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NEWS RELEASE

TSX: FRU

Freehold Royalties Announces Third Quarter Results, Record Drilling Activity and Royalty Production

CALGARY, ALBERTA, (GLOBE NEWSWIRE – November 8, 2022) – Freehold Royalties Ltd. (Freehold or the Company) (TSX:FRU) announces third quarter results for the period ended September 30, 2022.

President's Message

Production volumes for the quarter averaged 14,219 boe/d, a record for Freehold. We had over 300 gross wells drilled on our lands in the third quarter, bringing year to date totals to over 750 gross wells and we expect 2022 to be Freehold's most active year for drilling in our 26-year history. Since the start of the third quarter, we have consistently had between 30 and 35 drilling rigs active on our lands as we continue to position our portfolio in the premier growth basins across North America.

We have continued to enhance our multi-year drilling inventory through the closing of our previously announced acquisitions in the Permian and Eagle Ford basins as well as completing a Clearwater acquisition in late August, which triples our land position to over 460,000 gross acres in this Canadian oil growth play.

These transactions, which further enhance our existing land positions, are expected to provide organic growth into 2023 and beyond and continue to build our top tier drilling inventory which is underpinned by well capitalized public and private operators.

A snapshot of our third quarter 2022 highlights are as follows:

- Average production of 14,219 boe/d – a record for Freehold
- Funds from operations of $81 million – $0.54 per share
- Canadian realized pricing - $65.63/boe on 9,566 boe/d of production
- US realized pricing - $92.15/boe on 4,653 boe/d of production
- 304 gross wells drilled on our lands, bringing the first nine months of 2022 total to 764 gross wells – positioning Freehold for a record year
- Net debt of $159.9 million – represents 0.5 times trailing funds from operations and includes over $160 million of acquisition activity in Q3-2022

We remain excited about the near and long-term outlook for Freehold. We continue to strengthen Freehold's asset base, balance sheet and the long-term sustainability of our business.

Dividend Announcement

The Board of Directors of Freehold has declared a monthly dividend of $0.09 per share to be paid on December 15, 2022, to shareholders of record on November 30, 2022. The dividend is designated as an eligible dividend for Canadian income tax purposes.

Operating and Financial Highlights

	Three Months Ended September 30			Three Months Ended June 30	
FINANCIAL ($ millions, except as noted)	**2022**	2021	Change	2022	Change
Funds from operations	**80.8**	48.2	68%	83.8	(3%)
Funds from operations per share, basic ($) (1)	**0.54**	0.36	50%	0.56	(4%)
Acquisitions and related expenditures	**161.7**	228.4	(29%)	20.7	nm
Dividends paid per share ($) (2)	**0.25**	0.13	92%	0.24	4%
Payout ratio (%) (3)	**47%**	35%	34%	43%	9%
Net debt	**159.9**	75.3	112%	33.1	nm
OPERATING					
Total production (boe/d) (4)	**14,219**	11,265	26%	13,453	6%
Oil and NGL (%)	**62%**	57%	9%	61%	2%
Petroleum and natural gas realized price ($/boe) (4)	**74.31**	49.17	51%	87.55	(15%)
Cash costs ($/boe) (3) (4)	**3.62**	2.49	45%	8.38	(57%)
Netback ($/boe) (3) (4)	**69.77**	46.60	50%	78.80	(11%)
ROYALTY INTEREST DRILLING (gross / net)					
Canada	**147/ 5.8**	145/ 5.8	1% / -%	76 / 2.3	93% / 152%
United States	**157 / 0.9**	34 / 0.2	362% / 350%	148 / 0.7	6% / 29%

nm – not meaningful
(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 Financial Ratios and Other Financial Measure
(4) See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

Third Quarter Highlights

- Funds from operations in Q3-2022 totalled $80.8 million ($0.54/share), this compares to $48.3 million ($0.36/share) in Q3-2021 and $83.8 million ($0.56/share) in Q2-2022. The increase versus the same period in 2021 reflects increased production and commodity price levels.
- Dividends declared for Q3-2022 totaled $39.2 million ($0.26 per share), up 102% versus the same period in 2021 when Freehold declared dividends of $19.4 million ($0.14 per share). Freehold's dividend payout ratio(1) for Q3-2022 was 47% versus 35% during the same period in 2021. Freehold has increased its dividend six of the last nine quarters and is targeting its payout at approximately 60% of forward-looking funds from operations.
- Recorded a realized price of $74.31/boe in Q3-2022 on a corporate measure, up 51% versus the same period last year and down 15% versus the previous quarter. Realized pricing from Freehold's US portfolio totalled $92.15/boe for the quarter versus $65.63/boe within our Canadian assets, reflecting weakness in heavy oil price differentials and natural gas pricing within Canada over the quarter. Pricing from both the US and Canadian portfolios were up materially versus the same period in 2021.
- Recorded a netback(1) of $69.77/boe in Q3-2022, up 50% over Q3-2021 but down 11% versus Q2-2022. The lower netback versus the previous quarter primarily reflected lower commodity prices, offset by higher production volumes and lower cash costs.
- Production averaged a record 14,219 boe/d in Q3-2022, an increase of 26% over Q3-2021 and 6% over Q2-2022. Freehold reiterates its 2022 production guidance range of 13,750-14,750 boe/d.

- Q3-2022 Canadian oil and gas royalty volumes were flat relative to Q2-2022, averaging 9,566 boe/d. Given drilling activity on our royalty lands, we forecast modest growth within our Canadian portfolio through the remainder of 2022.
- US oil and gas royalty production averaged 4,653 boe/d in Q3-2022, up from 3,761 boe/d in Q2-2022. Volumes in the US were positively impacted by a combination of acquisition activity and an increase in net royalty interest wells brought on production during the quarter. With the acquisition work completed during the quarter, we expect US production volumes to ramp-up into Q4-2022 and 2023.
- On August 4, 2022, Freehold acquired US mineral title and royalty assets located in the Midland basin predominantly in Howard County, Texas across 51,000 gross acres for cash consideration of $125.7 million (US$97.7 million), net of customary closing adjustments.
- On August 19, 2022, Freehold acquired US mineral title and royalty assets located in the Eagle Ford basin in Texas for cash consideration of $32.8 million (US$25.4 million), net of customary closing adjustments.
- On August 30, 2022, Freehold closed a royalty transaction for Clearwater assets. In total, the deal adds greater than 300,000 gross acres to Freehold's inventory, tripling the Company's previous land position in the Clearwater. This $18.4 million transaction includes a drilling commitment from a strategic partner with a track record of development success within the play.
- Within Freehold's Diversified Royalties team, we have seen a robust opportunity set since the team's inception in January 2022. The group is continuing to progress on numerous opportunities and continues to see a meaningful amount of deal flow.
- Net debt[(1)] of $159.9 million at Q3-2022, represents 0.5 times trailing funds from operations and well within our leverage strategy of less than 1.5 times funds from operations.
- Cash costs[(1)] for the quarter totalled $3.62/boe, up 50% versus the same period in 2021 but a 57% decrease versus the previous quarter. This decrease was driven by increased production volumes and reduced stock-based compensation payouts.

(1) See Non-GAAP Financial Ratios and Other Financial Measure

Drilling and Leasing Activity

In total, 304 gross wells were drilled on Freehold's royalty lands in Q3-2022, a 70% increase versus the same period in 2021. For the first nine months of 2022, 764 gross wells were drilled on Freehold's land, more than double the activity for the same period in 2021. The significant increase in drilling activity aligns with strength in commodity prices combined with the expansion of our North American portfolio. On a combined basis, Canadian and US drilling on Freehold's royalty lands was the most active quarter in the Company's history. In aggregate, 93% of new wells drilled targeted oil.

Canada

During Q3-2022, Freehold had 147 gross wells drilled on our land with oil weighted drilling in SE Saskatchewan (37 gross wells), the Viking (27 gross wells), Clearwater (26 gross wells), Cardium (24 gross wells) in addition to eight gross liquids rich gas wells in the Spirit River. In the month of August, three of the top 15 oil wells drilled in Alberta were on Freehold's lands. Notably, we saw some of the best well results to date on our southern Clearwater acreage with initial production rates for the first thirty days of up to approximately 240 bbl/d gross production, with multiple follow up locations licensed and expected to be drilled by year-end. Freehold continues to be the beneficiary of prolific gas well targets with four of the top 15 gas wells drilled in August in Alberta on our acreage. Deep Basin and Spirit River activity on our lands is on pace to contribute record production for this asset within our portfolio by year-end. During Q3-2022, Freehold entered into 14 new leases with 10 counterparties, bringing 2022 year to date bonus and lease rental revenue to $2.1 million. For the first nine months of 2022, new leasing has already surpassed full year 2021 levels.

The 147 gross locations drilled within our Canadian portfolio in Q3-2022 compared to 145 gross locations during the same period in 2021. For the first nine months of 2022, 366 gross locations were drilled on Freehold's Canadian land representing a 26% increase over 291 gross locations in the same period in 2021.

Approximately 77% of wells drilled on our Canadian lands were on gross overriding royalty (GORR) lands with the remaining 23% targeting mineral title lands.

US

In the US, operators focused drilling on light oil prospects in the Permian and Eagle Ford basins. Development of Freehold's US lands was driven by a diverse group of disciplined investment grade public companies; however, we have also seen an increase in the share of activity coming from a more active group of smaller public and private operators.

Overall, 157 gross wells were drilled on our US royalty lands during Q3-2022, which compares to 34 gross wells during the same period in 2021. This increase is attributed to our 2021 royalty acquisitions in addition to industry activity increases associated with improved commodity pricing.

Although Freehold's US net well additions were lower than in Canada, US wells are significantly more prolific as they generally come on production at approximately ten times that of an average Canadian well in our portfolio. We also note that we are seeing upwards of six to twelve months from initial license to first production within our US royalty assets (compared to three to four months in Canada, on average).

Approximately 17% of wells drilled on our US lands were on GORR lands and 83% were on mineral title lands.

Royalty Interest Drilling

	Three Months Ended September 30				Nine Months Ended September 30			
	2022		2021		**2022**		2021	
	Gross	Net (1)	Gross	Net (1)	**Gross**	Net (1)	Gross	Net (1)
Canada	**147**	5.8	145	5.8	**366**	13.9	291	11.3
United States	**157**	0.9	34	0.2	**398**	2.0	84	0.5
Total	**304**	6.7	179	6.0	**764**	15.9	375	11.8

(1) Equivalent net wells are the aggregate of the numbers obtained by multiplying each gross well by our royalty interest percentage

2022 Guidance

After realizing actual results for the first nine months of 2022 and incorporating Freehold's most recent US acquisitions, we are maintaining our 2022 operating assumptions dated August 9, 2022. The following table summarizes our key operating assumptions for 2022, where production is expected to be weighted approximately 62% liquids and 38% natural gas:

2022 Guidance	**Guidance Dated August 9, 2022**
Average production (boe/d) (1)	13,750-14,750
Funds from operations ($millions)	$300-$320
West Texas Intermediate crude oil (US$/bbl)	$97.00
Edmonton Light Sweet crude oil (Cdn$/bbl)	$120.00
AECO natural gas (Cdn$/Mcf)	$5.00
NYMEX natural gas (US$/Mcf)	$5.00
Exchange rate (US$/Cdn$)	0.79

(1) 2022 production is expected to consist of 8% heavy oil, 43% light and medium oil, 11% NGL's and 38% natural gas

Conference Call Details

A conference call to discuss financial and operational results for the period ended September 30, 2022, will be held for the investment community on Wednesday November 9, 2022, beginning at 7:00 AM MST (9:00 AM EST). To participate in the conference call, approximately 10 minutes prior to the call, please dial 1-800-898-3989 (toll-free in North America) participant passcode is **5975162#**.

For further information, contact

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Select Quarterly Information

	2022			2021				2020
Financial ($000s, except as noted)	**Q3**	Q2	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Royalty and other revenue	**98,418**	108,495	87,605	75,202	51,423	45,353	37,014	25,882
Net Income (loss)	**63,175**	66,875	38,395	31,178	22,726	12,545	5,635	373
Per share, basic ($) (1)	**$0.42**	$0.44	$0.25	$0.21	$0.17	$0.10	$0.04	$-
Cash flows from operations	**99,931**	75,443	69,300	59,700	43,911	33,420	24,990	20,610
Funds from operations	**80,783**	83,846	71,893	68,773	48,247	40,208	32,421	22,129
Per share, basic ($) (1)	**$0.54**	$0.56	$0.48	$0.46	$0.36	$0.31	$0.25	$0.19
Acquisitions and related expenditures	**161,679**	20,661	1,294	67,906	228,382	930	79,782	222
Dividends paid	**37,658**	36,150	27,112	24,094	17,095	13,147	7,633	5,342
Per share ($) (2)	**$0.26**	$0.24	$0.18	$0.16	$0.13	$0.10	$0.06	$0.045
Dividends declared	**39,167**	36,151	30,124	25,598	19,364	14,464	9,201	5,938
Per share ($) (2)	**$0.26**	$0.24	$0.20	$0.17	$0.14	$0.11	$0.07	$0.05
Payout ratio (%) (3)	**47%**	43%	38%	35%	35%	33%	24%	24%
Long term debt	**196,947**	86,000	105,000	146,000	126,000	78,000	96,000	93,000
Net debt	**159,872**	33,095	62,578	101,229	75,278	40,751	64,797	65,765
Shares outstanding, period end (000s)	**150,654**	150,640	150,626	150,612	150,585	131,490	131,463	118,788
Average shares outstanding (000s) (1)	**150,640**	150,626	150,612	150,585	132,941	131,463	130,874	118,747
Operating								
Light and medium oil (bbl/d)	**5,935**	5,378	5,234	5,401	4,025	4,048	3,784	3,325
Heavy oil (bbl/d)	**1,190**	1,239	1,210	1,254	1,249	1,253	1,072	1,087
NGL (bbl/d)	**1,708**	1,613	1,757	1,564	1,125	1,107	1,065	824
Total liquids (bbl/d)	**8,833**	8,230	8,201	8,219	6,399	6,408	5,921	5,236
Natural gas (Mcf/d)	**32,319**	31,336	32,845	34,700	29,203	28,376	30,132	26,671
Total production (boe/d) (4)	**14,219**	13,453	13,676	14,005	11,265	11,137	10,944	9,681
Oil and NGL (%)	**62%**	61%	60%	59%	57%	58%	54%	54%
Petroleum and natural gas realized price ($/boe) (4)	**74.31**	87.55	69.71	57.44	49.17	44.21	37.31	28.16
Cash costs ($/boe) (3)(4)	**3.62**	8.38	3.70	3.57	2.49	4.48	4.37	4.03
Netback ($/boe) (3)(4)	**69.77**	78.80	66.17	53.58	46.60	39.83	32.94	24.85
Benchmark Prices								
West Texas Intermediate crude oil (US$/bbl)	**91.56**	108.41	94.29	77.19	70.55	66.07	57.81	42.47
Exchange rate (Cdn$/US$)	**0.77**	0.78	0.79	0.79	0.79	0.81	0.79	0.77
Edmonton Light Sweet crude oil (Cdn$/bbl)	**116.85**	137.79	115.67	93.28	83.77	77.12	66.76	50.45
Western Canadian Select crude oil (Cdn$/bbl)	**93.49**	122.09	101.02	78.71	71.79	66.90	57.55	43.56
Nymex natural gas (US$/mcf)	**8.20**	7.17	4.64	4.75	4.35	2.95	3.50	2.26
AECO 7A Monthly Index (Cdn$/Mcf)	**5.50**	6.27	4.58	4.93	3.36	2.80	2.92	2.76

(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 Financial Ratios and Other Financial Measure
(4) See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

Forward-Looking Statements

This news release offers our assessment of Freehold's future plans and operations as of November 8, 2022 and contains forward-looking statements that we believe allow readers to better understand our business and prospects. These forward-looking statements include our expectations for the following:

- our expectation that 2022 will be Freehold's most active year for drilling in its 26-year history;
- our expectation that recent transactions will provide organic growth into 2023 and beyond and continue to build our top tier drilling inventory which is underpinned by well capitalized public and private operators;
- our view of our drilling inventory;
- our expectation that certain follow up locations will be drilled before year-end in our Canadian southern core area;
- our expectations regarding payout relative to forward-looking funds from operations into 2023 and beyond;
- the expectation that the Company's asset base provides optionality for Freehold to: (i) continue our measured pace of dividend growth towards a 60% payout ratio; (ii) continue disciplined acquisition work to grow our Company across North America, and (iii) reduce Company leverage;
- Freehold's 2022 production guidance;
- the expectation that our Canadian portfolio will see modest growth through the remainder of 2022;
- the expectation that, after incorporating some of the acquisition work completed during the quarter, US production volumes will ramp-up into Q4-2022 and 2023;
- that Freehold's Diversified Royalties will progress on certain opportunities and realize on certain prospective transactions, and that such transactions will be meaningful to Freehold;
- Freehold's anticipated leverage strategy; and
- expectations as to commodity prices and the metrics set for in its 2022 operation assumptions.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including general economic conditions, inflation and supply chain issues, the impacts of the Russian-Ukrainian war on commodity prices and the world economy, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, royalties, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the failure to complete acquisitions on the timing and terms expected, the failure to satisfy conditions of closing for any acquisitions, the lack of availability of qualified personnel or management, , stock market volatility, our inability to come to agreement with third parties on prospective opportunities and the results of any such agreement and our ability to access sufficient capital from internal and external sources. Risks are described in more detail in our Annual Information Form for the year-ended December 31, 2021 available at www.sedar.com.

With respect to forward-looking statements contained in this news release, 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, our ability to market our oil and gas successfully to current and new customers, the performance of current wells and future wells drilled by our royalty payors, our expectation for the consumption of crude oil and natural gas, our expectation for industry drilling levels, our ability to obtain financing on acceptable terms, shut-in production, production additions from our audit function, our ability to execute on prospective opportunities and our ability to add production and reserves through development and acquisition activities. Additional operating assumptions with respect to the forward-looking statements referred to above are detailed in the body of this news release.

You are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Our actual results, performance, or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. We can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits we will derive from them. The forward-looking information contained in this document is expressly qualified by this cautionary statement. To the extent any guidance or forward-looking statements herein constitute 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. 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.

You are further cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS), which are the Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises, 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.

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 bbl). 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 and observing trends, 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.

Non-GAAP Financial Ratios and Other Financial Measure

Within this news release, references are made to terms commonly used as key performance indicators in the oil and gas industry. We believe that the non-GAAP financial ratios, **cash costs** and **netback,** and a supplemental financial measure, **payout ratio,** are useful for management and investors to analyze operating performance and liquidity and we use these terms to facilitate the understanding and comparability of our results of operations. 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.

Cash costs, which is calculated on a boe basis, is comprised by the recurring cash based costs, excluding taxes, reported on the statements of operations. For Freehold, cash costs are identified as operating expense, general and administrative expense, cash-based interest, financing and share-based compensation pay outs. Cash costs allow Freehold to benchmark how changes in its manageable cash-based cost structure compare against prior periods.

The **netback**, which is also calculated on a boe basis, as average realized price less operating expenses, general and administrative and cash interest charges, represents the per boe cash flow amount which allows us to benchmark how changes in commodity pricing and our cash-based cost structure compare against prior periods.

The following table presents the computation of **Cash Costs** and the **Netback**:

	Three Months Ended September 30			**Three Months Ended June 30**	
$/boe	**2022**	**2021**	**Change**	**2022**	**Change**
Royalty and other revenue	$75.24	$49.62	52%	$88.64	(15%)
Production and ad valorem taxes	(1.85)	(0.53)	249%	(1.46)	27%
Net revenue	$73.39	$49.09	50%	$87.18	(15%)
Less					
General and administrative	(2.17)	(1.83)	19%	(2.69)	(19%)
Operating expense	(0.15)	(0.02)	650%	(0.28)	(46%)
Interest and financing cash expense	(1.30)	(0.64)	103%	(0.64)	103%
Cash payout on share-based compensation	-	-	-	(4.77)	n/m
Cash costs	(3.62)	(2.49)	45%	(8.38)	(57%)
Netback	$69.77	$46.60	50%	$78.80	(11%)

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. Payout ratio is calculated as dividends paid as a percentage of funds from operations.

	Three Months Ended September 30			**Three Months Ended June 30**	
(000s)	**2022**	**2021**	**Change**	**2022**	**Change**
Dividends paid	$37,658	$17,095	120%	$36,150	4%
Funds from operations	$80,783	$48,247	67%	$83,846	(4%)
Payout ratio	47%	35%	34%	43%	9%