22% natural gas.

U.S. Average Daily Production by Product Type

United States production	Three months ended March 31 2024	2023	Change
Light and medium oil (bbl/d)	**2,997**	2,859	5%
NGL (bbl/d)	**977**	885	10%
Natural gas (Mcf/d)	**6,882**	6,948	-1%
Total production (boe/d)	**5,121**	4,902	4%

Product Prices

Benchmark Prices

The price received by Freehold for produced oil is primarily driven by the U.S. dollar price of WTI, with the realized Canadian price adjusted for the value of the Canadian dollar relative to the U.S. dollar and quality differentials. For Q1-2024 WTI averaged US$76.96/bbl, 1% higher compared to the same period in 2023. When compared to Q4-2023, WTI prices fell by 2%, although WTI strengthened exiting Q1-2024 as recessionary concerns and supply quota uncertainty from OPEC+ faded, combined with an increased geopolitical premium.

Within Canada, Edmonton Light Sweet prices averaged $92.14/bbl during Q1-2024, 7% lower versus the same period in 2023 and 8% lower than Q4-2023. Western Canadian Select (WCS) prices averaged $77.77/bbl during Q1-2024, 12% higher versus the same period in 2023 and 1% higher than the previous quarter. The divergence in trends between light and heavy oil prices in Canada was mainly caused by reduced heavy oil supply from turnaround activity across oil sands projects, increased refinery demand for heavy oil, and the initiation of line fill for the Trans Mountain Expansion project that is nearing completion.

For Q1-2024, AECO 7A Monthly Index and NYMEX natural gas monthly contract prices averaged $2.07/Mcf and US$2.33/Mcf, respectively, down 52% and 29% from the same period in 2023 and 23% and 22% from the previous quarter. Natural gas prices retreated in Q1-2024, as natural gas storage levels were well above average levels in both Canada and the U.S. These storage builds were driven by an unseasonably warm start and finish to winter, despite short-term extreme weather in January, along with significant supply increases in North America and egress constraints.

Average Benchmark Prices

	Three months ended March 31 2024	2023	Change
West Texas Intermediate crude oil (US$/bbl)	**$ 76.96**	$ 76.13	1%
Exchange rate (Cdn$/US$)	**1.35**	1.35	0%
Edmonton Light Sweet crude oil (Cdn$/bbl)	**$ 92.14**	$ 99.03	-7%
Western Canadian Select crude oil (Cdn$/bbl)	**$ 77.77**	$ 69.31	12%
Nymex natural gas (US$/Mcf)	**$ 2.33**	$ 3.30	-29%
AECO 7A Monthly Index (Cdn$/Mcf)	**$ 2.07**	$ 4.34	-52%

Realized Prices

As Freehold has increased its U.S. royalty portfolio, its overall realized price has strengthened as U.S. crude oil production realizes prices closer to WTI versus discounted pricing in Canada associated with transportation costs to markets and oil quality differentials. This, coupled with a higher oil weighting in the U.S. relative to Canada, resulted in Freehold receiving a 47% pricing premium for its U.S. production compared to its Canadian volumes during Q1-2024. However, as driven by lower natural gas North American benchmarks, Freehold's average selling prices of $54.81/boe in Q1-2024, was 4% and 5% lower from the $56.99/boe and $57.94/boe realized during the same period in 2023 and Q4-2023, respectively.

Average Realized Prices Summary

	Three months ended March 31		
	2024	2023	Change
Oil ($/bbl)	**$ 89.36**	$ 87.58	2%
NGL ($/bbl)	**$ 40.28**	$ 44.95	-10%
Oil and NGL ($/bbl)	**$ 79.39**	$ 79.25	0%
Natural gas ($/Mcf)	**$ 2.14**	$ 3.42	-37%
Oil equivalent ($/boe)	**$ 54.81**	$ 56.99	-4%

CANADA

Freehold's average selling price realized in Canada was $47.13/boe during Q1-2024, 7% lower compared to the same period in 2023. This decrease largely reflects lower AECO benchmarks, with an average realized natural gas price of $2.12/Mcf in Q1-2024, down 35% from the same period in 2023, with an associated knock-on effect, lowering NGL realized pricing by 16%, with Q1-2024 realized NGL pricing averaging $49.35/bbl, compared to $58.46/bbl in the same period in 2023. Freehold's Canadian realized oil price averaged $80.22/bbl during Q1-2024, up 1% when compared to the same period in 2023 as increased heavy oil pricing more than offset light oil pricing declines.

Canadian Average Realized Prices

	Three months ended March 31		
	2024	2023	Change
Oil ($/bbl)	**$ 80.22**	$ 79.51	1%
NGL ($/bbl)	**$ 49.35**	$ 58.46	-16%
Oil and NGL ($/bbl)	**$ 74.94**	$ 75.99	-1%
Natural gas ($/Mcf)	**$ 2.12**	$ 3.29	-36%
Oil equivalent ($/boe)	**$ 47.13**	$ 50.66	-7%

U.S.

Freehold's average realized selling price in the U.S. was $69.19/boe during Q1-2024, relatively unchanged compared to the same period in 2023, despite sharp declines in natural gas benchmarks. Freehold's realized oil and NGL prices in the U.S. averaged $102.78/bbl and $31.87/bbl, respectively, during Q1-2024, both up 2% when compared to the same period in 2023. Freehold's average realized U.S. natural gas price was $2.21/Mcf during Q1-2024, a 44% decrease compared to the same period in 2023. This decrease exceeded the 29% change in NYMEX largely due to higher differentials at the Waha Hub in the Permian Basin, impacted by higher supply, mainly from associated gas from oil wells causing egress constraints.

U.S. Average Realized Prices (in Canadian Dollars)

	Three months ended March 31		
	2024	2023	Change
Oil ($/bbl)	**$ 102.78**	$ 100.28	2%
NGL ($/bbl)	**$ 31.87**	$ 31.16	2%
Oil and NGL ($/bbl)	**$ 85.34**	$ 83.94	2%
Natural gas ($/Mcf)	**$ 2.21**	$ 3.93	-44%
Oil equivalent ($/boe)	**$ 69.19**	$ 69.68	-1%

Credit Risk Management

Freehold's royalty lands consist of a large number of properties with generally small volumes per property. Many of Freehold's leases and royalty agreements allow it to take its share of oil and natural gas in-kind. Taking product in-kind allows us to take ownership of the product as it is produced and thus sell it directly rather than having the royalty payor sell the product on our behalf and pass along proceeds from the sale in subsequent months. For Q1-2024, Freehold marketed and took-in-kind approximately 3% of its total royalty production. As part of Freehold's credit risk mitigation program, Freehold's dedicated Compliance Group carefully monitors its royalty receivables and may choose to take its royalty in-kind if there are benefits in doing so.

Royalty and Other Revenue

Royalty and other revenue of $74.3 million in Q1-2024 was 3% lower when compared to the same period in 2023, largely reflecting lower natural gas revenues driven by a decline in this commodity's benchmarks. For Q1-2024, oil and NGLs represented 90% of royalty and other revenue, a 5% increase from the same period in 2023.

Bonus consideration and lease rental revenue was $0.5 million in Q1-2024, a decrease of 27% from the same period in 2023. Included in Q1-2024 royalty and other revenue is $0.4 million in potash royalty revenues, a slight increase versus the same period in 2023.

Royalty and Other Revenue Summary

	Three months ended March 31		
($000s, except as noted)	**2024**	2023	Change
Canada	**$ 41,992**	$ 45,831	-8%
United States	**32,281**	30,741	5%
Royalty and other revenue	**$ 74,273**	$ 76,572	-3%
Per boe ($)	**$ 55.47**	$ 57.79	-4%

Royalty and Other Revenue by Category

	Three months ended March 31		
($000s)	**2024**	2023	Change
Royalty interest	**$ 73,807**	$ 75,933	-3%
Bonus consideration and lease rentals	**466**	639	-27%
Royalty and other revenue	**$ 74,273**	$ 76,572	-3%

Royalty and Other Revenue by Type

	Three months ended March 31		
($000s)	**2024**	2023	Change
Oil	**$ 60,122**	$ 57,975	4%
Natural gas	**6,354**	10,317	-38%
Natural gas liquids	**6,906**	7,233	-5%
Potash	**425**	408	4%
Bonus consideration and lease rentals	**466**	639	-27%
Royalty and other revenue	**$ 74,273**	$ 76,572	-3%

General and Administrative

Freehold has a business development group dedicated to the acquisition and development of its future and existing assets and a diversified royalties' team who are evaluating non-hydrocarbon, resource-based royalty opportunities in addition to land administration, accounting, and auditing expertise to administer and collect royalty payments, including systems to track development activity on its royalty lands. General and administrative (G&A) expenses include directly billed costs in addition to costs incurred by the Manager (as defined below) and billed to Freehold (see Related Party Transactions).

In Q1-2024, G&A expenses of $4.8 million was down 8% from the same period in 2023, largely due to timing differences in G&A costs qualifying for capitalization between the periods.

On a per boe basis, the Q1-2024 G&A expense of $3.57/boe decreased by 9% from the same period in 2023.

	Three months ended March 31		
($000s, except as noted)	**2024**	2023	Change
General and administrative expenses before capitalized and overhead recoveries	**$ 5,905**	$ 6,012	-2%
Less: capitalized and overhead recoveries	**(1,116)**	(825)	35%
General and administrative expenses	**$ 4,789**	$ 5,187	-8%
Per boe ($)	**$ 3.58**	$ 3.91	-8%

Production and Ad Valorem Taxes

Production and ad valorem taxes are incurred in the U.S. at the state level derived from production and property values. The expense of $2.2 million during Q1-2024 was 43% higher than the same period in 2023. This increase reflects Freehold's most recent U.S. acquisitions, expanding its U.S. portfolio in Texas, which does not charge corporate income taxes but does assess flat tax rates on commodity revenues.

	Three months ended March 31		
($000s, except as noted)	**2024**	2023	Change
Production and ad valorem taxes	**$ 2,227**	$ 1,560	43%
Per boe ($)	**$ 1.66**	$ 1.18	41%

Interest and Financing

Interest on long term debt increased in Q1-2024 compared to the same period in 2023 related to increased average debt from borrowings for the most recent U.S. acquisitions and higher interest rates. The current reporting period's average effective interest rate on advances from Freehold's $300 million committed credit facilities was 6.6% (Q1-2023 – 5.9%).

	Three months ended March 31		
($000s, except as noted)	**2024**	2023	Change
Interest on long-term debt and financing fees	**$ 3,734**	$ 2,341	60%
Non-cash interest expense (1)	**66**	63	5%
Interest and finance expense	**$ 3,800**	$ 2,404	58%
Per boe - cash expense ($)	**$ 2.79**	$ 1.77	58%

1. Non-cash interest expense represents accretion of Freehold's decommissioning liability and lease obligation

Management Fee

The Manager (defined herein) receives a quarterly management fee, which Freehold has the right to settle through cash settlement or the issuance of Freehold common shares. Pursuant to the Management Agreement, the management fee is the equivalent value of 5,500 Freehold common shares per quarter. Starting in 2024, Freehold elected to settle this management fee through cash payments (2023 – settled through issuing common shares).

The management fees incurred in Q1-2024 of $0.1 million was consistent with the ascribed value attributable to management fees during the same period in 2023.

	Three months ended March 31		
	2024	2023	Change
Shares issued for management fees	**-**	5,500	-100%
Cash or ascribed value ($000s) [1]	**$ 80**	$ 80	0%
Per boe ($)	**$ 0.06**	$ 0.06	0%
Closing share price ($/share)	**$ 13.69**	$ 14.59	-6%

1. The ascribed value of the management fee settled in common shares during 2023 was based on Freehold's closing common share price per the Toronto Stock Exchange at the end of each quarter

Share Based Compensation

Freehold's award plans consist of grants of performance share units (PSUs) and restricted share units (RSUs) to executive officers and employees of Freehold under a Share Unit Award Plan (the Share Award Plan) and grants of deferred share units (DSUs) and restricted share units (DRSUs) to non-management directors and other service providers of Freehold under a Deferred and Restricted Share Unit Plan(the Director Award Plan, and when combined with the Share Award Plan, the Award Plans). The Award Plans are accounted as cash settled, where outstanding units are remeasured at each reporting period using the period end share price.

Share based compensation expense fluctuates with the units outstanding under the Award Plans, Freehold's share price at each period end, estimated PSU multipliers at each period end and the timing and quantity of forfeitures. Share based compensation expense was $2.3 million during Q1-2024, an increase of 276% compared to the same period of 2023. This increase reflects a higher share price during Q1-2024, closing at $14.59 per share at March 31, 2024 versus a decreasing share price during the same period in 2023.

During Q1-2024, Freehold paid $0.8 million in share based compensation, as previously charged against net income, to non-management directors, primarily comprised of redeemed DSUs from a retired director. Payouts to officers and employees generally occur in the second quarter of each year.

	Three months ended March 31		
($000s, except as noted)	**2024**	2023	Change
Share based compensation	**$ 2,300**	$ 611	276%
Cash payout on share based compensation	**$ 820**	$ -	nm
Per boe ($)	**$ 0.61**	$ -	nm

(nm) not meaningful

The following table details the Award Plans' grants and outstanding units:

	RSUs	PSUs	DSUs	DRSUs
Awards granted during the three months ended March 31, 2024	**-**	**-**	**57,572**	**26,268**
Balance outstanding as at March 31, 2024	**214,376**	**423,098**	**529,670**	**38,569**
Balance outstanding as at May 6, 2024	**206,169**	**393,940**	**532,948**	**38,807**

Netback and Cash Costs

The netback[(1)] allows Freehold to benchmark how changes in commodity pricing and our cash-based cost structure compare against prior periods. Freehold's netback[(1)] totaled $46.62/boe during Q1-2024, 8% lower than the same period in 2023. This decrease largely reflects lower average realized commodity pricing, higher cash-based interest costs and cash payouts under the Award Plans, primarily to a retired director.

Cash costs[(1)] during Q1-2024, as measured on boe basis and compared to the same period in 2023, were up 23% for reasons as described above.

	Three months ended March 31		
($/boe)	**2024**	2023	Change
Royalty and other revenue	**$ 55.47**	$ 57.79	-4%
Production and ad valorem taxes	**(1.66)**	(1.18)	41%
Net revenue [(1)]	**$ 53.81**	$ 56.61	-5%
Less:			
General and administrative	**$ (3.58)**	$ (3.91)	-8%
Operating expense [(2)]	**(0.15)**	(0.14)	7%
Interest and financing cash expense	**(2.79)**	(1.77)	58%
Mangement fee - cash settled	**(0.06)**	-	nm
Cash payout on share based compensation	**(0.61)**	-	nm
Cash costs [(1)]	**$ (7.19)**	$ (5.82)	24%
Netback [(1)]	**$ 46.62**	$ 50.79	-8%

1. See Non-GAAP and Other Financial Measures
2. Operating expense relates to working interest assets. Decommissioning liabilities reflected on Freehold's balance sheet and Q1-2024 production of 101 boe/d (Q1-2023 – 128 boe/d) included in volumes presented under the "production" heading above are also related to working interest assets.

(nm) not meaningful

Depletion, Depreciation and Other

Petroleum and natural gas interests, including acquisitions costs, and directly attributable G&A costs, are depleted on the unit-of-production method based on estimated proved and probable petroleum and natural gas reserves.

The depletion rate per boe of $17.55/boe in Q1-2024 is lower than the same period in 2023 largely due to revised reserve estimates as at December 31, 2023 reflecting previously unbooked drilling additions.

	Three months ended March 31		
($000s, except as noted)	**2024**	2023	Change
Depletion	**$ 23,501**	25,755	-9%
Depreciation	**803**	$ 40	1908%
Depletion and depreciation	**$ 24,304**	$ 25,795	-6%
Depletion per boe ($)	**$ 17.55**	$ 19.44	-10%

Foreign Exchange

Freehold has intercompany balances which arose from financing several years of U.S. royalty acquisitions, including most recently in Q1-2024. Although these balances eliminate on consolidation, the foreign exchange change in the intercompany balance held by the Canadian parent is recognized as foreign exchange within net income whereas revaluation by the U.S. subsidiary is recognized within other comprehensive income due to different functional currencies between these entities. These intercompany positions are revalued at the relevant foreign exchange rate at each period end partially offset by changes in the Canadian dollar equivalent of the portion of Freehold's long-term debt denominated in U.S. dollars when outstanding.

At March 31, 2024, as compared to December 31, 2023, the U.S. dollar strengthened relative to the Canadian dollar to CDN$1.35/US, resulting in a foreign exchange gain during Q1-2024.

	Three months ended March 31		
($000s)	**2024**	2023	Change
Foreign exchange (gain) loss on:			
Intercompany note	**$ (7,572)**	$ 375	2119%
Long-term debt	**781**	(140)	-658%
	$ (6,791)	$ 235	2990%

Impairment

At December 31, 2024, there were no indicators of impairment on Freehold's U.S. and Canadian royalty cash generating units nor on its exploration and evaluation assets. As a result, no impairment testing was conducted.

Income Taxes

Freehold's taxable income is based on revenues less deductible expenses, including tax pool deductions. For Q1-2024, income tax expenses of $9.3 million decreased from the same period in 2023, reflecting lower revenues.

	Three months ended March 31		
($000s)	**2024**	2023	Change
Current income tax expense	**$ 8,001**	$ 8,732	-8%
Deferred income tax expense	**1,339**	734	82%
Income taxes	**$ 9,340**	$ 9,466	-1%

CRA Assessments

The Canada Revenue Agency (CRA) has assessed Freehold's prior years' tax returns, denying $222 million of non-capital losses (NCL's) (the Assessments). Pursuant to the Assessments, denied NCL claims resulted in taxes, interest, and penalties totaling an estimated $62 million. Freehold has objected to all Assessments, providing deposits totaling $30.9 million as at March 31, 2024 (December 31, 2023 – $29.3 million).

Freehold has received legal advice that it should be entitled to deduct the NCLs and as such, expects to be successful in challenging the Assessments.

Net Income and Comprehensive Income

In Q1-2024, Freehold had net income of $34.0 million, an increase compared to $31.1 million in the same period in 2023, as the effect from a foreign exchange gain more than offset lower royalty and other revenue. For the same periods and for the same reasons, comprehensive income also increased as further impacted by a foreign currency translation gain related to the translation of Freehold's wholly-owned U.S. subsidiary to Canadian dollars.

	Three months ended March 31		
($000s, except per share)	**2024**	2023	Change
Net income	**$ 34,019**	$ 31,051	10%
Per share, basic and diluted ($)	**$ 0.23**	$ 0.21	10%
Comprehensive income	**$ 40,132**	$ 30,979	30%

Liquidity and Capital Resources

We define capital (and capitalization) as long-term debt, shareholders' equity and working capital. We retain working capital primarily to fund capital expenditures or acquisitions, pay dividends and reduce bank indebtedness. We manage our capital structure taking into account operating activities, debt levels, debt covenants, acquisitions, dividend levels, foreign exchange rates and taxes, among others. We also consider changes in economic conditions and commodity prices as well as the risk characteristics of our assets. Ongoing acquisitions and third-party development activities are necessary to replace production and extend reserve life. From time to time, we may issue shares to finance acquisitions.

Operating Activities

Cash Flow from Operations and Funds from Operations

We consider funds from operations to be a key measure of operating performance as it demonstrates Freehold's ability to pay dividends, fund acquisitions and repay debt. We believe this measure provides a useful assessment of Freehold's operations on a continuing basis by eliminating certain non-cash charges. Funds from operations per share is calculated based on the weighted average number of shares outstanding consistent with the calculation of net income per share.

Funds from operations for Q1-2024 decreased to $54.4 million ($0.36/share) from $58.6 million ($0.39/share) in the same period of 2023. This decrease reflects lower royalty and other revenues largely caused by natural gas benchmarks in addition to higher borrowing costs and the cash settlement of units issued under the Director Awards Plan in the current period.

Cash flow from operations of $52.5 million during Q1-2024 was approximately 23% higher than the same period of 2023, when Freehold paid a $29.3 million tax instalment.

	Three months ended March 31		
($000s, except as noted)	**2024**	2023	Change
Cash flow from operations	**$ 52,479**	$ 42,562	23%
Funds from operations	**$ 54,362**	$ 58,569	-7%
Per share - basic ($)[1] [2]	**$ 0.36**	$ 0.39	-8%

1. Weighted average number of shares outstanding during the period, basic
2. Funds from operations per share is a supplementary financial measure

Working Capital

We retain working capital (calculated as current assets, less current liabilities) primarily to fund dividends, acquisitions, expenditures and/or repayments of long-term debt. In the oil and gas industry, accounts receivable from industry partners are typically settled in the following month. However, due to royalty administration, payments to royalty owners are often delayed longer. Also, working capital can fluctuate significantly due to volume and commodity price changes at each period end. Changes in the declared dividend and timing differences between accruing a liability, such as current income taxes, and the related payments can also affect working capital.

Working capital on March 31, 2024, was $13.1 million, 41% or $9.0 million lower when compared to December 31, 2023. This decrease largely reflects the partially funding of the most recent U.S. acquisitions from deposits held at December 31, 2023.

($000s)	At March 31 **2024**	At December 31 2023	Change
Working capital [1][2]	**$ 13,066**	$ 22,081	-41%

1. Working capital is a capital management measure
2. The December 31, 2023 balance has been restated due to the retrospective adoption of IAS 1 (see Amendments to IAS 1 Presentation of Financial Statements)

Financing Activities

Long-Term Debt

Freehold's credit facilities with a syndicate of four Canadian banks have a committed revolving facility availability of $285 million and an operating facility availability of $15 million, where either facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the committed revolving facility to $435 million subject to lenders' consent. Both the committed revolving and operating facilities mature October 21, 2025. At March 31, 2024, $223.6 million was drawn on the committed revolving facility (December 31, 2023 – $123.0 million), consisting of Canadian dollar and U.S. dollar denominated borrowings of $144.7 million (December 31, 2023 – $123.0 million) and US$58.2 million ($78.9 million) (December 31, 2023 – $nil), respectively. There were no drawings against the operating facility. The credit facilities are secured with a $400 million first charge demand debenture over all of Freehold's Canadian royalty income assets and fixed charge mortgage securities on certain U.S. royalty income assets with associated proved developed producing reserves.

Freehold's credit agreement contains, among affirmative covenants, two financial covenants: (i) long-term debt to EBITDA on royalty interest properties (calculated as earnings on royalty interest properties before non-cash charges including, but not limited to, interest, taxes, depletion and depreciation and amortization) shall not exceed 3.5 times (0.8 times at March 31, 2024); and (ii) long-term debt to the aggregate of long-term debt and shareholders' equity percentage shall not exceed 55% (19% at March 31, 2024). Freehold forecasts to be in compliance with all covenants on a quarterly basis for at least the next year based on its current best estimate of results from operations.

Outstanding borrowings under the credit facilities bear interest on U.S. and Canadian denominated drawings at Secured Overnight Financing Rate (SOFR) and Canadian Dollar Offered Rate (CDOR), respectively, or at the lender's prime lending rate plus applicable margins and standby fees, dependent on ratios of Freehold's long-term debt to EBITDA on royalty interest properties. The publication of CDOR will cease after June 28, 2024, with the credit facilities transitioning to Canadian Overnight Repo Rate Average (CORRA) based loans. Freehold does not expect this transition will cause a significant difference on the cost of its borrowings under the credit facilities.

At March 31, 2024 and December 31, 2023, the fair value of the long-term debt approximated its carrying values, as the long-term debt carries interest at prevailing market and foreign exchange rates.

Net Debt

During Q1-2024, net debt increased by $109.6 million, or 109%, to $210.5 million from $100.9 million at December 31, 2023, as a result of lower working capital and a debt draw to fund the most recent U.S. acquisitions.

Freehold's net debt to trailing funds from operations ratio of 0.9 times at March 31, 2024 increased from 0.4 times at December 31, 2023, reflecting the Q1-2024 debt draw of $99.9 million, although this ratio excludes the proforma funds from operations from the most recent U.S. acquisitions. Following these acquisitions, this ratio remained well within our net debt strategy target of below 1.5 times. This ratio is a financial leverage measure. It represents the number of years it would take Freehold to reduce its net debt to zero if funds from operations was held constant and there were no other cash outflow obligations required such as dividends and acquisitions, among others.

Freehold uses the capital management measure capitalization which is defined as net debt plus shareholders' equity. The associated capital management measure net debt to capitalization ratio is a financial leverage measure that shows the portion of capital relating to debt. Freehold's net debt to capitalization ratio was 19% at March 31, 2024, an increase of 9% from December 31, 2023.

Debt Analysis

($000s)	At March 31 **2024**	At December 31 2023	Change
Long-term debt	**$ 223,604**	$ 122,973	82%
Working capital [1][2]	**(13,066)**	(22,081)	-41%
Net debt [1][2]	**$ 210,538**	$ 100,892	109%

1. Working capital and net debt are capital management measures
2. The December 31, 2023 balances were restated due to the retrospective adoption of IAS 1 (see Amendments to IAS 1 Presentation of Financial Statements)

Financial Leverage Ratios

	At March 31 **2024**	At December 31 2023	Change
Net debt to funds from operations (times) [1][2][3]	**0.9**	0.4	125%
Net debt to capitalization (%) [3]	**19%**	10%	90%

1. Funds from operations are 12-months trailing and do not include the proforma effects of acquisitions
2. Net debt to trailing funds from operations is a capital management measure
3. The December 31, 2023 ratios were restated due to the retrospective adoption of IAS 1 (see Amendments to IAS 1 Presentation of Financial Statements)

Shareholders' Capital

No shares were issued in the first three months of 2024.

At each of March 31, 2024 and May 6, 2024, there were 150,689,334 common shares outstanding.

Shareholders' Capital

	March 31, 2024			December 31, 2023		
($000s, except as noted)	**Shares**		**Amount**	Shares		Amount
Balance, beginning of period	**150,689,334**	**$**	**1,500,639**	150,667,334	$	1,500,331
Issued for payment of management fee	**-**		**-**	22,000		308
Balance, end of period	**150,689,334**	**$**	**1,500,639**	150,689,334	$	1,500,639

Weighted Average Shares

	Three months ended March 31		
	2024	2023	Change
Weighted average			
Basic	**150,689,334**	150,667,395	0%
Diluted	**151,291,520**	151,185,938	0%
At period end	**150,689,334**	150,672,834	0%

Dividend Policy and Analysis

The Board reviews and determines the monthly dividend rate on a quarterly basis, or as conditions necessitate, after considering many factors including but not limited to expected commodity prices, foreign exchange rates, economic conditions, production volumes, taxes payable, and Freehold's capacity to finance operating and investing obligations and opportunities. The dividend rate is established with the intent of absorbing short-term market volatility over several months. It also recognizes our intention to fund capital expenditures primarily through funds from operations and to maintain a strong balance sheet to take advantage of acquisition opportunities and withstand potential commodity price declines.

The payment of dividends by a corporation is governed by the liquidity and insolvency tests described in the *Business Corporations Act* (Alberta) (ABCA). Pursuant to the ABCA, after the payment of a dividend, we must be able to pay our liabilities as they become due and the realizable value of our assets must be greater than our liabilities and the legal stated capital of our outstanding securities. At March 31, 2024, our legal stated capital was $361 million.

2024 Dividends Declared

Record Date	Payment Date		Dividend Amount ($/share)
January 31, 2024	February 15, 2024	**$**	**0.09**
February 29, 2024	March 15, 2024	**$**	**0.09**
March 28, 2024	April 15, 2024	**$**	**0.09**
		$	**0.27**

Subsequent to Q1-2024, on April 16, 2024, the Board declared a dividend of $0.09 per common share to be paid on May 15, 2024, to common shareholders on record on April 30, 2024. On May 6, 2024, the Board declared a dividend of $0.09 per common share to be paid on June 17, 2024, to common shareholders on record on May 31, 2024.

2024 Dividends Paid

Total dividends paid in Q1-2024 of $40.7 million ($0.27/share), were unchanged from the same period in 2023.

From inception in 1996 through to March 31, 2024, Freehold has distributed in excess of $2.1 billion ($35.41 per share) to our shareholders. Freehold's dividends are designated as eligible dividends for Canadian income tax purposes.

Accumulated Dividends[1]

	Three months ended March 31		
($000's, except per share)	2024	2023	Change
Dividends declared	**$ 40,686**	$ 40,681	0%
Accumulated, beginning of period	**2,115,329**	1,952,597	8%
Accumulated, end of period	**$ 2,156,015**	$ 1,993,278	8%
Dividends per share ($) (2)	**$ 0.27**	$ 0.27	0%
Accumulated, beginning of period ($)	**35.14**	34.06	3%
Accumulated, end of period ($)	**$ 35.41**	$ 34.33	3%

1. Accumulated dividends reflect distributions paid on trust units of Freehold Royalty Trust (the predecessor of Freehold) from 1996 through 2010 and dividends on common shares of Freehold from 2011 onwards
2. Based on the number of shares issued and outstanding at each record date

Dividend Payout Ratio[2]

In Q1-2024, Freehold's payout(2) ratio was 75% with excess funds from operations largely used to partially fund the most recent U.S. acquisitions.

	Three months ended March 31		
($000s, except as noted)	2024	2023	Change
Dividends paid (1)	**$ 40,686**	$ 40,680	0%
Funds from operations	**$ 54,362**	$ 58,569	-7%
Dividend payout ratio (%) (2)	**75%**	69%	9%

1. Based on the dividend payment date which is generally on the 15th day of the month following the month it was declared
2. Dividend payout ratio is a supplementary financial measure

Dividend payout ratios, a supplementary financial measure, are often used for dividend paying companies in the oil and gas industry to identify dividend levels in relation to the funds a company receives and uses in its capital and operational activities. Freehold's dividend payout ratio is calculated as dividends declared as a percentage of funds from operations.

With the goal of aligning dividend levels to a stronger and stabilizing business outlook, Freehold increased its monthly dividend from $0.04/share in May 2021, to $0.05/share in August 2021, to $0.06/share in November 2021, to $0.08/share in March 2022 and to $0.09/share, or $1.08/share on an annualized basis, in August 2022.

Investing Activities

Acquisitions and Related Expenditures

U.S. Acquisitions

In January 2024, Freehold closed two transactions, acquiring U.S. mineral title and royalty assets for aggregate consideration of $116.2 million (US$85.4 million), after customary closing adjustments, in the Midland and

Delaware basins of the Permian located in Texas and New Mexico. The transactions were largely funded by borrowings from Freehold's credit facility.

Canadian Acquisitions

In Q1-2024, Freehold invested $3.9 million to acquire GORRs in the Clearwater play in central Alberta and $0.2 million for two potash royalty interest transactions (see Related Party Transactions).

Related Expenditures

Freehold capitalized G&A costs of $1.1 million that were directly attributable to acquisition activities and miscellaneous expenditures of $0.1 million in Q1-2024.

Related Party Transactions

Freehold does not have any employees. Rather, Freehold is managed by Rife Resources Management Ltd. (the Manager) pursuant to a management agreement (the Management Agreement). The Manager is a wholly-owned subsidiary of Rife Resources Ltd. (Rife). Rife is 100% owned by the pension funds for the employees of the Canadian National Railway Company (the CN Pension Trust Funds), and both Rife and the CN Pension Trust Funds are shareholders of Freehold. Combined they have a 16.7% ownership in Freehold at each of March 31, 2024 and December 31, 2023. Canpar Holdings Ltd. (Canpar) and Evergreen Royalties Ltd. (including its wholly owned U.S. subsidiary, Evergreen, and together Rife, Canpar and the Manager, the Related Parties) are managed by Rife and owned 100% by the CN Pension Trust Funds. Two of the directors of each of Rife, Canpar and Evergreen are also directors of Freehold.

All amounts owing to/from the Related Parties are unsecured, non-interest bearing and due on demand. All transactions were in the normal course of operations and were measured at the exchange amount, with consideration established and agreed to by the parties.

Rife Resources Management Ltd.

The Manager provides certain services for a fee based on a specified number of Freehold common shares on a quarterly basis. Pursuant to the Management Agreement, the management fee is the equivalent value of 5,500 Freehold common shares per quarter. Starting in 2024, Freehold elected to settle this management fee through cash payments (2023 – settled through issuing common shares), resulting in a $0.1 million charge (three months ended March 31, 2023 – an ascribed value of common shares issued of $0.1 million) as determined from the closing price per the Toronto Stock Exchange of Freehold's common shares on the last trading day of the quarter.

For the three months ended March 31, 2024, the Manager charged $4.6 million in G&A costs (three months ended March 31, 2023 – $5.1 million). At March 31, 2024, there was $3.1 million (December 31, 2023 – $0.2 million) in accounts payable and accrued liabilities relating to these G&A costs and management fees.

Rife Resources Ltd. and CN Pension Trust Funds

For each of the three months ended March 31, 2024 and 2023, Freehold paid $6.8 million, in cash dividends to Rife and the CN Pension Trust Funds for their combined ownership in Freehold's common shares. In addition, Freehold receives royalties from Rife pursuant to various royalty agreements. For each three month period ended March 31, 2024 and 2023, Freehold received royalties of approximately $0.1 million from Rife. At each of March

31, 2024 and December 31, 2023, there was $2.3 million in dividends payable due to Rife and the CN Pension Trust Funds related to dividends declared.

Canpar Holdings Ltd.

Freehold and Canpar generally share mineral title ownership in a substantial land base in western Canada. Generally, Canpar owns mineral rights that were below the deepest producing formation at the time that Freehold was created, and Freehold holds the balance of the mineral rights. Where Freehold is not the legal registered owner of such mineral rights, Canpar holds these rights in trust for Freehold and receives the royalty payments in respect of such mineral rights on behalf of Freehold. Amounts due from Canpar at March 31, 2024 and December 31, 2023 were nominal.

Freehold maintains an acquisitions opportunities agreement with the Related Parties, that reaffirms Freehold's priority right to acquire petroleum royalty interest opportunities and provides Freehold the right to participate in potential other mineral royalty interest opportunities including those identified on the lands of the Related Parties.

Pursuant to the acquisitions opportunities agreement, during the three months ended March 31, 2024 Freehold elected to participate in certain Canpar acquired mineral royalty potash mine interests, for $0.2 million in exchange for an equal share of Canpar's interests, where these proceeds equal one-half of the acquisition price paid by Canpar to a third party.

Select Quarterly Information

	2024	2023				2022		
Financial ($millions, except as noted)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Royalty and other revenue	**74.3**	80.1	84.2	73.7	76.6	98.5	98.4	108.5
Net income	**34.0**	34.3	42.3	24.3	31.1	40.7	63.2	66.9
Per share, basic & diluted ($) (1)	**0.23**	0.23	0.28	0.16	0.21	0.27	0.42	0.44
Cash flows from operations	**52.5**	70.7	53.7	49.9	42.6	82.7	99.9	75.4
Funds from operations	**54.4**	62.8	65.3	53.0	58.6	80.0	80.8	83.8
Per share, basic & diluted ($) (1)	**0.36**	0.42	0.43	0.35	0.39	0.53	0.54	0.56
Acquisitions and related expenditures	**121.5**	2.1	1.2	3.2	4.3	7.2	161.7	20.7
Dividends paid	**40.7**	40.7	40.7	40.7	40.7	40.7	37.7	36.2
Per share ($) (2)	**0.27**	0.27	0.27	0.27	0.27	0.27	0.25	0.24
Dividends declared	**40.7**	40.7	40.7	40.7	40.7	40.7	39.2	36.2
Per share ($) (2)	**0.27**	0.27	0.27	0.27	0.27	0.27	0.26	0.24
Payout ratio (%) (3)	**75%**	65%	62%	77%	69%	51%	47%	43%
Long term debt	**223.6**	123.0	141.2	152.0	159.1	156.6	196.9	86.0
Net debt (4)(5)	**210.5**	100.9	113.4	136.9	122.3	135.5	166.4	39.7
Shares outstanding, period end (millions)	**150.7**	150.7	150.7	150.7	150.7	150.7	150.7	150.6
Average shares outstanding (millions) (1)	**150.7**	150.7	150.7	150.7	150.7	150.7	150.6	150.6
Operating								
Light and medium oil (bbls/d)	**6,094**	6,308	6,325	6,093	6,102	6,418	5,935	5,378
Heavy oil (bbls/d)	**1,300**	1,182	1,127	1,167	1,253	1,218	1,190	1,239
NGL (bbls/d)	**1,884**	1,878	1,678	1,845	1,788	1,781	1,708	1,613
Total liquids (bbls/d)	**9,278**	9,368	9,130	9,105	9,143	9,417	8,833	8,230
Natural gas (Mcf/d)	**32,617**	32,968	32,851	33,372	33,486	33,744	32,319	31,336
Total production (boe/d) (6)	**14,714**	14,863	14,605	14,667	14,724	15,041	14,219	13,453
Oil and NGL (%)	**63%**	63%	63%	62%	62%	63%	62%	61%
Petroleum and natural gas realized price ($/boe)	**54.81**	57.94	61.55	54.05	56.99	69.76	74.31	87.55
Cash costs ($/boe) (3)(6)	**7.19**	4.73	5.10	7.19	5.82	5.17	3.62	8.38
Netback ($/boe) (3)(6)	**46.62**	52.59	55.63	46.07	50.79	63.92	69.77	78.80
Benchmark Prices								
West Texas Intermediate crude oil (US$/bbl)	**76.96**	78.32	82.26	73.78	76.13	82.64	91.56	108.41
Average Exchange rate (Cdn$/US$)	**1.35**	1.36	1.34	1.34	1.35	1.35	1.30	1.28
Edmonton Light Sweet crude oil (Cdn$/bbl)	**92.14**	99.69	107.89	94.97	99.03	109.83	116.85	137.79
Western Canadian Select crude oil (Cdn$/bbl)	**77.77**	76.96	93.05	78.76	69.31	77.08	93.49	122.09
Nymex natural gas (US$/Mcf)	**2.33**	2.98	2.64	2.17	3.30	6.03	8.20	7.17
AECO 7A Monthly Index (Cdn$/Mcf)	**2.07**	2.70	2.42	2.40	4.34	5.58	5.50	6.27

1. Weighted average number of shares outstanding during the period, basic
2. Based on the number of shares issued and outstanding at each record date
3. See Non-GAAP and Other Financial Measures
4. Net debt is a capital management measure
5. The previously reported balances have been restated due to the retrospective adoption of IAS 1 (see Amendments to IAS Presentation of Financial Statements)
6. See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

Controls, Accounting and Regulatory Matters

Internal Control Over Financial Reporting

Freehold is required to comply with National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*. The certification of interim filings requires us to disclose in the MD&A any changes in our internal controls over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting. We confirm that no such changes were made to the internal controls over financial reporting from January 1, 2024 to March 31, 2024. The Chief Executive Officer and Chief Financial Officer have signed form 52-109F2, *Certification of Interim Filings*, which can be found on SEDAR+ at www.sedarplus.ca.

Amendments to IAS 1 Presentation of Financial Statements

On January 1, 2024, Freehold adopted amendments to IAS 1 Presentation of Financial Statements that specify the requirements for the classification of debt and other liabilities as either current or non-current. The amendments clarify, what is meant by the right to defer settlement, that the right to defer settlement must exist at the end of the reporting period and that classification is unaffected by the likelihood that an entity will exercise its deferral rights. Additionally, the amendment clarifies the disclosure requirements for loan arrangements that contain covenants and the classification requirements when a covenant is breached.

The requirement to retrospectively adopt the amendments to IAS 1 resulted in the restatement of Freehold's balance sheets as at December 31, 2023 and January 1, 2023, as presented, reclassifying $7.2 million and $7.6 million, respectively, of share based compensation payable from long-term to current liabilities. As such, the current share based compensation payable as at December 31, 2023 increased from $5.6 million to $12.8 million (as at January 1, 2023 - increased from $3.9 million to $11.5 million), with an offsetting decrease to the long-term portion of share based compensation payable from $9.4 million to $2.2 million (as at January 1, 2023 - decrease from $12.2 million to $4.5 million). Correspondingly, the retrospective adoption resulted in the restatement of the capital management measures of working capital, net debt and capitalization as at December 31, 2023 (see Working Capital and Net Debt sections above). Additionally, net debt has been restated for each period presented in the Select Quarterly Information table. The amounts reclassified in each period presented are immaterial.

Sustainability Reporting

During 2023, the International Sustainability Standards Board (ISSB) published the following two IFRS sustainability disclosure standards: "General Requirements for Disclosure of Sustainability-related Financial Information"(IFRS S1) and "Climate-related Disclosures" (IFRS S2). These standards "[set] out the overall requirements for disclosing sustainability-related financial information in order to provide primary users with a complete set of sustainability-related financial disclosures" and "[set] out the requirements for identifying, measuring and disclosing climate-related risks and opportunities as part of an entity's general purpose financial reporting." Currently, IFRS S1 and S2 are subject to adoption by the international community, including by the Canadian Securities Administrators (CSA). In response, the CSA formed the Canadian Sustainability Standards Board (CSSB) whose mandate is to develop and support adopting international sustainability standards in Canada. In March 2024, the CSSB released two proposed standards for consultation, deliberation and feedback, with these proposed standards aligned to IFRS S1 and S2, with the exception of a Canadian-specific effective date of adoption on January 1, 2025, a one year deferral from the effective date approved by the ISSB, and incremental transition relief. Although the CSSB's two proposed standards are currently voluntary, Canada's regulators and legislatures will determine whether these proposed standards should be mandated, and if so, who will need to apply them and over what time frame. In parallel, the CSA acknowledges it will seek consultations on its climate-related disclosure rules following the finalization of the proposed CSSB standards. With the adoption of sustainability standards in Canada, either voluntary or mandated, Freehold, at this time, is in the preliminary stages of understanding the impacts on its future financial statements and other required sustainability reporting. Costs to comply with these sustainability disclosures is not quantifiable at this time.

Forward-looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or our expectations of future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "forecast", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions (including the negatives thereof). These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and, as such, forward-looking statements included in this MD&A should not be unduly relied upon. These forward-looking statements are provided to allow readers to better understand our business and prospects.

In particular, this MD&A contains forward-looking statements under the headings Freehold's Strategy, Outlook, 2024 Guidance, Q4-2023 Operating and Financial Highlights, Credit Risk Management, CRA Assessments, Liquidity and Capital Resources, Financing Activities, Dividend Policy and Analysis and Changes in Accounting Standards pertaining to the following:

- our expectation of generating growth and lower risk returns to our shareholders by driving oil and gas development on our lands through our lease program and royalty optimization, acquiring royalty assets with acceptable risk profiles and long economic life and generating GORRs for revenue growth;
- our expectation that we will maximize Freehold's royalty interests through a comprehensive audit and compliance program, our intent to maintain balance sheet strength (1.5 times or less net debt to trailing funds from operations) and target a dividend payout ratio of approximately 60%;
- expectations that gains in commodity prices and the relative strength of Freehold's royalty payors will drive activity on North American royalty lands through the remainder of the year;
- expectations with respect to drilling activity in Canada and the U.S. for the remainder of the year and expectations that a new layer of development will be bolstered by Freehold's strong leasing program in Canada;
- expectations that production from the U.S. mineral title transactions that closed in January, 2024 will increase throughout 2024 and the associated forecasted production;
- anticipated 2024 production and the estimated commodity weighting of such production;
- the possibility that we may take our royalty in-kind if there are benefits in doing so;
- Freehold's expectations regarding the Assessments;
- expectations regarding the issuance of shares to finance acquisitions;
- our forecast to be in compliance with all covenants under our credit facilities on a quarterly basis for at least the next year based on Freehold's current best estimate of results from operations;

- the expectation that the transition from publication of CDOR rates will cease and the timing thereof, the anticipated transition of credit facilities to CORRA based loans and the expectation that this will not cause a significant difference on the cost of our borrowings under the credit facilities;
- Freehold's intent in establishing its dividend rate and the process;
- expectations with respect to Canada's regulators and legislatures and sustainability reporting; and
- treatment under governmental regulatory regimes and tax laws.

Our actual results could differ materially from those anticipated in these forward-looking statements because of many factors, the most significant of which are as follows:

- volatility in market prices for crude oil, NGL and natural gas;
- the impacts of the ongoing Israeli-Hamas and Russia-Ukraine wars and any associated sanctions as well as OPEC+ curtailments on the global economy and commodity prices;
- the impacts of inflation and supply chain shortages on the operations of our industry partners and royalty payors, as well as on demand and commodity prices;
- future capital expenditure levels;
- future production levels;
- future exchange rates;
- future tax rates;
- future legislation;
- the cost of developing and expanding our assets;
- our ability and the ability of our industry partners and royalty payors to obtain equipment in a timely manner to carry out development activities;
- our ability to market our product successfully to current and new customers;
- our expectation for the consumption of crude oil, NGLs and natural gas;
- our expectation for industry drilling levels on our royalty lands;
- the impact of competition;
- our ability to obtain financing on acceptable terms;
- our ability to add production and reserves through our development and acquisitions activities.
- pipeline capacity constraints;
- currency fluctuations;
- our and our counsel's interpretation of tax laws, regulations, royalties, or incentive programs relative to the interpretation and enforcement of thereof by governmental authorities;
- changes in income tax laws or changes in tax laws, regulations, royalties, or incentive programs relating to the oil and gas industry;
- reliance on royalty payors to drill and produce on our lands and their ability to pay their obligations;
- uncertainties or imprecision associated with estimating oil and gas reserves;

- stock market volatility and our ability to access sufficient capital from internal and external sources;
- a significant or prolonged downturn in general economic conditions or industry activity;
- incorrect assessments of the value of acquisitions;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- geological, technical, drilling, and processing problems;
- environmental risks and liabilities inherent in oil and gas operations; and
- other factors discussed in this MD&A, the interim financial statements, the audited financial statements and our AIF.

Key operating assumptions with respect to the forward-looking statements contained in this MD&A are provided in the Outlook section and elsewhere in this MD&A. In addition, with respect to forward-looking statements contained in this MD&A, we have made assumptions regarding, among other things, future commodity prices, future capital expenditure levels, future production levels, future exchange rates, future tax rates, future legislation, the cost of developing and producing our assets, our ability and the ability of our lessees to obtain equipment in a timely manner to carry out development activities, the interpretation and implementation of tax legislation, our ability to market our oil and gas successfully to current and new customers, our expectation for the consumption of crude oil and natural gas, our expectation for industry drilling levels, assumptions as to expected performance of current and future wells drilled by our royalty payors, our ability to obtain financing on acceptable terms, shut-in production, production additions from our audit function and our ability to add production and reserves through development and acquisition activities.

To the extent any guidance or forward-looking statements herein constitutes a financial outlook, they are included herein to provide readers with an understanding of management's plans and assumptions for budgeting purposes and readers are cautioned that the information may not be appropriate for other purposes. You are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net income, as further information becomes available and as the economic environment changes.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement and speak only as of the date of this MD&A. Our policy for updating forward-looking statements is to update our key operating assumptions quarterly and, except as required by law, we do not undertake to update any other forward-looking statements.

Non-GAAP and Other Financial Measures

Within this MD&A, references are made to terms commonly used as key performance indicators in the oil and gas industry. We believe that net revenue, cash costs, netback, dividend payout ratio and funds from operations per share are useful non-GAAP financial measures for management and investors to analyze operating performance, financial leverage, and liquidity, and we use these terms to facilitate the understanding and comparability of our results of operations and financial position. However, these terms do not have any standardized meanings prescribed by GAAP and therefore may not be comparable with the calculations of similar measures for other entities.

Net revenue, which is calculated as revenues less ad valorem and production taxes (as incurred in the U.S. at the state level, largely Texas, which do not charge corporate income taxes but do assess flat tax rates on commodity revenues in addition to property tax assessments) details the net amount Freehold receives from its royalty payors, largely after state withholdings. Please refer to the table under the heading Netback and Cash Costs within this MD&A for a quantitative calculation of net revenue.

Cash costs, which is also calculated on a boe basis, is comprised of recurring cash based costs, excluding taxes, reported on the statements of operations. For Freehold, cash costs are identified as operating expense, G&A expense, cash-based interest charges, cash-based management fees, and share based payouts. Cash costs allow Freehold to benchmark how changes in its manageable cash-based cost structure compare against prior periods. Please refer to the table under the heading Netback and Cash Costs within this MD&A for a quantitative calculation of cash costs.

Netback, which is calculated on a boe basis, as average realized price less production and ad valorem taxes, operating expenses, G&A expense, cash-based interest charges, cash-based management fees and share based payouts, represents the per boe netback amount allowing the Company to benchmark how changes in commodity pricing, net of production and ad valorem taxes, and our cash-based cost structure compare against prior periods. Please refer to the table under the heading Netback and Cash Costs within this MD&A for a quantitative calculation of netback.

Dividend payout ratios are often used for dividend paying companies in the oil and gas industry to identify dividend levels in relation to funds from operations that are also used to finance debt repayments and/or acquisition opportunities. Dividend payout ratio is calculated as dividends paid as a percentage of funds from operations. Please refer to the table under the heading Dividend Policy and Analysis – Dividend Payout Ratio within this MD&A for discussion on this supplementary financial measure.

Funds from operations per share, which is calculated as funds from operations divided by the weighted average shares outstanding, provides direction if changes in commodity prices, cash costs, and/or acquisitions were accretive on a per share basis. Please refer to the table under the heading Cash Flow from Operations and Funds from Operations within this MD&A for discussion on this supplementary financial measure.

Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (boe). We use the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 barrel). The 6:1 boe ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited) ($000s)	March 31 2024	December 31 2023	January 1 2023
		Note 2	Note 2
Assets			
Current assets:			
Cash	$ -	$ -	$ 524
Accounts receivable	48,757	43,329	57,650
Income taxes receivable	1,074	-	-
Acquisition deposits	-	12,086	-
Current portion of income tax deposits	-	-	21,909
	49,831	55,415	80,083
Income tax deposits (note 3)	30,856	29,274	-
Exploration and evaluation assets (note 4)	61,635	63,059	68,758
Petroleum, natural gas and other interests (note 5)	1,081,316	970,675	1,063,162
Total Assets	$ 1,223,638	$ 1,118,423	$ 1,212,003
Liabilities and Shareholders' Equity			
Current liabilities:			
Dividends payable (note 8)	$ 13,562	$ 13,562	$ 13,560
Accounts payable and accrued liabilities	7,103	4,877	4,016
Current portion of share based compensation payable (note 6)	14,505	12,845	11,473
Current income taxes payable	859	1,314	29,303
Current portion of lease obligation	236	236	195
Current portion of decommissioning liability	500	500	500
	36,765	33,334	59,047
Lease obligation	1,342	1,380	1,520
Share based compensation payable (note 6)	2,224	2,235	4,547
Decommissioning liability	5,502	5,532	5,437
Deferred income tax liability	30,992	29,206	24,551
Long-term debt (note 7)	223,604	122,973	156,560
Shareholders' equity:			
Shareholders' capital (note 8)	1,500,639	1,500,639	1,500,331
Accumulated other comprehensive income	10,222	4,109	10,167
Deficit	(587,652)	(580,985)	(550,157)
Total Shareholders' Equity	923,209	923,763	960,341
Total Liabilities and Shareholders' Equity	$ 1,223,638	$ 1,118,423	$ 1,212,003

See accompanying notes to the interim condensed consolidated financial statements

Subsequent event (note 8)

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited)	Three months ended March 31			
($000s, except per share and weighted average shares)		**2024**		2023
Revenue:				
Royalty and other revenue (note 9)	**$**	**74,273**	$	76,572
Expenses:				
General and administrative		**4,789**		5,187
Production and ad valorem taxes		**2,227**		1,560
Operating		**205**		183
Interest and financing (note 10)		**3,800**		2,404
Share based compensation (note 6)		**2,300**		611
Depletion and depreciation (note 5)		**24,304**		25,795
Foreign exchange (gain) loss (note 12)		**(6,791)**		235
Management fee (note 11)		**80**		80
		30,914		36,055
Income before taxes		**43,359**		40,517
Income taxes:				
Current income tax expense		**8,001**		8,732
Deferred income tax expense		**1,339**		734
		9,340		9,466
Net income	**$**	**34,019**	$	31,051
Other comprehensive income (loss)				
Foreign currency translation adjustment		**6,113**		(72)
Comprehensive income	**$**	**40,132**	$	30,979
Net income per share, basic and diluted	**$**	**0.23**	$	0.21
Weighted average number of shares:				
Basic		**150,689,334**		150,667,395
Diluted		**151,291,520**		151,185,938

See accompanying notes to the interim condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)	Three months ended March 31	
($000s)	**2024**	2023
Operating:		
Net income	**$ 34,019**	$ 31,051
Adjustments:		
Depletion and depreciation (note 5)	**24,304**	25,795
Foreign exchange (gain) loss (note 12)	**(6,791)**	235
Deferred income tax expense	**1,339**	734
Share based compensation (note 6)	**2,300**	611
Non-cash management fee (note 11)	**-**	80
Accretion of decommissioning liabilities and lease obligation	**68**	63
Operating payout on share based compensation (note 6)	**(820)**	-
Decommissioning expenditures	**(57)**	-
Funds from operations	**54,362**	58,569
Changes in non-cash working capital & other (note 15)	**(1,883)**	(16,007)
	52,479	42,562
Financing:		
Long-term debt net drawn	**99,850**	2,694
Dividends paid (note 8)	**(40,686)**	(40,680)
Lease obligation paid	**(59)**	(48)
	59,105	(38,035)
Investing:		
Acquisitions and related expenditures (note 5)	**(121,481)**	(4,268)
Changes in non-cash working capital & other (note 15)	**9,897**	(257)
	(111,584)	(4,525)
Increase in cash	**-**	3
Impact of foreign currency on cash balance	**-**	(19)
Cash, beginning of period	**-**	524
Cash, end of period	**$ -**	$ 508
Supplemental disclosures		
Interest paid	**$ 3,734**	$ 2,341
Income taxes paid, excluding tax deposits	**$ 9,531**	$ 32,380

See accompanying notes to the interim condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)	Three months ended March 31	
($000s)	**2024**	2023
Shareholders' capital:		
Balance, beginning of period	**$ 1,500,639**	$ 1,500,331
Shares issued for payment of management fee (note 11)	**-**	80
Balance, end of period	**1,500,639**	1,500,411
Accumulated other comprehensive income:		
Balance, beginning of period	**4,109**	10,167
Foreign currency translation adjustment	**6,113**	(72)
Balance, end of period	**10,222**	10,095
Deficit:		
Balance, beginning of period	**(580,985)**	(550,157)
Net income	**34,019**	31,051
Dividends declared (note 8)	**(40,686)**	(40,681)
Balance, end of period	**(587,652)**	(559,787)
Total shareholders' equity	**$ 923,209**	$ 950,719

See accompanying notes to the interim condensed consolidated financial statements

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023 (unaudited)

1. Basis of Presentation

Freehold Royalties Ltd. (Freehold) is incorporated under the laws of the Province of Alberta. Freehold's primary focus is acquiring and managing mineral royalties.

Freehold's principal place of business is located at 1000, 517 – 10 Avenue SW, Calgary, Alberta, Canada, T2R 0A8.

a) Statement of Compliance

These interim condensed consolidated financial statements, the "financial statements", have been prepared by management in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board and International Accounting Standard 34 Interim Financial Reporting. These financial statements do not include all the disclosures normally provided in annual financial statements and should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2023 (Annual Financial Statements).

These financial statements have been prepared in accordance with the same material accounting policies as disclosed in Note 2 of the Annual Financial Statements, other than as described in Note 2 below.

These financial statements were approved by Freehold's Board of Directors (the Board) on May 6, 2024.

b) Basis of Measurement and Principles of Consolidation

The financial statements have been prepared on a historical cost basis with the exception of certain financial instruments, which when recognized, are measured at fair value with the changes in their fair values recorded in net income and include the accounts of Freehold and its wholly-owned subsidiaries: Freehold Royalties (USA) Inc., 1872348 Alberta Ltd., Freehold Holdings Trust and Freehold Royalties Partnership. All intercompany balances and transactions have been eliminated in preparing the financial statements.

c) Use of Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the current reporting period.

2. Amendments to IAS 1 Presentation of Financial Statements

On January 1, 2024, Freehold adopted amendments to IAS 1 Presentation of Financial Statements that specify the requirements for the classification of debt and other liabilities as either current or non-current. The amendments clarify, what is meant by the right to defer settlement, that the right to defer settlement must exist at the end of the reporting period and that classification is unaffected by the likelihood that an entity will exercise its deferral rights. Additionally, the amendment clarifies the disclosure requirements for loan arrangements that contain covenants and the classification requirements when a covenant is breached.

The requirement to retrospectively adopt the amendments to IAS 1 resulted in the restatement of Freehold's balance sheets as at December 31, 2023 and January 1, 2023, as presented, reclassifying $7.2 million and $7.6 million, respectively, of share based compensation payable from long-term to current liabilities. As such, the current share based compensation payable as at December 31, 2023 increased from $5.6 million to $12.8 million (as at January 1, 2023 - increased from $3.9 million to $11.5 million), with an offsetting decrease to the long-term portion of share based compensation payable from $9.4 million to $2.2 million (as at January 1, 2023 - decrease from $12.2 million to $4.5 million). Correspondingly, the retrospective adoption resulted in the restatement of the capital management measures (see note 13) of working capital, net debt and capitalization as at December 31, 2023.

3. Income Tax Deposits

The Canada Revenue Agency (CRA) has assessed Freehold's prior years' tax returns, denying $222 million of non-capital losses (NCL's) (the Assessments). Pursuant to the Assessments, denied NCL claims resulted in taxes, interest, and penalties totaling an estimated $62 million. Freehold has objected to all Assessments, providing deposits totaling $30.9 million as at March 31, 2024 (December 31, 2023 – $29.3 million).

Freehold has received legal advice that it should be entitled to deduct the NCLs and as such, expects to be successful in challenging the Assessments.

4. Exploration and Evaluation Assets

($000s)	March 31 2024	December 31 2023
Balance, beginning of period	**$ 63,059**	$ 68,758
Transfers to petroleum and natural gas interests (note 5)	**(1,424)**	(5,699)
Balance, end of period	**$ 61,635**	$ 63,059

There was no impairment recorded on the transfer of E&E assets to Petroleum and Natural Gas Interests during the three months ended March 31, 2024.

There were no indicators of impairment on Freehold's E&E assets as at March 31, 2024.

5. Petroleum and Natural Gas and Other Interests

($000s)	March 31 2024	December 31 2023
Gross cost		
Balance, beginning of period	**$ 2,115,487**	$ 2,113,341
Acquisitions and related expenditures	**121,481**	10,647
Capitalized (reversal) portion of long term incentive plan	**169**	(105)
Transfers from exploration and evaluation assets (note 4)	**1,424**	5,699
Foreign exchange translation	**13,854**	(14,095)
Balance, end of period	**$ 2,252,415**	2,115,487
Accumulated depletion		
Balance, beginning of period	**$ (1,144,812)**	(1,050,179)
Depletion and depreciation	**(24,304)**	(96,371)
Foreign exchange translation	**(1,983)**	1,738
Balance, end of period	**$ (1,171,099)**	(1,144,812)
Net book value, end of period	**$ 1,081,316**	$ 970,675

a) Acquisitions and related expenditures

During the three months ended March 31, 2024 Freehold invested $121.5 million in acquisitions and related expenditures. All transactions during the period were treated as asset acquisitions.

U.S. Acquisitions

In January 2024, Freehold closed two transactions, acquiring combined U.S. mineral title and royalty assets for $116.2 million (US$85.4 million) after customary closing adjustments, in the Midland and Delaware basins of the Permian located in Texas and New Mexico. The transactions were largely funded by borrowings from Freehold's credit facility.

Canadian Acquisitions

For the three months ended March 31, 2024, Freehold paid $3.9 million in exchange for gross overriding royalties of 2% to 4% in the Clearwater play in central Alberta and $0.2 million for two potash royalty interest transactions (see note 11).

Related Expenditures

For the three months ended March 31, 2024, Freehold capitalized general & administrative costs of $1.1 million and miscellaneous expenditures of $0.1 million.

b) Impairment

At March 31, 2024, there were no indicators of impairment on Freehold's U.S. and Canadian Royalty Cash Generating Units.

6. Share Based Compensation

Freehold's award plans consist of grants of PSUs and restricted share units (RSUs) to executive officers and employees of Freehold pursuant to a Share Unit Award Plan (the Share Award Plan) and grants of deferred share units (DSUs) and director restricted share units (DRSUs) to non-management directors and other service providers of Freehold pursuant to an Amended and Restated Deferred and Restricted Share Unit Plan (the Director Award Plan, and when combined with the Share Award Plan, the Award Plans). The Award Plans are share based and cash settled. The Award Plans outstanding units are remeasured at each reporting period using the period end share price.

For the three months ended March 31, 2024, the share based compensation liability associated with the Award Plans increased by $1.6 million consisting of $2.3 million as expensed and $0.2 million as capitalized less non-management director payouts of $0.8 million (three months ended March 31, 2023 – $0.6 million expensed, $0.1 million capitalized and $nil payout) using Freehold's closing share price of $14.59 per share on March 31, 2024.

The following table reconciles the change in share based compensation payable:

($000s)		March 31 2024		December 31 2023
				Note 2
Balance, beginning of period	**$**	**15,080**	$	16,020
Operating payout on share based compensation		**(820)**		(3,887)
Capitalized payout on share based compensation		**-**		(930)
Capitalized portion		**169**		825
Expensed		**2,300**		3,052
Balance, end of period	**$**	**16,729**	$	15,080
Current portion of liability	**$**	**14,505**	$	12,845
Long-term portion of liability	**$**	**2,224**	$	2,235

a) Share Award Plan

Freehold's Share Award Plan consists of grants of PSUs and RSUs awarded to executive officers, employees and other service providers. Generally, one-third of the granted RSUs will vest on each of the first, second and third anniversaries of the grant date and the holder is entitled to an amount equal in value to the notional Freehold common shares as adjusted for notional dividends paid underlying such RSUs. PSUs are similar to RSUs, except that they generally vest on the third anniversary of the grant date and are subject to a performance multiplier ranging from 0 to 2 times.

The following table reconciles the outstanding number of combined RSUs and PSUs:

	March 31 2024	December 31 2023
Balance, beginning of period	**641,694**	864,642
Units issued	**-**	232,024
Forfeitures	**(4,220)**	(42,759)
Payout	**-**	(412,213)
Balance, end of period	**637,474**	641,694
RSUs outstanding, end of period	**214,376**	216,469
PSUs outstanding, end of period	**423,098**	425,225

b) Director Award Plan

DSUs vest when granted but are redeemable when the holder retires from the Board. From the date of retirement, the holder has until mid-December of the following year to redeem their DSUs.

DRSUs are similar to DSUs except one-third of granted DRSUs are redeemable on each of the first, second and third anniversaries of the date of grant except where a member of the Board retires, which in this case the DRSUs held by that member are immediately redeemable.

DSUs and DRSUs accrue dividends as additional units, at the same rate as dividends paid on Freehold's common shares. Settlements of DSUs and DRSUs may be made by cash payment or by the issuance of common shares, at the discretion of the Board, but only if practical as determined by management. As the retirement date of Board members is not in Freehold's control, all outstanding awards are considered redeemable.

The following table reconciles the outstanding number of DSUs and DRSUs:

	March 31 2024	December 31 2023
Balance, beginning of period	**542,095**	481,359
Annual grants and grants in lieu of fees	**73,170**	70,875
Additional grants resulting from paid dividends	**10,670**	39,861
Redeemed	**(57,696)**	(50,000)
Balance, end of period	**568,239**	542,095
DSUs outstanding, end of period	**529,670**	523,587
DRSUs outstanding, end of period	**38,569**	18,508

7. Long-term Debt

Freehold's credit facilities with a syndicate of four Canadian banks have a committed revolving facility availability of $285 million and an operating facility availability of $15 million, where either facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the committed revolving facility to $435 million subject to lenders' consent. Both the committed revolving and operating facilities mature October 21, 2025. At March 31, 2024, $223.6 million was drawn on the committed revolving facility (December 31, 2023 – $123.0 million), consisting of Canadian dollar and U.S. dollar denominated borrowings of $144.7 million (December 31, 2023 – $123.0 million) and US$58.2 million ($78.9 million) (December 31, 2023 – $nil), respectively. There were no drawings against the operating facility. The credit facilities are secured with a $400 million first charge demand debenture over all of Freehold's Canadian royalty income assets and fixed charge mortgage securities on certain U.S. royalty income assets with associated proved developed producing reserves.

Freehold's credit agreement contains, among affirmative covenants, two financial covenants: (i) long-term debt to EBITDA on royalty interest properties (calculated as earnings on royalty interest properties before non-cash charges including, but not limited to, interest, taxes, depletion and depreciation and amortization) shall not exceed 3.5 times (0.8 times at March 31, 2024); and (ii) long-term debt to the aggregate of long-term debt and shareholders' equity percentage shall not exceed 55% (19% at March 31, 2024). Freehold forecasts to be in compliance with all covenants on a quarterly basis for at least the next year based on its current best estimate of results from operations.

Outstanding borrowings under the credit facilities bear interest on U.S. and Canadian denominated drawings at Secured Overnight Financing Rate (SOFR) and Canadian Dollar Offer Rate (CDOR), respectively, or at the lender's prime lending rate plus applicable margins and standby fees, dependent on ratios of Freehold's long-term debt to EBITDA on royalty interest properties. The publication of CDOR will cease after June 28, 2024, with the credit facilities transitioning to Canadian Overnight Repo Rate Average (CORRA) based loans. Freehold does not expect this transition will cause a significant difference on the cost of its borrowings under the credit facilities.

For the three months ended March 31, 2024, the average effective interest rates on advances from Freehold's committed credit facility was 6.6% (three months ended March 31, 2023 – 5.9%).

At each of March 31, 2024 and December 31, 2023, the fair values of the long-term debt approximated its carrying values, as the long-term debt carries interest at prevailing market and foreign exchange rates.

8. Shareholders' Capital

Freehold has authorized an unlimited number of common shares, without stated par value. Freehold has authorized 10,000,000 preferred shares, without stated par value, of which none have been issued.

a. Shares Issued and Outstanding

	March 31, 2024		December 31, 2023	
($000s, except shares)	**Shares**	**Amount**	Shares	Amount
Balance, beginning of period	**150,689,334**	**$ 1,500,639**	150,667,334	$ 1,500,331
Issued for payment of management fee (note 11)	-	-	22,000	308
Balance, end ofperiod	**150,689,334**	**$ 1,500,639**	150,689,334	$ 1,500,639

b. Dividends

During each three-month period ended March 31, 2024 and 2023, Freehold declared and paid dividends of $40.7 million, or $0.27 per common shares.

On February 28, 2024, the Board declared a dividend of $0.09 per common share or $13.6 million which was paid on April 15, 2024 to common shareholders on record on March 28, 2024. On April 16, 2024, the Board declared a dividend of $0.09 per common share to be paid on May 15, 2024, to common shareholders on record on April 30, 2024. On May 6, 2024, the Board declared a dividend of $0.09 per common share to be paid on June 17, 2024, to common shareholders on record on May 31, 2024.

9. Revenue

Royalty and other revenue is measured at fair value of the consideration received or receivable, per the terms of various agreements. The transaction price used for crude oil, natural gas, natural gas liquids and other products is based on the commodity price in the month of production specific to the property or interest. The realized commodity price received or receivable is based on publicly available benchmarks adjusted for quality, location, allowable deductions or other factors pursuant to the terms of the Company's U.S. and Canadian leases and royalty agreements.

Typically, Freehold receives the cash payment generally up to three months following production. Bonus consideration received or receivable can significantly vary period over period as it is dependent on the specific details of each lease and the number of leases issued.

a. Royalty and Other Revenue by Commodity Type

	Three months ended March 31	
($000s)	**2024**	2023
Oil	**$ 60,122**	$ 57,975
Natural gas	**6,354**	10,317
NGL	**6,906**	7,233
Potash	**425**	408
Bonus consideration and lease rentals	**466**	639
Royalty and other revenue	**$ 74,273**	$ 76,572

b. Royalty and Other Revenue by Category

	Three months ended March 31	
($000s)	**2024**	2023
Royalty interest revenue	**$ 73,807**	$ 75,933
Bonus consideration and lease rentals	**466**	639
Royalty and other revenue	**$ 74,273**	$ 76,572

As at March 31, 2024, there was outstanding accounts receivable and accrued revenue of $46.9 million (December 31, 2023 – $42.2 million) associated with U.S. and Canadian royalty and other revenues.

10. Interest and Financing

	Three months ended March 31	
($000s)	**2024**	2023
Interest on long term debt and financing expense	**$ 3,734**	$ 2,341
Accretion of decommissioning obligation	**45**	39
Accretion of lease obligation	**21**	24
Interest and financing	**$ 3,800**	$ 2,404

11. Related Party Transactions

Freehold does not have any employees. Rather, Freehold is managed by Rife Resources Management Ltd. (the Manager) pursuant to a management agreement (the Management Agreement). The Manager is a wholly-owned subsidiary of Rife Resources Ltd. (Rife). Rife is 100% owned by the pension funds for the employees of the Canadian National Railway Company (the CN Pension Trust Funds), and both Rife and the CN Pension Trust Funds are shareholders of Freehold. Combined they have a 16.7% ownership in Freehold at each of March 31, 2024 and December 31, 2023. Canpar Holdings Ltd. (Canpar) and Evergreen Royalties Ltd. (including its wholly owned U.S. subsidiary, Evergreen, and together with Rife, Canpar, and the Manager, the Related Parties) are managed by Rife and owned 100% by the CN Pension Trust Funds. Two of the directors of each of Rife, Canpar and Evergreen are also directors of Freehold.

All amounts owing to/from the Related Parties are unsecured, non-interest bearing and due on demand. All transactions were in the normal course of operations and were measured at the exchange amount, with consideration established and agreed to by the parties.

a. Rife Resources Management Ltd.

The Manager provides certain services for a fee based on a specified number of Freehold common shares on a quarterly basis. Pursuant to the Management Agreement, the management fee is the equivalent value of 5,500 Freehold common shares per quarter. Starting in 2024, Freehold elected to settle this management fee through cash payments (2023 – settled through issuing common shares), resulting in a $0.1 million charge (three months ended March 31, 2023 – an ascribed value of common shares issued of $0.1 million) as determined from the closing price per the Toronto Stock Exchange of Freehold’s common shares on the last trading day of the quarter.

For the three months ended March 31, 2024, the Manager charged $4.6 million in general and administrative costs (three months ended March 31, 2023 – $5.1 million). At March 31, 2024, there was $3.1 million (December 31, 2023 – $0.2 million) in accounts payable and accrued liabilities relating to these general and administrative costs and management fees.

b. Rife Resources Ltd. and CN Pension Trust Funds

For each of the three months ended March 31, 2024 and 2023, Freehold paid $6.8 million, in cash dividends to Rife and the CN Pension Trust Funds for their combined ownership in Freehold’s common shares. In addition, Freehold receives royalties from Rife pursuant to various royalty agreements. For each three month period ended March 31, 2024 and 2023, Freehold received royalties of approximately $0.1 million from Rife. At each of March 31, 2024 and December 31, 2023, there was $2.3 million in dividends payable due to Rife and the CN Pension Trust Funds related to dividends declared.

c. Canpar Holdings Ltd.

Freehold and Canpar generally share mineral title ownership in a substantial land base in western Canada. Generally, Canpar owns mineral rights that were below the deepest producing formation at the time that Freehold was created, and Freehold holds the balance of the mineral rights. Where Freehold is not the legal registered owner of such mineral rights, Canpar holds these rights in trust for Freehold and receives the royalty payments in respect of such mineral rights on behalf of Freehold. Amounts due from Canpar at March 31, 2024 and December 31, 2023 were nominal amounts.

Freehold maintains an acquisitions opportunities agreement with the Related Parties, that reaffirms Freehold's priority right to acquire petroleum royalty interest opportunities and provides Freehold the right to participate in potential other mineral royalty interest opportunities including those identified on the lands of the Related Parties.

Pursuant to the acquisitions opportunities agreement, during the three months ended March 31, 2024 Freehold elected to participate in certain Canpar acquired mineral royalty potash mine interests, for $0.2 million in exchange for an equal share of Canpar's interests, where these proceeds equal one-half of the acquisition price paid by Canpar to a third party.

12. Foreign Exchange

	Three months ended March 31	
($000s)	**2024**	2023
Foreign exchange loss (gain) on:		
Intercompany note	**$ (7,572)**	$ 375
Long term debt	**781**	(140)
	$ (6,791)	$ 235

Foreign exchange results from the revaluation of a U.S. dollar intercompany receivable held by Freehold's Canadian parent partially offset by the revaluation of U.S. dollar denominated long-term debt (see note 7). Although the intercompany balances eliminate on consolidation, the revaluation of the parent's U.S. dollar intercompany receivable is recognized as foreign exchange in the condensed consolidated statement of income whereas revaluation of the U.S. subsidiary's intercompany debt is recognized within other comprehensive income due to different functional currencies between these entities.

13. Capital Management

Freehold is a publicly traded dividend-paying corporation incorporated under the laws of the Province of Alberta. Its primary focus is acquiring and managing oil and gas royalties. Freehold receives most of its revenue from oil and gas properties as reserves are produced. Freehold then pays dividends to shareholders on a regular basis over the economic life of the properties. Freehold's objective for managing capital is to maximize long-term shareholder value by distributing to shareholders cash exceeding what is required for financing operations or capital investment growth opportunities that may offer shareholders better value.

Freehold defines capital (or capitalization) as long-term debt, shareholders' equity and working capital based on the condensed consolidated financial statements. Freehold retains working capital primarily to fund capital expenditures or acquisitions, pay dividends and reduce bank indebtedness. Freehold's capital structure is managed by taking into account operating activities, debt levels, debt covenants, acquisitions, dividend levels and taxes, among others. In addition, changes in economic conditions, commodity prices and the risk characteristics of Freehold's assets are considered. Freehold has a declining asset base, therefore ongoing development activities and acquisitions are necessary to replace production and add additional reserves. From time to time, Freehold may issue shares or adjust capital spending to manage current and projected debt levels or finance acquisitions.

Management of Freehold's capital structure is facilitated through its financial and operating forecasting processes. The forecast of Freehold's future cash flows is based on estimates of production, commodity prices, forecast capital and expenditures for production and ad valorem taxes, general and administrative, operating expenditures, interest, taxes, management fees and other investing and financing activities. The forecast is regularly updated based on new commodity prices and other changes that Freehold views as critical in the current environment. Selected forecast information is frequently provided to and approved by the Board.

Freehold is bound by non-financial covenants and two financial covenants (see note 7) on its credit facilities. The covenants are monitored as part of management's internal review to ensure compliance with requirements. As at March 31, 2024, Freehold was in compliance with all such covenants.

Freehold's net debt to funds from operations ratio was 0.9 times at March 31, 2024 (December 31, 2023 – 0.4 times), within its debt strategy target of below 1.5 times. This ratio is a financial leverage measure that reflects cash available to pay back Freehold's debts. It represents the number of years it would take Freehold to reduce its net debt to zero if funds from operations was held constant and there were no other cash outflow obligations required such as dividends and acquisitions, among others.

a. Working Capital

($000s)	March 31 2024	December 31 2023
		Note 2
Accounts receivable	$ 48,757	$ 43,329
Income taxes receivable	1,074	-
Acquisition deposits	-	12,086
Dividends payable	(13,562)	(13,562)
Accounts payable and accrued liabilities	(7,103)	(4,877)
Current income taxes payable	(859)	(1,314)
Current portion of lease obligation	(236)	(236)
Current portion of decommissioning liability	(500)	(500)
Current portion of share based compensation payable	(14,505)	(12,845)
Working capital (1)	$ 13,066	$ 22,081

1. Working capital is considered a capital management measure.

b. Capitalization and net debt

($000s)	March 31 2024	December 31 2023
		Note 2
Shareholders' equity	$ 923,209	$ 923,763
Long term debt	223,604	122,973
Working capital	(13,066)	(22,081)
Net debt (1)	$ 210,538	$ 100,892
Capitalization(1)	$ 1,133,747	$ 1,024,655

1. Capitalization and net debt are considered capital management measures.

c. Net Debt to Funds from Operations

($000s, except as noted)		March 31 2024		December 31 2023
				Note 2
Funds from operations for the trailing 12 months	**$**	**235,459**	$	239,665
Net debt to funds from operations for the last 12 months (times) [1]		**0.9**		0.4

1. Net debt to trailing funds from operations is considered a capital management measure.

14. Segmented Information

Freehold's reportable segments are based on its underlying operations' geographic locations:

- Canada includes exploration and evaluation assets and the petroleum and natural gas interests in Western Canada.
- U.S. includes petroleum and natural gas interests primarily held in the Permian (Midland and Delaware), Eagle Ford, Haynesville and Bakken basins largely located in the states of Texas, Louisiana, North Dakota and New Mexico.

Freehold's royalty and other revenue is reportable by segment whereas all other accounts presented on the condensed consolidated statements of income are either not significant on a segment basis, associated with both segments with any allocation of such accounts not providing meaningful information or pertain to taxes or other measures which Freehold does not consider a component of its operating results. The following table presents royalty and other revenue by geographic region:

	Three months ended March 31			
($000s)		**2024**		2023
Canada	**$**	**41,992**	$	45,831
United States		**32,281**		30,741
Royalty and other revenue	**$**	**74,273**	$	76,572

The following table presents total assets by geographic region:

($000s)		March 31 2024		December 31 2023
Canada	**$**	**576,678**	$	583,472
United States		**646,960**		534,951
Total Assets	**$**	**1,223,638**	$	1,118,423

15. Changes in Non-Cash Working Capital & Other

	Three months ended March 31	
($000s)	**2024**	2023
Accounts receivable	**$ (5,428)**	$ 8,437
Income tax receivable	**(1,074)**	-
Acquisition deposits	**12,086**	-
Income tax deposits (note 3)	**(1,582)**	(2,504)
Accounts payable and accrued liabilities	**2,226**	1,439
Current income taxes payable	**(455)**	(23,648)
Less: Foreign exchange on translation	**2,241**	12
	$ 8,014	$ (16,264)
Operating	**$ (1,883)**	$ (16,007)
Investing	**9,897**	(257)
	$ 8,014	$ (16,264)

BOARD OF DIRECTORS

Marvin F. Romanow
Chair of the Board

Sylvia K. Barnes
Corporate Director

Gary R. Bugeaud [1][2]
Corporate Director

Peter T. Harrison
Corporate Director

Maureen E. Howe [1][2]
Corporate Director

J. Douglas Kay [2][3]
Corporate Director

Valerie A. Mitchell [3]
Corporate Director

David M. Spyker
President and Chief Executive Officer

Aidan M. Walsh [1][3]
Corporate Director

1) Audit, Finance and Risk Committee
2) Governance, Nominating and Compensation Committee
3) Reserves Committee

OFFICERS

David M. Spyker
President and Chief Executive Officer

David W. Hendry
Vice President, Finance and Chief Financial Officer

Robert A. King
Chief Operating Officer

Lisa N. Farstad
Vice President, Corporate Services

Brianna E.C. Guenther
General Counsel & Corporate Secretary

Ian C. Hantke
Vice President, Diversified Royalties

Susan J. Nagy
Vice President, Business Development

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ATB Financial
Royal Bank of Canada
The Toronto-Dominion Bank

LEGAL COUNSEL

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RESERVE EVALUATORS

Trimble Engineering Associates Ltd.
Ryder Scott (RSC Group)

STOCK EXCHANGE AND TRADING SYMBOL

Toronto Stock Exchange (TSX) Common Shares: FRU

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