

FREEHOLD

ROYALTIES

2024 Annual Report
TSX FRU March 12, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") was prepared as of March 12, 2025 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 twelve months ended December 31, 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 consolidated financial statements, which have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), which are the Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises. All comparative percentages are between the three ("Q4-2024") and twelve months ("2024") ended December 31, 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 December 31, 2024 audited consolidated financial statements (the "audited financial statements"). These documents, as well as additional information about Freehold, including the Company's Annual Information Form for the year ended December 31, 2024 ("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 14 of the audited 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 and natural gas liquids ("NGLs") as reserves are produced over the life of the properties located in the continental U.S. and Canada. Freehold's business 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 1.2 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 almost 80% mineral title lands, also owned in perpetuity.

We have royalty interests in more than 23,000 producing wells and almost 500 units spanning five provinces and eight states and receive royalty income from over 370 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 the Company's 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 April 15, 2025, to shareholders of record on March 31, 2025. Freehold's dividend of \$0.09 per common share is in-line with the Company's payout strategy. The dividend is designated as an eligible dividend for Canadian income tax purposes.

Outlook

The development of Freehold's oil focused North American portfolio continues to provide resiliency despite the volatility in commodity prices, related to continued geo-political tensions around the world, OPEC+'s expected unwinding of production cuts, and the potential of U.S. imposed tariffs on Canadian energy exports. We expect our oil focused, diversified North American asset base will contribute to stabilized cash flows through the evolving commodity markets and allow the Company to continue to provide robust shareholder returns, reduce net debt, and explore opportunistic acquisitions in 2025.

Freehold is forecasting 2025 Canadian drilling to be in-line with 2024 activity, and a sizeable increase in drilling activity in the U.S. compared to 2024 reflecting our expanded asset base.

In Canada, we anticipate drilling on our lands to be focused on oil weighted areas including Clearwater and Mannville Stack heavy oil and southeast Saskatchewan light oil. The Company holds a meaningful position in the Deep Basin and Cardium plays that are more exposed to AECO natural gas prices, but also produce significant NGLs and condensate that attract prices closer to oil levels.

In the U.S., Freehold anticipates an increase in drilling on our expanded lands in the Permian where play economics remain robust and Freehold has significant exposure to investment grade operators that continue to actively develop our lands.

In December 2024, Freehold closed its acquisition of \$261.4 million (US\$185.1 million) after customary closing adjustments of mineral title and royalty assets concentrated in the core of the Midland basin (Martin and Midland counties located in Texas). The accretive acquisition enhances Freehold's alignment with investment grade operators and improves the Company's overall liquids production weighting to approximately 66% on a proforma basis. The new asset adds approximately 244,000 gross drilling acres to our portfolio and is expected to produce approximately 1,500-1,600 boe/d in 2025. The acquisition closed on December 13, 2024 with an effective date of December 1, 2024. Freehold expects increased drilling activity in 2025 with the addition of the newly acquired lands.

2025 Guidance

We expect production to average between 15,800 and 17,000 boe/d for 2025, weighted approximately 66% oil and NGLs (45% light and medium oil, 8% heavy oil and 13% NGLs) and approximately 34% natural gas – an increase from 64% oil and NGLs in 2024. Of note, approximately 56% of our light oil is derived from our U.S. assets and expected to receive premium, tariff-free pricing.

Operating and Financial Results

Financial (\$000s, except as noted)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Royalty and other revenue	\$ 76,861	\$ 80,062	-4%	\$ 309,480	\$ 314,575	-2%
Net income	\$ 51,123	\$ 34,323	49%	\$ 149,446	\$ 131,904	13%
Per share, basic (\$) ⁽¹⁾	\$ 0.33	\$ 0.23	43%	\$ 0.99	\$ 0.88	13%
Per share, diluted (\$) ⁽¹⁾	\$ 0.33	\$ 0.23	43%	\$ 0.98	\$ 0.88	11%
Cash flows from operations	\$ 59,121	\$ 70,704	-16%	\$ 223,334	\$ 216,916	3%
Funds from operations	\$ 61,332	\$ 62,805	-2%	\$ 230,975	\$ 239,665	-4%
Per share, basic (\$) ⁽¹⁾⁽³⁾	\$ 0.40	\$ 0.42	-5%	\$ 1.53	\$ 1.59	-4%
Per share, diluted (\$) ⁽¹⁾⁽³⁾	\$ 0.40	\$ 0.42	-5%	\$ 1.52	\$ 1.58	-4%
Acquisitions and related expenditures	\$ 276,971	\$ 2,065	nm	\$ 411,716	\$ 10,647	nm
Dividends paid	\$ 40,687	\$ 40,685	0%	\$ 162,745	\$ 162,731	0%
Per share (\$) ⁽²⁾	\$ 0.27	\$ 0.27	0%	\$ 1.08	\$ 1.08	0%
Dividends declared	\$ 41,882	\$ 40,686	3%	\$ 163,939	\$ 162,732	1%
Per share (\$) ⁽²⁾	\$ 0.27	\$ 0.27	0%	\$ 1.08	\$ 1.08	0%
Dividend payout ratio (%) ⁽³⁾	66%	65%	2%	70%	68%	3%
Long-term debt	\$ 300,854	\$ 122,973	145%	\$ 300,854	\$ 122,973	145%
Net debt ⁽⁴⁾⁽⁵⁾	\$ 282,266	\$ 100,892	180%	\$ 282,266	\$ 100,892	180%
Shares outstanding, year end (000s)	163,960	150,689	9%	163,960	150,689	9%
Average shares outstanding, basic (000s) ⁽⁶⁾	153,430	150,684	2%	151,378	150,676	0%
Average shares outstanding, diluted (000s) ⁽⁶⁾	154,058	151,219	2%	151,992	151,219	1%
Operating						
Light and medium oil (bbl/d)	6,296	6,308	0%	6,255	6,203	1%
Heavy oil (bbl/d)	1,516	1,182	28%	1,370	1,187	15%
NGL (bbl/d)	2,066	1,878	10%	1,956	1,796	9%
Total liquids (bbl/d)	9,878	9,368	5%	9,581	9,186	4%
Natural gas (Mcf/d)	32,564	32,968	-1%	32,287	33,167	-3%
Total production (boe/d) ⁽⁷⁾	15,306	14,863	3%	14,962	14,714	2%
Liquids weighting (%)	65%	63%	3%	64%	62%	3%
Petroleum and natural gas realized price (\$/boe) ⁽⁷⁾	\$ 53.80	\$ 57.94	-7%	\$ 55.68	\$ 57.65	-3%
Cash costs (\$/boe) ⁽³⁾⁽⁷⁾	\$ 5.93	\$ 4.73	25%	\$ 7.10	\$ 5.71	24%
Netback (\$/boe) ⁽³⁾⁽⁷⁾	\$ 47.25	\$ 52.59	-10%	\$ 47.77	\$ 51.28	-7%

1. Calculated based on the basic or diluted weighted average number of shares outstanding during the period

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 December 31, 2023 balance has been restated due to the retrospective adoption of IAS 1 (see Amendments to IAS 1 Presentation of Financial Statements)

6. Weighted average number of shares outstanding during the period, basic or diluted

7. See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

(nm) not meaningful

Q4-2024 Operating and Financial Highlights

- On December 13 2024, Freehold closed its acquisition of \$261.4 million (US\$185.1 million), after customary closing adjustments, of U.S. mineral title and royalty assets in the Midland basin of the Permian located in Texas. This transaction was financed with the issuance of common shares and available credit facilities.
 - Freehold closed an equity financing in December 2024, raising gross proceeds of \$172.5 million (\$165.5 million net of share issuance costs) through issuing 13,271,000 common shares at \$13.00 per common share.
 - Freehold amended and restated its credit facilities in Q4-2024, increasing the Company's borrowing capacity to \$450 million, an increase of \$150 million, and extending the credit agreement term to

November 2027. The credit agreement includes a permitted increase in the committed revolving facility by an additional \$50 million subject to lenders' consent.

- Q4-2024 drilling activity included 288 gross wells (4.2 net), of which 98% targeted oil, comprised of 178 wells (0.6 net) in the U.S. and 110 wells (3.6 net) in Canada. This is a 25% increase on a gross well basis in the U.S. and a 10% overall increase during Q4-2024 compared to the same quarter in 2023, reflecting development across our expanded U.S. asset base.
- Q4-2024 production averaged 15,306 boe/d, an increase of 3% from the same quarter in 2023, including U.S. production increases of 13%, bolstered by our expanded U.S. land base but partially offset by lower Canadian production.
 - U.S. quarterly production during Q4-2024 was 5,869 boe/d, including production since the December 2024 closing of the previously mentioned Midland basin acquisition. Forecasted production for 2025 related to this acquisition is 1,500-1,600 boe/d.
 - Canadian production of 9,437 boe/d during Q4-2024 included 28% production growth in Clearwater and Mannville Stack heavy oil compared to 2023. Overall production decreased by 2% from the same period of 2023, as producers responded to low natural gas prices by curtailing dry natural gas production and reducing drilling activity. As a result, natural gas production declined by 180 boe/d.
- Freehold's realized commodity price averaged \$53.80/boe during Q4-2024, a decrease of 7% from the same quarter in 2023, leading to a 4% decline in revenue. Freehold's production was weighted 65% to oil and NGLs in Q4-2024, achieving a record high liquids level. This increased oil and NGL weighting mitigated the total revenue impact of the 10% decrease in benchmark WTI oil pricing and a 41% decrease in realized natural gas pricing during the comparable reporting periods.
- Cash costs⁽¹⁾ for the quarter totaled \$5.93/boe, an increase of 25% versus the same period in 2023 reflecting higher interest costs from incremental borrowings in 2024 for the U.S. acquisitions.
- Funds from operations totaled \$61.3 million or \$0.40 per share⁽¹⁾, down 2% from the \$62.8 million (\$0.42 per share⁽¹⁾) in the same quarter in 2023, due to lower commodity prices and higher interest costs.
- Dividends paid in Q4-2024 totaled \$40.7 million (\$0.27 per share), consistent with the same period in 2023, resulting in a 66% dividend payout ratio⁽²⁾.
- Long term debt at December 31, 2024 was \$300.9 million, \$95.1 million higher than at September 30, 2024 with Q4-2024 acquisitions partially financed with available credit capacity.
 - Net debt also increased in Q4-2024 for the same reason, exiting at \$282.3 million on December 31, 2024.

2024 Operating and Financial Highlights

- 2024 production averaged 14,962 boe/d, 2% higher than 2023, including an 8% increase in Freehold's U.S. production, bolstered by the Company's expanded U.S. land base.
- Oil and NGL volumes represented 64% of 2024 royalty production, an increase of 2% from 62% in 2023 with both Freehold's acquisitions and operators on Freehold's lands targeting oil and natural gas liquids-rich locations.
- Royalty and other revenue totaled \$309.5 million in 2024, down 2% from the previous year reflecting lower commodity prices partly offset by higher production. Total royalty revenue was weighted 85% towards oil.
- Funds from operations in 2024 totaled \$231.0 million or \$1.53 per share⁽¹⁾, down 4% from \$239.7 million or \$1.59 per share⁽¹⁾ in 2023.

- Dividends paid in 2024 totaled \$162.7 million (\$1.08 per share), consistent with 2023. Freehold's dividend payout⁽²⁾ ratio for 2024 was 70%, compared to 68% in 2023.
- Long term debt increased by \$177.9 million during 2024, with this increase associated with the partial funding of the \$411.7 million of acquired mineral title and royalty assets largely in the Midland and Delaware basins of the Permian. The December 31, 2024 net debt to trailing funds from operations was 1.2 times, excluding any pro forma adjustments for the associated funds from operations from the \$261.4 million (US\$185.1 million), after customary closing adjustments, Midland transaction that closed on December 13, 2024.
 - Net debt increased by \$181.3 million⁽³⁾ during 2024 for the same reason.
- Proved and probable oil and natural gas reserves⁽⁴⁾ totaled 65 MMboe at December 31, 2024, an increase of 10.5 MMboe (19%) from 2023, reflecting both organic reserve replacement and acquisitions.

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)
4. A detailed review of Freehold's U.S. and Canadian reserve information, including a summary of the evaluation of Freehold's reserves and associated future net revenues as prepared by RSC Group, Inc. and Trimble Engineering Associates Ltd., respectively, Freehold's independent reserve evaluators effective as at December 31, 2024, is provided in the AIF. A copy of the AIF can be found on Freehold's website at www.freeholdroyalties.com or www.sedarplus.ca

Drilling Activity

During Q4-2024, drilling activity levels were up on a gross basis, with 288 gross wells (4.2 net) drilled on Freehold's royalty lands, a 10% increase from the 262 wells drilled in the same period in 2023, although 7% lower on a net basis, reflecting lower average U.S. net interest drilling.

Drilling activity of 1,140 gross wells (20.0 net) drilled on Freehold's North American royalty lands during 2024 also exceeded 2023 levels by 15% (8% on a net basis), bolstered by the Company's expanded U.S. asset base as well as the quality of its lands and the ability of its royalty payors to endure volatile benchmark pricing.

On a gross basis, during 2024, 35% of new wells were drilled in Canada with 65% drilled in the U.S. and 98% targeting oil.

	Three months ended December 31				Year ended December 31			
	2024		2023		2024		2023	
	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾
Canada	110	3.6	120	3.8	403	17.0	466	16.0
United States	178	0.6	142	0.7	737	3.0	527	2.6
Total	288	4.2	262	4.5	1,140	20.0	993	18.6

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

CANADA

Q4-2024 gross drilling activity levels were down 8% compared to the same quarter in 2023 (a 5% decrease on a net basis) as operators curtailed drilling in the wake of natural gas benchmark price volatility. During Q4-2024, drilling in Canada was led again by oil weighted plays including southeast Saskatchewan (26 gross wells), Mannville Stack (21 gross wells), Viking (19 gross wells) and Clearwater (10 gross wells) basins. Heavy oil drilling comprised approximately 30% of the Q4-2024 Canadian drilling activity. By geography, approximately 59% of gross wells drilled targeted prospects in Alberta and 37% targeted prospects in Saskatchewan.

During 2024, 403 gross locations were drilled on Freehold’s Canadian lands, a 14% decrease from the 466 gross locations drilled in 2023, and a 6% increase on a net basis, reflecting higher average royalty interests. Freehold saw notable drilling in oil weighted areas including the Clearwater and Cardium in Alberta and the Mississippian Subcrop, Bakken and Viking in Saskatchewan. Additionally, there was an increase in heavy oil drilling in the Mannville Stack in Alberta and Saskatchewan, aligned with the strong recent leasing activity. Heavy oil focused drilling accounted for approximately 30% of 2024 drilling, an increase of 19% from 2023.

U.S.

During Q4-2024, 178 gross wells were drilled on our U.S. royalty lands, a 25% increase compared to 142 gross wells during the same quarter in 2023, although a 14% decrease on a net basis, reflecting lower average royalty interests. Approximately 78% of Q4-2024 drilling was in the Permian basin and 18% in the Eagle Ford basin. By geography, approximately 96% of Q4-2024 gross wells in the U.S. targeted prospects in Texas.

For the full year 2024, 737 gross locations were drilled on Freehold’s U.S. lands, a 40% increase from 527 gross wells in 2023 and a 15% increase on a net basis. These increases are associated with the 2024 U.S. acquisitions and strong industry activity focused in the Midland and Delaware basins. Development of Freehold’s U.S. lands was led by a diverse group of investment grade public companies and growth-oriented public and private operators. Approximately 73% of 2024 gross drilling was in the Permian and 25% in the Eagle Ford.

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 15,306 boe/d and 14,962 boe/d during the current reporting periods, 3% and 2% increases compared to the same periods in 2023. These increases reflect third-party drilling and completion activities on Freehold’s lands in addition to acquisitions during 2024, partially offset by muted natural gas drilling activity coupled with shut-ins as Canadian operators responded to a prolonged, depressed AECO benchmark price.

During Q4-2024, higher priced oil and NGL production increased to 65% of Freehold’s total production, a record weighting for Freehold, reflecting the Company’s oil focused U.S. acquisitions located in the Midland and Delaware basins of the Permian combined with Canadian operators focusing on heavy oil and natural gas liquids-rich prospects.

Production Summary

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Canada (boe/d)	9,437	9,659	-2%	9,430	9,612	-2%
United States (boe/d)	5,869	5,204	13%	5,532	5,102	8%
Total production (boe/d)	15,306	14,863	3%	14,962	14,714	2%

Average Daily Production by Product Type

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Light and medium oil (bbl/d)	6,296	6,308	0%	6,255	6,203	1%
Heavy oil (bbl/d)	1,516	1,182	28%	1,370	1,187	15%
NGL (bbl/d)	2,066	1,878	10%	1,956	1,796	9%
Natural gas (Mcf/d)	32,564	32,968	-1%	32,287	33,167	-3%
Total production (boe/d)	15,306	14,863	3%	14,962	14,714	2%
Liquids weighting (%)	65%	63%	2%	64%	62%	3%
Number of days in period (days)	92	92		366	365	
Total volumes during period (MMboe)	1.408	1.367	3%	5.476	5.371	2%

CANADA

Canadian production averaged 9,437 boe/d and 9,430 boe/d during the current reporting periods, comprised of 56% oil and NGLs and 44% natural gas. These production volumes were 2% lower than the same periods in 2023, mainly due to lower natural gas production reflecting this commodity's depressed benchmark pricing, which was largely attributed to excess supply, elevated storage levels and limited export capacity out of western Canada. These factors contributed to natural gas production decreasing 180 boe/d and 194 boe/d during the current reporting periods compared to the same periods in 2023. Recent Canadian development was focused on heavy oil prospects, particularly in the Mannville Stack and Clearwater areas, where differentials to Canadian oil benchmarks have strengthened since the completion of the Trans Mountain pipeline expansion in 2024. This resulted in higher Canadian liquids weightings relative to total Canadian production during the current reporting periods as compared to the same periods in 2023.

Canadian Average Daily Production by Product Type

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Canadian production						
Light and medium oil (bbl/d)	2,878	3,261	-12%	2,984	3,196	-7%
Heavy oil (bbl/d)	1,516	1,182	28%	1,370	1,187	15%
NGL (bbl/d)	869	863	1%	899	857	5%
Natural gas (Mcf/d)	25,042	26,120	-4%	25,063	26,229	-4%
Total production (boe/d)	9,437	9,659	-2%	9,430	9,612	-2%
Liquids weighting (%)	56%	55%	2%	56%	55%	2%

U.S.

U.S. production averaged 5,869 boe/d and 5,532 boe/d during the current reporting periods, increases of 13% and 8% compared to the same periods in 2023. These increases reflect strong additions from third-party drilling and completion activities in addition to U.S. acquisitions during 2024. To date, Freehold's U.S. acquisitions have met management's expectations.

Freehold's U.S. production during the current reporting periods represents approximately 38% of corporate volumes, a 3% increase from the same periods in 2023, mainly reflecting acquisition transactions during 2024. Freehold's U.S. production in 2024 was comprised of approximately 78% oil and NGLs and 22% natural gas.

U.S. Average Daily Production by Product Type

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
United States production						
Light and medium oil (bbl/d)	3,418	3,047	12%	3,271	3,007	9%
NGL (bbl/d)	1,197	1,015	18%	1,057	939	13%
Natural gas (Mcf/d)	7,522	6,848	10%	7,224	6,937	4%
Total production (boe/d)	5,869	5,204	13%	5,532	5,102	8%
Liquids weighting (%)	79%	78%	1%	78%	77%	1%

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. For the current reporting periods, WTI averaged US\$70.27/bbl and US\$75.72/bbl, 10% and 2% lower versus the same periods in 2023. When compared to the previous quarter, WTI prices fell by 6%.

Within Canada, Western Canadian Select ("WCS") prices averaged \$80.75/bbl and \$83.52/bbl during the current reporting periods, 5% higher versus the same periods in 2023. Canadian heavy oil differentials have strengthened in the second half of 2024 from historical levels due to a combination of the completion of the Trans Mountain pipeline expansion in May 2024 and low heavy oil inventory levels resulting in only minimal apportionment on Enbridge's mainline. Canadian prices were also supported by a strengthening U.S. dollar compared to the Canadian dollar in Q4-2024. Edmonton Light Sweet prices averaged \$94.90/bbl and \$97.55/bbl during the current reporting periods, 5% and 3% lower versus the same periods in 2023.

For Q4-2024, AECO 7A Monthly Index and NYMEX natural gas monthly contract prices averaged \$1.46/Mcf and US\$2.86/Mcf, respectively, down 46% and 4% from the same period in 2023. Despite these decreases, both benchmarks recovered compared to the prior quarter, with AECO and NYMEX higher by 80% and 28%, respectively, reflecting the winter heating season and supporting expectations of near-term inventory declines. During 2024, AECO 7A and NYMEX averaged \$1.44/Mcf and US\$2.35/Mcf, respectively, down 52% and 17% from the same periods in 2023. Certain Canadian producers reacted to this 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 December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
West Texas Intermediate crude oil (US\$/bbl)	\$ 70.27	\$ 78.32	-10%	\$ 75.72	\$ 77.62	-2%
Exchange rate (Cdn\$/US\$)	1.40	1.36	3%	1.37	1.35	1%
Edmonton Light Sweet crude oil (Cdn\$/bbl)	\$ 94.90	\$ 99.69	-5%	\$ 97.55	\$ 100.39	-3%
Western Canadian Select crude oil (Cdn\$/bbl)	\$ 80.75	\$ 76.96	5%	\$ 83.52	\$ 79.52	5%
NYMEX natural gas (US\$/Mcf)	\$ 2.86	\$ 2.98	-4%	\$ 2.35	\$ 2.84	-17%
AECO 7A Monthly Index (Cdn\$/Mcf)	\$ 1.46	\$ 2.70	-46%	\$ 1.44	\$ 2.98	-52%

Realized Prices

As Freehold expanded its U.S. royalty portfolio, its overall realized price strengthened relative to oil benchmarks, as U.S. crude oil production receives 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 pricing premiums of over 40% for its U.S. volumes compared to its Canadian volumes during the current reporting periods. However, as driven by lower North American benchmarks, Freehold's average selling prices of \$53.80/boe and \$55.68/boe in the current reporting periods, were down 7% and 3% from the \$57.94/boe and \$57.65/boe realized during the same periods in 2023.

Average Realized Prices Summary

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Oil (\$/bbl)	\$ 90.46	\$ 96.14	-6%	\$ 94.25	\$ 94.43	0%
NGL (\$/bbl)	\$ 36.48	\$ 37.59	-3%	\$ 37.96	\$ 39.19	-3%
Oil and NGL (\$/bbl)	\$ 79.17	\$ 84.40	-6%	\$ 82.76	\$ 83.62	-1%
Natural gas (\$/Mcf)	\$ 1.27	\$ 2.14	-41%	\$ 1.25	\$ 2.41	-48%
Oil equivalent (\$/boe)	\$ 53.80	\$ 57.94	-7%	\$ 55.68	\$ 57.65	-3%

CANADA

Freehold's average selling price realized in Canada was \$46.53/boe and \$48.18/boe during the current reporting periods, down 8% and 5% compared to the same periods in 2023. The Q4-2024 decrease reflects lower commodity benchmarks excluding the 5% increase in WCS, with the differential to this benchmark narrowing more than the decrease in WTI. The 2024 price decrease reflects the lower natural gas benchmark. Canadian oil benchmarks in the current reporting periods benefited from a stronger U.S. dollar, increasing by 4% and 1% compared to the same periods in 2023, but did not completely offset decreases in benchmark pricing.

Freehold's Canadian realized oil pricing averaged \$84.73/bbl and \$87.37/bbl during the current reporting periods, down 3% and flat compared to the same periods in 2023. The average realized NGL price of \$48.09/bbl and \$49.76/bbl during the current reporting periods was down 6% and 3% versus the same periods in 2023, mainly reflecting lower sweet oil benchmarks. The average realized natural gas price was \$1.00/Mcf and \$1.17/Mcf in the current reporting periods, approximately 50% lower than the same periods in 2023. Canadian realized natural gas pricing was affected by overall weakening in North American benchmarks.

Canadian Average Realized Prices

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Oil (\$/bbl)	\$ 84.73	\$ 87.65	-3%	\$ 87.37	\$ 87.48	0%
NGL (\$/bbl)	\$ 48.09	\$ 51.26	-6%	\$ 49.76	\$ 51.47	-3%
Oil and NGL (\$/bbl)	\$ 78.69	\$ 81.73	-4%	\$ 80.92	\$ 81.60	-1%
Natural gas (\$/Mcf)	\$ 1.00	\$ 2.02	-51%	\$ 1.17	\$ 2.32	-50%
Oil equivalent (\$/boe)	\$ 46.53	\$ 50.34	-8%	\$ 48.18	\$ 50.82	-5%

U.S.

Freehold's average realized selling price in the U.S. was \$65.48/boe and \$68.48/boe during the current reporting periods, 9% and 3% decreases from the same periods in 2023, reflecting lower U.S. commodity benchmarks. Freehold's realized oil prices in the U.S. averaged \$97.82/bbl and \$103.42/bbl during the current reporting periods, down 10% and 1% from the same periods in 2023. Freehold's average realized U.S. natural gas price was \$2.17/Mcf

and \$1.52/Mcf during the current reporting periods, down 16% and 44% compared to the same periods in 2023. These realized decreases exceed the change in NYMEX largely due to higher differentials reflecting egress constraints at the Waha Hub in the Permian basin, impacting approximately 40% of Freehold's U.S. natural gas production. The Matterhorn Express Pipeline was put into service during 2024, providing critical takeaway capacity from the Permian which improved the Waha Hub pricing differential in Q4-2024, compared to the prior quarter.

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

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Oil (\$/bbl)	\$ 97.82	\$ 108.51	-10%	\$ 103.42	\$ 104.56	-1%
NGL (\$/bbl)	\$ 28.06	\$ 26.01	8%	\$ 27.92	\$ 27.96	0%
Oil and NGL (\$/bbl)	\$ 79.72	\$ 87.91	-9%	\$ 84.98	\$ 86.34	-2%
Natural gas (\$/Mcf)	\$ 2.17	\$ 2.60	-16%	\$ 1.52	\$ 2.75	-44%
Oil equivalent (\$/boe)	\$ 65.48	\$ 72.04	-9%	\$ 68.48	\$ 70.50	-3%

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. Due to the strength of our more substantial royalty payors, 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 \$76.9 million and \$309.5 million in the current reporting periods were down 4% and 2% when compared to the same periods in 2023. These decreases primarily reflect lower natural gas pricing, as partially offset by production from U.S. acquisitions that closed earlier in 2024. The current reporting periods do not yet include full periods of revenues from our most recent Midland basin transaction, which closed in December 2024 for \$261.4 million (US\$185.1 million), after customary closing adjustments. With Freehold's revenue already weighted 85% towards oil, this is expected to increase further as a result of the most recent transaction. In addition, following the December 2024 acquisition, approximately one-half of Freehold's forecasted 2025 revenues are from the U.S., with this source of revenues reducing the potential impact on Freehold should the new U.S. administration impose tariffs on Canadian energy exports. U.S. revenue in the current reporting periods also benefited from a stronger U.S. dollar, as reported in Canadian dollars, which strengthened by 3% and 1% compared to the same periods in 2023.

Freehold's primary source of revenues is from royalty interest production, however also included in royalty and other revenue is lease bonus consideration and lease rental revenue of \$3.1 million during 2024, which decreased 8% from the same period in 2023 when leasing bonus revenue achieved a record level. During the current year, Freehold entered into 87 new leases (74 in Canada and 13 in the U.S.) with numerous counterparties. The majority of this new leasing focus in Canada was in southeast Saskatchewan and the Mannville Stack 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 December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Canada	\$ 41,463	\$ 45,479	-9%	\$ 169,800	\$ 183,128	-7%
United States	35,398	34,583	2%	139,680	131,447	6%
Royalty and other revenue	\$ 76,861	\$ 80,062	-4%	\$ 309,480	\$ 314,575	-2%
Per boe (\$)	\$ 54.59	\$ 58.57	-7%	\$ 56.52	\$ 58.57	-4%

Royalty and Other Revenue by Category

(\$000s)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Royalty interest	\$ 76,113	\$ 79,619	-4%	\$ 306,403	\$ 311,244	-2%
Bonus consideration and lease rentals	748	443	69%	3,077	3,331	-8%
Royalty and other revenue	\$ 76,861	\$ 80,062	-4%	\$ 309,480	\$ 314,575	-2%

Royalty and Other Revenue by Type

(\$000s)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Oil	\$ 65,013	\$ 66,251	-2%	\$ 263,018	\$ 254,695	3%
Natural gas liquids	6,933	6,491	7%	27,183	25,695	6%
Natural gas	3,802	6,483	-41%	14,733	29,206	-50%
Potash	365	394	-7%	1,469	1,648	-11%
Bonus consideration and lease rentals	748	443	69%	3,077	3,331	-8%
Royalty and other revenue	\$ 76,861	\$ 80,062	-4%	\$ 309,480	\$ 314,575	-2%

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 \$4.2 million and \$16.3 million were up 7% and 4% from the same periods in 2023, reflecting inflationary cost pressures. The majority of Freehold's G&A cost structure is denominated in Canadian dollars.

On a per boe basis, the current reporting periods G&A expense of \$3.02/boe and \$2.98/boe increased by 4% and 2% from the same periods in 2023.

(\$000s, except as noted)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
General and administrative expenses before capitalized and overhead recoveries	\$ 5,008	\$ 4,785	5%	\$ 19,943	\$ 19,189	4%
Less: capitalized and overhead recoveries	(762)	(818)	-7%	(3,604)	(3,469)	4%
General and administrative expenses	\$ 4,246	\$ 3,967	7%	\$ 16,339	\$ 15,720	4%
Per boe (\$)	\$ 3.02	\$ 2.90	4%	\$ 2.98	\$ 2.93	2%

Production and Ad Valorem Taxes

Production and ad valorem taxes are incurred in the U.S. at the state level and are derived from production and property values. The expenses of \$2.0 and \$9.0 million during the current reporting periods were 16% and 6% higher than the same periods in 2023. These increases reflect Freehold's 2024 U.S. acquisitions, expanding the Company's U.S. portfolio and corresponding increasing revenues in Texas, which does not charge state corporate income taxes but does assess flat tax rates on commodity revenues.

(\$000s, except as noted)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Production and ad valorem taxes	\$ 1,985	\$ 1,712	16%	\$ 9,013	\$ 8,488	6%
Per boe (\$)	\$ 1.41	\$ 1.25	13%	\$ 1.65	\$ 1.58	4%

Interest and Financing

Interest on long term debt increased in the current reporting periods as compared to the same periods in 2023 due to higher average debt from borrowings for acquisitions. The Q4-2024 interest expense was partially offset by a slightly lower interest rate compared to the same period in 2023. The current reporting periods average effective interest rate on advances from Freehold's committed credit facilities were 6.2% and 6.4% (same periods in 2023 – 6.7% and 6.4%).

(\$000s, except as noted)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Interest on long-term debt and financing fees	\$ 3,762	\$ 2,257	67%	\$ 15,090	\$ 10,017	51%
Non-cash accretion and finance costs ⁽¹⁾	134	82	63%	326	263	24%
Interest and finance expense	\$ 3,896	\$ 2,339	67%	\$ 15,416	\$ 10,280	50%
Per boe - cash expense (\$)	\$ 2.67	\$ 1.65	62%	\$ 2.76	\$ 1.87	48%

1. Includes accretion of Freehold's decommissioning liability and lease obligation and amortization of deferred financing fees

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 \$0.3 million were consistent with the ascribed value attributable to management fees during the same periods in 2023.

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Shares issued for management fees	-	5,500	-100%	-	22,000	-100%
Cash or ascribed value (\$000s) ⁽¹⁾	\$ 71	\$ 73	-3%	\$ 303	\$ 308	-2%
Per boe (\$)	\$ 0.05	\$ 0.05	0%	\$ 0.06	\$ 0.06	0%
Closing share price (\$/share)	\$ 14.05	\$ 13.69	3%	\$ 14.05	\$ 13.69	3%

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, employees and other service providers 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 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 a recovery of \$1.1 million and an expense of \$2.9 million during the current reporting periods, decreases of 180% and 4% compared to the same periods of 2023. These decreases reflect lower estimated multipliers on PSU award values and a lower share price, closing at \$12.79 per share on December 31, 2024 (December 31, 2023 - \$13.69 per share).

During 2024, Freehold paid \$7.5 million in share based compensation, as previously charged against net income or as capitalized, to executive officers, employees and non-management directors, an increase from 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 December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Share based compensation	\$ (1,063)	\$ 1,324	-180%	\$ 2,928	\$ 3,052	-4%
Cash payout on share based compensation	\$ -	\$ -	nm	\$ 7,487	\$ 4,817	55%
Operating cash payout on share based compensation per boe (\$)	\$ -	\$ -	nm	\$ 1.11	\$ 0.72	54%

(nm) not meaningful

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

	RSUs	PSUs	DSUs	DRSUs
Awards granted during the year ended December 31, 2024	118,604	158,967	107,324	28,121
Balance outstanding as at December 31, 2024	196,026	377,219	556,508	30,292
Balance outstanding as at March 12, 2025	193,490	376,891	600,482	48,792

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 \$47.25/boe and \$47.77/boe during the current reporting periods, down 10% and 7% from the same periods in 2023. These changes reflect lower average realized commodity pricing and higher cash-based interest costs. The 2024 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 25% and 24% for reasons as described above.

(\$/boe)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Royalty and other revenue	\$ 54.59	\$ 58.57	-7%	\$ 56.52	\$ 58.57	-4%
Production and ad valorem taxes	(1.41)	(1.25)	13%	(1.65)	(1.58)	4%
Net revenue ⁽¹⁾	\$ 53.18	\$ 57.32	-7%	\$ 54.87	\$ 56.99	-4%
Less:						
General and administrative	\$ (3.02)	\$ (2.90)	4%	\$ (2.98)	\$ (2.93)	2%
Operating expense ⁽²⁾	(0.19)	(0.18)	6%	(0.19)	(0.19)	0%
Interest and financing cash expense	(2.67)	(1.65)	62%	(2.76)	(1.87)	48%
Management fee - cash settled	(0.05)	-	nm	(0.06)	-	nm
Cash payout on share based compensation	-	-	nm	(1.11)	(0.72)	54%
Cash costs ⁽¹⁾	\$ (5.93)	\$ (4.73)	25%	\$ (7.10)	\$ (5.71)	24%
Netback ⁽¹⁾	\$ 47.25	\$ 52.59	-10%	\$ 47.77	\$ 51.28	-7%

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 2024 production of 96 boe/d (2023 - 116 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 of \$19.28/boe and \$18.52/boe in the current reporting periods are higher than the same periods in 2023 largely due to the impact of the 2024 acquisitions.

(\$000s, except as noted)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Depletion and depreciation	\$ 27,151	\$ 19,107	42%	\$ 101,409	\$ 96,624	5%
Per boe (\$)	\$ 19.28	\$ 13.98	38%	\$ 18.52	\$ 17.99	3%

Foreign Exchange

Freehold has intercompany balances which arose from financing several years of U.S. royalty acquisitions, including most recently in Q4-2024. 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.

During 2024, the U.S. dollar strengthened relative to the Canadian dollar to CDN\$1.44/US and recent U.S. acquisitions increased the intercompany balances, denominated in U.S. dollars, resulting in foreign exchange gains in the current reporting periods.

(\$000s)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Foreign exchange (gain) loss on:						
Intercompany note	\$ (25,012)	\$ 6,120	509%	\$ (31,626)	\$ 6,930	556%
Long-term debt	2,215	105	-2010%	3,279	(273)	1301%
	\$ (22,797)	\$ 6,225	-466%	\$ (28,347)	\$ 6,657	526%

Impairment

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

Income Taxes

Freehold's taxable income is based on revenues less deductible expenses, including tax pool deductions. For the current reporting periods, income tax expenses of \$12.0 million and \$41.9 million increased by 11% and 3% compared to same periods in 2023, reflecting increases in unrealized foreign exchange gains, expected to be taxed in the future at the Canadian capital gain inclusion rate. Current income tax expense decreased in the current reporting periods due to the impact from the 2024 acquisitions, but largely offset by increases in deferred income tax expense from the previously mentioned unrealized foreign exchange gains.

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 which has since been deferred until January 1, 2026. This change is not expected to have a significant effect on Freehold's income taxes.

(\$000s)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Current income tax expense	\$ 5,069	\$ 8,866	-43%	\$ 30,182	\$ 35,465	-15%
Deferred income tax expense	6,911	1,881	267%	11,729	5,067	131%
Income taxes	\$ 11,980	\$ 10,747	11%	\$ 41,911	\$ 40,532	3%

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 December 31, 2024 (December 31, 2023 – \$29.3 million). During 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. If unsuccessful, additional interest of approximately \$8.4 million as at December 31, 2024 would be owed.

Tax Pools

Freehold is entitled to claim tax deductions on its oil and gas properties at prescribed rates. Freehold's tax pools increased to \$1,218 million at the end 2024 from \$886 million at the end of 2023 largely due to the U.S. acquisitions in 2024, but also includes share issue and financing costs. Freehold's tax pools are summarized below:

(\$000s)	Year ended December 31		
	2024	2023	Change
Canada			
Oil and gas property expense	414,576	447,997	-7%
Development expense	3,879	5,555	-30%
Capital cost allowance	2,157	2,560	-16%
Share issue costs and financing costs	8,884	3,790	134%
United States			
Depletion	755,511	415,107	82%
Other	32,825	10,824	203%
Total	1,217,832	885,833	37%

Net Income and Comprehensive Income

In the current reporting periods, Freehold had net income of \$51.1 million and \$149.4 million, increases of 49% and 13% compared to the same periods in 2023 largely due to the impact of foreign exchange gains. For the same periods, comprehensive income also increased as further impacted by foreign currency translation gains related to the translation of Freehold's wholly-owned U.S. subsidiary to Canadian dollars.

(\$000s, except per share)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Net income	\$ 51,123	\$ 34,323	49%	\$ 149,446	\$ 131,904	13%
Per share, basic (\$)	\$ 0.33	\$ 0.23	43%	\$ 0.99	\$ 0.88	13%
Per share, diluted (\$)	\$ 0.33	\$ 0.23	43%	\$ 0.98	\$ 0.88	11%
Comprehensive income	\$ 69,520	\$ 28,355	145%	\$ 172,464	\$ 125,846	37%

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 \$61.3 million (\$0.40/share) and \$231.0 million (\$1.53/share) from \$62.8 million (\$0.42/share) and \$239.7 million (\$1.59/share) in the same periods of 2023. These decreases reflect lower realized commodity pricing.

Cash flow from operations for the current reporting periods of \$59.1 million and \$223.3 million were 16% lower and 3% higher than the same periods in 2024 due to fluctuations in non-cash operating working capital.

(\$000s, except as noted)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Cash flow from operations	\$ 59,121	\$ 70,704	-16%	\$ 223,334	\$ 216,916	3%
Funds from operations	\$ 61,332	\$ 62,805	-2%	\$ 230,975	\$ 239,665	-4%
Per share - basic (\$) ^{(1) (2)}	\$ 0.40	\$ 0.42	-5%	\$ 1.53	\$ 1.59	-4%

1. Calculated based on the basic weighted average number of shares outstanding during the period
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 December 31, 2024, was \$18.6 million, 16% or \$3.5 million lower than on December 31, 2023, reflecting the use of the acquisition deposits held in 2023 to fund certain 2024 U.S. acquisitions.

(\$000s)	At December 31		Change
	2024	2023	
Working capital ⁽¹⁾⁽²⁾	\$ 18,588	\$ 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

(\$000s)	At December 31		Change
	2024	2023	
Drawn in Canadian dollars	\$ 201,754	\$ 122,973	64%
Drawn in U.S. dollars (US\$70.0 million (December 31, 2023 - US\$nil))	100,723	-	nm
Unamortized deferred financing costs	(1,623)	-	nm
Long-term debt	\$ 300,854	\$ 122,973	145%

(nm) not meaningful

During Q4-2024, Freehold amended and restated its credit facilities with a syndicate of four banks. The amended and restated credit facilities have a committed revolving facility (the "Revolving Facility") availability of \$430 million and operating facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facilities") availability of \$20 million for total Credit Facilities of \$450 million (December 31, 2023 – \$300 million). Either facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the committed revolving facility of an additional \$50 million subject to lenders' consent. The Credit Facilities mature November 12, 2027. The amended credit facilities are secured with a \$700 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 (1.0 times at December 31, 2024); and (ii) long-term debt to the aggregate of long-term debt and shareholders' equity percentage shall not exceed 55% (21% at December 31, 2024). Freehold forecasts to be in compliance with all covenants on a quarterly basis for at least the next year based on its current best estimate of results from operations.

Outstanding borrowings under the credit facilities bear interest on U.S. and Canadian denominated drawings at Secured Overnight Financing Rate ("SOFR") and Canadian Overnight Repo Rate Average ("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 June 26, 2024, Canadian denominated borrowings were Canadian Dollar Offer Rate ("CDOR") based loans, with the publication of CDOR ceasing shortly thereafter. The transition from CDOR to CORRA based loans did not cause a significant difference on the cost of Freehold's borrowings under the credit facilities.

Net Debt

During 2024, net debt increased by \$181.3 million, or 180%, to \$282.3 million from \$100.9 million at December 31, 2023, as a result of debt draws to partially fund the 2024 U.S. acquisitions.

Freehold's net debt to trailing funds from operations ratio of 1.2 times at December 31, 2024 increased from 0.4 times at December 31, 2023, reflecting the net debt draw of \$181.3 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 20% at December 31, 2024, an increase of 10% from December 31, 2023.

Debt Analysis

(\$000s)	At December 31		Change
	2024	2023	
Long-term debt	\$ 300,854	\$ 122,973	145%
Working capital ⁽¹⁾⁽²⁾	(18,588)	(22,081)	-16%
Net debt ⁽¹⁾⁽²⁾	\$ 282,266	\$ 100,892	180%

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 December 31		Change
	2024	2023	
Net debt to funds from operations (times) ⁽¹⁾⁽²⁾⁽³⁾	1.2	0.4	200%
Net debt to capitalization (%) ⁽³⁾	20%	10%	100%

1. Funds from operations are 12-months trailing and do not include the proforma effects of acquisitions

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

3. The December 31, 2023 ratios were restated due to the retrospective adoption of IAS 1 (see Amendments to IAS 1 Presentation of Financial Statements)

Shareholders' Capital

On December 13, 2024, Freehold issued 13,271,000 common shares at a price of \$13.00 per common share, including the full exercise of the over-allotment option, through Freehold's equity financing offering pursuant to a December 2024 short-form prospectus. The total gross proceeds from this offering were \$172.5 million including proceeds from a related party (see Related Parties), before share issuance costs of \$7.0 million (\$5.4 million net of tax effect), with proceeds used to partially finance the December 2024 Midland basin transaction for \$261.4 million (US\$185.1 million), after customary closing adjustments.

At each of December 31, 2024 and March 12, 2025, there were 163,960,334 common shares outstanding.

Shareholders' Capital

(\$000s, except as noted)	December 31, 2024		December 31, 2023	
	Shares	Amount	Shares	Amount
Balance, beginning of year	150,689,334	\$ 1,500,639	150,667,334	\$ 1,500,331
Shares issued pursuant to bought deal financing	13,271,000	172,523	-	-
Share issuance costs, net of tax effect	-	(5,359)	-	-
Issued for payment of management fee	-	-	22,000	308
Balance, end of year	163,960,334	\$ 1,667,803	150,689,334	\$ 1,500,639

Weighted Average Shares

	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Weighted average						
Basic	153,430,084	150,684,013	2%	151,378,266	150,675,727	0%
Diluted	154,058,127	151,219,052	2%	151,991,800	151,219,049	1%
At year end	163,960,334	150,689,334	9%	163,960,334	150,689,334	9%

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 December 31, 2024, Freehold's legal stated capital was \$528 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
October 31, 2024	November 15, 2024	\$	0.09
November 29, 2024	December 16, 2024	\$	0.09
December 31, 2024	January 15, 2025	\$	0.09
		\$	1.08

Subsequent to Q4-2024, on January 15, 2025, the Board declared a dividend of \$0.09 per common share to be paid on February 18, 2025, to common shareholders on record on January 31, 2025. On February 13, 2025, the Board declared a dividend of \$0.09 per common share to be paid on March 17, 2025, to common shareholders on record on February 28, 2025. On March 12, 2025, the Board declared a dividend of \$0.09 per common share to be paid on April 15, 2025, to common shareholders on record on March 31, 2025.

2024 Dividends Paid & Declared

Total dividends paid in the current reporting periods were \$40.7 million (\$0.27/share) and \$162.7 million (\$1.08/share), unchanged from the same periods in 2023. Total dividends declared in the current reporting periods were \$41.9 million (\$0.27/share) and \$163.9 million (\$1.08/share), higher than the same periods in 2023 reflecting the recent share issuance (see Shareholders' Capital).

From inception in 1996 through to December 31, 2024, Freehold has distributed \$2.3 billion (\$36.22/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 December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Dividends declared	\$ 41,881	\$ 40,686	3%	\$ 163,939	\$ 162,732	1%
Accumulated, beginning of period	2,237,387	2,074,643	8%	2,115,329	1,952,597	8%
Accumulated, end of period	\$ 2,279,268	\$ 2,115,329	8%	\$ 2,279,268	\$ 2,115,329	8%
Dividends per share (\$) ⁽²⁾	\$ 0.27	\$ 0.27	0%	\$ 1.08	\$ 1.08	0%
Accumulated, beginning of period (\$)	35.95	34.87	3%	35.14	34.06	3%
Accumulated, end of period (\$)	\$ 36.22	\$ 35.14	3%	\$ 36.22	\$ 35.14	3%

- 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
- Based on the number of shares issued and outstanding at each record date

Dividend Payout Ratio²

In the current reporting periods, Freehold's payout ratios⁽²⁾ were 66% and 70%, consistent with and higher than the 65% and 68% 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 December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Dividends paid ⁽¹⁾	\$ 40,687	\$ 40,686	0%	\$ 162,745	\$ 162,731	0%
Dividends declared	\$ 41,882	\$ 40,686	3%	\$ 163,939	\$ 162,732	1%
Funds from operations	\$ 61,332	\$ 62,805	-2%	\$ 230,975	\$ 239,665	-4%
Dividend payout ratio (%) ⁽²⁾	66%	65%	2%	70%	68%	3%

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.

In December 2024, Freehold closed a transaction acquiring U.S. mineral title and royalty assets for \$261.4 million (US\$185.1 million) after customary closing adjustments, in the Midland basin of the Permian located in Texas.

In 2024, Freehold also paid \$14.1 million (US\$10.3 million) through various transactions in exchange for future development oriented mineral and royalty interests in the Midland and Delaware basins in Texas.

Canadian Acquisitions

Freehold paid a combined \$14.0 million during the year ended December 31, 2024 through various transactions for gross overriding royalty transactions in the Clearwater, Mannville Stack and Frobisher plays in Alberta and for potash royalty interests (see Related Party Transactions).

Related Expenditures

For the year ended December 31, 2024, Freehold capitalized G&A costs of \$3.5 million, cash settled share-based compensation payouts of \$1.4 million and other royalty income asset and miscellaneous expenditures of \$1.1 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 Management Agreement may be terminated by either the Company or the Manager by providing at least six months written notice, or immediately under certain circumstances including, but not limited to, where the Manager voluntarily suspends transactions of its usual business. 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 16.0% ownership in Freehold at December 31, 2024 (2023 – 16.7%). 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 \$0.3 million charge for the year ended December 31, 2024, (2023 – an ascribed value of common shares issued of \$0.3 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 years ended December 31, 2024 and 2023, the Manager charged \$15.3 million and \$15.1 million in G&A costs, respectively, and \$6.2 million and \$4.1 million for share-based compensation payouts, respectively. At December 31, 2024, there was \$2.0 million (December 31, 2023 – \$0.2 million) in accounts payable and accrued liabilities relating to these costs.

Rife Resources Ltd. and CN Pension Trust Funds

For each of the years ended December 31, 2024 and 2023, Freehold paid \$27.1 million in total 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 the year ended December 31, 2024, Freehold received royalties of approximately \$0.3 million (2023 – \$0.4 million) from Rife. At December 31, 2024, there was \$2.4 million in dividends payable due to Rife and the CN Pension Trust Fund related to dividends declared (2023 – \$2.3 million).

During the current reporting periods, the CN Pension Trust Funds acquired 1,153,846 common shares at \$13.00 per common share for proceeds of \$15.0 million through Freehold's public common share offering pursuant to its December 2024 short form prospectus. Freehold did not pay commission on shares acquired by the CN Pension Trust Funds. The CN Pension Trust Funds participation was not at a full pro rata percentage of shares sold pursuant to this short form prospectus offering, causing the combined Rife and CN Pension Trust Funds ownership in Freehold to decrease from 16.7% at December 31, 2023 to 16.0% at December 31, 2024.

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 December 31, 2024 and 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 2024 Freehold elected to participate in Canpar's mineral royalty interest acquisition in two potash mines located in Saskatchewan, whereby Freehold paid \$0.3 million for 50% of the interest purchased by Canpar.

Key Management Personnel Compensation

Key management personnel are considered to be the Board and executive officers. The Board is compensated directly by Freehold. Executive officers' salaries and other benefits are charged by and paid to the Manager, whereas grants pursuant to the Awards Plan are issued directly by Freehold.

(\$000s)	Year ended December 31		
	2024	2023	
Directors' fees	521	399	31%
Manager charges for executive officers	2,370	2,388	-1%
Share based compensation	2,515	1,866	35%
Key management compensation	5,406	4,653	16%

Select Annual Information

FINANCIAL (\$000S, except as noted)	2024	2023	2022
Royalty and other revenue	309,480	314,575	393,020
Net income	149,446	131,904	209,189
Per share, basic (\$) ⁽¹⁾	0.99	0.88	1.39
Per share, diluted (\$) ⁽¹⁾	0.98	0.88	1.39
Funds from operations	230,975	239,665	316,494
Per share, basic (\$) ⁽¹⁾⁽²⁾	1.53	1.59	2.10
Per share, diluted (\$) ⁽¹⁾⁽²⁾	1.52	1.58	2.10
Dividends declared	163,939	162,732	146,121
Per share (\$) ⁽¹⁾	1.08	1.08	0.97
Total assets	1,482,472	1,118,423	1,212,003
Long-term debt	300,854	122,973	156,560
Total long-term liabilities	348,828	168,566	200,235

1. Calculated based on the basic or diluted weighted average number of shares outstanding during the period

2. See Non-GAAP and Other Financial Measures

Select Quarterly Information

Financial (\$millions, except as noted)	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Royalty and other revenue	76.9	73.9	84.5	74.3	80.1	84.2	73.7	76.6
Net income	51.1	25.0	39.3	34.0	34.3	42.3	24.3	31.1
Per share, basic & diluted (\$) ⁽¹⁾	0.33	0.17	0.26	0.23	0.23	0.28	0.16	0.21
Cash flows from operations	59.1	64.1	47.6	52.5	70.7	53.7	49.9	42.6
Funds from operations	61.3	55.7	59.6	54.4	62.8	65.3	53.0	58.6
Per share, basic (\$) ⁽¹⁾	0.40	0.37	0.40	0.36	0.42	0.43	0.35	0.39
Per share, diluted (\$) ⁽¹⁾	0.40	0.37	0.39	0.36	0.42	0.43	0.35	0.39
Acquisitions and related expenditures	277.0	1.8	11.5	121.5	2.1	1.2	3.2	4.3
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	41.9	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⁾	66%	73%	68%	75%	65%	62%	77%	69%
Long term debt	300.9	205.8	228.0	223.6	123.0	141.2	152.0	159.1
Net debt ⁽⁴⁾⁽⁵⁾	282.3	187.1	199.1	210.5	100.9	113.4	136.9	122.3
Shares outstanding, period end (millions)	164.0	150.7	150.7	150.7	150.7	150.7	150.7	150.7
Average shares outstanding, basic (millions) ⁽⁶⁾	153.4	150.7	150.7	150.7	150.7	150.7	150.7	150.7
Operating								
Light and medium oil (bbls/d)	6,296	6,080	6,551	6,094	6,308	6,325	6,093	6,102
Heavy oil (bbls/d)	1,516	1,315	1,348	1,300	1,182	1,127	1,167	1,253
NGL (bbls/d)	2,066	1,972	1,902	1,884	1,878	1,678	1,845	1,788
Total liquids (bbls/d)	9,878	9,367	9,801	9,278	9,368	9,130	9,105	9,143
Natural gas (Mcf/d)	32,564	31,447	32,524	32,617	32,968	32,851	33,372	33,486
Total production (boe/d) ⁽⁷⁾	15,306	14,608	15,221	14,714	14,863	14,605	14,667	14,724
Oil and NGL (%)	65%	64%	64%	63%	63%	63%	62%	62%
Petroleum and natural gas realized price (\$/boe)	53.80	54.36	59.74	54.81	57.94	61.55	54.05	56.99
Cash costs (\$/boe) ⁽³⁾⁽⁷⁾	5.93	5.42	9.80	7.19	4.73	5.10	7.19	5.82
Netback (\$/boe) ⁽³⁾⁽⁷⁾	47.25	47.78	49.44	46.62	52.59	55.63	46.07	50.79
Benchmark Prices								
West Texas Intermediate crude oil (US\$/bbl)	70.27	75.09	80.57	76.96	78.32	82.26	73.78	76.13
Average Exchange rate (Cdn\$/US\$)	1.40	1.37	1.37	1.35	1.36	1.34	1.34	1.35
Edmonton Light Sweet crude oil (Cdn\$/bbl)	94.90	97.85	105.29	92.14	99.69	107.89	94.97	99.03
Western Canadian Select crude oil (Cdn\$/bbl)	80.75	83.95	91.63	77.77	76.96	93.05	78.76	69.31
Nymex natural gas (US\$/Mcf)	2.86	2.24	1.96	2.33	2.98	2.64	2.17	3.30
AECO 7A Monthly Index (Cdn\$/Mcf)	1.46	0.81	1.44	2.07	2.70	2.42	2.40	4.34

1. Calculated based on the basic or diluted weighted average number of shares outstanding during the period
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. Weighted average number of shares outstanding during the period, basic
7. See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

Business Risks

Our operations are subject to some of the same industry risks and conditions faced by oil and gas companies. The most significant of these include the following:

- volatility in market prices for oil and natural gas;
- the impact of development of alternatives to, and changing demand for, petroleum producers;
- the impact of any changes in the regulatory or royalty regimes in the jurisdictions where the Company has assets;
- liabilities inherent in oil and natural gas operations;
- changes in general economic, market and business conditions;
- the effects of the Russian/Ukrainian conflict and Israel-Hamas-Hezbollah and potentially the broader middle east region conflict on commodity prices and the world economy;
- tariffs and other geo-political trade policy regulations and mechanisms;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of royalty reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- operational dependence on the financial and operational capacity of royalty payors and third-party operators for Freehold's revenues;
- risks related to the environment and changing environmental laws, such as, carbon tax and methane emissions regulations;
- risks pertaining to supply chain issues and inflationary pressures;
- fluctuations in the availability and cost of borrowing;
- royalty payor geological, technical, drilling, and processing problems; and
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry.

For a more detailed description of risk factors, please see our AIF, filed on SEDAR+ at www.sedarplus.ca.

Prices, Markets and Marketing

Numerous factors beyond the Company's control do, and will continue to, affect the marketability and price of oil and natural gas acquired, produced, or discovered by the Company, its partners and royalty payors. The Company and its partners and royalty payors ability to market its oil and natural gas may depend upon their ability to acquire capacity on pipelines that deliver natural gas to commercial markets or contract for the delivery of crude oil by rail. Deliverability uncertainties related to the distance of the reserves in which the Company has interest from pipelines, railway lines, processing and storage facilities; operational problems affecting pipelines, railway lines and processing and storage facilities; and government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business may also affect the Company and its partners and royalty payors.

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions of the Organization

of Petroleum Exporting Countries ("OPEC"), political uncertainties, sanctions imposed on certain oil producing nations by other countries, the Russian Ukrainian war and conflicts in the Middle East, or other adverse economic or political developments in the United States, Europe, or Asia. Additionally, the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Prices for oil and natural gas are also subject to the availability of foreign markets and the Company, its partners and royalty payor's ability to access such markets.

A material decline in prices could result in a reduction of the Company's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of the Company's reserves. The Company and its partners and royalty payors might also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Company's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

Additional information on transportation constraints and market access and risks related thereto can be found under the headings "Industry Conditions" in the AIF.

Trade War

Since the inauguration of Donald Trump as president of the United States, the United States has made a number of announcements relating to imposing tariffs on exports from Canada to the United States. In response, the Canadian federal and provincial governments have announced a number of retaliatory actions including potential tariffs on certain goods exported from the United States to Canada. The U.S. has also announced tariffs on goods imported from Mexico and China. The United States government has also made several announcements pausing the imposition of tariffs. At the present time, it is unclear whether tariffs will be imposed or not and on what goods such tariffs will apply to. If imposed, it is unclear whether such tariffs will be permanent or temporary. If imposed, these tariffs, and any changes to these tariffs or imposition of any new tariffs, taxes or import or export restrictions or prohibitions, could have a material adverse effect on the Canadian economy, the Canadian oil and natural gas industry and the Company. Furthermore, there is a risk that the tariffs imposed by the U.S. on other countries will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Company.

Environmental Risks

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, state, provincial and local laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal, provincial and state levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the oil and natural gas industry.

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital expenditures and operating costs. Oil and gas exploration and development has the potential to impact environmental quality through land disturbance, biodiversity impacts, and emissions to air and water. Landowners are increasingly demanding a minimization of surface footprint and some require offsets or mitigation measures to ensure land and biodiversity remain pristine and protected. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. In November 2024, the Canadian federal government published a draft of the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations*, which, if enacted as currently drafted, would cap emissions from a range of industrial activities in the oil and gas sector, establish a cap-and-trade system for emissions allowances, and require facility operators to comply with various reporting and remittance obligations. Such proposed regulations, which could affect investor confidence, suppress spending on decarbonization initiatives and lead to production cuts, are expected to be finalized in mid-2025 and come into force by January 1, 2026.

Although the Company believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

On June 20, 2024, Bill C-59 received royal assent, thereby enacting certain changes to the Competition Act (Canada) to address "greenwashing", meaning false, misleading, or deceptive environmental claims made for the purpose of promoting a product or a business interest. Under the new rules, certain environmental claims that companies commonly make, including those related to sustainability and forward-looking environmental-related goals, may be problematic. How the new rules will be interpreted and applied is currently unclear. In June 2025, new private rights of action will come into effect, meaning that any person will be able to bring a complaint directly to the Competition Tribunal for an alleged violation of the new greenwashing provisions. The Competition Bureau has published draft guidance regarding how it will apply the new greenwashing provisions, however the guidance, even once finalized, is not and will not be binding on private parties nor the Competition Tribunal. Companies found to have made representations that violate the rules, intentionally or inadvertently, could be subject to an administrative penalty for the greater of \$10 million for the first order and \$15 million dollars for any subsequent order, and 3% of the corporation's annual worldwide gross revenues. Any claim against the Company under the new greenwashing legislation could have a material adverse impact on our financial condition.

Additional information on environmental regulations and risks related thereto can be found under the headings "Industry Conditions" and "Risk Factors" in the AIF.

Climate Change Risks

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the United Nations Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially hydrocarbon combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil, liquids and natural gas. The majority of countries, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement. At the 2021 United Nations Climate Change Conference in Glasgow, Scotland, Canada made several

pledges aimed at reducing Canada's GHG emissions and at the 2024 United Nations Climate Change Conference, Canada reaffirmed its commitments to transitioning away from fossil fuels and further cutting GHG emissions.

Transition Risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multi-lateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of such measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes, methane fees and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing the operating expenses of some of the Company's royalty payors, and, in the long-term, potentially reducing the demand for oil and natural gas and related products, resulting in a decrease in the Company's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. Individuals, governmental authorities, or other organizations may make claims against oil and natural gas companies, including the Company, for alleged personal injury, property damage, or other potential liabilities. While the Company is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect the demand for and price of securities issued by the Company, impact its operations and have an adverse impact on its financial condition.

Given the elevated long-term risks associated with environmental policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the financial community, including investment advisors, sovereign wealth funds, banks, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing, and providing insurance coverage to oil and natural gas and related infrastructure businesses and projects. The impact of such efforts require the Company's management to dedicate significant time and resources to these climate change-related concerns, which may adversely affect the Company's operations, the demand for and price of the Company's securities and the Company's cost of capital and access to the capital markets.

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance and climate reporting, in June 2023 the ISSB issued two new international environmental disclosure standards, IFRS S1 and S2, with the aim to develop environmental disclosure standards that are globally consistent, comparable and reliable; in December 2024 the CSSB finalized substantially similar new Canadian Standards, CSDS 1 and CSDS 2. Although reporting in accordance with CSDS 1 and CSDS 2 is currently voluntary, the Canadian Securities Administrators (the "CSA"), which had previously published for comment Proposed National Instrument 51-107 – *Disclosure of Climate-Related Matters* has indicated that it intends to incorporate some or all of the Canadian Standards into new climate-related disclosure

requirements for reporting issuers in Canada. If the Company is not able to meet future climate-related reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital, may be adversely affected.

Additional information on environmental regulations and risks related thereto can be found under the heading "Industry Conditions" in the AIF.

Physical Risks

The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, and wildfires may restrict the ability of the Company's royalty payors to access their properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions.

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 annual 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 October 1, 2024 to December 31, 2024. While we believe that our disclosure controls and procedures and internal control over financial reporting provide a reasonable level of assurance, we do not expect that the controls will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system is met. The Chief Executive Officer and Chief Financial Officer have signed form 52-109F1, Certification of Annual Filings, which can be found on the Company's profile on SEDAR+ at www.sedarplus.ca.

Disclosure Controls and Procedures

As of December 31, 2024, an internal evaluation was carried out of the effectiveness of Freehold's disclosure controls and procedures. This evaluation was performed under the supervision of, and with the participation of the CEO and the CFO. It took into consideration Freehold's Disclosure, Insider Trading, Code of Business Conduct and Conflict of Interest, and Whistleblower policies, as well as the functioning of the Manager, the officers, the Board and Board Committees. In addition, the evaluation covered the processes, systems and capabilities relating to regulatory filings, public disclosures, and the identification and communication of material information. Based on this evaluation, management has concluded that Freehold's disclosure controls and procedures were effective as at December 31, 2024, in ensuring that material information is made known to management in a timely manner, particularly during the period in which the annual filings were being prepared, and information required to be disclosed by Freehold in its annual filings, interim filings or other reports filed or submitted by Freehold under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Use of Estimates and Judgment

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions 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 reporting period. Actual results could differ as a result of using estimates. Among other uncertainties, the Company continues to monitor the direct and indirect impacts on its operations, cash flows and liquidity from global economic and commodity pricing volatility in addition to recent changes in tariffs and evolving regulations regarding climate-related matters.

Petroleum and Natural Gas Reserves

The amounts recorded for the depletion of petroleum and natural gas interests, business combinations, asset acquisition classification, indicators of impairment and the amounts used in an impairment calculation are based on estimates of proved and probable petroleum and natural gas reserves. By their nature, these estimates of proved and probable petroleum and natural gas reserves and the related cash flows are subject to uncertainty including significant assumptions related to forecasted royalty production from proved and probable petroleum and natural gas reserves and forecasted crude oil and natural gas commodity prices and the impact on the financial statements of future periods could be material. Freehold's proved and probable petroleum and natural gas reserves have been prepared at December 31, 2024 by the Company's external independent qualified reserves evaluators. Management judgment is required to analyze internal and external indicators of impairment for petroleum and natural gas interests and exploration and evaluation assets with the estimate of proved and probable petroleum and natural gas reserves and the related cash flows being significant to the assessment.

Unbooked Future Development Locations

Unbooked future development locations on royalty lands and the associated future cash flows can also be used in determining asset acquisition valuations or impairments. These unbooked future development locations are determined from a historical analysis of booking previously undeveloped reserves into the independently prepared reserve reports. By their nature, this estimate and future cash flows are subject to uncertainty including significant assumptions related to future royalty production and forecasted crude oil and natural gas commodity prices and timing of third-party development.

Share-based Compensation

Share based compensation is determined based on the value of outstanding awards at each period end. The value recorded incorporates the period-end share price, dividends declared from the grant date through to the period-end and certain assumptions including an estimate of the multiplier for PSUs. Actual results could differ as a result of using estimates.

Income Taxes

Deferred income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantively enacted income tax rates, when it is considered probable that deferred tax liabilities or assets will be payable or recoverable, respectively, in future periods, which requires management judgment. The effect of a change in income tax rates on deferred income tax liabilities and assets is recognized in income in the period that the change occurs. The actual amount of income tax may be greater than or less than the estimates and the differences may be material. Management reviews the adequacy of these amounts at the end of the reporting period. However, changes in income tax liabilities or assets may arise in future periods resulting from audits by taxing authorities. Where the probable outcome of these tax related matters is different from the

amounts that were initially recorded, such differences will affect the expensed income tax in the period in which such determination is made.

Cash Generating Units

The determination of a cash generating unit (CGU) is subject to management judgment. The recoverability of petroleum and natural gas interests and exploration and evaluation assets are assessed at the CGU level. A CGU is the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other CGUs. Freehold currently has two royalty CGUs: the United States and Canada.

United States and Canadian Petroleum and Natural Gas Royalty Revenue Accruals

Freehold follows the accrual method of accounting, making estimates in its financial and operating results. This may include estimates of "U.S." and Canadian revenues, which are based on significant assumptions related to royalty production, realized commodity pricing and, where applicable, permitted source deductions for the period being reported, for which actual results have not yet been received. It is expected that these accrual estimates will be revised, upwards or downwards, based on the receipt of actual results. Freehold has no operational control over its royalty lands and primarily holds small interests in several thousand wells. Thus, obtaining timely production data from the well operators is extremely difficult. As a result, the Company uses historical production information, new wells on stream and publicly available production data pursuant to the terms of the Company's U.S. and Canadian leases and royalty agreements to determine royalty production. Realized commodity prices are based on publicly available benchmark commodity prices, adjusted for quality, location, allowable deductions, or other factors pursuant to the terms of these leases and royalty agreements. These U.S. and Canadian royalty revenue accrual estimates are revised based on actual royalty production volumes and realized commodity prices received in subsequent periods. The U.S. and Canadian royalty revenue accruals are necessary due to the delay between the timing of oil and gas production and when the Company receives its royalty production and payment, which is typically a time lag of approximately two to three months.

Judgment is required to determine the interests of royalty properties in areas where mineral rights are shared with a related party, Canpar. Freehold uses publicly available information on geological formations to apportion revenues between the entities in accordance with the respective party's interests. As new geological information becomes available and as part of its ongoing internal audit activities, Freehold periodically revises these allocations and consideration is transferred to reflect the changes.

Adopted 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.

Recent Accounting Pronouncements Not Yet Adopted

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements in April 2024, replacing IAS 1 Presentation of Financial Statements. The Standard introduces a defined structure to the statements of comprehensive income and specific disclosure requirements related to the same. The standard is effective January 1, 2027 and is to be applied retrospectively with certain transition provisions available. The Company is evaluating the impact that the adoption of IFRS 18 will have on the consolidated financial statements.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to clarify the date of recognition and derecognition of financial assets and liabilities and provide further clarification on the classification of certain financial assets. The amendments are effective January 1, 2026 and are to be applied retrospectively. The Company is evaluating the impact that the amendments will have on the consolidated financial statements.

Sustainability Reporting

During 2023, the International Sustainability Standards Board published two IFRS sustainability disclosure standards ("IFRS S1 & 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 & 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 December 2024, the CSSB released General Requirements for Disclosure of Sustainability-related Financial Information ("CSDS 1") and Climate-related Disclosures ("CSDS 2") with both standards largely aligned to IFRS S1 & S2, with the exception of a Canadian-specific effective date of adoption and incremental transition relief. Until mandated by the CSA, the adoption of CSDS 1 and CSDS 2 are voluntary. The CSA is considering amending Canadian reporting requirements to include certain aspects of CSDS 1 and CSDS 2 but to what extent CSDS 1 and CSDS 2 will be adopted by the CSA remains unclear. With the assumed eventual 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, 2025 Guidance, Q4-2024 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%;
- the expectation that the development of Freehold's oil focused North American portfolio will continue to provide resiliency despite the volatility in commodity prices, continued geo-political tensions around the world, OPEC+'s expected unwinding of production cuts, and the potential of U.S. imposed tariffs on Canadian energy exports;
- expectations that Freehold's oil focused, diversified North American asset base will contribute to stabilized cash flows through the evolving commodity markets and allow the Company to continue to provide robust shareholder returns, reduce net debt, and explore opportunistic acquisitions in 2025;
- Freehold's forecasting that 2025 Canadian drilling to be in-line with 2024 activity, and there to be a sizeable increase in drilling activity in the U.S. compared to 2024 reflecting our expanded asset base;
- Freehold's expectations that drilling on our lands in Canada to be focused on oil weighted areas including Clearwater and Mannville Stack heavy oil and southeast Saskatchewan light oil;
- Freehold expectations that there will be an increase in drilling in the United States on Freehold's expanded lands in the Permian where play economics will remain robust and Freehold will continue to have significant exposure to investment grade operators that continue to actively develop our lands;
- Freehold's forecast production in 2025 of 1,500 to 1,600 boe/d from the U.S. royalty assets acquired in December 2024;
- Freehold expects increased drilling activity in 2025 with the addition of the newly acquired lands;
- 2025 production is expected to consist of 8% heavy oil, 45% light and medium oil, 13% NGLs and 34% natural gas;
- key operating assumptions for 2025 with production expected between 15,800 and 17,000 boe/d weighted;
- expectations that Freehold's revenue being weighted towards oil will increase further as a result of its most recent transaction;
- the expectation that approximately one-half of Freehold's forecasted 2025 revenues will be from the U.S.;
- 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;
- the risks and impacts of tariffs imposed by Canada or the United States on exports and/or imports into and out of such countries;
- 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 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.

MANAGEMENT'S REPORT

The accompanying consolidated financial statements and other financial information in this Financial Report have been prepared by management, who is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, Freehold maintains policies, procedures and systems of internal control to ensure that reporting practices and accounting and administrative procedures are appropriate to provide reasonable assurance that the assets are safeguarded, transactions are properly authorized and relevant and reliable financial information is produced.

These consolidated financial statements have been prepared in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Financial Report is generally consistent with the information contained in the accompanying consolidated financial statements.

Independent auditors, KPMG LLP, were appointed by the shareholders to perform an examination of the corporate and accounting records so as to express an opinion on the consolidated financial statements. Their examination included tests and procedures considered necessary to provide reasonable assurance that the consolidated financial statements are presented fairly in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been further reviewed and approved by the Board of Directors acting through its Audit Committee, which is comprised of independent directors. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee both with and without management present to discuss their audit and related findings.

(signed) "*David M. Spyker*"

David M. Spyker
President and Chief Executive Officer

(signed) "*David W. Hendry*"

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

March 12, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Freehold Royalties Ltd.

Opinion

We have audited the consolidated financial statements of Freehold Royalties Ltd. (the Company), which comprise:

- the consolidated balance sheets as at December 31, 2024, December 31, 2023 and January 1, 2023
- the consolidated statements of income and comprehensive income for the years ended December 31, 2024 and December 31, 2023
- the consolidated statements of changes in shareholders' equity for the years ended December 31, 2024 and December 31, 2023
- the consolidated statements of cash flows for the years ended December 31, 2024 and December 31, 2023
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024, December 31, 2023 and January 1, 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024 and December 31, 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 3 to the financial statements (“Note 3”), which explains that certain comparative information presented:

- as at December 31, 2023 has been restated.
- as at January 1, 2023 has been derived from the financial statements for the year ended December 31, 2022 which have been restated (not presented herein).

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor’s report.

Assessment of the United States and Canadian royalty revenue accrual

Description of the matter

We draw attention to note 1, note 2 and note 9 to the financial statements. The Company has accounts receivable as of December 31, 2024 of \$48.4 million, a portion of which relates to the United States and Canadian royalty revenue accrual. The Company earns royalty revenue from the sale of crude oil, natural gas, natural gas liquids and other products that is recognized as it accrues in accordance with the terms of the United States and Canadian leases and royalty agreements, which is generally in the month when the crude oil and natural gas is produced or extracted. The United States and Canadian royalty revenue accrual is necessary due to the delay between the timing of oil and gas production and when the Company receives its royalty production and payment, which is typically a time lag of approximately two to three months.

The estimate of the United States and Canadian royalty revenue accrual is based upon certain significant assumptions:

- Royalty production
- Realized commodity prices.

Royalty production is based on historical production information, new wells on stream and publicly available production data pursuant to the terms of the Company’s United States and Canadian leases and royalty agreements. The realized commodity prices are based on publicly available benchmark commodity prices, adjusted for quality, location, allowable deductions, or other factors pursuant to the terms of the Company’s United States and Canadian leases and royalty agreements.



Why the matter is a key audit matter

We identified the assessment of the United States and Canadian royalty revenue accrual as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the United States and Canadian royalty revenue accrual and the high degree of estimation uncertainty in determining the United States and Canadian royalty revenue accrual. Significant auditor judgment and effort was required to evaluate evidence supporting the Company's royalty production and realized commodity price assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We compared the Company's prior year's United States and Canadian royalty revenue accrual to received royalty production and received realized commodity prices to assess the Company's ability to accurately estimate.

We evaluated the reasonableness of the Company's United States and Canadian royalty revenue accrual by:

- Comparing the Company's royalty production assumptions for crude oil and natural gas to 2024 received royalty production. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the royalty production assumptions
- Developing an expectation of the realized commodity prices for crude oil and natural gas based on publicly available price benchmark commodity prices adjusted for quality, location, allowable deductions, or other factors
- Developing an expectation of the United States and Canadian royalty revenue accrual for crude oil and natural gas based on the Company's royalty production assumptions and our expectation of the realized commodity price assumptions and comparing the United States and Canadian royalty revenue accrual expectation to the Company's United States and Canadian royalty revenue accrual
- Comparing the United States and Canadian royalty revenue accrual to cash received subsequent to December 31, 2024, for a selection of customers.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2024 Annual Report."

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2024 Annual Report" as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Heather Leanne Steinley.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
March 12, 2025

CONSOLIDATED BALANCE SHEETS

(\$000s)	December 31 2024	December 31 2023	January 1 2023
		Note 3(a)	Note 3(a)
Assets			
Current assets:			
Cash	\$ -	\$ -	\$ 524
Accounts receivable	48,396	43,329	57,650
Income taxes receivable (note 13)	4,385	-	-
Acquisition deposits	-	12,086	-
Current portion of income tax deposits	-	-	21,909
	52,781	55,415	80,083
Income tax deposits (note 13)	30,856	29,274	-
Exploration and evaluation assets (note 4)	142,314	63,059	68,758
Petroleum, natural gas and other interests (note 5)	1,256,521	970,675	1,063,162
Total Assets	\$ 1,482,472	\$ 1,118,423	\$ 1,212,003
Liabilities and Shareholders' Equity			
Current liabilities:			
Dividends payable (note 8)	\$ 14,756	\$ 13,562	\$ 13,560
Accounts payable and accrued liabilities	6,904	4,877	4,016
Current portion of share based compensation payable (note 6)	10,270	12,845	11,473
Current income taxes payable	-	1,314	29,303
Current portion of lease obligation	263	236	195
Current portion of decommissioning liability	2,000	500	500
	34,193	33,334	59,047
Lease obligation	1,194	1,380	1,520
Share based compensation payable (note 6)	694	2,235	4,547
Decommissioning liability	4,875	5,532	5,437
Deferred income tax liability (note 13)	41,211	29,206	24,551
Long-term debt (note 7)	300,854	122,973	156,560
Shareholders' equity:			
Shareholders' capital (note 8)	1,667,803	1,500,639	1,500,331
Accumulated other comprehensive income	27,126	4,109	10,167
Deficit	(595,478)	(580,985)	(550,157)
Total Shareholders' Equity	1,099,451	923,763	960,341
Total Liabilities and Shareholders' Equity	\$ 1,482,472	\$ 1,118,423	\$ 1,212,003

See accompanying notes to consolidated financial statements

Subsequent events (notes 6 and 8)

Approved on behalf of the Board of Directors of Freehold Royalties Ltd.:

(signed) "Marvin F. Romanow"

Marvin F. Romanow

Director

(signed) "Maureen E. Howe"

Maureen E. Howe

Director

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(\$000s, except per share and weighted average shares)	Year ended December 31	
	2024	2023
Revenue:		
Royalty and other revenue (note 9)	\$ 309,480	\$ 314,575
Expenses:		
General and administrative	16,339	15,720
Production and ad valorem taxes	9,013	8,488
Operating	1,062	1,010
Interest and financing (note 10)	15,416	10,280
Management fee (note 11)	303	308
Share based compensation (note 6)	2,928	3,052
Depletion and depreciation (note 5)	101,409	96,624
Foreign exchange (gain) loss (note 12)	(28,347)	6,657
	118,123	142,139
Income before taxes	191,357	172,436
Income taxes:		
Current income tax expense (note 13)	30,182	35,465
Deferred income tax expense (note 13)	11,729	5,067
	41,911	40,532
Net income	\$ 149,446	\$ 131,904
Other comprehensive income (loss)		
Foreign currency translation adjustment	23,018	(6,058)
Comprehensive income	\$ 172,464	\$ 125,846
Net income per share, basic	\$ 0.99	\$ 0.88
Net income per share, diluted	\$ 0.98	\$ 0.88
Weighted average number of shares:		
Basic	151,378,266	150,675,727
Diluted	151,991,800	151,219,049

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$000s)	Year ended December 31	
	2024	2023
Operating:		
Net income	\$ 149,446	\$ 131,904
Adjustments:		
Depletion and depreciation (note 5)	101,409	96,624
Foreign exchange (gain) loss (note 12)	(28,347)	6,657
Deferred income tax expense (note 13)	11,729	5,067
Share based compensation (note 6)	2,928	3,052
Non-cash management fee (note 11)	-	308
Non-cash accretion and finance costs	326	263
Operating payout on share based compensation (note 6)	(6,054)	(3,887)
Decommissioning expenditures	(462)	(323)
Funds from operations	230,975	239,665
Changes in non-cash working capital (note 17)	(7,641)	(22,749)
	223,334	216,916
Financing:		
Long-term debt net (repayment) drawn	176,225	(33,314)
Debt issuance costs	(1,693)	-
Share issuance, net of costs (note 8)	165,480	-
Dividends paid (note 8)	(162,745)	(162,731)
Lease obligation paid	(236)	(196)
	177,031	(196,241)
Investing:		
Acquisitions and related expenditures (note 5)	(411,716)	(10,647)
Changes in non-cash working capital (note 17)	11,351	(10,533)
	(400,365)	(21,180)
Decrease in cash	-	(505)
Impact of foreign currency on cash balance	-	(19)
Cash, beginning of year	-	524
Cash, end of year	\$ -	\$ -
Supplemental disclosures		
Interest paid	\$ 15,090	\$ 10,017
Income taxes paid, excluding tax deposits	\$ 35,881	\$ 63,470

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(\$000s)	Year ended December 31	
	2024	2023
Shareholders' capital:		
Balance, beginning of year	\$ 1,500,639	\$ 1,500,331
Shares issued pursuant to bought deal financing (note 8)	172,523	-
Share issuance costs, net of tax effect (note 8)	(5,359)	-
Shares issued for payment of management fee (note 11)	-	308
Balance, end of year	1,667,803	1,500,639
Accumulated other comprehensive income:		
Balance, beginning of year	4,109	10,167
Foreign currency translation adjustment	23,017	(6,058)
Balance, end of year	27,126	4,109
Deficit:		
Balance, beginning of year	(580,985)	(550,157)
Net income	149,446	131,904
Dividends declared (note 8)	(163,939)	(162,732)
Balance, end of year	(595,478)	(580,985)
Total shareholders' equity	\$ 1,099,451	\$ 923,763

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2024 and 2023

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 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 ("IASB"). A summary of Freehold's material accounting policies under IFRS are presented in note 2.

These financial statements were approved by Freehold's Board of Directors (the "Board") on March 12, 2025.

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 assumptions 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. Among other uncertainties, the Company continues to monitor the direct and indirect impacts on its operations, cash flows and liquidity from global economic and commodity pricing volatility in addition to recent changes in tariffs and evolving regulations regarding climate-related matters.

Petroleum and natural gas reserves

The amounts recorded for the depletion of petroleum and natural gas interests, business combinations, asset acquisition classification, indicators of impairment and the amounts used in an impairment calculation are based on estimates of proved and probable petroleum and natural gas reserves. By their nature, these estimates of proved and probable petroleum and natural gas reserves and the related cash flows are subject to uncertainty including significant assumptions related to forecasted royalty production from proved and probable petroleum and natural gas reserves and forecasted crude oil and natural gas commodity prices and the impact on the financial statements of future periods could be material. Freehold's proved and probable petroleum and natural gas reserves have been prepared at December 31, 2024 by the Company's external independent qualified reserves evaluators. Management judgment is required to analyze internal and external indicators of impairment for petroleum and natural gas interests and exploration and evaluation assets with the estimate of proved and probable petroleum and natural gas reserves and the related cash flows being significant to the assessment.

Unbooked future development locations

Unbooked future development locations on royalty lands and the associated future cash flows can also be used in determining asset acquisition valuations or impairments. These unbooked future development locations are determined from a historical analysis of booking previously undeveloped reserves into the independently prepared reserve reports. By their nature, this estimate and future cash flows are subject to uncertainty including significant assumptions related to future royalty production and forecasted crude oil and natural gas commodity prices and timing of third-party development.

Share based compensation

Share based compensation is determined based on the value of outstanding awards at each period end. The value recorded incorporates the period-end share price, dividends declared from the grant date through to the period-end and certain assumptions including an estimate of the multiplier for performance share units ("PSUs"). Actual results could differ as a result of using estimates.

Income taxes

Deferred income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantively enacted income tax rates, when it is considered probable that deferred tax liabilities or assets will be payable or recoverable, respectively, in future periods, which requires management judgement. The effect of a change in income tax rates on deferred income tax liabilities and assets is recognized in income in the period that the change occurs. The actual amount of income tax may be greater than or less than the estimates and the differences may be material. Management reviews the adequacy of these amounts at the end of the reporting period. However, changes in income tax liabilities or assets may arise in future periods resulting from audits by taxing authorities. Where the probable outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the expensed income tax in the period in which such determination is made.

Cash generating units

The determination of a cash generating unit ("CGU") is subject to management judgment. The recoverability of petroleum and natural gas interests and exploration and evaluation assets are assessed at the CGU level. A CGU is the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other CGUs. Freehold currently has two royalty CGUs: the United States and Canada.

United States and Canadian Petroleum and natural gas royalty revenue accruals

Freehold follows the accrual method of accounting, making estimates in its financial and operating results. This may include estimates of United States ("U.S.") and Canadian revenues, which are based on significant assumptions related to royalty production, realized commodity pricing and, where applicable, permitted source deductions for the period being reported, for which actual results have not yet been received. It is expected that these accrual estimates will be revised, upwards or downwards, based on the receipt of actual results. Freehold has no operational control over its royalty lands and primarily holds small interests in several thousand wells. Thus, obtaining timely production data from the well operators is extremely difficult. As a result, the Company uses historical production information, new wells on stream and publicly available production data pursuant to the terms of the Company's U.S. and Canadian leases and royalty agreements to determine royalty production. Realized commodity prices are based on publicly available benchmark commodity prices, adjusted for quality, location, allowable deductions, or other factors pursuant to the terms of these leases and royalty agreements. These U.S. and Canadian royalty revenue accrual estimates are revised based on actual royalty production volumes and realized commodity prices received in subsequent periods. The U.S. and Canadian royalty revenue

accruals are necessary due to the delay between the timing of oil and gas production and when the Company receives its royalty production and payment, which is typically a time lag of approximately two to three months.

Judgment is required to determine the interests of royalty properties in areas where mineral rights are shared with a related party, Canpar Holdings Ltd. ("Canpar"). Freehold uses publicly available information on geological formations to apportion revenues between the entities in accordance with the respective party's interests. As new geological information becomes available and as part of its ongoing internal audit activities, Freehold periodically revises these allocations and consideration is transferred to reflect the changes.

2. Material Accounting Policies

a) Exploration and Evaluation Assets

All exploration and evaluation ("E&E") costs incurred after acquiring the "right to explore" are capitalized into a single cost pool. Upon determination of the technical feasibility and commercial viability of reserves, the associated E&E costs are first assessed for impairment and then the estimated recoverable amount is transferred to petroleum and natural gas interests. All costs incurred prior to acquiring the "right to explore" are expensed as incurred. At each reporting date, E&E costs are reviewed for indicators of impairment using internal and external market and industry data. If circumstances indicate the carrying amount exceeds its recoverable amount, the cost is written down to its recoverable amount and the difference is accounted for as an impairment expense. No depletion or depreciation is charged to E&E.

b) Petroleum and Natural Gas Interests

Petroleum and natural gas interests

Petroleum and natural gas interests largely include mineral royalty interests, stated at cost, less accumulated depletion. All costs incurred after determining technical feasibility and commercial viability of reserves are capitalized to Petroleum and natural gas interests. Subsequent expenditures are capitalized only where they enhance the economic benefits of the asset. A gain or loss on disposal of a petroleum and natural gas interest is recognized to the extent that the net proceeds exceed or are less than the associated portion of the capitalized costs of the asset.

Depletion

Petroleum and natural gas interests, including acquisition costs, and directly attributable general and administrative costs, are depleted on the unit-of-production method based on estimated proved plus probable petroleum and natural gas reserves as determined by the Company's external independent qualified reserves evaluators. Reserves are converted to equivalent units on the basis of relative energy content.

Impairment

The Company assesses at each reporting date whether there is an indication that its U.S. and Canadian Royalty CGUs of petroleum and natural gas interests may be impaired. Management judgment is required to analyze internal and external indicators of impairment for petroleum and natural gas assets with the estimate of proved and probable petroleum and natural gas reserves and the related cash flows being significant to the assessment. In some instances, there is also the potential for inclusion of unbooked future development locations on royalty lands and the related cash flows being significant to the assessment. If any such indication of impairment exists, Freehold makes an estimate of its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to dispose ("FVLCTD") and its value in use ("VIU"). Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down. In assessing VIU, the estimated future cash flows are adjusted for the risks specific to the CGU and are discounted to their present value using a pre-

tax discount rate that reflects current market assessments of the time value of money. FVLCTD is the amount obtainable from the sale of assets in an arm's length transaction less cost to dispose.

c) **Income Tax**

Income tax expense comprises current and deferred tax.

Current income tax

Current income tax is expected taxes on the taxable income for the year earned in Canada and the U.S., using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax

Deferred income tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

d) **Share Based Compensation Plans**

Freehold's award plans consist of grants of PSUs and restricted share units ("RSUs") to executive officers and employees of Freehold pursuant to a Share Unit Award Plan (the "Share Award Plan") and grants of deferred share units ("DSUs") and director restricted share units ("DRSUs") to non-management directors 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.

Share Award Plan

Compensation expense and a corresponding liability is recognized as services are rendered based on the value of the outstanding RSUs and PSUs at the grant date, as remeasured at each period end through to their vesting date.

I. RSUs

Generally, one-third of the granted RSUs will vest on each of the first, second and third anniversaries of the date of grant. Upon vesting of the RSUs, 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. The value of the notional Freehold common shares is based on the volume weighted average trading price of Freehold common shares for the five trading days prior to the settlement date.

II. PSUs

Generally, all of the granted PSUs will vest on the third anniversary of the date of grant. For PSUs, the notional Freehold common shares as adjusted for notional dividends paid are calculated in the same manner as the RSUs, but with the additional application of a performance multiplier. The metrics used for determining the performance

multiplier (which can range from 0 to 2 times) are at the discretion of the Board at the time of grant, but currently are determined evenly from absolute and relative total shareholder returns over a three-year period.

Director Award Plan

The Director Award Plan consists of DSUs and DRSUs, where each unit represents a notional share that has the same value as one Freehold common share. The value of DSUs and DRSUs changes with Freehold's share price. 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. Compensation expense and a corresponding liability is recognized on the value of the outstanding DSUs and DRSUs at the grant date, as remeasured at each period end through to their redemption date.

I. DSUs

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.

II. DRSUs

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.

e) Net Income Per Share

Basic net income per share is calculated using net income divided by the weighted average number of outstanding shares for each period. Diluted net income per share is calculated by adjusting net income to remove share based compensation expense related to the remeasurement of DSUs and DRSUs at each period end, which would not be incurred if the Board exercised its right to settle these units through the issuance of equity, and dividing by the weighted average number of outstanding diluted shares for each period. Outstanding diluted shares for the period is calculated by adding the weighted average outstanding DSUs and DRSUs to the weighted average outstanding number of shares. If this effect is anti-dilutive to net income per share, the weighted average outstanding DSUs and DRSUs are excluded from the calculation of diluted income per share.

f) Revenue Recognition

The Company earns royalty and other revenue from the sale of crude oil, natural gas, natural gas liquids, potash and other products that is recognized as it accrues in accordance with the terms of U.S. and Canadian leases and royalty agreements, which is generally in the month when the product is produced or extracted. The U.S. and Canadian royalty revenue accruals are necessary due to the delay between the timing of production and when the Company receives its royalty production and payment, which is typically a time lag of approximately two to three months.

g) Financial Instruments

All financial instruments are recognized on the balance sheet initially at fair value. Subsequent measurement of all financial assets is measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss ("FVTPL"). Subsequent measurement of all financial liabilities is measured at amortized cost or, optionally, FVTPL.

All cash, accounts receivable, acquisition deposits, dividends payable, accounts payables and accrued liabilities and long-term debt are measured at amortized cost using the effective interest rate method. No financial instruments have been classified as FVOCI or FVTPL.

h) Foreign Currency translations

Foreign transactions

Transactions completed in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the time of the transactions. Foreign currency assets and liabilities are translated to functional currency at the period-end exchange rate. Revenue and expenses are translated to functional currency using the average exchange rate for the period. Foreign exchange gains and losses resulting from the settlement or translation of foreign currency transactions are included in net income.

Foreign operations

The functional currency of Freehold's subsidiaries is the currency of the primary economic environment in which the entity operates. Freehold's U.S. subsidiary, Freehold Royalties (USA) Inc., operates and transacts primarily in U.S. dollars and is considered to have a U.S. dollar functional currency. Freehold's Canadian subsidiaries have a functional currency of Canadian dollars. The designation of a subsidiary's functional currency is a management judgment based on the currency of the primary economic environment in which the subsidiary operates. The financial statements of the U.S. entity are translated into Canadian dollars in preparation of the Company's consolidated financial statements. The assets and liabilities of Freehold's U.S. operations are translated to Canadian dollars at the period-end exchange rate. Revenues and expenses of U.S. operations are translated to Canadian dollars using the average exchange rate for the period. Foreign exchange differences are recognized in other comprehensive income or loss. The accumulated other comprehensive income resulting from currency translation on foreign operations may subsequently be reclassified to net income in future reporting periods.

i) Fair Value Measurements

Some of the Company's accounting policies and disclosures require the determination of fair value for non-financial assets. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The fair value of petroleum and natural gas interests and E&E assets recognized initially in an asset acquisition or business combination are based on market values. The market value of petroleum and natural gas interests is the estimated amount for which petroleum and natural gas interests could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and with compulsion. The market value of petroleum and natural gas interests is based on estimates of the discounted future cash flows from proved and probable petroleum and natural gas reserves. The market value of E&E assets is based on estimates of the discounted future cash flows from unbooked future development locations.

The assumptions and estimates with respect to determining the fair value of petroleum and natural gas interests and E&E assets generally include estimates of discounted future cash flows from proved and probable petroleum and natural gas reserves, estimates of future royalty production from unbooked future development locations including timing of third-party development, future benchmark commodity prices, and discount rates.

Changes in any of the assumptions or estimates used in determining the initial fair value of acquired assets and business combinations could impact the amounts assigned to petroleum and natural gas interests and E&E assets. Future net income can be affected as a result of changes in future depletion and depreciation or asset impairment. The classification of the fair value of assets acquired through asset acquisitions is determined by allocating the purchase price based on the relative fair values.

3. New Accounting Standards and Recent Accounting Pronouncements

a) Adopted 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 14) of working capital, net debt and capitalization as at December 31, 2023.

b) Recent Accounting Pronouncements Not Yet Adopted

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements in April 2024, replacing IAS 1 Presentation of Financial Statements. The Standard introduces a defined structure to the statements of comprehensive income and specific disclosure requirements related to the same. The standard is effective January 1, 2027 and is to be applied retrospectively with certain transition provisions available. The Company is evaluating the impact that the adoption of IFRS 18 will have on the consolidated financial statements.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to clarify the date of recognition and derecognition of financial assets and liabilities and provide further clarification on the classification of certain financial assets. The amendments are effective January 1, 2026 and are to be applied retrospectively. The Company is evaluating the impact that the amendments will have on the consolidated financial statements.

4. Exploration and Evaluation Assets

(\$000s)	December 31 2024	December 31 2023
Balance, beginning of year	\$ 63,059	\$ 68,758
Acquisitions and related expenditures (note 5(a))	82,131	-
Transfers to petroleum and natural gas interests (note 5)	(5,698)	(5,699)
Foreign exchange translation	2,822	-
Balance, end of year	\$ 142,314	\$ 63,059

There was no impairment recorded on the transfer of E&E assets to Petroleum and Natural Gas Interests during the years ended December 31, 2024 and 2023.

There were no indicators of impairment on Freehold's E&E assets for the years ended December 31, 2024 and 2023.

5. Petroleum and Natural Gas Interests

(\$000s)	December 31 2024	December 31 2023
Gross cost		
Balance, beginning of year	\$ 2,115,487	\$ 2,113,341
Acquisitions and related expenditures	329,585	10,647
Capitalized recovery of long term incentive plan	(990)	(105)
Transfers from exploration and evaluation assets (note 4)	5,698	5,699
Foreign exchange translation and other	62,392	(14,095)
Balance, end of year	\$ 2,512,172	2,115,487
Accumulated depletion		
Balance, beginning of year	\$ (1,144,812)	(1,050,179)
Depletion and depreciation	(101,409)	(96,371)
Foreign exchange translation	(9,430)	1,738
Balance, end of year	\$ (1,255,651)	(1,144,812)
Net book value, end of year	\$ 1,256,521	\$ 970,675

a) Acquisitions and related expenditures

For the year ended December 31, 2024, Freehold invested \$411.7 million in acquisitions and related expenditures (2023 – \$10.6 million) comprised of petroleum and natural gas interests and E&E assets. All transactions for the years ended December 31, 2024 and 2023 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.

In December 2024, Freehold closed a transaction acquiring U.S. mineral title and royalty assets for \$261.4 million (US\$185.1 million) after customary closing adjustments, in the Midland basin of the Permian located in Texas.

Freehold also paid \$14.1 million (US\$10.3 million) through various transactions in exchange for future development-oriented mineral and royalty interests in the Midland and Delaware basins in Texas during 2024.

Canadian Acquisitions

Freehold paid a combined \$14.0 million during the year ended December 31, 2024 through various transactions for gross overriding royalty transactions in the Clearwater, Mannville Stack and Frobisher plays in Alberta and for potash royalty interests (see note 11).

During the year ended December 31, 2023, Freehold paid \$5.2 million for gross overriding royalties in the Clearwater play and \$0.2 million for an incremental royalty interest in a potash mine.

Related Expenditures

For the year ended December 31, 2024, Freehold capitalized general & administrative costs of \$3.5 million (2023 – \$3.4 million), cash share-based compensation payouts of \$1.4 million (2023 – \$0.9 million) and other royalty income asset and miscellaneous expenditures of \$1.1 million (2023 – \$0.9 million).

b) Depletion and depreciation

For the year ended December 31, 2024, reported depletion and depreciation is \$101.4 million (2023 – \$96.6 million).

There are no future development costs associated with the Company's proved and probable petroleum and natural gas reserves as at each of December 31, 2024 and 2023 to include in the depletion calculation.

c) Impairment

At each of December 31, 2024 and 2023, there were no indicators of impairment on Freehold's U.S. and Canadian Royalty CGUs.

6. Share Based Compensation

For the year ended December 31, 2024, the share based compensation liability associated with the Award Plans decreased by \$4.1 million (2023 – decreased by \$0.9 million). This decrease was due to payouts of \$7.5 million including \$1.0 million paid directly by Freehold to retired directors, consisting of \$6.1 million as previously expensed and \$1.4 million as previously capitalized (2023 – payout of \$4.8 million, consisting of \$3.9 million as previously expensed and \$0.9 million as previously capitalized). Increases in the balance were comprised of \$2.9 million as expensed and \$0.4 million as capitalized (2023 – \$3.1 million as expensed and \$0.8 million as capitalized) incorporating Freehold's December 31, 2024 closing share price of \$12.79 per share (2023 – \$13.69 per share).

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

(\$000s)	December 31 2024	December 31 2023
		Note 3(a)
Balance, beginning of year	\$ 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	443	825
Expensed	2,928	3,052
Balance, end of year	\$ 10,964	\$ 15,080
Current portion of liability	\$ 10,270	\$ 12,845
Long-term portion of liability	\$ 694	\$ 2,235

a) Share Award Plan

Freehold's Share Award Plan is share based and cash settled. It consists of grants of PSUs and RSUs awarded to executive officers, employees and other service providers.

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

	December 31 2024	December 31 2023
Balance, beginning of year	641,694	864,642
Units issued	277,571	232,024
Forfeitures	(46,536)	(42,759)
Payout	(299,484)	(412,213)
Balance, end of year	573,245	641,694
RSUs outstanding, end of year	196,026	216,469
PSUs outstanding, end of year	377,219	425,225

b) **Director Award Plan**

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

	December 31 2024	December 31 2023
Balance, beginning of year	542,095	481,359
Annual grants and grants in lieu of fees	91,527	70,875
Additional grants resulting from paid dividends	43,918	39,861
Redeemed	(90,740)	(50,000)
Balance, end of year	586,800	542,095
DSUs outstanding, end of year	556,508	523,587
DRSUs outstanding, end of year	30,292	18,508

On January 1, 2025 the Company issued 65,674 combined DSUs and DRSUs to its non-management directors.

7. Long-term Debt

(\$000s)	Year ended December 31	
	2024	2023
Drawn in Canadian dollars	\$ 201,754	\$ 122,973
Drawn in U.S. dollars (US\$70.0 million (December 31, 2023 - US\$nil))	100,723	-
Unamortized deferred financing costs	(1,623)	-
Long-term debt	\$ 300,854	\$ 122,973

During the year ended December 31, 2024, Freehold amended and restated its credit facilities with a syndicate of four banks. The amended and restated credit facilities have a committed revolving facility (the "Revolving Facility") availability of \$430 million and an operating facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facilities") availability of \$20 million for total Credit Facilities of \$450 million (December 31, 2023 – \$300 million). Either facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the committed revolving facility of an additional \$50 million subject to lenders' consent. The Credit Facilities mature November 12, 2027. The credit facilities are secured with a \$700 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 (1.0 times at December 31, 2024); and (ii) long-term debt to the aggregate of long-term debt and shareholders' equity percentage shall not exceed 55% (21% at December 31, 2024). Freehold forecasts to be

in compliance with all covenants on a quarterly basis for at least the next year based on its current best estimate of results from operations.

Outstanding borrowings under the credit facilities bear interest on U.S. and Canadian denominated drawings at Secured Overnight Financing Rate ("SOFR") and Canadian Overnight Repo Rate Average ("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 June 26, 2024, Canadian denominated borrowings were Canadian Dollar Offer Rate ("CDOR") based loans, with the publication of CDOR ceasing shortly thereafter. The transition from CDOR to CORRA based loans did not cause a significant difference on the cost of Freehold's borrowings under the credit facilities.

For each of the years ended December 31, 2024 and 2023, the average effective interest rate on advances from Freehold's committed credit facility was 6.4%.

At each of December 31, 2024 and 2023, the fair values of the long-term debt approximated its carrying values (excluding deferred financing costs), 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 shares)	December 31, 2024		December 31, 2023	
	Shares	Amount	Shares	Amount
Balance, beginning of year	150,689,334	\$ 1,500,639	150,667,334	\$ 1,500,331
Shares issued pursuant to bought deal financing	13,271,000	172,523	-	-
Share issuance costs, net of tax effect	-	(5,359)	-	-
Issued for payment of management fee (note 11)	-	-	22,000	308
Balance, end of year	163,960,334	\$ 1,667,803	150,689,334	\$ 1,500,639

On December 13, 2024, Freehold issued 13,271,000 common shares at a price of \$13.00 per common share, including the full exercise of the over-allotment option, through Freehold's equity financing offering pursuant to a December 2024 short-form prospectus. The total gross proceeds from this offering were \$172.5 million including proceeds from a related party (note 11), before share issuance costs of \$7.0 million (\$5.4 million net of tax effect), with proceeds used to partially finance the December 2024 Midland basin transaction for \$261.4 million (US\$185.1 million) (note 5).

b. Dividends

During the year ended December 31, 2024, Freehold declared dividends of \$163.9 million or \$1.08 per common share (2023 - \$162.7 million or \$1.08 per common share) and paid dividends of \$162.7 million (2023 - \$162.7 million).

On December 13, 2024, the Board declared a dividend of \$0.09 per common share or \$14.8 million which was paid on January 15, 2025 to common shareholders on record on December 31, 2024 (December 31, 2023 - \$13.6 million). On January 15, 2025, the Board declared a dividend of \$0.09 per common share which was paid on February 18, 2025, to common shareholders on record on January 31, 2025. On February 13, 2025, the Board declared a dividend of \$0.09 per common share to be paid on March 17, 2025, to common shareholders on record

on February 28, 2025. On March 12, 2025, the Board declared a dividend of \$0.09 per common share to be paid on April 15, 2025, to common shareholders on record on March 31, 2025.

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 benchmark commodity prices 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)	Year ended December 31	
	2024	2023
Oil	\$ 263,018	\$ 254,695
NGL	27,183	25,695
Natural gas	14,733	29,206
Potash	1,469	1,648
Bonus consideration and lease rentals	3,077	3,331
Royalty and other revenue	\$ 309,480	\$ 314,575

b. Royalty and Other Revenue by Category

(\$000s)	Year ended December 31	
	2024	2023
Royalty interest revenue	\$ 306,403	\$ 311,244
Bonus consideration and lease rentals	3,077	3,331
Royalty and other revenue	\$ 309,480	\$ 314,575

For the year ended December 31, 2024, Freehold had one royalty payor constituting more than 10 per cent of royalty and other revenue with revenue of \$57.4 million attributable to the U.S. segment. For the year ended December 31, 2023, Freehold had two royalty payors with each constituting more than 10 per cent of royalty and other revenue, with combined revenues of \$89.2 million attributed to these payors (\$54.7 million and \$34.5 million from the U.S. and Canadian segments, respectively).

As at December 31, 2024, there was outstanding accounts receivable and accrued revenue of \$47.6 million (December 31, 2023 - \$42.2 million) associated with U.S. and Canadian royalty and other revenues.

10. Interest and Financing

(\$000s)	Year ended December 31	
	2024	2023
Interest on long term debt and financing expense	\$ 15,090	\$ 10,017
Non-cash accretion and finance costs	326	263
Interest and financing	\$ 15,416	\$ 10,280

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 management agreement may be terminated by either the Company or the Manager by providing at least six months written notice, or immediately under certain circumstances including, but not limited to, where the manager voluntarily suspends transactions of its usual business. 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 16.0% ownership in Freehold at December 31, 2024 (2023 – 16.7%). 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 \$0.3 million charge for the year ended December 31, 2024, (2023 – an ascribed value of common shares issued of \$0.3 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 years ended December 31, 2024 and 2023, the Manager charged \$15.3 million and \$15.1 million in general and administrative costs, respectively, and \$6.2 million and \$4.1 million for share-based compensation payouts, respectively. At December 31, 2024, there was \$2.0 million (December 31, 2023 – \$0.2 million) in accounts payable and accrued liabilities relating to these costs.

b. Rife Resources Ltd. and CN Pension Trust Funds

For each of the years ended December 31, 2024 and 2023, Freehold paid \$27.1 million in total 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 the year ended December 31, 2024, Freehold received royalties of approximately \$0.3 million (2023 – \$0.4 million) from Rife. At December 31, 2024, there was \$2.4 million in dividends payable due to Rife and the CN Pension Trust Fund related to dividends declared (2023 – \$2.3 million).

On December 13, 2024, the CN Pension Trust Funds acquired 1,153,846 common shares at \$13.00 per common share for proceeds of \$15.0 million through Freehold's public common share offering pursuant to its December 2024 short form prospectus (note 8). Freehold did not pay commission on shares acquired by the CN Pension Trust Funds. The CN Pension Trust Funds participation was not at a full pro rata percentage of shares sold pursuant to this short form prospectus offering, causing the combined Rife and CN Pension Trust Funds ownership in Freehold to decrease from 16.7% at December 31, 2023 to 16.0% at December 31, 2024.

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 December 31, 2024 and 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 2024 Freehold elected to participate in Canpar's mineral royalty interest acquisition in two potash mines located in Saskatchewan, whereby Freehold paid \$0.3 million for 50% of the interest purchased by Canpar.

d. **Key Management**

Key management personnel are considered to be the Board and executive officers. The Board is compensated directly by Freehold. Executive officers' salaries and other benefits are charged by and paid to the Manager, whereas grants pursuant to the Awards Plan are issued directly by Freehold.

(\$000s)	December 31 2024	December 31 2023
Directors' fees	\$ 521	\$ 399
Manager charges for executive officers	2,370	2,388
Share based compensation	2,515	1,866
Key management compensation	\$ 5,406	\$ 4,653

12. Foreign Exchange

(\$000s)	Year ended December 31	
	2024	2023
Foreign exchange (gain) loss on:		
Intercompany note	\$ (31,626)	\$ 6,930
Long term debt	3,279	(273)
	\$ (28,347)	\$ 6,657

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 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. Income Taxes

Freehold uses the balance sheet method of accounting for income taxes. The provision for taxes in the financial statements differs from the result which would have been obtained by applying the expected tax rate to Freehold's income before taxes. This difference is reconciled as follows:

(\$000s, except as noted)	December 31 2024	December 31 2023
Income before taxes	\$ 191,357	\$ 172,436
Expected income tax rate	23.9%	23.9%
Expected income tax expense	\$ 45,734	\$ 41,212
Change in income tax resulting from:		
Effect of rates for foreign jurisdictions	(1,091)	(1,172)
Effect of foreign exchange on intercompany note	(3,521)	556
Tax true-up	789	(64)
Total income taxes	\$ 41,911	\$ 40,532

Freehold had \$4.4 million of current taxes receivable at December 31, 2024 (December 31, 2023 – current taxes payable of \$1.3 million).

As at December 31, 2024, Freehold had approximately \$1,218 million (2023 – \$886 million) of U.S. and Canadian tax pools that should be available to offset against future taxable profits.

The continuity of deferred income tax liability (asset) for the years ended December 31, 2024 and 2023 are as follows:

(\$000s)	Balance December 31 2023	Recognized in Profit or Loss	Recognized in Shareholders' Capital	Foreign Currency Translation Adjustment	Balance December 31 2024
Petroleum, natural gas and other interests and E&E	\$ 35,792	12,465	-	1,960	\$ 50,217
Decommissioning liability	(1,442)	(201)	-	-	(1,643)
Lease obligation	(386)	38	-	-	(348)
Share issue and deferred financing costs	(906)	854	(1,684)	-	(1,736)
Share based compensation	(3,606)	984	-	-	(2,622)
Other	(246)	(2,411)	-	-	(2,657)
Deferred income tax liability	\$ 29,206	11,729	(1,684)	1,960	\$ 41,211

(\$000s)	Balance December 31 2022	Recognized in Profit or Loss	Recognized in Shareholders' Capital	Foreign Currency Translation Adjustment	Balance December 31 2023
Petroleum, natural gas and other interests and E&E	\$ 29,294	6,910	-	(412)	\$ 35,792
Decommissioning liability	(1,419)	(23)	-	-	(1,442)
Lease obligation	(410)	24	-	-	(386)
Share issue costs	(1,359)	453	-	-	(906)
Share based compensation	(3,830)	224	-	-	(3,606)
Other	2,275	(2,521)	-	-	(246)
Deferred income tax liability	\$ 24,551	5,067	-	(412)	\$ 29,206

Freehold's deferred tax liability largely relates to its capital assets having a higher carrying value relative to the associated tax value.

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 December 31, 2024 (December 31, 2023 – \$29.3 million). During the year ended December 31, 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. If unsuccessful, additional interest of approximately \$8.4 million as at December 31, 2024 would be owed.

14. 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 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 December 31, 2024, Freehold was in compliance with all such covenants.

Freehold's net debt to funds from operations ratio was 1.2 times at December 31, 2024 (December 31, 2023 – 0.4 times), within its debt strategy target of below 1.5 times. This ratio is a financial leverage measure that reflects cash available to pay back Freehold's debts. It represents the number of years it would take Freehold to reduce its net debt to zero if funds from operations was held constant and there were no other cash outflow obligations required such as dividends and acquisitions, among others.

a. Working Capital

(\$000s)	December 31 2024	December 31 2023
		Note 2
Accounts receivable	\$ 48,396	\$ 43,329
Income taxes receivable	4,385	-
Acquisition deposits	-	12,086
Dividends payable	(14,756)	(13,562)
Accounts payable and accrued liabilities	(6,904)	(4,877)
Current income taxes payable	-	(1,314)
Current portion of lease obligation	(263)	(236)
Current portion of decommissioning liability	(2,000)	(500)
Current portion of share based compensation payable	(10,270)	(12,845)
Working capital ⁽¹⁾	\$ 18,588	\$ 22,081

1. Working capital is considered a capital management measure.

b. Capitalization and net debt

(\$000s)	December 31 2024	December 31 2023
		Note 2
Shareholders' equity	\$ 1,099,452	\$ 923,763
Long term debt	300,854	122,973
Working capital	(18,588)	(22,081)
Net debt⁽¹⁾	\$ 282,266	\$ 100,892
Capitalization⁽¹⁾	\$ 1,381,718	\$ 1,024,655

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

c. Net Debt to Funds from Operations

(\$000s, except as noted)	December 31 2024	December 31 2023
		Note 2
Funds from operations for the trailing 12 months	\$ 230,975	\$ 239,665
Net debt to funds from operations for the last 12 months (times)⁽¹⁾	1.2	0.4

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

15. Financial Instrument Risk Management

Freehold has exposure to credit, liquidity and market risks from its use of financial instruments. Management employs the following strategies to mitigate these risks.

a. Credit Risk

Credit risk is the risk of financial loss to Freehold if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Freehold's receivables. A large part of accounts receivable is with Canadian and U.S. oil and gas industry operators, largely as payors of various royalty agreements.

Collection of accounts receivable is a priority for Freehold and its credit risk is relatively low because of the quality of Freehold's more substantial royalty payors in addition to diversification through a broad number of remaining royalty payors that individually represent an insignificant amount of Freehold's outstanding accounts receivable. To partially mitigate credit risk, Freehold has take-in-kind privileges where it exited 2024 taking approximately 2% of its production in-kind. Freehold also has a dedicated compliance group that pursues collections.

The carrying amounts of cash, accounts receivable and acquisition deposits represent Freehold's maximum credit exposure to financial assets. When available, cash is held at a reputable financial institution. Freehold did not have an allowance for doubtful accounts as at each of December 31, 2024 and 2023 and did not identify any significant receivables to write off during the years ended December 31, 2024 and 2023. Freehold considers all material amounts greater than three months to be past due.

Due to the nature of Freehold's royalty income assets, there are receivable amounts over three months which require significant time and effort to collect. Estimates of amounts owed for various time periods are as follows:

(\$000s)	Less than 3 months	4-12 months	over 1 year	Total
Accounts receivable	\$ 41,688	\$ 5,262	\$ 1,446	\$ 48,396

b. Liquidity Risk

Liquidity risk is the risk that Freehold will not be able to meet financial obligations as they come due. Management maintains a conservative approach to debt management that aims to provide maximum financial flexibility with respect to acquisitions, while maintaining stable dividend payments. At December 31, 2024, there was \$147.5 million of available capacity under the credit facilities as well as a permitted increase of \$50 million to the revolving facility subject to the lenders' consent. As circumstances warrant, management allocates a portion of funds from operations to debt repayment. Management prepares annual capital expenditure and operating budgets, which are regularly monitored and updated. In addition, dividend levels are monitored and adjusted as necessary, to levels that are supported by Freehold's funds from operations.

Freehold's financial liabilities include its dividends payable, accounts payable and accrued liabilities and long-term debt. Freehold has no derivative financial liabilities. The following table outlines required cash flows associated with the contractual maturities of Freehold's financial liabilities as at December 31, 2024:

(\$000s)	Less than			Total
	1 Year	1-3 Years	3 Years and beyond	
Dividends payable	\$ 14,756	\$ -	\$ -	\$ 14,756
Accounts payable and accrued liabilities	6,904	-	-	6,904
Long-term debt drawn	-	302,477	-	302,477
Total	\$ 21,660	\$ 302,477	\$ -	\$ 324,137

c. Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, commodity prices and interest rates, will affect net income or the value of financial instruments. The Board reviews the potential use of derivative contracts on a regular basis. For short-term investments, if any, Freehold selects counterparties based on strong credit ratings and monitors all investments to ensure a stable return.

Foreign currency exchange rate risk

Freehold has royalty assets in the U.S. held by its wholly-owned U.S. subsidiary resulting in foreign currency exchange rate risk associated with these operations. From time to time, Freehold draws U.S. debt to partially finance U.S. acquisitions, which results in foreign currency exchange rate risk on long-term debt that is contra to the foreign exchange risk from operations. Further, Freehold is exposed to foreign exchange fluctuations as a result of crude oil sales based on U.S. dollar benchmark prices. Freehold's net income, comprehensive income and cash flows will be affected by fluctuations in foreign exchange. At December 31, 2024, Freehold had no foreign exchange related derivative contracts in place.

Commodity price risk

Commodity price risk is the risk that the fair value of Freehold's financial instruments will fluctuate with changes in commodity prices. Commodity prices for oil and natural gas are influenced by the relationship between the Canadian and U.S. dollar as well as macroeconomic events that dictate the levels of supply and demand. During each of the years ended December 31, 2024 and 2023, Freehold had no commodity price related derivative contracts in place.

Interest rate risk

Freehold is exposed to interest rate risk on outstanding bank debt, which has a floating interest rate, and fluctuations in interest rates would impact future cash flows. Assuming all other variables held constant at

December 31, 2024, a 1% change (plus or minus) in the interest rate could result in a corresponding change to income before taxes of \$3.0 million.

16. 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, New Mexico, and North Dakota.

Freehold's royalty and other revenue is reportable by segment whereas all other accounts presented on the 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 the Company does not consider a component of its operating results. The following table presents royalty and other revenue by geographic region:

(\$000s)	Year ended December 31	
	2024	2023
Canada	\$ 169,800	\$ 183,128
United States	139,680	131,447
Royalty and other revenue	\$ 309,480	\$ 314,575

The following table presents total assets by geographic region:

(\$000s)	December 31	
	2024	2023
Canada	\$ 546,973	\$ 583,472
United States	935,499	534,951
Total Assets	\$ 1,482,472	\$ 1,118,423

17. Supplemental Disclosures

Changes in Non-Cash Working Capital & Other

(\$000s)	Year ended December 31	
	2024	2023
Accounts receivable	\$ (5,067)	\$ 14,321
Income tax receivable	(4,385)	(7,365)
Acquisition deposits	12,086	(12,086)
Income tax deposits (note 13)	(1,582)	861
Accounts payable and accrued liabilities	2,027	(27,989)
Current income taxes payable	(1,314)	-
Less: Foreign exchange on translation	1,945	(1,024)
	\$ 3,710	\$ (33,282)
Operating	\$ (7,641)	\$ (22,749)
Investing	11,351	(10,533)
	\$ 3,710	\$ (33,282)

KEY MEMBERS

BOARD OF DIRECTORS

Marvin F. Romanow

Chair of the Board

Gary R. Bugeaud

Corporate Director (1)(2)

Maureen E. Howe

Corporate Director (1)(3)

J. Douglas Kay

Corporate Director (2)(3)

Kimberley E. Lynch Proctor

Corporate Director (1)(2)

Valerie A. Mitchell

Corporate Director (2)(3)

Mathieu M. Roy

Corporate Director

David M. Spyker

President and Chief Executive Officer

Aidan M. Walsh

Corporate Director (1)(3)

(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 and 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

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BANKERS

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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

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