

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") was prepared as of November 7, 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 and nine months ended September 30, 2024 and its comparative periods, 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 (Q3-2024, or the third quarter) and nine months (first nine months or year-to-date) ended September 30, 2024 (combined the current reporting periods, in that respective order) and the same period(s) in 2023 (also in that respective order), 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 September 30, 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 Freehold's business and prospects. Readers are cautioned that the MD&A should be read in conjunction with the 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 6.1 million gross acres in Canada and approximately 1.1 million gross drilling acres in the U.S. 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 million acres. Our U.S. acreage is comprised of greater than 75% mineral title lands.

We have royalty interests in close to 21,000 producing wells and almost 500 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 December 16, 2024, to shareholders of record on November 29, 2024. Freehold's dividend of \$0.09 per common share is in-line with its payout strategy. The dividend is designated as an eligible dividend for Canadian income tax purposes.

Outlook

While volatility in the oil markets may continue, the quality of our payors and their financial capacity to manage through lower forward pricing curves is expected to drive future activity on our North American portfolio of royalty lands. The development of Freehold's liquids focused North American portfolio has provided resiliency, mitigating against a continued period of weak North American natural gas prices.

On Freehold's U.S. lands, the Company had an inventory of 503 gross wells (1.9 net wells) that were drilled and uncompleted and third-party operators had permitted (licensed) 387 gross wells (1.7 net wells) exiting Q3-2024, providing a tangible outlook for continued activity through the balance of 2024 and into 2025.

Activity in Canada was up despite a slow start to the quarter. Historically, Freehold's third quarter Canadian production is lower than the previous quarter due to the effect of lower drilling activities during spring break-up. Currently, there are a total of seven rigs on Freehold's Canadian lands (this compares to approximately five to six rigs on average that operated on Freehold's Canadian lands in Q3-2023) focused on oil targets in southeast Saskatchewan, Mannville Stack, Clearwater and Viking. Approximately half of Canadian net drilling was on heavy oil plays, representing the highest level of quarterly heavy oil drilling activity over the last several years. Freehold saw an increase in drilling on its lands in Q3-2024, with 5.5 net wells drilled compared to 2.1 net wells drilled in Q2-2024. Exiting Q3-2024, approximately half of the Canadian wells drilled year-to-date had active field operations but were not yet on production.

2024 Guidance

Freehold has revised its AECO natural gas pricing guidance to \$1.50/Mcf from previous guidance at \$2.50/Mcf to incorporate the impact of actual AECO pricing for the first nine months of 2024. There were no changes in 2024 production guidance or changes to the other commodity price assumptions.

The following table summarizes the 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)	\$1.50
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 September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Royalty and other revenue	\$ 73,875	\$ 84,234	-12%	\$ 232,619	\$ 234,513	-1%
Net income	\$ 25,002	\$ 42,269	-41%	\$ 98,323	\$ 97,581	1%
Per share, basic (\$) ⁽¹⁾	\$ 0.17	\$ 0.28	-39%	\$ 0.65	\$ 0.65	0%
Per share, diluted (\$) ⁽¹⁾	\$ 0.17	\$ 0.28	-39%	\$ 0.65	\$ 0.65	0%
Cash flows from operations	\$ 64,138	\$ 53,685	19%	\$ 164,213	\$ 146,212	12%
Funds from operations	\$ 55,712	\$ 65,253	-15%	\$ 169,643	\$ 176,860	-4%
Per share, basic (\$) ⁽¹⁾⁽³⁾	\$ 0.37	\$ 0.43	-14%	\$ 1.13	\$ 1.17	-3%
Per share, diluted (\$) ⁽¹⁾⁽³⁾	\$ 0.37	\$ 0.43	-14%	\$ 1.12	\$ 1.17	-4%
Acquisitions and related expenditures	\$ 1,794	\$ 1,156	55%	\$ 134,745	\$ 8,582	nm
Dividends paid	\$ 40,686	\$ 40,683	0%	\$ 122,058	\$ 122,045	0%
Per share (\$) ⁽²⁾	\$ 0.27	\$ 0.27	0%	\$ 0.81	\$ 0.81	0%
Dividends declared	\$ 40,686	\$ 40,684	0%	\$ 122,058	\$ 122,045	0%
Per share (\$) ⁽²⁾	\$ 0.27	\$ 0.27	0%	\$ 0.81	\$ 0.81	0%
Dividend payout ratio (%) ⁽³⁾	73%	62%	18%	72%	69%	4%
Long-term debt	\$ 205,763	\$ 141,198	46%	\$ 205,763	\$ 141,198	46%
Net debt ⁽⁴⁾⁽⁵⁾	\$ 187,111	\$ 113,442	65%	\$ 187,111	\$ 113,442	65%
Shares outstanding, period end (000s)	150,689	150,684	0%	150,689	150,684	0%
Average shares outstanding (000s) ⁽¹⁾	150,689	150,678	0%	150,689	150,673	0%
Operating						
Light and medium oil (bbl/d)	6,080	6,325	-4%	6,241	6,172	1%
Heavy oil (bbl/d)	1,315	1,127	17%	1,321	1,184	12%
NGL (bbl/d)	1,972	1,678	17%	1,919	1,769	8%
Total liquids (bbl/d)	9,367	9,130	3%	9,481	9,125	4%
Natural gas (Mcf/d)	31,447	32,851	-4%	32,194	33,234	-3%
Total production (boe/d) ⁽⁶⁾	14,608	14,605	0%	14,847	14,664	1%
Oil and NGL (%)	64%	63%	2%	64%	62%	3%
Petroleum and natural gas realized price (\$/boe) ⁽⁶⁾	\$ 54.36	\$ 61.55	-12%	\$ 56.34	\$ 57.54	-2%
Cash costs (\$/boe) ⁽³⁾⁽⁶⁾	\$ 5.42	\$ 5.10	6%	\$ 7.85	\$ 6.27	25%
Netback (\$/boe) ⁽³⁾⁽⁶⁾	\$ 47.78	\$ 55.63	-14%	\$ 47.60	\$ 50.62	-6%

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 September 30, 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

Q3-2024 Operating and Financial Highlights

- Q3-2024 drilling activity included 278 gross wells (6.3 net), of which 98% targeted oil, comprised of 182 wells (0.8 net) in the U.S. and 96 wells (5.5 net) in Canada. This is an 11% increase on a gross well basis, and a 37% increase on a net basis from the same quarter in 2023, reflecting development across our oil weighted asset base.
- Q3-2024 production averaged 14,608 boe/d, consistent with production during the same quarter in 2023, where U.S. production increases of 2% were bolstered by our expanded U.S. land base, offset by a decrease in our Canadian production.

- U.S. quarterly production remained near record levels at 5,533 boe/d in Q3-2024 incorporating production from the two U.S. acquisitions of mineral title and royalty assets in the Midland and Delaware basins of the Permian, which closed in the first quarter of 2024 and totaled \$116.2 million (US\$85.4 million), with production from these acquisitions meeting Freehold's expectations.
- Canadian production of 9,075 boe/d during Q3-2024, was lower than the same period of 2023, as producers responded to depressed natural gas prices, with gas production down 274 boe/d compared to the same quarter in 2023 due to reduced activity and curtailments, but mitigated by heavy oil production growth in the Mannville Stack and Clearwater.
- Freehold's realized crude oil price and natural gas pricing averaged \$95/bbl and \$0.74/Mcf, respectively, in Q3-2024, decreases of 8% and 65% from the same quarter in 2023, leading to a decline in revenue by 12%. Freehold's production was weighted 64% to oil and NGLs, making it more resilient to the impact of large declines in natural gas pricing.
- Cash costs⁽¹⁾ for the quarter totaled \$5.42/boe, an increase of 6% versus the same period in 2023 reflecting higher interest costs from incremental borrowings in 2024 for U.S. acquisitions.
- Funds from operations totaled \$55.7 million or \$0.37 per share⁽¹⁾, down 15% from the \$65.3 million (\$0.43 per share⁽¹⁾) in the same quarter in 2023, driven by weaker commodity prices.
- Dividends paid for Q3-2024 totaled \$40.7 million (\$0.27 per share), consistent with the same period in 2023, resulting in a dividend payout ratio⁽²⁾ of 73% .
- Long term debt at September 30, 2024 was \$205.8 million, \$22.2 million lower than at June 30, 2024.
 - Long term debt increased by \$82.8 million versus December 31, 2023, with debt drawn to fund the \$134.7 million in year-to-date acquisition spending.
 - Net debt at September 30, 2024 was \$187.1 million, an increase of \$86.2 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

In total, 852 gross wells (15.9 net) were drilled on Freehold's royalty lands during the first nine months, a 9% (13% on a net basis) increase versus the same period in 2023, reflecting the expansion of the Company's U.S. asset base, the quality of Freehold's royalty payors to endure volatile commodity pricing and more stable year-to-date oil pricing.

During Q3-2024, activity levels were up notably, with 278 gross wells (6.3 net) drilled on Freehold's royalty lands, an 11% increase (37% net well increase) from the 251 wells (4.6 net) drilled during the same quarter in 2023. The increased activity on a gross basis mainly relates to Freehold's U.S. lands, including development of the expanded asset base and, on a net basis, higher net interest drilling in Canada.

On a gross basis, 35% of wells drilled in Q3-2024 were in Canada (79% on Freehold's GORR lands and 21% on mineral title prospects); and 65% targeted Freehold's U.S. royalty acreage (76% drilled on mineral title lands). Of the total prospects drilled in Q3-2024, 98% targeted oil.

	Three months ended September 30				Nine months ended September 30			
	2024		2023		2024		2023	
	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾
Canada	96	5.5	116	3.9	293	13.5	346	12.2
United States	182	0.8	135	0.7	559	2.4	433	1.9
Total	278	6.3	251	4.6	852	15.9	779	14.1

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

CANADA

During the current reporting periods, 5.5 and 13.5 net wells were drilled on Freehold's Canadian lands, 41% and 11% increases compared to the same periods in 2023, however on a gross basis, drilling decreased by 17% and 15%, largely reflecting lower natural gas pricing. Top focus plays were the heavy oil weighted Mannville Stack and Clearwater formation, with approximately half of the Q3-2024 drilling focused on these areas, representing the highest level of quarterly heavy oil drilling over the past several years. Freehold has a higher net royalty interest in these heavy oil plays as compared to the average in our Canadian portfolio, contributing to the increase in net wells drilled in Q3-2024 compared to the same period in 2023.

U.S.

For the first nine months, 559 gross locations (2.4 net) were drilled on Freehold's U.S. lands, a 29% increase over the 433 gross (1.9 net) locations drilled in the same period in 2023. This increase is associated with the 2024 U.S. acquisitions and strong industry activity focused in the Midland and Delaware basins. During Q3-2024, 182 gross wells (0.8 net) were drilled on Freehold's U.S. royalty lands, with 70% in the Permian and 29% in the Eagle Ford. Overall, this is a 35% increase compared to 135 gross wells (0.7 net) during the same quarter in 2023. By geography, 94% of Q3-2024 gross wells in the U.S. targeted prospects in Texas.

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

Production

Freehold's total production averaged 14,608 boe/d and 14,847 boe/d during the current reporting periods, flat and a 1% increase over the same periods in 2023. The 2024 production levels reflect growth in Freehold's U.S. portfolio from third-party drilling activity and an expansion of its U.S. asset base, offset by muted natural gas drilling activity coupled with shut-ins as Canadian operators respond to a prolonged, depressed AECO benchmark price. In the current reporting periods, higher priced liquids production increased by 3% and 4%, while lower priced (on a boe equivalent basis) natural gas production decreased by 4% and 3% as compared to the same periods in 2023. This reflects Freehold's liquid rich U.S. acquisitions located in the Midland and Delaware basins combined with operators focusing on drilling prospects targeting higher priced crude oil.

Production Summary

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Canada (boe/d)	9,075	9,178	-1%	9,429	9,597	-2%
United States (boe/d)	5,533	5,427	2%	5,418	5,067	7%
Total production (boe/d)	14,608	14,605	0%	14,847	14,664	1%

Average Daily Production by Product Type

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Light and medium oil (bbl/d)	6,080	6,325	-4%	6,241	6,172	1%
Heavy oil (bbl/d)	1,315	1,127	17%	1,321	1,184	12%
NGL (bbl/d)	1,972	1,678	17%	1,919	1,769	8%
Natural gas (Mcf/d)	31,447	32,851	-4%	32,194	33,234	-3%
Total production (boe/d)	14,608	14,605	0%	14,847	14,664	1%
Number of days in period (days)	92	92		274	273	
Total volumes during period (MMboe)	1.344	1.344	0%	4.068	4.003	2%

CANADA

Canadian production averaged 9,075 boe/d and 9,429 boe/d during the current reporting periods, comprised of 56% oil and NGLs and 44% natural gas. These production volumes were 1% and 2% lower than the same periods in 2023 mainly due to lower natural gas production, reflecting a prolonged period of depressed pricing attributed to excess supply and elevated storage levels as well as limited export capacity in western Canada. This gas price weakness has resulted in Q3-2024 natural gas production 274 boe/d lower compared to Q3-2023 and 199 boe/d lower on a year-to-date basis compared to 2023. Recent development in Canada have focused on liquids-rich and heavy oil plays where pricing differentials have narrowed since the completion of the Trans Mountain pipeline expansion earlier this year.

Canadian Average Daily Production by Product Type

Canadian production	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Light and medium oil (bbl/d)	2,906	3,060	-5%	3,019	3,179	-5%
Heavy oil (bbl/d)	1,315	1,127	17%	1,321	1,184	12%
NGL (bbl/d)	865	729	19%	910	856	6%
Natural gas (Mcf/d)	23,931	25,575	-6%	25,071	26,266	-5%
Total production (boe/d)	9,075	9,178	-1%	9,429	9,597	-2%

U.S.

U.S. production, which is approximately 77% liquids weighted, averaged 5,533 boe/d and 5,418 boe/d during the current reporting periods, up 2% and 7% versus the same periods in 2023. These increases reflect strong additions from third-party drilling and completion activities during 2024 as well as the impact of the early 2024 U.S. acquisitions.

Freehold's U.S. production during Q3-2024 represents approximately 38% of corporate volumes, a 1% increase from the same period in 2023, reflecting the recent U.S. expanded asset base and operators' drilling and completion activities.

U.S. Average Daily Production by Product Type

United States production	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Light and medium oil (bbl/d)	3,174	3,265	-3%	3,222	2,993	8%
NGL (bbl/d)	1,107	949	17%	1,009	913	11%
Natural gas (Mcf/d)	7,516	7,276	3%	7,123	6,968	2%
Total production (boe/d)	5,533	5,427	2%	5,418	5,067	7%

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, for quality differentials and for the transportation cost to move product to the U.S. pricing points. During Q3-2024 WTI averaged US\$75.09/bbl, a 9% decrease from the same period in 2023 when WTI last peaked. On a year-to-date basis, WTI averaged US\$77.54/bbl, flat compared to the same period in 2023, with WTI being less volatile through the first nine months compared to the same period in 2023. WTI decreased by 7% compared to Q2-2024 reflecting global economic concerns, the potential oversupply of volumes from OPEC+ and elevated geopolitical tensions in the Middle East.

Within Canada, Edmonton Light Sweet prices averaged \$97.85/bbl and \$98.43/bbl during the current reporting periods, 9% and 2% lower versus the same periods in 2023. Western Canadian Select ("WCS") prices averaged \$83.95/bbl and \$84.45/bbl during the current reporting periods, 10% lower and 5% higher versus the same periods in 2023. Canadian heavy oil differentials narrowed in Q3-2024 to approximately US\$13/bbl due to a combination of the completion of the Trans Mountain pipeline expansion in May 2024 and low heavy oil inventory levels allowing for minimal apportionment on Enbridge's mainline.

For Q3-2024, AECO 7A Monthly Index and NYMEX natural gas monthly contract prices averaged \$0.81/Mcf and US\$2.24/Mcf, respectively, down 67% and 15% from the same quarter in 2023. Despite this decrease in NYMEX, it recovered 15% compared to Q2-2024. For the first nine months, AECO 7A and NYMEX averaged \$1.43/Mcf and US\$2.18/Mcf, respectively, down 54% and 19% from the same period in 2023. Certain Canadian producers have reacted to a lower natural gas benchmark by curtailing production and deferring drilling activity. However, lower natural gas demand in western Canada has added further downward pressure on the Canadian AECO benchmark, relative to NYMEX, causing AECO to reach its lowest average price during Q3-2024 than it has in over 20 years.

Average Benchmark Prices

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
West Texas Intermediate crude oil (US\$/bbl)	\$ 75.09	\$ 82.26	-9%	\$ 77.54	\$ 77.39	0%
Exchange rate (Cdn\$/US\$)	1.37	1.34	2%	1.35	1.35	0%
Edmonton Light Sweet crude oil (Cdn\$/bbl)	\$ 97.85	\$ 107.89	-9%	\$ 98.43	\$ 100.63	-2%
Western Canadian Select crude oil (Cdn\$/bbl)	\$ 83.95	\$ 93.05	-10%	\$ 84.45	\$ 80.37	5%
NYMEX natural gas (US\$/Mcf)	\$ 2.24	\$ 2.64	-15%	\$ 2.18	\$ 2.69	-19%
AECO 7A Monthly Index (Cdn\$/Mcf)	\$ 0.81	\$ 2.42	-67%	\$ 1.43	\$ 3.10	-54%

Realized Prices

As Freehold has increased its U.S. royalty portfolio, its overall realized price has strengthened relative to oil benchmarks 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 38% and 43% pricing premium for its U.S. production compared to its Canadian volumes during the current reporting periods. However, as driven by lower North American benchmarks, Freehold's average selling prices of \$54.36/boe and \$56.34/boe in the current reporting periods, were down 12% and 2% from the \$61.55/boe and \$57.54/boe realized during the same periods in 2023.

Average Realized Prices Summary

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Oil (\$/bbl)	\$ 94.56	\$ 102.68	-8%	\$ 95.57	\$ 93.84	2%
NGL (\$/bbl)	\$ 36.27	\$ 38.25	-5%	\$ 38.50	\$ 39.76	-3%
Oil and NGL (\$/bbl)	\$ 82.28	\$ 90.83	-9%	\$ 84.01	\$ 83.35	1%
Natural gas (\$/Mcf)	\$ 0.74	\$ 2.12	-65%	\$ 1.24	\$ 2.50	-51%
Oil equivalent (\$/boe)	\$ 54.36	\$ 61.55	-12%	\$ 56.34	\$ 57.54	-2%

CANADA

Freehold's average selling price realized in Canada was \$47.52/boe and \$48.74/boe during the current reporting periods, down 13% and 4% compared to the same periods in 2023. The Q3-2024 decrease reflects lower Canadian commodity benchmarks, whereas the year-to-date decrease reflects lower AECO pricing.

Freehold's Canadian realized oil pricing averaged \$88.71/bbl and \$88.26/bbl during the current reporting periods, down 10% but up 1% compared to the same periods in 2023. The average realized natural gas price was \$0.61/Mcf and \$1.22/Mcf in the current reporting periods, significantly lower than the same periods in 2023.

Canadian Average Realized Prices

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Oil (\$/bbl)	\$ 88.71	\$ 98.11	-10%	\$ 88.26	\$ 87.41	1%
NGL (\$/bbl)	\$ 48.82	\$ 52.10	-6%	\$ 50.29	\$ 51.54	-2%
Oil and NGL (\$/bbl)	\$ 81.92	\$ 91.28	-10%	\$ 81.68	\$ 81.54	0%
Natural gas (\$/Mcf)	\$ 0.61	\$ 2.05	-70%	\$ 1.22	\$ 2.43	-50%
Oil equivalent (\$/boe)	\$ 47.52	\$ 54.61	-13%	\$ 48.74	\$ 50.98	-4%

U.S.

Freehold's average realized selling price in the U.S. was \$65.58/boe and \$69.57/boe during the current reporting periods, 11% and 1% decreases from the same periods in 2023, reflecting lower American benchmarks in Q3-2024 and a lower year-to-date NYMEX benchmark. Freehold's realized oil prices in the U.S. averaged \$102.32/bbl and \$105.41/bbl during the current reporting periods, down 6% but up 2% from the same periods in 2023. Freehold's average realized U.S. natural gas price was \$1.17/Mcf and \$1.29/Mcf during the current reporting periods, significant decreases compared to the same periods in 2023. These natural gas price decreases exceed the change in NYMEX largely due to higher differentials reflecting egress constraints at the Waha Hub in the Permian Basin, impacting approximately 35% of Freehold's U.S. natural gas production. Late in Q3-2024, the Matterhorn Express Pipeline was put into service, providing critical takeaway capacity from the Permian and anticipated to improve the Waha Hub pricing differential.

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

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Oil (\$/bbl)	\$ 102.32	\$ 108.54	-6%	\$ 105.41	\$ 103.20	2%
NGL (\$/bbl)	\$ 26.44	\$ 27.67	-4%	\$ 27.87	\$ 28.71	-3%
Oil and NGL (\$/bbl)	\$ 82.70	\$ 90.33	-8%	\$ 86.91	\$ 85.79	1%
Natural gas (\$/Mcf)	\$ 1.17	\$ 2.35	-50%	\$ 1.29	\$ 2.79	-54%
Oil equivalent (\$/boe)	\$ 65.58	\$ 73.28	-11%	\$ 69.57	\$ 69.97	-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 Freehold to take ownership of the product as it is produced allowing the Company to sell it directly rather than having the royalty payor sell the product on its behalf and pass along proceeds from the sale in subsequent months. For the current reporting periods, Freehold marketed and took-in-kind approximately 2% 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 \$73.9 million and \$232.6 million in the current reporting periods, were down 12% and 1% when compared to the same periods in 2023, reflecting lower realized commodity pricing. For the current reporting periods, oil represented 87% and 85% of royalty and other revenue, 3% and 5% increases from the same periods in 2023. Q3-2024 U.S. revenue also benefited from a stronger U.S. dollar, as reported in Canadian dollars, which strengthened by 2% compared to the same period in 2023.

Included in the first nine months of royalty and other revenue is bonus consideration and lease rental revenue of \$2.3 million, which decreased 19% from the same period in 2023 when leasing bonus revenue achieved a record level. During the first nine months, Freehold entered into 57 new leases (46 in Canada and 11 in the U.S.) with numerous counterparties. The majority of this new leasing focus in Canada was in southeast Saskatchewan, the Mannville Stack and the Duvernay whereas in the U.S. the focus was on Freehold's Permian mineral title lands.

Royalty and Other Revenue Summary

(\$000s, except as noted)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Canada	\$ 40,492	\$ 47,617	-15%	\$ 128,337	\$ 137,649	-7%
United States	33,383	36,617	-9%	104,282	96,864	8%
Royalty and other revenue	\$ 73,875	\$ 84,234	-12%	\$ 232,619	\$ 234,513	-1%
Per boe (\$)	\$ 54.97	\$ 62.67	-12%	\$ 57.18	\$ 58.58	-2%

Royalty and Other Revenue by Category

(\$000s)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Royalty interest	\$ 73,345	\$ 82,982	-12%	\$ 230,289	\$ 231,625	-1%
Bonus consideration and lease rentals	530	1,252	-58%	2,330	2,888	-19%
Royalty and other revenue	\$ 73,875	\$ 84,234	-12%	\$ 232,619	\$ 234,513	-1%

Royalty and Other Revenue by Type

(\$000s)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Oil	\$ 64,325	\$ 70,394	-9%	\$ 198,005	\$ 188,444	5%
Natural gas	2,151	6,403	-66%	10,930	22,723	-52%
Natural gas liquids	6,582	5,901	12%	20,250	19,204	5%
Potash	287	284	1%	1,104	1,254	-12%
Bonus consideration and lease rentals	530	1,252	-58%	2,330	2,887	-19%
Royalty and other revenue	\$ 73,875	\$ 84,234	-12%	\$ 232,619	\$ 234,513	-1%

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 the current reporting periods, G&A expenses of \$3.3 million and \$12.1 million were up 8% and 3% from the same periods in 2023. The modest increase in year-to-date G&A reflects inflationary cost pressures, whereas the Q3-2024 increase reflects timing differences, between the periods, in G&A costs qualifying for capitalization.

On a per boe basis, the current reporting period G&A expense of \$2.48/boe and \$2.97/boe increased by 8% and 1% from the same periods in 2023.

(\$000s, except as noted)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
General and administrative expenses before capitalized and overhead recoveries	\$ 4,092	\$ 4,316	-5%	\$ 14,934	\$ 14,403	4%
Less: capitalized and overhead recoveries	(756)	(1,234)	-39%	(2,842)	(2,651)	7%
General and administrative expenses	\$ 3,336	\$ 3,082	8%	\$ 12,092	\$ 11,752	3%
Per boe (\$)	\$ 2.48	\$ 2.29	8%	\$ 2.97	\$ 2.94	1%

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 \$7.0 million during the first nine months was 4% higher than the same period in 2023. This increase reflects Freehold's early 2024 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. Production and ad valorem taxes decreased in Q3-2024, compared to the same period in 2023, reflecting correspondingly lower U.S. revenues.

(\$000s, except as noted)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Production and ad valorem taxes	\$ 2,381	\$ 2,607	-9%	\$ 7,028	\$ 6,773	4%
Per boe (\$)	\$ 1.77	\$ 1.94	-9%	\$ 1.73	\$ 1.69	2%

Interest and Financing

Interest on long term debt increased in the current reporting periods as compared to the same periods in 2023 due to increased average debt from borrowings for acquisitions. The year-to-date increase is also attributable to slightly higher interest rates. The current reporting periods average effective interest rate on advances from Freehold's committed credit facilities were 6.4% and 6.5% (same periods in 2023 – 6.6% and 6.3%).

(\$000s, except as noted)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Interest on long-term debt and financing fees	\$ 3,620	\$ 2,833	28%	\$ 11,327	\$ 7,760	46%
Non-cash interest expense ⁽¹⁾	63	71	-11%	193	181	7%
Interest and finance expense	\$ 3,683	\$ 2,904	27%	\$ 11,520	\$ 7,941	45%
Per boe - cash expense (\$)	\$ 2.69	\$ 2.11	27%	\$ 2.78	\$ 1.94	43%

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 the current reporting periods of \$0.1 million and \$0.2 million were consistent with the ascribed value attributable to management fees during the same periods in 2023.

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Shares issued for management fees	-	5,500	-100%	-	16,500	-100%
Cash or ascribed value (\$000s) ⁽¹⁾	\$ 77	\$ 81	-5%	\$ 232	\$ 235	-1%
Per boe (\$)	\$ 0.06	\$ 0.06	0%	\$ 0.06	\$ 0.06	0%
Closing share price (\$/share)	\$ 14.05	\$ 14.70	-4%	\$ 14.05	\$ 14.70	-4%

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 for 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 \$1.5 million and \$4.0 million during the current reporting periods, increases of 21% and 131% compared to the same periods of 2023. The Q3-2024 increase reflects the effect of improved estimated multipliers on PSU award values, whereas the year-to-date increase captures a higher change in the share price, closing at \$14.05 per share on September 30, 2024.

Year-to-date, Freehold paid \$7.5 million in share based compensation, as previously charged against net income, to executive officers, employees and non-management directors, an increase from the same period in 2023. This increase reflects a higher award value and increased payouts on redemption of DSUs from retired non-management directors.

(\$000s, except as noted)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Share based compensation	\$ 1,504	\$ 1,246	21%	\$ 3,991	\$ 1,728	131%
Cash payout on share based compensation	\$ -	\$ 705	-100%	\$ 7,487	\$ 4,817	55%
Per boe (\$)	\$ -	\$ 0.52	-100%	\$ 1.84	\$ 1.20	53%

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

	RSUs	PSUs	DSUs	DRSUs
Awards granted during the nine months ended September 30, 2024	118,234	158,613	91,919	27,531
Balance outstanding as at September 30, 2024	196,649	377,858	541,096	29,703
Balance outstanding as at November 7, 2024	196,628	377,823	544,522	29,891

Netback and Cash Costs

The netback⁽¹⁾ allows Freehold to benchmark how changes in commodity pricing and its cash-based cost structure compare against prior periods. Freehold's netback⁽¹⁾ totaled \$47.78/boe and \$47.95/boe during the current reporting periods, down 14% and 6% from the same periods in 2023. These changes reflect lower average realized commodity pricing and higher cash-based interest costs. The year-to-date increase was also impacted by higher payouts on share based compensation.

Cash costs⁽¹⁾ during the current reporting periods, as measured on boe basis and compared to the same periods in 2023, were up 6% and 24% for reasons as described above.

(\$/boe)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Royalty and other revenue	\$ 54.97	\$ 62.67	-12%	\$ 57.18	\$ 58.58	-2%
Production and ad valorem taxes	(1.77)	(1.94)	-9%	(1.73)	(1.69)	2%
Net revenue ⁽¹⁾	\$ 53.20	\$ 60.73	-12%	\$ 55.45	\$ 56.89	-3%
Less:						
General and administrative	\$ (2.48)	\$ (2.29)	8%	\$ (2.97)	\$ (2.94)	1%
Operating expense ⁽²⁾	(0.19)	(0.18)	6%	(0.20)	(0.19)	5%
Interest and financing cash expense	(2.69)	(2.11)	27%	(2.78)	(1.94)	43%
Management fee - cash settled	(0.06)	-	nm	(0.06)	-	nm
Cash payout on share based compensation	-	(0.52)	-100%	(1.49)	(0.97)	54%
Cash costs ⁽¹⁾	\$ (5.42)	\$ (5.10)	6%	\$ (7.50)	\$ (6.04)	24%
Netback ⁽¹⁾	\$ 47.78	\$ 55.63	-14%	\$ 47.95	\$ 50.85	-6%

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 Q3-2024 production of 95 boe/d (Q3-2023 – 98 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 rates per boe of \$18.22/boe and \$18.16/boe in the current reporting periods are lower than the same periods in 2023 largely due to revised reserve estimates as at December 31, 2023 reflecting previously unbooked drilling additions, with these lower rates having a corresponding impact on depletion expense.

(\$000s, except as noted)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Depletion	\$ 24,485	\$ 25,798	-5%	\$ 73,863	\$ 77,397	-5%
Depreciation	164	40	310%	394	120	228%
Depletion and depreciation	\$ 24,649	\$ 25,838	-5%	\$ 74,257	\$ 77,517	-4%
Depletion per boe (\$)	\$ 18.22	\$ 19.19	-5%	\$ 18.16	\$ 19.33	-6%

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 September 30, 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 for the year-to-date, whereas the opposite occurred for Q3-2024.

(\$000s)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Foreign exchange (gain) loss on:						
Intercompany note	\$ 4,689	\$ (6,564)	-171%	\$ (6,614)	\$ 810	917%
Long-term debt	(511)	514	199%	1,065	(378)	-382%
	\$ 4,178	\$ (6,050)	-169%	\$ (5,549)	\$ 432	1386%

Impairment

At September 30, 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 the current reporting periods, income tax expenses of \$8.8 million and \$29.9 million decreased by 27% and remained flat compared to same periods in 2023, reflecting corresponding changes in revenues.

In Q2-2024 the Canadian government announced an increase in the capital gains income tax inclusion rate for corporations from one-half to two-thirds. This change is not expected to have a significant effect on Freehold's income taxes.

(\$000s)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Current income tax expense	\$ 8,350	\$ 9,442	-12%	\$ 25,113	\$ 26,599	-6%
Deferred income tax expense	458	2,570	-82%	4,818	3,186	51%
Income taxes	\$ 8,808	\$ 12,012	-27%	\$ 29,931	\$ 29,785	0%

CRA Assessments

The Canada Revenue Agency ("CRA") has assessed Freehold's prior years' tax returns, denying \$222 million of non-capital losses ("NCLs") (the "Assessments"). Pursuant to the Assessments, denied NCL claims resulted in taxes, interest, and penalties totaling an estimated \$62 million. Freehold objected to the Assessments, requiring it to provide deposits totaling \$30.9 million as at September 30, 2024 (December 31, 2023 – \$29.3 million). During the current reporting periods, the CRA issued a notice of confirmation regarding their Assessments. Freehold has filed a notice of appeal with the Tax Court of Canada.

Freehold has received legal advice that it should be entitled to deduct the NCLs and as such, expects to be successful in defending its filed tax positions.

Net Income and Comprehensive Income

In the current reporting periods, Freehold had net income of \$25.0 million and \$98.3 million, a decrease of 41% but an increase of 1% compared to the same periods in 2023. The Q3-2024 decrease was due to lower royalty and other revenue, higher borrowing costs and foreign exchange losses. For the same periods, comprehensive income also decreased in Q3-2024 but increased year-to-date as further impacted by foreign currency translation losses and gains, respectively, related to the translation of Freehold's wholly-owned U.S. subsidiary to Canadian dollars.

(\$000s, except per share)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Net income	\$ 25,002	\$ 42,269	-41%	\$ 98,323	\$ 97,581	1%
Per share, basic & diluted (\$)	\$ 0.17	\$ 0.28	-39%	\$ 0.65	\$ 0.65	0%
Comprehensive income	\$ 21,011	\$ 47,160	-55%	\$ 102,945	\$ 97,491	6%

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 the current reporting periods decreased to \$55.7 million (\$0.37/share) and \$169.6 million (\$1.13/share) from \$65.3 million (\$0.43/share) and \$176.9 million (\$1.17/share) in the same periods of 2023. These decreases reflect lower realized commodity pricing.

Cash flow from operations for the current reporting periods of \$64.1 million and \$164.2 million were 19% and 12% higher than the same periods in 2023 due partially to the compliance group's focused efforts on collecting receivables.

(\$000s, except as noted)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Cash flow from operations	\$ 64,138	\$ 53,685	19%	\$ 164,213	\$ 146,212	12%
Funds from operations	\$ 55,712	\$ 65,253	-15%	\$ 169,643	\$ 176,860	-4%
Per share - basic (\$) ⁽¹⁾⁽²⁾	\$ 0.37	\$ 0.43	-14%	\$ 1.13	\$ 1.17	-3%

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 September 30, 2024, was \$18.7 million, 16% or \$3.4 million lower than on December 31, 2023, reflecting the use of the acquisition deposits to fund the 2024 U.S. acquisitions and collection efforts, lowering accounts receivable.

(\$000s)	At September 30		At December 31
	2024	2023	Change
Working capital ⁽¹⁾⁽²⁾	\$ 18,652	\$ 22,081	-16%

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 (the "Revolving Facility") availability of \$285 million and an operating facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facilities") availability of \$15 million for total Credit Facilities of \$300 million. Either facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the Credit Facilities to \$450 million subject to lenders' consent. The Credit Facilities mature October 21, 2025. At September 30, 2024, \$205.8 million was drawn on the Credit Facilities (December 31, 2023 – \$123.0 million), consisting of Canadian dollar and U.S. dollar denominated borrowings of \$182.4 million (December 31, 2023 – \$123.0 million) and US\$17.4 million (\$23.4 million) (December 31, 2023 – \$nil), respectively. 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 (0.7 times at September 30, 2024); and (ii) long-term debt to the aggregate of long-term debt and shareholders' equity percentage shall not exceed 55% (19% at September 30, 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.

On June 26, 2024, the credit agreement was amended and restated to reflect Canadian Overnight Repo Rate Average ("CORRA") based loans while removing references to the Canadian Dollar Offer Rate ("CDOR"), which recently ceased publication. Borrowings on or subsequent to June 26, 2024 bear interest on U.S. and Canadian denominated drawings at Secured Overnight Financing Rate ("SOFR") and CORRA, 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. Prior to the June 26, 2024 amendment, Canadian denominated borrowings were CDOR based loans.

Net Debt

Year-to-date, net debt increased by \$86.2 million, or 85%, to \$187.1 million from \$100.9 million at December 31, 2023, as a result of debt draws largely to fund the 2024 U.S. acquisitions. During Q3-2024, Freehold repaid \$21.7 million of debt, decreasing net debt by 6% compared to June 30, 2024.

Freehold's net debt to trailing funds from operations ratio of 0.8 times at September 30, 2024 increased from 0.4 times at December 31, 2023, reflecting the year-to-date net debt draw of \$86.2 million, although this ratio excludes the proforma funds from operations from the 2024 U.S. acquisitions. Following these acquisitions, this ratio remained well within the Company's 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 17% at September 30, 2024, an increase of 7% from December 31, 2023.

Debt Analysis

(\$000s)	At September 30		At December 31	Change
	2024	2023	2023	
Long-term debt	\$ 205,763	\$ 122,973		67%
Working capital ⁽¹⁾⁽²⁾	(18,652)	(22,081)		-16%
Net debt ⁽¹⁾⁽²⁾	\$ 187,111	\$ 100,892		85%

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 September 30		At December 31
	2024	2023	Change
Net debt to funds from operations (times) ⁽¹⁾⁽²⁾⁽³⁾	0.8	0.4	100%
Net debt to capitalization (%) ⁽³⁾	17%	10%	70%

- Funds from operations are 12-months trailing and do not include the proforma effects of acquisitions
- Net debt to trailing funds from operations is a capital management measure
- 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 nine months.

At each of September 30, 2024 and November 7, 2024, there were 150,689,334 common shares outstanding.

Shareholders' Capital

(\$000s, except as noted)	September 30, 2024		December 31, 2023	
	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 September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Weighted average						
Basic	150,689,334	150,678,394	0%	150,689,334	150,672,935	0%
Diluted	151,302,037	151,073,948	0%	151,297,996	151,076,347	0%
At period end	150,689,334	150,678,334	0%	150,689,334	150,678,334	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 Freehold's 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 September 30, 2024, Freehold's 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
April 30, 2024	May 15, 2024	\$	0.09
May 31, 2024	June 17, 2024	\$	0.09
June 28, 2024	July 15, 2024	\$	0.09
July 31, 2024	August 15, 2024	\$	0.09
August 30, 2024	September 16, 2024	\$	0.09
September 30, 2024	October 15, 2024	\$	0.09
		\$	0.81

Subsequent to Q3-2024, on October 17, 2024, the Board declared a dividend of \$0.09 per common share to be paid on November 15, 2024, to common shareholders on record on October 31, 2024. On November 7, 2024, the Board declared a dividend of \$0.09 per common share to be paid on December 16, 2024, to common shareholders on record on November 29, 2024.

2024 Dividends Paid

Total dividends paid in the current reporting periods were \$40.7 million (\$0.27/share) and \$122.1 million (\$0.81/share), unchanged from the same periods in 2023.

From inception in 1996 through to September 30, 2024, Freehold has distributed \$2.2 billion (\$35.95/share) to the Company's shareholders. Freehold's dividends are designated as eligible dividends for Canadian income tax purposes.

Accumulated Dividends¹

(\$000's, except per share)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Dividends declared	\$ 40,686	\$ 40,684	0%	\$ 122,058	\$ 122,046	0%
Accumulated, beginning of period	2,156,015	2,033,959	6%	2,115,329	1,952,597	8%
Accumulated, end of period	\$ 2,196,701	\$ 2,074,643	6%	\$ 2,237,387	\$ 2,074,643	8%
Dividends per share (\$) ⁽²⁾	\$ 0.27	\$ 0.27	0%	\$ 0.81	\$ 0.81	0%
Accumulated, beginning of period (\$)	35.68	34.60	3%	35.14	34.06	3%
Accumulated, end of period (\$)	\$ 35.95	\$ 34.87	3%	\$ 35.95	\$ 34.87	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 Ratio²

In the current reporting periods, Freehold's payout⁽²⁾ ratios were 73% and 72%, higher than the 62% and 69% reported for the same periods in 2023, with excess funds from operations largely used to partially fund acquisitions.

(\$000s, except as noted)	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Dividends paid ⁽¹⁾	\$ 40,686	\$ 40,682	0%	\$ 122,058	\$ 122,045	0%
Funds from operations	\$ 55,712	\$ 65,253	-15%	\$ 169,643	\$ 176,860	-4%
Dividend payout ratio (%) ⁽²⁾	73%	62%	18%	72%	69%	4%

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.

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.

Freehold also paid \$4.3 million (US\$3.2 million) in exchange for mineral and royalty interests in the Midland and Delaware basins in Texas in the first nine months.

Canadian Acquisitions

For the first nine months, Freehold paid \$8.4 million in exchange for gross overriding royalties in the Clearwater and Mannville Stack plays in Alberta and \$0.2 million for two potash royalty interest transactions (see Related Party Transactions).

Related Expenditures

For the first nine months, Freehold capitalized G&A costs of \$2.8 million, share based compensation payouts of \$1.4 million and miscellaneous expenditures of \$1.4 million.

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 September 30, 2024 and December 31, 2023. Canpar Holdings Ltd. ("Canpar") and Evergreen Royalties Ltd. (together with 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.

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 and \$0.2 million charge for the current reporting periods (same periods in 2023 – an ascribed value of common shares issued of \$0.1 million and \$0.2 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 current reporting periods, the Manager charged \$3.3 million and \$11.3 million in G&A costs (same periods in 2023 – \$3.8 million and \$12.1 million). For the first nine months, the Manager charged \$6.2 million for share based compensation payouts (same period in 2023 – \$3.2 million). At September 30, 2024, there was \$1.1 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 current reporting periods and same periods in 2023, Freehold paid \$6.8 million and \$20.3 million, respectively, 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 of the three and nine months ended September 30, 2024 and 2023, Freehold received royalties of approximately \$0.1 million and \$0.2 million from Rife, respectively. At each of September 30, 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 September 30, 2024 and December 31, 2023 were \$0.2 million and a nominal amount, respectively.

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 first nine months, 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

Financial (\$millions, except as noted)	2024				2023			2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Royalty and other revenue	73.9	84.5	74.3	80.1	84.2	73.7	76.6	98.5
Net income	25.0	39.3	34.0	34.3	42.3	24.3	31.1	40.7
Per share, basic & diluted (\$) ⁽¹⁾	0.17	0.26	0.23	0.23	0.28	0.16	0.21	0.27
Cash flows from operations	64.1	47.6	52.5	70.7	53.7	49.9	42.6	82.7
Funds from operations	55.7	59.6	54.4	62.8	65.3	53.0	58.6	80.0
Per share, basic (\$) ⁽¹⁾	0.37	0.40	0.36	0.42	0.43	0.35	0.39	0.53
Per share, diluted (\$) ⁽¹⁾	0.37	0.39	0.36	0.42	0.43	0.35	0.39	0.53
Acquisitions and related expenditures	1.8	11.5	121.5	2.1	1.2	3.2	4.3	7.2
Dividends paid	40.7	40.7	40.7	40.7	40.7	40.7	40.7	40.7
Per share (\$) ⁽²⁾	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Dividends declared	40.7	40.7	40.7	40.7	40.7	40.7	40.7	40.7
Per share (\$) ⁽²⁾	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Payout ratio (%) ⁽³⁾	73%	68%	75%	65%	62%	77%	69%	51%
Long term debt	205.8	228.0	223.6	123.0	141.2	152.0	159.1	156.6
Net debt ⁽⁴⁾⁽⁵⁾	187.1	199.1	210.5	100.9	113.4	136.9	122.3	135.5
Shares outstanding, period end (millions)	150.7	150.7	150.7	150.7	150.7	150.7	150.7	150.7
Average shares outstanding (millions) ⁽¹⁾	150.7	150.7	150.7	150.7	150.7	150.7	150.7	150.7
Operating								
Light and medium oil (bbls/d)	6,080	6,551	6,094	6,308	6,325	6,093	6,102	6,418
Heavy oil (bbls/d)	1,315	1,348	1,300	1,182	1,127	1,167	1,253	1,218
NGL (bbls/d)	1,972	1,902	1,884	1,878	1,678	1,845	1,788	1,781
Total liquids (bbls/d)	9,367	9,801	9,278	9,368	9,130	9,105	9,143	9,417
Natural gas (Mcf/d)	31,447	32,524	32,617	32,968	32,851	33,372	33,486	33,744
Total production (boe/d) ⁽⁶⁾	14,608	15,221	14,714	14,863	14,605	14,667	14,724	15,041
Oil and NGL (%)	64%	64%	63%	63%	63%	62%	62%	63%
Petroleum and natural gas realized price (\$/boe)	54.36	59.74	54.81	57.94	61.55	54.05	56.99	69.76
Cash costs (\$/boe) ⁽³⁾⁽⁶⁾	5.42	9.80	7.19	4.73	5.10	7.19	5.82	5.17
Netback (\$/boe) ⁽³⁾⁽⁶⁾	47.78	49.44	46.62	52.59	55.63	46.07	50.79	63.92
Benchmark Prices								
West Texas Intermediate crude oil (US\$/bbl)	75.09	80.57	76.96	78.32	82.26	73.78	76.13	82.64
Average Exchange rate (Cdn\$/US\$)	1.37	1.37	1.35	1.36	1.34	1.34	1.35	1.35
Edmonton Light Sweet crude oil (Cdn\$/bbl)	97.85	105.29	92.14	99.69	107.89	94.97	99.03	109.83
Western Canadian Select crude oil (Cdn\$/bbl)	83.95	91.63	77.77	76.96	93.05	78.76	69.31	77.08
Nymex natural gas (US\$/Mcf)	2.24	1.96	2.33	2.98	2.64	2.17	3.30	6.03
AECO 7A Monthly Index (Cdn\$/Mcf)	0.81	1.44	2.07	2.70	2.42	2.40	4.34	5.58

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 July 1, 2024 to September 30, 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 Canadian Sustainability Standards Board ("CSSB") was formed. The mandate of the CSSB 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. In October 2024, the CSSB announced that it will issue sustainability reporting standards in December 2024, factoring in the submissions it received that are in the Canadian public interest. The CSSB's two proposed standards are currently voluntary. Following the issuance by the CSSB of the sustainability reporting standards, the CSA will begin its own consultation process to determine how the reporting standards

will be translated into required disclosures for reporting issuers and the timing of such requirements. 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 Freehold's 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, Q3-2024 Operating and Financial Highlights, Credit Risk Management, CRA Assessments, Liquidity and Capital Resources, Financing Activities and Dividend Policy and Analysis 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 the relative strength of Freehold's royalty payors and their financial capacity to manage through lower forward pricing 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;
- expectations that Freehold's U.S. royalty lands will provide a tangible outlook for continued activity through the balance of 2024 and into 2025;
- anticipated 2024 production and the estimated commodity weighting of such production;
- the quality of Freehold's royalty payors to endure volatile commodity pricing and strong year-to-date oil pricing;
- our expectations regarding our recent developments will continue to focused on liquids-rich and heavy oil plays;
- the possibility that we may take our royalty in-kind if there are benefits in doing so;
- the expectation that the change in the capital gains inclusion rate will not have a significant effect on Freehold's income taxes;
- Freehold's expectations of success on defending its filed tax positions in respect of the Assessments;

- 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;
- Freehold's intent in establishing its dividend rate and the process;
- expectations with respect to adoption and implementation of sustainability reporting in Canada; 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-Hezbollah and potentially the broader Middle-East region, and Russia-Ukraine wars and any associated sanctions as well as OPEC+ curtailments on the global economy and commodity prices;
- geopolitical instability;
- political instability;
- 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;
- inflationary pressures;
- our ability to continue paying dividends;
- 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 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;
- unanticipated litigation;
- 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, our expectations regarding completion of drilled wells, 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 Freehold's 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 Freehold to benchmark how changes in commodity pricing, net of production and ad valorem taxes, and its 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)	September 30 2024	December 31 2023	January 1 2023
		Note 2	Note 2
Assets			
Current assets:			
Cash	\$ -	\$ -	\$ 524
Accounts receivable	42,220	43,329	57,650
Income taxes receivable	5,122	-	-
Acquisition deposits	-	12,086	-
Current portion of income tax deposits	-	-	21,909
	47,342	55,415	80,083
Income tax deposits (note 3)	30,856	29,274	-
Exploration and evaluation assets (note 4)	58,786	63,059	68,758
Petroleum, natural gas and other interests (note 5)	1,044,227	970,675	1,063,162
Total Assets	\$ 1,181,211	\$ 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	3,397	4,877	4,016
Current portion of share based compensation payable (note 6)	10,995	12,845	11,473
Current income taxes payable	-	1,314	29,303
Current portion of lease obligation	236	236	195
Current portion of decommissioning liability	500	500	500
	28,690	33,334	59,047
Lease obligation	1,262	1,380	1,520
Share based compensation payable (note 6)	1,180	2,235	4,547
Decommissioning liability	5,312	5,532	5,437
Deferred income tax liability	34,355	29,206	24,551
Long-term debt (note 7)	205,763	122,973	156,560
Shareholders' equity:			
Shareholders' capital (note 8)	1,500,639	1,500,639	1,500,331
Accumulated other comprehensive income	8,730	4,109	10,167
Deficit	(604,720)	(580,985)	(550,157)
Total Shareholders' Equity	904,649	923,763	960,341
Total Liabilities and Shareholders' Equity	\$ 1,181,211	\$ 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) (\$000s, except per share and weighted average shares)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Revenue:				
Royalty and other revenue (note 9)	\$ 73,875	\$ 84,234	\$ 232,619	\$ 234,513
Expenses:				
General and administrative	3,336	3,082	12,092	11,752
Production and ad valorem taxes	2,381	2,607	7,028	6,773
Operating	257	245	794	769
Interest and financing (note 10)	3,683	2,904	11,520	7,941
Management fee (note 11)	77	81	232	235
Share based compensation (note 6)	1,504	1,246	3,991	1,728
Depletion and depreciation (note 5)	24,649	25,838	74,257	77,517
Foreign exchange loss (gain) (note 12)	4,178	(6,050)	(5,549)	432
	40,065	29,953	104,365	107,147
Income before taxes	33,810	54,281	128,254	127,366
Income taxes:				
Current income tax expense	8,350	9,442	25,113	26,599
Deferred income tax expense	458	2,570	4,818	3,186
	8,808	12,012	29,931	29,785
Net income	\$ 25,002	\$ 42,269	\$ 98,323	\$ 97,581
Other comprehensive (loss) income				
Foreign currency translation adjustment	(3,992)	4,891	4,621	(90)
Comprehensive income	\$ 21,010	\$ 47,160	\$ 102,944	\$ 97,491
Net income per share, basic & diluted	\$ 0.17	\$ 0.28	\$ 0.65	\$ 0.65
Weighted average number of shares:				
Basic	150,689,334	150,678,394	150,689,334	150,672,935
Diluted	151,302,037	151,073,948	151,297,996	151,076,347

See accompanying notes to the interim condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (\$000s)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Operating:				
Net income	\$ 25,002	\$ 42,269	\$ 98,323	\$ 97,581
Adjustments:				
Depletion and depreciation (note 5)	24,649	25,838	74,257	77,517
Foreign exchange loss (gain) (note 12)	4,178	(6,050)	(5,549)	432
Deferred income tax expense	458	2,570	4,818	3,186
Share based compensation (note 6)	1,504	1,246	3,991	1,728
Non-cash management fee (note 11)	-	81	-	235
Accretion	63	71	193	181
Operating payout on share based compensation (note 6)	-	(705)	(6,054)	(3,887)
Decommissioning expenditures	(142)	(67)	(336)	(113)
Funds from operations	55,712	65,253	169,643	176,860
Changes in non-cash working capital (note 14)	8,426	(11,568)	(5,430)	(30,648)
	64,138	53,685	164,213	146,212
Financing:				
Long-term debt net (repayment) drawn	(21,744)	(11,345)	81,725	(14,984)
Dividends paid (note 8)	(40,686)	(40,683)	(122,058)	(122,045)
Lease obligation paid	(58)	(48)	(177)	(147)
	(62,488)	(52,076)	(40,510)	(137,176)
Investing:				
Acquisitions and related expenditures (note 5)	(1,794)	(1,156)	(134,745)	(8,582)
Changes in non-cash working capital (note 14)	144	-	11,042	(257)
	(1,650)	(1,156)	(123,703)	(8,839)
Increase in cash	-	453	-	197
Impact of foreign currency on cash balance	-	-	-	(19)
Cash, beginning of period	-	249	-	524
Cash, end of period	\$ -	\$ 702	\$ -	\$ 702
Supplemental disclosures				
Interest paid	\$ 3,620	\$ 2,833	\$ 11,327	\$ 7,760
Income taxes paid, excluding tax deposits	\$ 8,100	\$ 10,607	\$ 31,550	\$ 56,374

See accompanying notes to the interim condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited) (\$000s)	Nine months ended September 30	
	2024	2023
Shareholders' capital:		
Balance, beginning of period	\$ 1,500,639	\$ 1,500,331
Shares issued for payment of management fee (note 11)	-	235
Balance, end of period	1,500,639	1,500,566
Accumulated other comprehensive income:		
Balance, beginning of period	4,109	10,167
Foreign currency translation adjustment	4,621	(90)
Balance, end of period	8,730	10,077
Deficit:		
Balance, beginning of period	(580,985)	(550,157)
Net income	98,323	97,581
Dividends declared (note 8)	(122,058)	(122,046)
Balance, end of period	(604,720)	(574,622)
Total shareholders' equity	\$ 904,649	\$ 936,021

See accompanying notes to the interim condensed consolidated financial statements

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 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 November 7, 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 ("IAS 1") 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 ("NCLs") (the "Assessments"). Pursuant to the Assessments, denied NCL claims resulted in taxes, interest, and penalties totaling an estimated \$62 million. Freehold objected to the Assessments, requiring it to provide deposits totaling \$30.9 million as at September 30, 2024 (December 31, 2023 – \$29.3 million). During the three and nine months ended September 30, 2024, the CRA issued a notice of confirmation regarding their Assessments. Freehold has filed a notice of appeal with the Tax Court of Canada.

Freehold has received legal advice that it should be entitled to deduct the NCLs and as such, expects to be successful in defending its filed tax positions.

4. Exploration and Evaluation Assets

(\$000s)	September 30 2024	December 31 2023
Balance, beginning of period	\$ 63,059	\$ 68,758
Transfers to petroleum and natural gas interests (note 5)	(4,273)	(5,699)
Balance, end of period	\$ 58,786	\$ 63,059

There was no impairment recorded on the transfer of E&E assets to Petroleum and Natural Gas Interests during the three and nine months ended September 30, 2024.

There were no indicators of impairment on Freehold's E&E assets as at September 30, 2024.

5. Petroleum and Natural Gas and Other Interests

(\$000s)	September 30 2024	December 31 2023
Gross cost		
Balance, beginning of period	\$ 2,115,487	\$ 2,113,341
Acquisitions and related expenditures	134,745	10,647
Capitalized recovery of long term incentive plan	(842)	(105)
Transfers from exploration and evaluation assets (note 4)	4,273	5,699
Foreign exchange translation	11,132	(14,095)
Balance, end of period	\$ 2,264,795	2,115,487
Accumulated depletion		
Balance, beginning of period	\$ (1,144,812)	(1,050,179)
Depletion and depreciation	(74,257)	(96,371)
Foreign exchange translation	(1,499)	1,738
Balance, end of period	\$ (1,220,568)	(1,144,812)
Net book value, end of period	\$ 1,044,227	\$ 970,675

a) Acquisitions and related expenditures

During the nine months ended September 30, 2024 Freehold invested \$134.7 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.

Freehold also paid \$4.3 million (US\$3.2 million) in exchange for mineral and royalty interests in the Midland and Delaware basins in Texas during 2024.

Canadian Acquisitions

For the nine months ended September 30, 2024, Freehold paid \$8.4 million in exchange for gross overriding royalties in the Clearwater and Mannville Stack plays in Alberta and \$0.2 million for two potash royalty interest transactions (see note 11).

Related Expenditures

For the nine months ended September 30, 2024, Freehold capitalized general & administrative costs of \$2.8 million, share-based compensation payouts of \$1.4 million and miscellaneous expenditures of \$1.4 million.

b) Impairment

At September 30, 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 Performance Share Units ("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 nine months ended September 30, 2024, the share based compensation liability associated with the Award Plans decreased by \$2.9 million, consisting of payouts to executive officers, employees and non-management directors of \$7.5 million less \$4.0 million as expensed and \$0.6 million as capitalized (year ended December 31, 2023 – \$4.8 million paid out, \$3.1 million expensed and \$0.8 million capitalized). The liability at September 30, 2024 was estimated using Freehold's closing share price of \$14.05 per share.

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

(\$000s)	September 30 2024	December 31 2023
		Note 2
Balance, beginning of period	\$ 15,080	\$ 16,020
Operating payout on share based compensation	(6,054)	(3,887)
Capitalized payout on share based compensation	(1,433)	(930)
Capitalized portion	591	825
Expensed	3,991	3,052
Balance, end of period	\$ 12,175	\$ 15,080
Current portion of liability	\$ 10,995	\$ 12,845
Long-term portion of liability	\$ 1,180	\$ 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:

	September 30 2024	December 31 2023
Balance, beginning of period	641,694	864,642
Units issued	276,847	232,024
Forfeitures	(44,550)	(42,759)
Payout	(299,484)	(412,213)
Balance, end of period	574,507	641,694
RSUs outstanding, end of period	196,649	216,469
PSUs outstanding, end of period	377,858	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:

	September 30 2024	December 31 2023
Balance, beginning of period	542,095	481,359
Annual grants and grants in lieu of fees	86,853	70,875
Additional grants resulting from paid dividends	32,591	39,861
Redeemed	(90,740)	(50,000)
Balance, end of period	570,799	542,095
DSUs outstanding, end of period	541,096	523,587
DRSUs outstanding, end of period	29,703	18,508

7. Long-term Debt

Freehold's credit facilities with a syndicate of four Canadian banks have a committed revolving facility (the "Revolving Facility") availability of \$285 million and an operating facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facilities") availability of \$15 million for total Credit Facilities of \$300 million. Either facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the Credit Facilities to \$450 million subject to lenders' consent. The Credit Facilities mature October 21, 2025. At September 30, 2024, \$205.8 million was drawn on the Credit Facilities (December 31, 2023 – \$123.0 million), consisting of Canadian dollar and U.S. dollar denominated borrowings of \$182.4 million (December 31, 2023 – \$123.0 million) and US\$17.4 million (\$23.4 million) (December 31, 2023 – \$nil), respectively. 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 (0.7 times at September 30, 2024); and (ii) long-term debt to the aggregate of long-term debt and shareholders' equity percentage shall not exceed 55% (19% at September 30, 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.

On June 26, 2024, the credit agreement was amended and restated to reflect Canadian Overnight Repo Rate Average ("CORRA") based loans while removing references to the Canadian Dollar Offer Rate ("CDOR"), which recently ceased publication. Borrowings on or subsequent to June 26, 2024 bear interest on U.S. and Canadian denominated drawings at Secured Overnight Financing Rate ("SOFR") and CORRA, 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. Prior to the June 26, 2024 amendment, Canadian denominated borrowings were CDOR based loans.

For the three and nine months ended September 30, 2024, the average effective interest rates on advances from Freehold's committed credit facility were 6.4% and 6.5%, respectively (three and nine months ended September 30, 2023 – 6.6% and 6.3%, respectively).

At each of September 30, 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

(\$000s, except as noted)	September 30, 2024		December 31, 2023	
	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

b) Dividends

During each of the three and nine month periods ended September 30, 2024 and 2023, Freehold declared and paid dividends of \$40.7 million (\$0.27 per common share) and \$122.1 million (\$0.81 per common share), respectively.

On September 12, 2024, the Board declared a dividend of \$0.09 per common share or \$13.6 million which was paid on October 15, 2024 to common shareholders on record on September 30, 2024. On October 17, 2024, the Board declared a dividend of \$0.09 per common share to be paid on November 15, 2024, to common shareholders on record on October 31, 2024. On November 7, 2024, the Board declared a dividend of \$0.09 per common share to be paid on December 16, 2024, to common shareholders on record on November 29, 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

(\$000s)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Oil	\$ 64,325	\$ 70,394	\$ 198,005	\$ 188,444
NGL	6,582	5,901	20,250	19,204
Natural gas	2,151	6,403	10,930	22,723
Potash	287	284	1,104	1,254
Bonus consideration and lease rentals	530	1,252	2,330	2,888
Royalty and other revenue	\$ 73,875	\$ 84,234	\$ 232,619	\$ 234,513

b) Royalty and Other Revenue by Category

(\$000s)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Royalty interest revenue	\$ 73,345	\$ 82,982	\$ 230,289	\$ 231,625
Bonus consideration and lease rentals	530	1,252	2,330	2,888
Royalty and other revenue	\$ 73,875	\$ 84,234	\$ 232,619	\$ 234,513

As at September 30, 2024, there was outstanding accounts receivable and accrued revenue of \$41.1 million (December 31, 2023 – \$42.2 million) associated with U.S. and Canadian royalty and other revenues.

10. Interest and Financing

(\$000s)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Interest on long term debt and financing expense	\$ 3,620	\$ 2,833	\$ 11,327	\$ 7,760
Accretion of decommissioning obligation	45	47	134	109
Accretion of lease obligation	18	24	59	72
Interest and financing	\$ 3,683	\$ 2,904	\$ 11,520	\$ 7,941

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 September 30, 2024 and December 31, 2023. Canpar Holdings Ltd. ("Canpar") and Evergreen Royalties Ltd. (together with 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 and \$0.2 million charge for the three and nine months ended September 30, 2024, respectively (three and nine months ended September 30, 2023 – an ascribed value of common shares issued of \$0.1 million and \$0.2 million, respectively) 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 and nine months ended September 30, 2024, the Manager charged \$3.3 million and \$11.3 million, respectively, in general and administrative costs (three and nine months ended September 30, 2023 – \$3.8 million and \$12.1 million, respectively). For the nine months ended September 30, 2024, the Manager charged \$6.2 million for share based compensation payouts (nine months ended September 30, 2023 - \$3.2 million). At September 30, 2024, there was \$1.1 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 and nine months ended September 30, 2024 and 2023, Freehold paid \$6.8 million and \$20.3 million, respectively, 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 of the three and nine months ended September 30, 2024 and 2023, Freehold received royalties of approximately \$0.1 million and \$0.2 million from Rife, respectively. At each of September 30, 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 September 30, 2024 and December 31, 2023 were \$0.2 million and a nominal amount, respectively.

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 nine months ended September 30, 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

(\$000s)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Foreign exchange loss (gain) on:				
Intercompany note	\$ 4,689	\$ (6,564)	\$ (6,614)	\$ 810
Long term debt	(511)	514	1,065	(378)
	\$ 4,178	\$ (6,050)	\$ (5,549)	\$ 432

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 September 30, 2024, Freehold was in compliance with all such covenants.

Freehold's net debt to funds from operations ratio was 0.8 times at September 30, 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)	September 30 2024	December 31 2023
		Note 2
Accounts receivable	\$ 42,220	\$ 43,329
Income taxes receivable	5,122	-
Acquisition deposits	-	12,086
Dividends payable	(13,562)	(13,562)
Accounts payable and accrued liabilities	(3,397)	(4,877)
Current income taxes payable	-	(1,314)
Current portion of lease obligation	(236)	(236)
Current portion of decommissioning liability	(500)	(500)
Current portion of share based compensation payable	(10,995)	(12,845)
Working capital⁽¹⁾	\$ 18,652	\$ 22,081

1. Working capital is considered a capital management measure.

b) Capitalization and net debt

(\$000s)	September 30 2024	December 31 2023
Shareholders' equity	\$ 904,649	\$ 923,763
Long term debt	205,763	122,973
Working capital	(18,652)	(22,081)
Net debt⁽¹⁾	\$ 187,111	\$ 100,892
Capitalization⁽¹⁾	\$ 1,091,760	\$ 1,024,655

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

c) Net Debt to Funds from Operations

(\$000s, except as noted)	September 30 2024	December 31 2023
		Note 2
Funds from operations for the trailing 12 months	\$ 232,448	\$ 239,665
Net debt to funds from operations for the last 12 months (times)⁽¹⁾	0.8	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:

(\$000s)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Canada	\$ 40,492	\$ 47,617	\$ 128,337	\$ 137,649
United States	33,383	36,617	104,282	96,864
Royalty and other revenue	\$ 73,875	\$ 84,234	\$ 232,619	\$ 234,513

The following table presents total assets by geographic region:

(\$000s)	September 30	December 31
	2024	2023
Canada	\$ 554,344	\$ 583,472
United States	626,867	534,951
Total Assets	\$ 1,181,211	\$ 1,118,423

Changes in Non-Cash Working Capital & Other

(\$000s)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Accounts receivable	\$ 10,319	\$ (11,397)	\$ 1,109	\$ 1,314
Income tax receivable	(1,181)	(1,969)	(5,122)	(1,876)
Acquisition deposits	-	-	12,086	-
Income tax deposits (note 3)	-	-	(1,582)	(2,504)
Accounts payable and accrued liabilities	(146)	120	(1,480)	(210)
Current income taxes payable	-	792	(1,314)	(27,883)
Less: Foreign exchange on translation	(422)	886	1,915	254
	\$ 8,570	\$ (11,568)	\$ 5,612	\$ (30,905)
Operating	\$ 8,426	\$ (11,568)	\$ (5,430)	\$ (30,648)
Investing	144	-	11,042	(257)
	\$ 8,570	\$ (11,568)	\$ 5,612	\$ (30,905)

BOARD OF DIRECTORS

Marvin F. Romanow
Chair of the Board

Gary R. Bugeaud ⁽¹⁾⁽²⁾
Corporate Director

Maureen E. Howe ⁽¹⁾⁽³⁾
Corporate Director

J. Douglas Kay ⁽²⁾⁽³⁾
Corporate Director

Kimberley E. Lynch Proctor ⁽¹⁾⁽²⁾
Corporate Director

Valerie A. Mitchell ⁽²⁾⁽³⁾
Corporate Director

Mathieu M. Roy
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

Michelle S. Cooze
General Counsel & Corporate Secretary

Lisa N. Farstad
Vice President, Corporate Services

Ian C. Hantke
Vice President, Diversified Royalties

Susan J. Nagy
Vice President, Business Development

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AUDITOR

KPMG LLP

BANKERS

Canadian Imperial Bank of Commerce
ATB Financial
Royal Bank of Canada
The Toronto-Dominion Bank

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

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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