MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") was prepared as of May 13, 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 months ended March 31, 2025 and its comparative period, and the outlook for Freehold based on information available as of the date hereof.

The financial information contained herein is based on information in the interim condensed consolidated financial statements, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board, which are the Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises. All comparative percentages are between the three months ("Q1-2025" or the "first quarter") ended March 31, 2025 and the same quarter in 2024 ("Q1-2024") (combined, the "reporting periods"), and all dollar amounts are expressed in Canadian currency, unless otherwise noted. References to "US$" are to United States ("U.S.") dollars. This MD&A should be read in conjunction with the March 31, 2025 unaudited interim condensed consolidated financial statements (the "interim financial statements") and the December 31, 2024 audited consolidated financial statements (the "audited financial statements"). These documents, as well as additional information about Freehold, including its Annual Information Form for the year ended December 31, 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 interim financial statements. In addition, this MD&A contains forward-looking statements that are intended to help readers better understand Freehold's business and prospects. Readers are cautioned that the MD&A should be read in conjunction with the disclosure under "Non-GAAP and Other Financial Measures" and "Forward-Looking Statements" included at the end of this MD&A.

Business Overview

Freehold is incorporated under the laws of the Province of Alberta and trades on the Toronto Stock Exchange under the symbol FRU. We receive revenue primarily from royalties on crude oil, natural gas 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 24,000 producing wells and almost 500 units spanning five provinces and eight states and receive royalty income from over 360 industry operators throughout North America. Our revenues also include potash royalties, lease bonus consideration and lease rental streams that diversify our revenue portfolio. Our North American land base lowers Freehold's risk and, as a royalty owner, Freehold benefits from the drilling activity of others without any capital investments.

As a royalty interest owner, Freehold does not pay any of the capital costs to drill, complete and equip wells for production on 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 June 16, 2025, to shareholders of record on May 30, 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 announcement of U.S. tariffs, counter tariffs and the potential effect on global GDP growth expectations, along with concerns about potential for increased supply from OPEC+ caused oil price volatility in Q1-2025. WTI decreased from ~US$75/bbl at the beginning of the quarter to US$70/bbl at the end of the quarter and dropped to ~US$60/bbl at the beginning of April. The policy risk around further changes to global trade as well as potential escalation in the China-U.S. trade war could drive further uncertainty in global GDP growth and the demand for oil, despite the announcement of a 90-day pause in reciprocal tariffs.

Freehold's North American portfolio continues to provide resiliency despite this volatility. We expect our oil focused, diversified North American asset base will generate positive 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 provides optionality to improving natural gas prices in both Canada and the U.S., balanced between Deep Basin and associated gas in Canada and largely associated gas in the Permian. U.S. natural gas inventories dropped by more than 2.2 Tcf during the winter withdrawal season due to above-average heating demand, the ramp of liquified natural gas ("LNG") exports and supply disruptions due to freeze-offs. Western Canadian natural gas prices continue trading at historically wide basis differentials vs NYMEX Henry Hub, reflecting elevated supply from strong Canadian production growth and limited egress capacity. However, the first phase of LNG Canada is expected to be completed in Q3-2025 which is anticipated to provide over 2 bcf/d of incremental demand by the end of 2025.

We expect drilling activity in Canada to slow into Q2-2025 through spring break-up, and there is uncertainty on how the macro-economic and commodity backdrop will impact producers near-term capital budgets. Freehold's diversified Canadian asset base provides a significant benefit in uncertain and volatile times like today. We continue to expect to see drilling associated with key oil-weighted plays like the Clearwater, Mannville Stack, Viking and southeast Saskatchewan, along with liquids rich gas drilling in the Deep Basin and Cardium to the extent natural gas prices remain constructive.

In the U.S., gross drilling activity on Freehold's lands was up 29% compared to Q4-2024 and as a result of Freehold's 2024 acquisition activity, the Midland basin is now the Company's largest producing area. The most important payors in the Midland basin for Freehold are investment grade companies, including ExxonMobil and Diamondback, which combined are approximately 60% of Freehold's Midland production. The Federal Reserve Bank of Dallas surveyed 129 oil and gas companies in March 2025 on break-even pricing in the U.S. and it noted that large firms, who make up the majority of Freehold's U.S. payors, have break-even pricing that is over 10% lower than break-even pricing of smaller firms operating in the Permian. Freehold anticipates continued strong drilling on our expanded lands in the Permian where play economics remain robust.

2025 Guidance

Freehold has not made any changes to its 2025 production assumptions. 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. There has been a significant shift in the global macro environment since the end of Q1-2025 that may alter operator plans for the remainder of 2025. However, the industry is in excellent shape to weather this commodity price volatility as a result of the capital discipline and prudent balance sheet management we have seen over the past few years. While some growth directed capital may be pared down, we do not expect a significant slow down in core activity on our lands. Contributing to this is our positioning in the lowest break-even plays across North America under investment grade operators who take a long term, measured view to capital planning.

Termination of Management Agreement

Freehold is managed by Rife Resources Management Ltd. (the "Manager") pursuant to a management agreement (the "Management Agreement").

On April 30, 2025, it was mutually agreed by Freehold and the Manager to terminate the Management Agreement. Accordingly, Freehold provided notice to the Manager that it was terminating the Management Agreement (the "Notice of Termination") effective December 31, 2025 (the "Termination Date"). Freehold's Board of Directors made this decision with the support of the Manager's owner, the pension funds for the employees of the Canadian National Railway Company (the "CN Pension Trust Funds"), to provide Freehold a dedicated executive team and employee base to solely focus on the Company's North American royalty business. Freehold is not required to pay the Manager any termination fees or any future management fees for periods after the Notice of Termination. Compensation and other administration costs previously incurred under the Management Agreement are expected to be similar to Freehold's independent cost structure, with transitioning costs not expected to be meaningful. Freehold has a fully dedicated executive team and employee base in place May 1, 2025 and will no longer use the shared or advisory services of the Manager to conduct its business. Freehold will be responsible for reimbursement for other general & administrative costs until the Termination Date. Freehold and the Manager will collaboratively work towards an orderly and stable transition of systems, software, workflows, files and office space during the transition period prior to the Termination Date.

Operating and Financial Results

Financial ($000s, except as noted)	Three months ended March 31 2025	2024	Change
Royalty and other revenue	**$ 91,065**	$ 74,273	23%
Net income	**$ 37,311**	$ 34,019	10%
Per share, basic & diluted ($) [1]	**$ 0.23**	$ 0.23	0%
Cash flows from operations	**$ 62,936**	$ 52,479	20%
Funds from operations	**$ 68,050**	$ 54,362	25%
Per share, basic & diluted ($) [1][3]	**$ 0.42**	$ 0.36	17%
Acquisitions and related expenditures	**$ 13,871**	$ 121,481	nm
Dividends paid	**$ 44,269**	$ 40,686	9%
Per share ($) [2]	**$ 0.27**	$ 0.27	0%
Dividends declared	**$ 44,269**	$ 40,686	9%
Per share ($) [2]	**$ 0.27**	$ 0.27	0%
Dividend payout ratio (%) [3]	**65%**	75%	-13%
Long-term debt	**$ 294,286**	$ 223,585	32%
Net debt [4]	**$ 272,187**	$ 210,538	29%
Shares outstanding, year end (000s)	**163,960**	150,689	9%
Average shares outstanding (000s) [5]	**163,960**	150,689	9%
Operating			
Light and medium oil (bbl/d)	**6,880**	6,094	13%
Heavy oil (bbl/d)	**1,552**	1,300	19%
NGL (bbl/d)	**2,203**	1,884	17%
Total liquids (bbl/d)	**10,635**	9,278	15%
Natural gas (Mcf/d)	**33,678**	32,617	3%
Total production (boe/d) [6]	**16,248**	14,714	10%
Liquids weighting (%)	**65%**	63%	3%
Petroleum and natural gas realized price ($/boe) [6]	**$ 59.29**	$ 54.81	8%
Cash costs ($/boe) [3][6]	**$ 7.00**	$ 7.19	-3%
Netback ($/boe) [3][6]	**$ 53.01**	$ 46.62	14%

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. Weighted average number of shares outstanding during the period, basic
6. See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

(nm) not meaningful

Q1-2025 Operating and Financial Highlights

- Achieved a record level of quarterly production, averaging 16,248 boe/d in Q1-2025, a 10% increase from Q1-2024, with 65% of production liquids weighted.
    - U.S. production was 6,970 boe/d, an increase of 36% reflecting acquisitions completed in 2024 and continuing development of our U.S. land base.
    - Canadian production of 9,278 boe/d includes over 20% production growth of Mannville heavy oil. Overall Canadian production decreased by 3% from the same period of 2024, driven by lower natural gas and associated liquids volumes.
- Freehold realized an average commodity price of $59.29/boe during Q1-2025, an 8% increase from Q1-2024.
    - Freehold's production in Q1-2025 was 43% weighted to the U.S., where the Company receives premium pricing compared to Canada, an increase from the 35% weighting in Q1-2024.

- Q1-2025 drilling activity included 322 gross wells (4.7 net), essentially all targeting oil, includes a 37% increase in the U.S. on a gross well basis compared to Q1-2024, reflecting our expanded U.S. asset base.
- Cash costs[1] in Q1-2025 totaled $7.00/boe, a decrease of 3% versus Q1-2024, reflecting higher production volumes and a lower cash payout on share based compensation to non-management directors.
- Funds from operations in Q1-2025 totaled $68.1 million or $0.42 per share[1], up 25% from the $54.4 million ($0.36 per share[1]) in the same quarter in 2024.
    - Realized bonus consideration and lease rental revenue, a quarterly record of $3.9 million during Q1-2025, represents $0.02 per share of funds from operations, for 25 new leases, an increase from the $0.5 million realized in Q1-2024.
- Dividends paid in Q1-2025 totaled $44.3 million ($0.27 per share), up in total from the $40.7 million in Q1-2024 ($0.27 per share), reflecting the December 2024 bought deal equity offering, where Freehold issued 13,271,000 common shares.
    - Due to 25% higher funds from operations, the Q1-2025 dividend payout ratio[2] of 65% was lower than the 75% in Q1-2024.
- Long term debt at March 31, 2025 was $294.3 million, $6.6 million lower than at December 31, 2024.
    - Net debt[3] decreased by $10.1 million, exiting Q1-2025 at $272.2 million.
- Provided notice to terminate the Management Agreement on April 30, 2025, with Freehold immediately putting in place a fully dedicated executive team and employee base, streamlining the Company's operations and simplifying its governance, with all associated services expected to be fully transitioned by December 31, 2025.

1. See Non-GAAP and Other Financial Measures
2. Dividend payout ratio is a supplementary financial measure
3. Net debt is a capital management measure

Drilling Activity

During Q1-2025, drilling activity levels were up on a gross basis, with 322 gross wells (4.7 net) drilled on Freehold's royalty lands, a 7% increase from the 300 wells drilled in the same period in 2024, although 27% lower on a net basis, reflecting a higher proportion of drilling on U.S. lands where average net well additions are lower than in Canada despite U.S. wells generally producing at approximately ten times that of an average Canadian well. High U.S. activity levels were bolstered by the Company's expanded U.S. asset base, the quality of its lands and the ability of its royalty payors to endure fluctuations in benchmark prices.

On a gross basis, during Q1-2025, 29% of new wells were drilled in Canada with 71% drilled in the U.S., essentially all targeting oil.

	Three months ended March 31			
	2025		2024	
	Gross	**Net** [1]	Gross	Net [1]
Canada	**92**	**3.9**	132	5.9
United States	**230**	**0.8**	168	0.5
Total	**322**	**4.7**	300	6.4

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

CANADA

Q1-2025 gross drilling activity levels were down 30% compared to the same quarter in 2024 as operators focus on drilling oil wells on Freehold's Canadian lands, with natural gas development generally restrained due to a lower benchmark price. Top focus areas were oil weighted plays in the Viking, Mississippian, Cardium, Clearwater and Mannville Stack. By geography, approximately 60% of gross wells drilled targeted prospects in Saskatchewan and 40% targeted prospects in Alberta. Notably in Q1-2025, three Montney and Duvernay wells were drilled with a further 12 wells licensed.

U.S.

During Q1-2025, 230 gross wells were drilled on our U.S. royalty lands, a 37% increase compared to 168 gross wells during the same quarter in 2024 and a 57% increase on a net basis, with the net increase reflecting higher average royalty interests in Q1-2025. 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 88% of Q1-2025 drilling was in the Permian basin and 10% in the Eagle Ford basin. By geography, almost all of Q1-2025 gross wells in the U.S. targeted prospects in Texas.

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

Production

Freehold's total production averaged 16,248 boe/d in Q1-2025, a record quarterly level and a 10% increase compared to the same quarter in 2024. This increase reflects third-party liquid focused drilling and completion activities on Freehold's lands, with their higher associated netbacks, in addition to U.S. acquisitions late in 2024, partially offset by recent muted Canadian natural gas drilling activity in response to a prolonged, weaker AECO benchmark price.

In Q1-2025, higher priced oil and NGL production represented 65% of Freehold's total production, increasing from 63% in the same quarter in 2024, 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 prospects.

Production Summary

	Three months ended March 31		
	2025	2024	Change
Canada (boe/d)	**9,278**	9,593	-3%
United States (boe/d)	**6,970**	5,121	36%
Total production (boe/d)	**16,248**	14,714	10%

Average Daily Production by Product Type

	Three months ended March 31		
	2025	2024	Change
Light and medium oil (bbl/d)	**6,880**	6,094	13%
Heavy oil (bbl/d)	**1,552**	1,300	19%
NGL (bbl/d)	**2,203**	1,884	17%
Natural gas (Mcf/d)	**33,678**	32,617	3%
Total production (boe/d)	**16,248**	14,714	10%
Liquids weighting (%)	**65%**	63%	4%
Number of days in period (days)	**90**	91	
Total volumes during period (MMboe)	**1.462**	1.339	9%

CANADA

Canadian production averaged 9,278 boe/d during Q1-2025, comprised of 56% oil and NGLs and 44% natural gas. Recent Canadian development has been focused on heavy oil prospects, particularly in the Mannville Stack and Clearwater areas, where Canadian heavy oil differentials to WTI have strengthened since the completion of the Trans Mountain pipeline expansion in 2024. This has resulted in higher Canadian heavy oil weightings relative to total Canadian production during Q1-2025 as compared to the same quarter in 2024. The 3% decrease in Canadian production during Q1-2025, compared to the same quarter in 2024, is partially due to lower natural gas production reflecting weaker AECO pricing, attributed to excess supply, elevated storage levels and limited export capacity out of western Canada. These factors contributed to natural gas production decreasing by 1,083 Mcf/d (181 boe/d) during Q1-2025 compared to the same quarter in 2024.

Exiting Q1-2025, Freehold's remaining working interest volumes were shut-in. These wells contributed 84 boe/d during the first quarter and comprised primarily of dry natural gas.

Canadian Average Daily Production by Product Type

	Three months ended March 31		
Canadian production	**2025**	2024	Change
Light and medium oil (bbl/d)	**2,738**	3,097	-12%
Heavy oil (bbl/d)	**1,552**	1,300	19%
NGL (bbl/d)	**879**	907	-3%
Natural gas (Mcf/d)	**24,652**	25,735	-4%
Total production (boe/d)	**9,278**	9,593	-3%
Liquids weighting (%)	**56%**	55%	1%

U.S.

U.S. production averaged 6,970 boe/d during Q1-2025, an increase of 36% compared to the same quarter in 2024, a record level of quarterly production from this segment. This increase reflects strong additions from third-party drilling and completion activities in addition to U.S. acquisitions during late 2024. To date, Freehold's 2024 U.S. acquisitions have met management’s production expectations.

Freehold's U.S. production during Q1-2025 represents approximately 43% of corporate volumes, an 8% increase from the same quarter in 2024, comprised of approximately 78% oil and NGLs and 22% natural gas.

U.S. Average Daily Production by Product Type

	Three months ended March 31		
United States production	**2025**	2024	Change
Light and medium oil (bbl/d)	**4,142**	2,997	38%
NGL (bbl/d)	**1,324**	977	35%
Natural gas (Mcf/d)	**9,025**	6,882	31%
Total production (boe/d)	**6,970**	5,121	36%
Liquids weighting (%)	**78%**	78%	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 Q1-2025, WTI averaged US$71.42/bbl, 7% lower versus the same quarter in 2024. When compared to Q4-2024, WTI increased by 2%, with more recent volatility in WTI pricing attributed to uncertainty on oil demand caused by the U.S. Administration's tariffs and OPEC+ increasing supply.

Within Canada, Western Canadian Select ("WCS") prices averaged $84.30/bbl during Q1-2025, 8% higher versus the same period in 2024. Canadian heavy oil differentials narrowed 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. Light Sweet prices averaged $95.32/bbl during Q1-2025, 3% higher versus the same period in 2024. Overall, Canadian oil benchmarks during Q1-2025 also benefited from a 6% strengthening in the U.S. dollar, compared to the same quarter in 2024.

For Q1-2025, AECO 7A Monthly Index monthly contract prices averaged $2.02/Mcf, down 2% from the same period in 2024, while NYMEX natural gas contract prices increased 63% to US$3.79/Mcf. This divergence in North American natural gas benchmarks reflects the relative lack of export capacity from Western Canada and an acceleration of LNG export terminals in the U.S.. Both benchmarks recovered compared to Q4-2024, with AECO and NYMEX higher by 38% and 33% respectively, reflecting the winter heating season and near-term inventory declines.

Average Benchmark Prices

	Three months ended March 31		
	2025	2024	Change
West Texas Intermediate crude oil (US$/bbl)	**$ 71.42**	$ 76.96	-7%
Exchange rate (Cdn$/US$)	**1.43**	1.35	6%
Edmonton Light Sweet crude oil (Cdn$/bbl)	**$ 95.32**	$ 92.14	3%
Western Canadian Select crude oil (Cdn$/bbl)	**$ 84.30**	$ 77.77	8%
NYMEX natural gas (US$/Mcf)	**$ 3.79**	$ 2.33	63%
AECO 7A Monthly Index (Cdn$/Mcf)	**$ 2.02**	$ 2.07	-2%

Realized Prices

As Freehold has expanded its U.S. royalty portfolio, its overall realized price has 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 a 47% pricing premium for its U.S. volumes compared to its Canadian volumes during Q1-2025. Partially based on this pricing premium and the continued expansion of Freehold's U.S. portfolio, Freehold's average sales price of $59.29/boe in Q1-2025 was 8% higher than the $54.81/boe realized during the same period in 2024.

Average Realized Prices Summary

	Three months ended March 31		
	2025	2024	Change
Oil ($/bbl)	**$ 94.46**	$ 89.36	6%
NGL ($/bbl)	**$ 40.63**	$ 40.28	1%
Oil and NGL ($/bbl)	**$ 83.31**	$ 79.39	5%
Natural gas ($/Mcf)	**$ 2.29**	$ 2.14	7%
Oil equivalent ($/boe)	**$ 59.29**	$ 54.81	8%

CANADA

Freehold's average selling price realized in Canada was $49.26/boe during Q1-2025, up 5% compared to the same quarter in 2024. This increase comes despite a 7% decrease in WTI, as Canadian benchmarks increased and differentials narrowed, most notably for WCS. Realized pricing in Canada was also positively impacted by the increased weighting of heavy oil and the strengthening of the U.S. dollar.

Freehold's Canadian realized oil price averaged $85.54/bbl during Q1-2025, up 7% compared to the same quarter in 2024, whereas NGL's averaged $51.18/bbl, a 4% increase. The average realized natural gas price was $1.83/Mcf in Q1-2025, 83% higher than the previous quarter, but 14% lower than the same period in 2024.

Canadian Average Realized Prices

	Three months ended March 31		
	2025	2024	Change
Oil ($/bbl)	**$ 85.54**	$ 80.22	7%
NGL ($/bbl)	**$ 51.18**	$ 49.35	4%
Oil and NGL ($/bbl)	**$ 79.70**	$ 74.94	6%
Natural gas ($/Mcf)	**$ 1.83**	$ 2.12	-14%
Oil equivalent ($/boe)	**$ 49.26**	$ 47.13	5%

U.S.

Freehold's average realized selling price in the U.S. was $72.64/boe during Q1-2025, a 5% increase from the same quarter in 2024, largely reflecting a stronger NYMEX benchmark. Freehold's average realized U.S. natural gas price was $3.57/Mcf during Q1-2025, up 62% compared to the same quarter in 2024 attributed to an acceleration of LNG export terminals in the U.S. and positive weather related impacts. Freehold's realized pricing for NGL's of $33.64/bbl in Q1-2025 also increased 6% over the same quarter in 2024.

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

	Three months ended March 31		
	2025	2024	Change
Oil ($/bbl)	**$ 103.69**	$ 102.78	1%
NGL ($/bbl)	**$ 33.64**	$ 31.87	6%
Oil and NGL ($/bbl)	**$ 86.73**	$ 85.34	2%
Natural gas ($/Mcf)	**$ 3.57**	$ 2.21	62%
Oil equivalent ($/boe)	**$ 72.64**	$ 69.19	5%

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 royalty payors, for Q1-2025, 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 $91.1 million in Q1-2025 increased 23% when compared to the same quarter in 2024. This increase primarily reflects both higher realized pricing and record level U.S. production. Freehold's petroleum and natural gas revenue in Q1-2025 is weighted 83% towards oil, an increase from the 82% during the same quarter in 2024 reflecting production from a late 2024 U.S. transaction. In addition, approximately one-half of Freehold's forecasted 2025 revenues are from the U.S., with this source of revenues mitigating risk of the U.S. administration imposing tariffs on Canadian energy exports. Revenues in Q1-2025 also benefited from the impact of a 6% strengthening in the U.S. dollar, increasing the Canadian equivalent of crude oil benchmarks and NYMEX, as compared to the same period in 2024.

Freehold's primary source of revenues is from royalty interest production, however also included in royalty and other revenue in Q1-2025 was a record level of bonus consideration and lease rental revenue of $3.9 million, a $3.5 million increase from the same quarter in 2024. During Q1-2025, Freehold entered into 25 new leases (14 in Canada and 11 in the U.S.) with numerous counterparties. The majority of this new leasing in the U.S. was focused on Freehold's Permian mineral title lands, with the Canadian focus in southeast Saskatchewan. Notably, the majority of the U.S. leases signed in Q1-2025 were with a growth-oriented private producer targeting the deeper Barnett formation in the Permian basin.

Royalty and Other Revenue Summary

	Three months ended March 31		
($000s, except as noted)	**2025**	2024	Change
Canada	**$ 42,198**	$ 41,992	0%
United States	**48,867**	32,281	51%
Royalty and other revenue	**$ 91,065**	$ 74,273	23%
Per boe ($)	**$ 62.29**	$ 55.47	12%

Royalty and Other Revenue by Category

($000s)	Three months ended March 31 2025	2024	Change
Royalty interest	$ 87,117	$ 73,807	18%
Bonus consideration and lease rentals	3,948	466	747%
Royalty and other revenue	$ 91,065	$ 74,273	23%

Royalty and Other Revenue by Type

($000s)	Three months ended March 31 2025	2024	Change
Oil	$ 71,686	$ 60,122	19%
Natural gas liquids	8,055	6,906	17%
Natural gas	6,955	6,354	9%
Potash	421	425	-1%
Bonus consideration and lease rentals	3,948	466	747%
Royalty and other revenue	$ 91,065	$ 74,273	23%

General and Administrative

Freehold has a business development group dedicated to the acquisition and development of its future and existing assets 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 and billed to Freehold (see Related Party Transactions). Subsequent to Q1-2025, on April 30, 2025, Freehold provided notice to terminate the Management Agreement (see Termination of Management Agreement), effective as at the Termination Date.

In Q1-2025, G&A expenses of $5.0 million was 4% higher than the same period in 2024, reflecting inflationary cost pressures. The majority of Freehold's G&A cost structure is denominated in Canadian dollars.

On a per boe basis, Q1-2025 G&A expense of $3.41/boe decreased by 5% from the same period in 2024, a result of incremental production from the December 2024 acquisition with no additional G&A expenses.

($000s, except as noted)	Three months ended March 31 2025	2024	Change
General and administrative expenses before capitalized and overhead recoveries	$ 6,092	$ 5,905	3%
Less: capitalized and overhead recoveries	(1,101)	(1,116)	-1%
General and administrative expenses	$ 4,991	$ 4,789	4%
Per boe ($)	$ 3.41	$ 3.58	-5%

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 expense of $3.3 million during Q1-2025 was 50% higher than the same period in 2024. This increase reflects Freehold's late 2024 U.S. acquisition, 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 as well as for property taxes assessed by local counties based on the market value of the royalty interests held by Freehold.

($000s, except as noted)	Three months ended March 31 2025		2024	Change
Production and ad valorem taxes	$	**3,337**	$ 2,227	50%
Per boe ($)	$	**2.28**	$ 1.66	37%

Interest and Financing

Interest on long term debt increased in Q1-2025 as compared to the same quarter in 2024 due to higher average debt from borrowings, previously drawn to partially fund late 2024 U.S. acquisitions, partially offset by a lower borrowing rate. The Q1-2025 average effective interest rate on advances from Freehold's committed credit facilities was 6.0% (Q1-2024 – 6.6%).

($000s, except as noted)	Three months ended March 31 2025		2024	Change
Interest on long-term debt and financing fees	$	**4,834**	$ 3,734	29%
Non-cash accretion and finance costs [(1)]		**216**	66	227%
Interest and finance expense	$	**5,050**	$ 3,800	33%
Per boe - cash expense ($)	$	**3.31**	$ 2.79	19%

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

Management Fee

The Manager 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, and since 2024 Freehold has elected to settle this management fee through cash payments. Management fees will no longer be incurred for any future periods after April 30, 2025 as a result of providing the Notice of Termination of the Management Agreement (see Termination of Management Agreement).

The management fee incurred in Q1-2025 of $0.1 million was consistent with the same quarter in 2024.

	Three months ended March 31 2025		2024	Change
Management fee ($000s)	$	**70**	$ 80	-13%
Per boe ($)	$	**0.05**	$ 0.06	-17%
Closing share price ($/share)	$	**12.74**	$ 13.69	-7%

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 $1.3 million during Q1-2025, a decrease of 42% compared to the same period of 2024. This decrease reflects lower outstanding awards, a lower closing share price of $12.74 per share on March 31, and lower estimated multipliers on PSU award values.

During Q1-2025, Freehold paid $0.2 million in share based compensation, as previously charged against net income, to non-management directors, comprised of vested DRSUs, initially issued in-lieu of retainers (Q1-2024 – a $0.8 million payout primarily comprised of redeemed DSUs from a retired director). Payouts to officers and employees generally occur in the second quarter of each year.

	Three months ended March 31		
($000s, except as noted)	**2025**	2024	Change
Share based compensation	**$ 1,330**	$ 2,300	-42%
Cash payout on share based compensation	**$ 150**	$ 820	-82%
Operating cash payout on share based compenstion per boe ($)	**$ 0.10**	$ 0.61	-84%

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

	RSUs	PSUs	DSUs	DRSUs
Awards granted during the three months ended March 31, 2025	**-**	**-**	**51,908**	**30,608**
Balance outstanding as at March 31, 2025	**193,490**	**376,892**	**608,416**	**49,140**
Balance outstanding as at May 13, 2025	**217,207**	**474,613**	**613,283**	**49,534**

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 $53.01/boe during Q1-2025, up 14% from the same quarter in 2024. This increase reflects higher average realized commodity pricing, a lower cash payout on share based compensation and the impact of record level quarterly production on per boe cash costs[1].

	Three months ended March 31		
($/boe)	**2025**	2024	Change
Royalty and other revenue	**$ 62.29**	$ 55.47	12%
Production and ad valorem taxes	**(2.28)**	(1.66)	37%
Net revenue [1]	**$ 60.01**	$ 53.81	12%
Less:			
General and administrative	**$ (3.41)**	$ (3.58)	-5%
Operating expense [2]	**(0.13)**	(0.15)	-13%
Interest and financing cash expense	**(3.31)**	(2.79)	19%
Mangement fee - cash settled	**(0.05)**	(0.06)	-17%
Cash payout on share based compensation	**(0.10)**	(0.61)	-84%
Cash costs [1]	**$ (7.00)**	$ (7.19)	-3%
Netback [1]	**$ 53.01**	$ 46.62	14%

1. See Non-GAAP and Other Financial Measures
2. Operating expense relates to working interest assets, which were recently shut-in. Decommissioning liabilities reflected on Freehold's balance sheet and Q1-2025 production of 84 boe/d (Q1-2024 – 128 boe/d) included in volumes presented under the "production" heading above are also related to working interest assets.

Depletion and Depreciation

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.

Depletion and depreciation expense in Q1-2025 of $27.2 million, increased 12% compared to the same quarter in 2024 due to both higher production and depletion rate. The slight rate increase of 3% to $18.61/boe in Q1-2025 largely reflects the impact from a late 2024 U.S. acquisition, coupled with the strengthening U.S. dollar, increasing the depletable asset base.

	Three months ended March 31		
($000s, except as noted)	**2025**	2024	Change
Depletion and depreciation	**$ 27,206**	$ 24,304	12%
Per boe ($)	**$ 18.61**	$ 18.15	3%

Foreign Exchange

Freehold has intercompany balances which arose from financing several years of U.S. royalty acquisitions. 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 in addition to changes in the Canadian dollar equivalent of the portion of Freehold's long-term debt denominated in U.S. dollars when outstanding.

At March 31, 2025, as compared to December 31, 2024, the U.S. dollar was unchanged relative to the Canadian dollar, at CDN$1.44/US.

	Three months ended March 31		
($000s)	**2025**	2024	Change
Foreign exchange (gain) loss on:			
Intercompany note	**$ 386**	$ (7,572)	105%
Long-term debt	**60**	781	92%
	$ 446	$ (6,791)	107%

Impairment

At March 31, 2025, there were no indicators of impairment on Freehold's U.S. and Canadian royalty cash generating units nor on its exploration and evaluation assets. As a result, no impairment testing was conducted.

Income Taxes

Freehold's taxable income is based on revenues less deductible expenses, including tax pool deductions. For Q1-2025, income tax expenses of $11.1 million increased by 19% compared to the same quarter in 2024, reflecting corresponding increases in revenues.

	Three months ended March 31		
($000s)	**2025**	2024	Change
Current income tax expense	**$ 9,180**	$ 8,001	15%
Deferred income tax expense	**1,961**	1,339	46%
Income taxes	**$ 11,141**	$ 9,340	19%

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 March 31, 2025 (December 31, 2024 – $30.9 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 $9.1 million as at March 31, 2025 would be owed.

Net Income and Comprehensive Income

In Q1-2025, Freehold had net income of $37.3 million, an increase of 10% compared to the same quarter in 2024 due to 23% higher revenues, reflecting both higher average commodity pricing and production. For the same periods comprehensive income decreased, as the comparative quarter in 2024 included a $6.1 million foreign currency gain on the translation of Freehold's wholly-owned U.S. subsidiary to Canadian dollars, absent from Q1-2025.

	Three months ended March 31		
($000s, except per share)	**2025**	2024	Change
Net income	**$ 37,311**	$ 34,019	10%
Per share, basic and diluted($)	**$ 0.23**	$ 0.23	0%
Comprehensive income	**$ 36,330**	$ 40,132	-9%

Liquidity and Capital Resources

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

Operating Activities

Cash Flow from Operations and Funds from Operations

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

Funds from operations for Q1-2025 increased by 25% to $68.1 million ($0.42/share) from $54.4 million ($0.36/share) in the same quarter of 2024. This increase reflects higher revenues, partially attributed to production from a late 2024 U.S. acquisition, and $3.9 million in bonus consideration and lease rentals.

Cash flow from operations in Q1-2025 of $62.9 million was 20% higher than the same quarter in 2024, directionally consistent with the increase in funds from operations.

Cash Flow from Operations and Funds from Operations

	Three months ended March 31		
($000s, except as noted)	**2025**	2024	Change
Cash flow from operations	**$ 62,936**	$ 52,479	20%
Funds from operations	**$ 68,050**	$ 54,362	25%
Per share - basic ($)[1] [2]	**$ 0.42**	$ 0.36	17%

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 March 31, 2025, was $22.1 million, 19% or $3.5 million higher than on December 31, 2024, reflecting increased receivables from higher revenues.

Working Capital

($000s)	At March 31 **2025**	At December 31 2024	Change
Working capital [1]	**$ 22,099**	$ 18,588	19%

1. Working capital is a capital management measure

Financing Activities

Long-Term Debt

Freehold's amended and restated credit facilities are with a syndicate of four Canadian banks. The credit facilities have a committed revolving facility (the "Revolving Facility") with an availability of $430 million and an operating facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facilities") with an availability of $20 million for total Credit Facilities of $450 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.

Borrowings bear interest on U.S. and Canadian denominated drawings at the Secured Overnight Financing Rate and Canadian Overnight Repo Rate, respectively, or at the lender's prime lending rate plus applicable margins and standby fees, dependent on the ratios of Freehold's long-term debt to EBITDA on royalty interest properties.

Freehold's credit agreement contains, among affirmative covenants, two financial covenants: (i) long-term debt to EBITDA on royalty interest properties (calculated as earnings on royalty interest properties before non-cash charges including, but not limited to, interest, taxes, depletion and depreciation and amortization) shall not exceed 3.5 times (0.9 times at March 31, 2025); and (ii) long-term debt to the aggregate of long-term debt and shareholders' equity percentage shall not exceed 55% (21% at March 31, 2025). 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.

Long-term Debt

($000s)	At March 31 2025	At December 31 2024	Change
Drawn in Canadian dollars	$ 220,581	$ 201,754	9%
Drawn in U.S. dollars (US$52.3 million (December 31, 2024 - US$70.0 million))	75,186	100,723	-25%
Unamortized deferred financing costs	(1,481)	(1,623)	nm
Long-term debt	$ 294,286	$ 300,854	-2%

(nm) not meaningful

Net Debt

During Q1-2025, net debt decreased by $10.1 million, or 4%, to $272.2 million from $282.3 million at December 31, 2024, as a result of repaid debt and an increase in accounts receivable.

Freehold's net debt to trailing funds from operations ratio of 1.1 times at March 31, 2025 decreased from 1.2 times at December 31, 2024, although these ratios exclude the proforma funds from operations from a late 2024 U.S. acquisition. Following this acquisition, these ratios 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 March 31, 2025 and December 31, 2024.

Debt Analysis

($000s)	At March 31 2025	At December 31 2024	Change
Long-term debt	$ 294,286	$ 300,854	-2%
Working capital [1]	(22,099)	(18,588)	19%
Net debt [1]	$ 272,187	$ 282,266	-4%

1. Working capital and net debt are capital management measures

Financial Leverage Ratios

	At March 31 2025	At December 31 2024	Change
Net debt to funds from operations (times) [1][2]	1.1	1.2	-8%
Net debt to capitalization (%)	20%	20%	0%

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

Shareholders' Capital

No shares were issued in Q1-2025. At each of March 31, 2025 and May 13, 2025, there were 163,960,334 common shares outstanding.

Shareholders' Capital

($000s, except as noted)	March 31, 2025 Shares		March 31, 2025 Amount	December 31, 2024 Shares		December 31, 2024 Amount
Balance, beginning of period	**163,960,334**	**$**	**1,667,803**	150,689,334	$	1,500,639
Shares issued pursuant to bought deal financing	**-**		**-**	13,271,000		172,523
Share issuance costs, net of tax effect	**-**		**-**	-		(5,359)
Balance, end of period	**163,960,334**	**$**	**1,667,803**	163,960,334	$	1,667,803

Weighted Average Shares

	Three months ended March 31 2025	2024	Change
Weighted average			
Basic	**163,960,334**	150,689,334	9%
Diluted	**164,617,405**	151,291,520	9%
At period end	**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.

2025 Dividends Paid & Declared

Total dividends paid and declared in Q1-2025 was $44.3 million ($0.27/share), higher in total than the same quarter in 2024 reflecting the December 2024 bought deal equity offering, where Freehold issued 13,271,000 common shares.

Record Date	Payment Date		Dividend Amount ($/share)
January 31, 2025	February 14, 2025	**$**	**0.09**
February 28, 2025	March 17, 2025	**$**	**0.09**
March 31, 2025	April 15, 2025	**$**	**0.09**
		$	**0.27**

Subsequent to Q1-2025, on April 15, 2025, the Board declared a dividend of $0.09 per common share to be paid on May 15, 2025, to common shareholders on record on April 30, 2025. On May 13, 2025, the Board declared a dividend of $0.09 per common share to be paid on June 16, 2025, to common shareholders on record on May 30, 2025.

Accumulated Dividends

From inception in 1996 through to March 31, 2025, Freehold has distributed $2.3 billion ($36.49/share) to the Company's shareholders. Freehold's dividends are designated as eligible dividends for Canadian income tax purposes.

($000's, except per share)	At March 31 2025	2024	Change
Accumulated, beginning of period	**$ 2,279,268**	$ 2,115,329	8%
Dividends declared	**44,269**	40,686	9%
Accumulated, [1] end of period	**$ 2,323,537**	$ 2,156,015	8%
Accumulated, beginning of period ($)	**$ 36.22**	$ 35.14	3%
Dividends per share ($) [2]	**0.27**	$ 0.27	0%
Accumulated, [1] end of period ($)	**$ 36.49**	$ 35.41	3%

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

Dividend Payout Ratio[2]

In Q1-2025, Freehold's payout ratio[2] was 65%, lower than the 75% reported for the same period in 2024 due to a 25% increase in funds from operations.

($000s, except as noted)	Three months ended March 31 2025	2024	Change
Dividends paid [1]	**$ 44,269**	$ 40,686	9%
Funds from operations	**$ 68,050**	$ 54,362	25%
Dividend payout ratio (%) [2]	**65%**	75%	-13%

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

In Q1-2025 Freehold invested $13.9 million in acquisitions and related expenditures, comprised of the following details:

U.S. Acquisitions

In Q1-2025, Freehold paid $11.2 million (US$7.8 million) in exchange for future development-oriented mineral title and royalty interests in the Midland and Delaware basins in Texas.

Canadian Acquisitions

Freehold paid $1.0 million in exchange for gross overriding royalties in the Clearwater play in Alberta and $0.5 million through multiple royalty interest transactions in Saskatchewan during Q1-2025.

Related Expenditures

Freehold capitalized G&A costs of $1.1 million and incurred miscellaneous expenditures of $0.1 million in Q1-2025.

Related Party Transactions

Freehold does not currently have any employees. Rather, Freehold is managed by the Manager pursuant to the Management Agreement. The Manager is a wholly-owned subsidiary of Rife Resources Ltd. ("Rife"). Rife is 100% owned by the pension funds for the employees of the Canadian National Railway Company (the "CN Pension Trust Funds"), and both Rife and the CN Pension Trust Funds are shareholders of Freehold. Combined they have a 16.0% ownership in Freehold at March 31, 2025 and December 31, 2024. 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. During Q1-2025, two of the directors of each of Rife, Canpar and Evergreen were directors of Freehold.

Subsequent to Q1-2025, on April 30, 2025, Freehold provided notice to the Manager to terminate the Management Agreement effective December 31, 2025 (see Termination of Management Agreement).

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 fee through cash payments resulting in a $0.1 million charge in both the three months ended March 31, 2025 and 2024 as determined from the closing price per the Toronto Stock Exchange of Freehold's common shares on the last trading day of the quarter. Management fees will no longer be incurred after the Notice of Termination.

During Q1-2025, the Manager charged $5.1 million, in general and administrative costs (Q1-2024 – $4.6 million). At March 31, 2025, there was $3.5 million (December 31, 2024 – $2.0 million) in accounts payable and accrued liabilities relating to these general and administrative costs and management fees. The Manager will continue to provide Freehold general and administrative services until the orderly transfer of software, workflows, files and office space expected to be in place by December 31, 2025.

Rife Resources Ltd. and CN Pension Trust Funds

During Q1-2025, Freehold paid $7.1 million (Q1-2024 - $6.8 million), in cash dividends to Rife and the CN Pension Trust Funds for their combined ownership in Freehold's common shares. In addition, Freehold receives royalties from Rife pursuant to various royalty agreements. During both reporting periods, Freehold received royalties of approximately $0.1 million from Rife. At each of March 31, 2025 and December 31, 2024, there was $2.4 million in dividends payable due to Rife and the CN Pension Trust Funds related to dividends declared.

Canpar Holdings Ltd.

Freehold and Canpar generally share mineral title ownership in a substantial land base in western Canada. Generally, Canpar owns mineral rights that were below the deepest producing formation at the time that Freehold was created, and Freehold holds the balance of the mineral rights. Where Freehold is not the legal registered owner of such mineral rights, Canpar holds these rights in trust for Freehold and receives the royalty payments in respect of such mineral rights on behalf of Freehold, during Q1-2025 Canpar paid Freehold $2.9 million of royalty payments (Q1-2024 - $3.2 million). Amounts due to Canpar at March 31, 2025 was $0.1 million (December 31, 2024 - $0.2 million due from Canpar).

Freehold's acquisitions opportunities agreement with the Related Parties was terminated on April 30, 2025, concurrent with the termination of the Management Agreement.

Select Quarterly Information

	2025	2024				2023		
Financial ($millions, except as noted)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Royalty and other revenue	**91.1**	76.9	73.9	84.5	74.3	80.1	84.2	73.7
Net income	**37.3**	51.1	25.0	39.3	34.0	34.3	42.3	24.3
Per share, basic & diluted ($) [1]	**0.23**	0.33	0.17	0.26	0.23	0.23	0.28	0.16
Cash flows from operations	**62.9**	59.1	64.1	47.6	52.5	70.7	53.7	49.9
Funds from operations	**68.1**	61.3	55.7	59.6	54.4	62.8	65.3	53.0
Per share, basic ($) [1]	**0.42**	0.40	0.37	0.40	0.36	0.42	0.43	0.35
Per share, diluted ($) [1]	**0.42**	0.40	0.37	0.39	0.36	0.42	0.43	0.35
Acquisitions and related expenditures	**13.9**	277.0	1.8	11.5	121.5	2.1	1.2	3.2
Dividends paid	**44.3**	40.7	40.7	40.7	40.7	40.7	40.7	40.7
Per share ($) [2]	**0.27**	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Dividends declared	**44.3**	41.9	40.7	40.7	40.7	40.7	40.7	40.7
Per share ($) [2]	**0.27**	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Payout ratio (%) [3]	**65%**	66%	73%	68%	75%	65%	62%	77%
Long term debt	**294.3**	300.9	205.8	228.0	223.6	123.0	141.2	152.0
Net debt [4]	**272.2**	282.3	187.1	199.1	210.5	100.9	113.4	136.9
Shares outstanding, period end (millions)	**164.0**	164.0	150.7	150.7	150.7	150.7	150.7	150.7
Average shares outstanding, basic (millions) [5]	**164.0**	153.4	150.7	150.7	150.7	150.7	150.7	150.7
Operating								
Light and medium oil (bbls/d)	**6,880**	6,296	6,080	6,551	6,094	6,308	6,325	6,093
Heavy oil (bbls/d)	**1,552**	1,516	1,315	1,348	1,300	1,182	1,127	1,167
NGL (bbls/d)	**2,203**	2,066	1,972	1,902	1,884	1,878	1,678	1,845
Total liquids (bbls/d)	**10,635**	9,878	9,367	9,801	9,278	9,368	9,130	9,105
Natural gas (Mcf/d)	**33,678**	32,564	31,447	32,524	32,617	32,968	32,851	33,372
Total production (boe/d) [6]	**16,248**	15,306	14,608	15,221	14,714	14,863	14,605	14,667
Oil and NGL (%)	**65%**	65%	64%	64%	63%	63%	63%	62%
Petroleum and natural gas realized price ($/boe)	**59.29**	53.80	54.36	59.74	54.81	57.94	61.55	54.05
Cash costs ($/boe) [3][6]	**7.00**	5.93	5.42	9.80	7.19	4.73	5.10	7.19
Netback ($/boe) [3][6]	**53.01**	47.25	47.78	49.44	46.62	52.59	55.63	46.07
Benchmark Prices								
West Texas Intermediate crude oil (US$/bbl)	**71.42**	70.27	75.09	80.57	76.96	78.32	82.26	73.78
Average Exchange rate (Cdn$/US$)	**1.43**	1.40	1.37	1.37	1.35	1.36	1.34	1.34
Edmonton Light Sweet crude oil (Cdn$/bbl)	**95.32**	94.90	97.85	105.29	92.14	99.69	107.89	94.97
Western Canadian Select crude oil (Cdn$/bbl)	**84.30**	80.75	83.95	91.63	77.77	76.96	93.05	78.76
Nymex natural gas (US$/Mcf)	**3.79**	2.86	2.24	1.96	2.33	2.98	2.64	2.17
AECO 7A Monthly Index (Cdn$/Mcf)	**2.02**	1.46	0.81	1.44	2.07	2.70	2.42	2.40

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. Weighted average number of shares outstanding during the period, basic
6. See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

Controls, Accounting and Regulatory Matters

Internal Control Over Financial Reporting

Freehold is required to comply with National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. The certification of interim filings requires us to disclose in the MD&A any changes in our internal controls over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting. We confirm that no such changes were made to the internal controls over financial reporting from January 1, 2025 to March 31, 2025. The Chief Executive Officer and Chief Financial Officer have signed form 52-109F2, Certification of Interim Filings, which can be found on SEDAR+ at www.sedarplus.ca.

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.

Canadian Securities Administrators Pause Development of Mandatory Sustainability Reporting

In December 2024, the Canadian Sustainability Standards Board ("CSSB") released General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures (combined "CSDS 1&2") with both standards largely aligned to the International Sustainability Standards Board sustainability disclosure standards. Reporting in accordance with CSDS 1&2 is currently voluntary for companies. In April 2025, the Canadian Securities Administrators ("CSA") announced it had paused work on any amendments to CSDS 1&2 in addition to pausing development of mandatory climate-related Canadian disclosures. The CSA announced that it expects to revisit mandatory sustainability-reporting in future years.

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, Q1-2025 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 that we will maximize Freehold's royalty interests through a comprehensive audit and compliance program, our intent to manage our debt prudently with a target below 1.5 times net debt to trailing funds from operations and target a dividend payout ratio of approximately 60%;
- the expectations around policy risk around further changes to global trade as well as potential escalation in the China-U.S. trade war which could drive further uncertainty in global GDP growth and the demand for oil, despite the announcement of a 90-day pause in reciprocal tariffs (or other retaliatory trade measures);
- the expectation that Freehold's North American portfolio will continue to provide resiliency despite volatility;
- the expectation that Freehold's oil focused, diversified North American asset base will generate positive 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 provides optionality to improving natural gas prices in both Canada and the U.S., balanced between Deep Basin and associated gas in Canada and largely associated gas in the Permian;
- the expectation that the first phase of LNG Canada will be completed in Q3-2025 which is anticipated to provide over 2 bcf/d of incremental demand by the end of 2025;
- Freehold's expectations drilling activity in Canada will slow into Q2-2025 through spring break-up, and there will be uncertainty on how the macro-economic and commodity backdrop will impact producers near-term capital budgets;
- Freehold's expectation that its diversified Canadian asset base provides a significant benefit in uncertain and volatile times like today;
- Freehold continues to expect to see drilling associated with key oil-weighted plays like the Clearwater, Mannville Stack, Viking and southeast Saskatchewan, along with liquids rich gas drilling in the Deep Basin and Cardium to the extent natural gas prices remain constructive;
- Freehold anticipates continued strong drilling on our expanded lands in the Permian where play economics remain robust;
- 2025 production is expected to average between 15,800 and 17,000 boe/d, weighted approximately 66% oil and NGLs (45% light and medium oil, 8% heavy oil and 13% NGLs) and approximately 34% natural gas;
- our expectation that the industry is in excellent shape to weather commodity price volatility as a result of the capital discipline and prudent balance sheet management approach over the past number of years;
- our expectation while some growth directed capital may be pared down, there will not be significant slow down in core activity on Freehold's lands;
- our expectation that 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;
- the possibility that we may take our royalty in-kind if there are benefits in doing so;
- 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; 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 (and other retaliatory trade measures) 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 interim financial statements, the audited financial statements and our AIF.

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

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

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

Non-GAAP and Other Financial Measures

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

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

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

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

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

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

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

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

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited) ($000s)		March 31 2025		December 31 2024
Assets				
Current assets:				
Cash	$	-	$	-
Accounts receivable		56,904		48,396
Income taxes receivable		1,356		4,385
		58,260		52,781
Income tax deposits (note 4)		30,856		30,856
Exploration and evaluation assets (note 5)		144,067		142,314
Petroleum, natural gas and other interests (note 6)		1,237,909		1,256,521
Total Assets	$	1,471,092	$	1,482,472
Liabilities and Shareholders' Equity				
Current liabilities:				
Dividends payable (note 9)	$	14,756	$	14,756
Accounts payable and accrued liabilities		7,593		6,904
Current portion of share based compensation payable (note 7)		11,549		10,270
Current portion of lease obligation		263		263
Current portion of decommissioning liability		2,000		2,000
		36,161		34,193
Lease obligation		1,146		1,194
Share based compensation payable (note 7)		689		694
Decommissioning liability		4,153		4,875
Deferred income tax liability		43,145		41,211
Long-term debt (note 8)		294,286		300,854
Shareholders' equity:				
Shareholders' capital (note 9)		1,667,803		1,667,803
Accumulated other comprehensive income		26,145		27,126
Deficit		(602,436)		(595,478)
Total Shareholders' Equity		1,091,512		1,099,451
Total Liabilities and Shareholders' Equity	$	1,471,092	$	1,482,472

See accompanying notes to the interim condensed consolidated financial statements

Subsequent events (notes 2 and 9)

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited)	Three months ended March 31	
($000s, except per share and weighted average shares)	**2025**	2024
Revenue:		
Royalty and other revenue (note 10)	**$ 91,065**	$ 74,273
Expenses:		
General and administrative	**4,991**	4,789
Production and ad valorem taxes	**3,337**	2,227
Operating	**183**	205
Interest and financing (note 11)	**5,050**	3,800
Management fee (note 12)	**70**	80
Share based compensation (note 7)	**1,330**	2,300
Depletion and depreciation (note 6)	**27,206**	24,304
Foreign exchange loss (gain) (note 13)	**446**	(6,791)
	42,613	30,914
Income before taxes	**48,452**	43,359
Income taxes:		
Current income tax expense	**9,180**	8,001
Deferred income tax expense	**1,961**	1,339
	11,141	9,340
Net income	**$ 37,311**	$ 34,019
Other comprehensive (loss) income		
Foreign currency translation adjustment	**(981)**	6,113
Comprehensive income	**$ 36,330**	$ 40,132
Net income per share, basic & diluted	**$ 0.23**	$ 0.23
Weighted average number of shares:		
Basic	**163,960,334**	150,689,334
Diluted	**164,617,405**	151,291,520

See accompanying notes to the interim condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)	Three months ended March 31			
($000s)		**2025**		2024
Operating:				
Net income	**$**	**37,311**	$	34,019
Adjustments:				
Depletion and depreciation (note 6)		**27,206**		24,304
Foreign exchange loss (gain) (note 13)		**446**		(6,791)
Deferred income tax expense		**1,961**		1,339
Share based compensation (note 7)		**1,330**		2,300
Non-cash accretion and finance costs (note 11)		**216**		68
Operating payout on share based compensation (note 7)		**(150)**		(820)
Decommissioning expenditures		**(270)**		(57)
Funds from operations		**68,050**		54,362
Changes in non-cash working capital (note 16)		**(5,114)**		(1,883)
		62,936		52,479
Financing:				
Long-term debt net (repayment) drawn		**(6,769)**		99,850
Dividends paid (note 9)		**(44,269)**		(40,686)
Lease obligation paid		**(66)**		(59)
		(51,104)		59,105
Investing:				
Acquisitions and related expenditures (note 6)		**(13,871)**		(121,481)
Dispositions (note 5)		**2,292**		-
Changes in non-cash working capital (note 16)		**(253)**		9,897
		(11,832)		(111,584)
Change in cash		**-**		-
Cash, beginning of period		**-**		-
Cash, end of period	**$**	**-**	$	-
Supplemental disclosures				
Interest paid	**$**	**4,834**	$	3,734
Income taxes paid	**$**	**6,146**	$	9,531

See accompanying notes to the interim condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)	Three months ended March 31	
($000s)	**2025**	2024
Shareholders' capital:		
Balance, beginning and end of period	**$ 1,667,803**	$ 1,500,639
Accumulated other comprehensive income:		
Balance, beginning of period	**27,126**	4,109
Foreign currency translation adjustment	**(981)**	6,113
Balance, end of period	**26,145**	10,222
Deficit:		
Balance, beginning of period	**(595,478)**	(580,985)
Net income	**37,311**	34,019
Dividends declared (note 9)	**(44,269)**	(40,686)
Balance, end of period	**(602,436)**	(587,652)
Total shareholders' equity	**$ 1,091,512**	$ 923,209

See accompanying notes to the interim condensed consolidated financial statements

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2025 and 2024 (unaudited)

1. Basis of Presentation

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

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

a) Statement of Compliance

These interim condensed consolidated financial statements, the "financial statements", have been prepared by management in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and International Accounting Standard 34 Interim Financial Reporting. These financial statements do not include all the disclosures normally provided in annual financial statements and should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2024 ("Annual Financial Statements").

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

These financial statements were approved by Freehold's Board of Directors (the "Board") on May 13, 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 judgements that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the current reporting period.

d) Impact of Economic Uncertainty and Tariffs

Beginning in February 2025, the U.S. imposed tariffs on goods imported into the United States, including from Canada. In response, governments around the world have threatened to implement counter tariffs on goods imported from the United States. 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 by extension, the Company.

2. Termination of Management Agreement

Freehold is managed by Rife Resources Management Ltd. (the "Manager") pursuant to a management agreement (the "Management Agreement").

On April 30, 2025, it was mutually agreed by Freehold and the Manager to terminate the Management Agreement. Accordingly, Freehold provided notice to the Manager that it was terminating the Management Agreement (the "Notice of Termination") effective December 31, 2025 (the "Termination Date"). Freehold is not required to pay the Manager any termination fees or any future management fees for periods after the Notice of Termination. Freehold has a fully dedicated executive team and employee base in place May 1, 2025 and will no longer use the shared or advisory services of the Manager to conduct its business. Freehold will be responsible for reimbursement for other general & administrative costs until the Termination Date. Freehold and the Manager will collaboratively work towards an orderly and stable transition of systems, software, workflows, files and office space during the transition period prior to the Termination Date.

3. Recent Accounting Pronouncements Not Yet Adopted

IFRS 18 Presentation and Disclosure in Financial Statements

The International Accounting Standards Board ("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. Income Tax Deposits

The Canada Revenue Agency ("CRA") has assessed Freehold's prior years' tax returns, denying $222 million of non-capital losses ("NCLs") (the "Assessments"). Pursuant to the Assessments, denied NCL claims resulted in taxes, interest, and penalties totaling an estimated $62 million. Freehold objected to the Assessments, requiring it to provide deposits totaling $30.9 million as at March 31, 2025 (December 31, 2024 – $30.9 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 $9.1 million as at March 31, 2025 would be owed.

5. Exploration and Evaluation Assets

($000s)	March 31 2025	December 31 2024
Balance, beginning of period	**$ 142,314**	$ 63,059
Acquisitions and related expenditures (note 6(a))	**6,881**	82,131
Dispositions (note 6(b))	**(2,292)**	-
Transfers to petroleum and natural gas interests (note 6)	**(2,801)**	(5,698)
Foreign exchange translation	**(35)**	2,822
Balance, end of period	**$ 144,067**	$ 142,314

There was no impairment recorded on the transfer of exploration and evaluation ("E&E") assets to Petroleum and Natural Gas Interests during the three months ended March 31, 2025.

There were no indicators of impairment on Freehold's E&E assets as at March 31, 2025.

6. Petroleum and Natural Gas and Other Interests

($000s)	March 31 2025	December 31 2024
Gross cost		
Balance, beginning of period	**$ 2,512,172**	$ 2,115,487
Acquisitions and related expenditures	**6,990**	329,585
Capitalized portion (recovery) of long term incentive plan	**94**	(990)
Transfers from exploration and evaluation assets (note 5)	**2,801**	5,698
Foreign exchange translation and other	**(1,384)**	62,392
Balance, end of period	**$ 2,520,673**	2,512,172
Accumulated depletion		
Balance, beginning of period	**$ (1,255,651)**	(1,144,812)
Depletion and depreciation	**(27,206)**	(101,409)
Foreign exchange translation	**93**	(9,430)
Balance, end of period	**$ (1,282,764)**	(1,255,651)
Net book value, end of period	**$ 1,237,909**	$ 1,256,521

a) Acquisitions and related expenditures

All transactions during the period were treated as asset acquisitions.

During the three months ended March 31, 2025 Freehold invested $13.9 million in acquisitions and related expenditures in E&E assets and petroleum and natural gas interests, comprised of the following details:

U.S. Acquisitions

For the three months ended March 31, 2025 Freehold paid $11.2 million (US$7.8 million) in exchange for future development-oriented mineral title and royalty interests in the Midland and Delaware basins in Texas.

Canadian Acquisitions

For the three months ended March 31, 2025, Freehold paid $1.0 million in exchange for gross overriding royalties in the Clearwater play in Alberta and $0.5 million through multiple royalty interest transactions in Saskatchewan.

Related Expenditures

For the three months ended March 31, 2025, Freehold capitalized general & administrative costs of $1.1 million and miscellaneous expenditures of $0.1 million.

b) Dispositions

For the three months ended March 31, 2025 Freehold disposed of $2.3 million (US$1.6 million) of undeveloped mineral and royalty interests.

c) Impairment

At March 31, 2025, there were no indicators of impairment on Freehold's U.S. and Canadian Royalty Cash Generating Units.

7. Share Based Compensation

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

For the three months ended March 31, 2025, the share based compensation liability associated with the Award Plans increased by $1.3 million, consisting of $1.3 million as expensed and $0.1 million as capitalized less non-management directors payouts of $0.1 million (year ended December 31, 2024 – $7.5 million paid out, $6.1 million expensed and $1.4 million capitalized). The liability at March 31, 2025 was estimated using Freehold's closing share price of $12.74 per share.

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

($000s)	March 31 2025	December 31 2024
Balance, beginning of period	**$ 10,964**	$ 15,080
Operating payout on share based compensation	**(150)**	(6,054)
Capitalized payout on share based compensation	**-**	(1,433)
Capitalized portion	**94**	443
Expensed	**1,330**	2,928
Balance, end of period	**$ 12,238**	$ 10,964
Current portion of liability	**$ 11,549**	$ 10,270
Long-term portion of liability	**$ 689**	$ 694

a) Share Award Plan

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

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

	March 31 2025	December 31 2024
Balance, beginning of period	**573,245**	641,694
Units issued	**-**	277,571
Forfeitures	**(2,863)**	(46,536)
Payout	**-**	(299,484)
Balance, end of period	**570,382**	573,245
RSUs outstanding, end of period	**193,490**	196,026
PSUs outstanding, end of period	**376,892**	377,219

b) Director Award Plan

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

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

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

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

	March 31 2025	December 31 2024
Balance, beginning of period	**586,800**	542,095
Annual grants and grants in lieu of fees	**69,322**	91,527
Additional grants resulting from paid dividends	**13,194**	43,918
Redeemed	**(11,760)**	(90,740)
Balance, end of period	**657,556**	586,800
DSUs outstanding, end of period	**608,416**	556,508
DRSUs outstanding, end of period	**49,140**	30,292

8. Long-term Debt

($000s)	March 31 2025	December 31 2024
Drawn in Canadian dollars	**$ 220,581**	$ 201,754
Drawn in U.S. dollars (US$52.3 million (December 31, 2024 - US$70.0 million))	**75,186**	100,723
Unamortized deferred financing costs	**(1,481)**	(1,623)
Long-term debt	**$ 294,286**	$ 300,854

Freehold's amended and restated credit facilities are with a syndicate of four Canadian banks. The credit facilities have a committed revolving facility (the "Revolving Facility") with an availability of $430 million and an operating facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facilities") with an availability of $20 million for total Credit Facilities of $450 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.

Borrowings bear interest on U.S. and Canadian denominated drawings at the Secured Overnight Financing Rate and Canadian Overnight Repo Rate, 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. For the three months ended March 31, 2025, the average effective interest rates on advances from Freehold's committed credit facility was 6.0% (three months ended March 31, 2024 – 6.6%).

Freehold's credit agreement contains, among affirmative covenants, two financial covenants: (i) long-term debt to EBITDA on royalty interest properties (calculated as earnings on royalty interest properties before non-cash charges including, but not limited to, interest, taxes, depletion and depreciation and amortization) shall not exceed 3.5 times (0.9 times at March 31, 2025); and (ii) long-term debt to the aggregate of long-term debt and shareholders' equity percentage shall not exceed 55% (21% at March 31, 2025). 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.

At each of March 31, 2025 and December 31, 2024, the fair values of the long-term debt approximated its carrying values, as the long-term debt carries interest at prevailing market and foreign exchange rates.

9. Shareholders' Capital

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

a) Shares Issued and Outstanding

	March 31, 2025		December 31, 2024	
($000s, except shares)	**Shares**	**Amount**	Shares	Amount
Balance, beginning of period	**163,960,334**	**$ 1,667,803**	150,689,334	$ 1,500,639
Shares issued pursuant to bought deal financing	**-**	**-**	13,271,000	172,523
Share issuance costs, net of tax effect	**-**	**-**	-	(5,359)
Balance, end of period	**163,960,334**	**$ 1,667,803**	163,960,334	$ 1,667,803

b) Dividends

During the three months period ended March 31, 2025, Freehold declared and paid dividends of $44.3 million ($0.27 per common share) (three months ended March 31, 2024 - $40.7 million, $0.27 per common share).

On March 12, 2025, the Board declared a dividend of $0.09 per common share or $14.8 million which was paid on April 15, 2025 to common shareholders on record on March 31, 2025. On April 15, 2025, the Board declared a dividend of $0.09 per common share to be paid on May 15, 2025, to common shareholders on record on April 30, 2025. On May 13, 2025, the Board declared a dividend of $0.09 per common share to be paid on June 16, 2025, to common shareholders on record on May 30, 2025.

10. Revenue

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

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

a) Royalty and Other Revenue by Commodity Type

	Three months ended March 31	
($000s)	**2025**	2024
Oil	**$ 71,686**	$ 60,122
NGL	**8,055**	6,906
Natural gas	**6,955**	6,354
Potash	**421**	425
Bonus consideration and lease rentals	**3,948**	466
Royalty and other revenue	**$ 91,065**	$ 74,273

b) Royalty and Other Revenue by Category

	Three months ended March 31	
($000s)	**2025**	2024
Royalty interest revenue	**$ 87,117**	$ 73,807
Bonus consideration and lease rentals	**3,948**	466
Royalty and other revenue	**$ 91,065**	$ 74,273

As at March 31, 2025, there was outstanding accounts receivable and accrued revenue of $55.0 million (December 31, 2024 – $47.6 million) associated with U.S. and Canadian royalty and other revenues.

11. Interest and Financing

	Three months ended March 31	
($000s)	**2025**	2024
Interest on long term debt and financing expense	**$ 4,834**	$ 3,734
Non-cash accretion and finance costs	**216**	66
Interest and financing	**$ 5,050**	$ 3,800

12. Related Party Transactions

Freehold does not currently have any employees. Rather, Freehold is managed by the Manager pursuant to the Management Agreement. The Manager is a wholly-owned subsidiary of Rife Resources Ltd. ("Rife"). Rife is 100% owned by the pension funds for the employees of the Canadian National Railway Company (the "CN Pension Trust Funds"), and both Rife and the CN Pension Trust Funds are shareholders of Freehold. Combined they have a 16.0% ownership in Freehold at each of March 31, 2025 and December 31, 2024. 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. During the three months ended March 31, 2025, two of the directors of each of Rife, Canpar and Evergreen were directors of Freehold.

After Q1-2025, on April 30, 2025, Freehold provided the Notice of Termination to the Manager terminating the Management Agreement effective December 31, 2025 (see note 2).

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 fee through cash payments resulting in a $0.1 million charge in both the three months ended March 31, 2025 and 2024 as determined from the closing price per the Toronto Stock Exchange of Freehold's common shares on the last trading day of the quarter. Management fees will no longer be incurred after the Notice of Termination (see note 2).

For the three months ended March 31, 2025, the Manager charged $5.1 million, in general and administrative costs (three months ended March 31, 2024 – $4.6 million). At March 31, 2025, there was $3.5 million (December 31, 2024 – $2.0 million) in accounts payable and accrued liabilities relating to these general and administrative costs and management fees. The Manager will continue to provide Freehold general and administrative services until the orderly transfer of software, workflows, files and office space expected to be in place by December 31, 2025.

b) Rife Resources Ltd. and CN Pension Trust Funds

For the three months ended March 31, 2025, Freehold paid $7.1 million (three months ended March 31, 2024 - $6.8 million), in cash dividends to Rife and the CN Pension Trust Funds for their combined ownership in Freehold's common shares. At each of March 31, 2025 and December 31, 2024, there was $2.4 million in dividends payable due to Rife and the CN Pension Trust Funds related to dividends declared. In addition, Freehold receives royalties from Rife pursuant to various royalty agreements. For each of the three months ended March 31, 2025 and 2024, Freehold received royalties of approximately $0.1 million from Rife.

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, during Q1-2025 Canpar paid Freehold $2.9 million of royalty payments (Q1-2024 - $3.2 million). Amounts due to Canpar at March 31, 2025 was $0.1 million (December 31, 2024 - $0.2 million due from Canpar).

On April 30, 2025 Freehold's acquisitions opportunities agreement with the Related Parties was terminated, concurrent with the termination of the Management Agreement (see note 2).

13. Foreign Exchange

	Three months ended March 31	
($000s)	**2025**	2024
Foreign exchange loss (gain) on:		
Intercompany note	**$ 386**	$ (7,572)
Long term debt	**60**	781
	$ 446	$ (6,791)

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 8). Although the intercompany balances eliminate on consolidation, the revaluation of the parent's U.S. dollar intercompany receivable is recognized as foreign exchange in the condensed consolidated statement of income whereas revaluation of the U.S. subsidiary's intercompany debt is recognized within other comprehensive income due to different functional currencies between these entities.

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

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

Freehold is bound by non-financial covenants and two financial covenants (see note 8) on its credit facilities. The covenants are monitored as part of management's internal review to ensure compliance with requirements. As at March 31, 2025, Freehold was in compliance with all such covenants.

Freehold's net debt to funds from operations ratio was 1.1 times at March 31, 2025 (December 31, 2024 – 1.2 times), within its debt strategy target of below 1.5 times. This ratio is a financial leverage measure that reflects cash available to pay back Freehold's debts. It represents the number of years it would take Freehold to reduce its net debt to zero if funds from operations was held constant and there were no other cash outflow obligations required such as dividends and acquisitions, among others.

a) Working Capital

($000s)	**March 31 2025**	December 31 2024
Accounts receivable	**$ 56,904**	$ 48,396
Income taxes receivable	**1,356**	4,385
Dividends payable	**(14,756)**	(14,756)
Accounts payable and accrued liabilities	**(7,593)**	(6,904)
Current portion of share based compensation payable	**(11,549)**	(10,270)
Current portion of lease obligation	**(263)**	(263)
Current portion of decommissioning liability	**(2,000)**	(2,000)
Working capital [1]	**$ 22,099**	$ 18,588

1. Working capital is considered a capital management measure.

b) Capitalization and net debt

($000s)	March 31 2025	December 31 2024
Shareholders' equity	**$ 1,091,512**	$ 1,099,451
Long term debt	**294,286**	300,854
Working capital	**(22,099)**	(18,588)
Net debt [(1)]	**$ 272,187**	$ 282,266
Capitalization[(1)]	**$ 1,363,699**	$ 1,381,717

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

c) Net Debt to Funds from Operations

($000s, except as noted)	March 31 2025	December 31 2024
Funds from operations for the trailing 12 months	**$ 244,663**	$ 230,975
Net debt to funds from operations for the last 12 months (times) [(1)]	**1.1**	1.2

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

15. Segmented Information

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

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

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

	Three months ended March 31	
($000s)	**2025**	2024
Canada	**$ 42,198**	$ 41,992
United States	**48,867**	32,281
Royalty and other revenue	**$ 91,065**	$ 74,273

The following table presents total assets by geographic region:

($000s)	March 31 2025	December 31 2024
Canada	**$ 533,439**	$ 546,973
United States	**937,653**	935,499
Total Assets	**$ 1,471,092**	$ 1,482,472

16. Changes in Non-Cash Working Capital & Other

	Three months ended March 31	
($000s)	**2025**	2024
Accounts receivable	**$ (8,508)**	$ (5,428)
Income tax receivable	**3,029**	(1,074)
Acquisition deposits	**-**	12,086
Income tax deposits (note 4)	**-**	(1,582)
Accounts payable and accrued liabilities	**689**	2,226
Current income taxes payable	**-**	(455)
Less: Foreign exchange on translation	**(577)**	2,241
	$ (5,367)	$ 8,014
Operating	**$ (5,114)**	$ (1,883)
Investing	**(253)**	9,897
	$ (5,367)	$ 8,014

Key Members

BOARD OF DIRECTORS

Marvin F. Romanow
Chair of the Board

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

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

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

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

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

Mathieu M. Roy
Corporate Director

David M. Spyker
President and Chief Executive Officer

Aidan M. Walsh (1)(3)
Corporate Director

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

OFFICERS

David M. Spyker
President and Chief Executive Officer

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

Robert A. King
Chief Operating Officer

Michelle S. Cooze
General Counsel & Corporate Secretary

Lisa N. Farstad
Vice President, Corporate Services

Susan J. Nagy
Vice President, Business Development Commercial

Colin J. Strem
Vice President, Business Development Technical

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ATB Financial
Royal Bank of Canada
The Toronto-Dominion Bank

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Burnet, Duckworth & Palmer LLP

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Trimble Engineering Associates Ltd.
Ryder Scott (RSC Group)

STOCK EXCHANGE AND TRADING SYMBOL

Toronto Stock Exchange (TSX) Common Shares: FRU

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