

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") was prepared as of May 12, 2026 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, 2026 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 ("IASB"), which are the Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises. Presented periods are between the three months (the "first quarter of 2026") ended March 31, 2026 and the "same quarter of 2025" (combined, the "reporting periods"), unless otherwise noted. 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, 2026 unaudited interim condensed consolidated financial statements (the "interim financial statements") and the December 31, 2025 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, 2025 ("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, net debt to capitalization ratio and net debt to trailing funds from operations for the last 12 months as defined in Note 12 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 ("TSX") under the symbol FRU. Freehold acquires and manages crude oil, natural gas and natural gas liquids ("NGLs") royalty interests. Freehold receives revenue from these royalty interests as reserves are produced over the life of the properties located in the continental U.S. and Canada.

The Royalty Advantage

Freehold manages one of the largest non-government portfolios of crude oil and natural gas royalties in Canada along with an expanding royalty portfolio in the U.S., uniquely positioning it as a North American royalty company. Total land holdings encompass approximately 6.0 million gross acres in Canada and approximately 1.2 million gross drilling acres in the U.S. Freehold's Canadian mineral title lands, which it owns in perpetuity, cover approximately 1.1 million acres and Freehold also has gross overriding royalty ("GORR") and other interests in

approximately 5.0 million acres. U.S. acreage is comprised of almost 80% mineral title lands, also owned in perpetuity.

Freehold has royalty interests in more than 21,000 producing wells and almost 500 units spanning five provinces and eight states and receives royalty income from over 380 industry operators throughout North America. Revenues also include bonus consideration, lease rental and potash royalties that supplement its revenue portfolio.

Royalties offer the benefit of sharing in production, without contributing to the capital, operating and environmental costs, including reclamation liabilities, associated with the production of crude oil, natural gas and NGLs. As a royalty interest owner, Freehold does not pay any of the capital costs to drill, complete and equip wells for production on its properties, nor does it incur costs to operate the wells, maintain production, and ultimately restore the land to its original state. All of these costs are paid by third parties who conduct activities on the royalty lands. Freehold receives royalty income from gross production revenue (revenue before any royalty expenses and operating costs are deducted).

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 Freehold's lands through a 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 the Company's 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 15, 2026, to shareholders of record on May 29, 2026. Freehold's dividend of \$0.09 per common share is aligned with the Company's target dividend payout ratio. The dividend is designated as an eligible dividend for Canadian income tax purposes.

Outlook

Military operations in the Middle East pushed WTI benchmark pricing above US\$90/bbl in March as markets priced in continuing supply disruptions through the Strait of Hormuz. These developments have left commodity markets

increasingly unstable and biased higher in the near term. This is expected to persist in the coming months as current physical crude oil shipping constraints and geopolitical risk continues to evolve.

Despite the recent rise in crude oil prices, the slowdown in operator spending during the latter half of 2025 is expected to continue to guide near-term production, prior to a return to growth in the back half of 2026. Production in the first quarter of 2026 reflects the drilling slowdown in 2025 and is consistent with what was communicated with year-end disclosures.

Freehold anticipates drilling activity in Canada to continue to moderate into the second quarter of 2026 through spring-break-up, providing operators the opportunity to assess their go forward capital programs in this evolving crude oil price environment. Drilling activity is expected to be focused on oil-weighted plays like the Clearwater, Mannville Heavy, Viking and southeast Saskatchewan. Natural gas directed drilling is expected to remain muted in the current low AECO natural gas price environment.

In the U.S., Freehold's key operators, including ConocoPhillips, ExxonMobil and Diamondback remain focused on capital discipline, efficiency gains and technological advancements supporting continued improvements in well productivities. Freehold anticipates sustained drilling activity on its U.S. lands. While the higher commodity price outlook has the potential to stimulate activity, any increase is more likely to materialize in late 2026 and 2027 given the longer time frames from initial licensing through to first production in the U.S.

Freehold continues to expect that its liquids-weighted North American asset base will generate meaningful cash flow through evolving commodity markets and broader macroeconomic conditions, supporting the Company's ability to sustain its dividends and deliver robust, long-term shareholder returns.

2026 Guidance

Freehold continues to expect production to average between 15,500 and 16,300 boe/d for 2026 with lower production volumes in the first half of 2026 followed by an expected production increase in the second half supported by existing well licenses and permits, active drilling programs and an inventory of drilled but uncompleted wells.

Annual production guidance is weighted approximately 66% crude oil and natural gas liquids (42% light and medium crude oil, 9% heavy oil (an increase from 8% in 2025) and 15% natural gas liquids) and approximately 34% natural gas. The guidance range does not reflect any increase in activity resulting from the recent surge in crude oil prices related to the Middle East conflict, as to date, the majority of key operators have not disclosed changes to their 2026 capital plans.

Operating and Financial Highlights

Three months ended March 31

Financial (\$000s, except as noted)	2026	2025
Royalty and other revenue	\$ 77,818	\$ 91,065
Net income	\$ 35,113	\$ 37,311
Per share, basic & diluted (\$) ⁽¹⁾	\$ 0.21	\$ 0.23
Cash flows from operations	\$ 46,220	\$ 62,936
Funds from operations	\$ 59,017	\$ 68,050
Per share, basic (\$) ⁽¹⁾⁽³⁾	\$ 0.36	\$ 0.42
Acquisitions and related expenditures	\$ 20,007	\$ 13,871
Dividends paid and declared	\$ 44,269	\$ 44,269
Per share (\$) ⁽²⁾	\$ 0.27	\$ 0.27
Dividend payout ratio (%) ⁽³⁾⁽⁴⁾	75%	65%
Long-term debt	\$ 301,447	\$ 294,286
Net debt ⁽⁵⁾	\$ 275,274	\$ 272,187
Net debt to trailing funds from operations ⁽⁵⁾	1.2	1.1
Average shares outstanding, basic (000s) ⁽⁶⁾	163,960	163,960
Operating		
Light and medium crude oil (bbl/d)	6,432	6,880
Heavy crude oil (bbl/d)	1,459	1,552
NGL (bbl/d)	2,245	2,203
Total liquids (bbl/d)	10,136	10,635
Natural gas (Mcf/d)	32,392	33,678
Total production (boe/d) ⁽⁷⁾	15,533	16,248
Liquids weighting (%)	65%	65%
Petroleum and natural gas realized price (\$/boe) ⁽⁷⁾	\$ 54.97	\$ 59.29
Cash costs (\$/boe) ⁽³⁾⁽⁷⁾	\$ 7.02	\$ 7.00
Netback (\$/boe) ⁽³⁾⁽⁷⁾	\$ 46.66	\$ 53.01

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. Dividend payout ratio is a supplementary financial measure
5. Net debt and net debt to trailing funds from operations are capital management measures
6. Weighted average number of shares outstanding during the period, basic or diluted
7. See Conversion of Natural Gas to Barrels of Oil Equivalent (boe)

Operating and Financial Highlights

First quarter of 2026

- WTI benchmark prices averaged US\$91.00/bbl in March, representing a 46% increase from the January to February average, driven by geopolitical tensions and concerns over potential supply disruptions through the Strait of Hormuz.
 - Despite a significant price increase in March, WTI averaged US\$71.93/bbl for the first quarter of 2026, modestly higher than the US\$71.42/bbl average during the same quarter in 2025.
- Production averaged 15,533 boe/d, representing a 4% decrease from the same quarter in 2025 reflecting moderated activity levels through the latter half of 2025 as a result of weaker commodity prices, partially offset by improved well performance. The liquids weighting remained consistent at 65% of total production.

- U.S. production of 6,993 boe/d was consistent with the same quarter in 2025. Improved well performance largely offset the impact of lower activity as well as temporary weather-related disruption from Winter Storm Fern in Texas.
- Canadian production of 8,540 boe/d, decreased 8% from the same quarter in 2025, due to lower drilling activity levels, most notably in natural gas focused areas.
- First quarter of 2026 drilling activity included 223 gross wells (4.9 net), predominantly targeting crude oil properties, a 4% increase on a net basis and a 30% decrease on a gross basis from the same quarter in 2025.
- Cash costs⁽¹⁾ in the first quarter of 2026 totaled \$7.02/boe, consistent when compared to the same quarter in 2025.
- Funds from operations in the first quarter of 2026 totaled \$59.0 million or \$0.36 per share⁽¹⁾, a decrease in total of 15% from \$68.1 million (\$0.42 per share⁽¹⁾) for the same quarter in 2025 primarily due to lower production and lower realized crude oil and natural gas liquids prices.
- Declared and paid dividends of \$44.3 million (\$0.27 per share) during the first quarter of 2026 are consistent with the same quarter in 2025.
 - Dividend payout ratio⁽²⁾ was 75% in the first quarter of 2026, an increase from 65% for the same period in 2025.
- Long term debt at March 31, 2026, was \$301.4 million, \$18.6 million higher than at December 31, 2025. This reflects the acquisition of \$18.5 million (US\$13.5 million) of undeveloped royalty interest lands in the Permian Basin.
 - Net debt⁽³⁾ also increased by \$7.0 million from December 31, 2025, to \$275.3 million.

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 the first quarter of 2026, gross drilling activity on Freehold's royalty lands totaled 223 gross wells (4.9 net), compared to the 322 gross wells (4.7 net) for the same quarter in 2025. This decrease, on a gross basis, was primarily due to reduced drilling activity in both Canada and the U.S., reflecting moderated activity levels through the latter half of 2025 as a result of weaker commodity prices.

On a gross basis, 68% of new wells drilled during the first quarter of 2026 were in the U.S., and the remaining 32% in Canada, predominantly targeting crude oil properties. While average U.S. net well interests are lower than those in Canada, U.S. wells typically produce approximately ten times the volume of an average Canadian well within Freehold's portfolio. However, U.S. wells generally require six to twelve months from initial licensing to first production, compared to three to four months for wells in Canada.

	Three months ended March 31			
	2026		2025	
	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾
Canada	72	4.5	92	3.9
United States	151	0.4	230	0.8
Total	223	4.9	322	4.7

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

CANADA

During the first quarter of 2026, gross drilling activity was down 22% compared to the same quarter of 2025, as challenging AECO benchmark prices curtailed natural gas drilling activity. On a net basis, however, activity levels were higher over these same periods, reflecting the drilling of several wells with higher net royalty interests targeting crude oil in the Viking area.

Additional primary focus areas included crude oil weighted properties in the Clearwater and southeast Saskatchewan. Approximately 39% of gross wells were drilled in Alberta, while 58% were drilled in Saskatchewan.

U.S.

During the first quarter of 2026, 151 gross wells were drilled, representing a 34% decrease compared to 230 gross wells during the same quarter of 2025. The reduction in activity reflects a more cautious operator response amid lower commodity prices through the latter half of 2025.

Approximately 85% of drilling activity in the first quarter of 2026 was in the Permian Basin, with the remaining 15% in the Eagle Ford Basin, both targeting crude oil properties.

Operating and Financial Results

Production

Freehold's production averaged 15,533 boe/d during the first quarter of 2026, a decrease of 4% over the same quarter in 2025, reflecting moderated activity levels through the latter half of 2025 as a result of weaker commodity prices, partially offset by improved well performance.

Production Summary

	Three months ended March 31		
	2026	2025	Change
Canada (boe/d)	8,540	9,278	-8%
United States (boe/d)	6,993	6,970	0%
Total production (boe/d)	15,533	16,248	-4%

Average Daily Production by Product Type

	Three months ended March 31		
	2026	2025	Change
Light and medium crude oil (bbl/d)	6,432	6,880	-7%
Heavy crude oil (bbl/d)	1,459	1,552	-6%
NGL (bbl/d)	2,245	2,203	2%
Natural gas (Mcf/d)	32,392	33,678	-4%
Total production (boe/d)	15,533	16,248	-4%
Liquids weighting (%)	65%	65%	0%
Total volumes during period (MMboe)	1.398	1.462	-4%

CANADA

Canadian production averaged 8,540 boe/d during the first quarter of 2026, consisting of 57% crude oil and NGLs and 43% natural gas. Production declined by 8% compared to the same quarter of 2025, primarily due to lower drilling activity in Canada, most notably across natural gas weighted properties, which have been adversely

affected by persistently weak AECO benchmark pricing over the past two years. Despite lower activity, crude oil production has grown in the Mannville Heavy and southeast Saskatchewan areas.

Canadian Average Daily Production by Product Type

	Three months ended March 31		
	2026	2025	Change
Light and medium crude oil (bbl/d)	2,588	2,738	-5%
Heavy crude oil (bbl/d)	1,459	1,552	-6%
NGL (bbl/d)	803	879	-9%
Natural gas (Mcf/d)	22,140	24,652	-10%
Total production (boe/d)	8,540	9,278	-8%
Liquids weighting (%)	57%	56%	2%

U.S.

U.S. production averaged 6,993 boe/d during the first quarter of 2026 and was consistent with the same quarter in 2025 due to strong well performance offsetting the effects of weaker drilling activity and the temporary weather-related disruption from Winter Storm Fern in Texas. Despite lower activity levels, the U.S. portfolio has demonstrated resilience. Production remained flat from the same quarter in 2025, supported primarily by investment grade operators.

Freehold's U.S. production represented approximately 45% of corporate production volumes during the first quarter of 2026, an increase from 43% in the same quarter in 2025. U.S. production was comprised of approximately 76% crude oil and NGLs and 24% natural gas.

U.S. Average Daily Production by Product Type

	Three months ended March 31		
	2026	2025	Change
Light and medium crude oil (bbl/d)	3,843	4,142	-7%
NGL (bbl/d)	1,442	1,324	9%
Natural gas (Mcf/d)	10,252	9,025	14%
Total production (boe/d)	6,993	6,970	0%
Liquids weighting (%)	76%	78%	-3%

Product Prices

Crude Oil

The price received by Freehold for produced crude oil is primarily driven by the U.S. dollar price of WTI, with the realized Canadian dollar price adjusted for the value of the U.S. dollar, quality differentials and transportation costs to move product to U.S. pricing points. For the first quarter of 2026, WTI averaged US\$71.93/bbl, representing a modest increase compared to the same quarter in 2025.

WTI prices were highly volatile during the first quarter of 2026, reflecting escalating geopolitical tensions in the Middle East, including heightened risks of disruption to global oil supply, which resulted in a significant risk premium elevating prices late in the quarter. WTI averaged US\$62/bbl in January and February 2026 before surging to US\$107/bbl in March 2026, averaging US\$71.93/bbl for the first quarter of 2026.

Within Canada, Edmonton Light Sweet crude oil prices averaged \$93.49/bbl during the first quarter of 2026, 2% lower than the same quarter of 2025, whereas Western Canadian Select ("WCS") prices averaged \$79.22/bbl, 6% lower than the same quarter of 2025. Both benchmarks were impacted by a 4% weakening of the U.S. dollar.

Natural Gas

For the first quarter of 2026, NYMEX natural gas prices increased 38% to US\$5.23/Mcf, compared to the same quarter in 2025 whereas AECO 5A Monthly Index spot price averaged \$2.01/Mcf, a decrease of 2% over these same periods. The increase in NYMEX was due to reduced storage levels, the temporary impact from Winter Storm Fern creating a surge in demand and continued growth of U.S. LNG exports.

Average Benchmark Prices

	Three months ended March 31		
	2026	2025	Change
West Texas Intermediate crude oil (US\$/bbl)	\$ 71.93	\$ 71.42	1%
Exchange rate (Cdn\$/US\$)	1.37	1.43	-4%
Edmonton Light Sweet crude oil (Cdn\$/bbl)	\$ 93.49	\$ 95.32	-2%
Western Canadian Select crude oil (Cdn\$/bbl)	\$ 79.22	\$ 84.30	-6%
NYMEX natural gas (US\$/Mcf)	\$ 5.23	\$ 3.79	38%
AECO 5A Monthly Index (Cdn\$/Mcf)	\$ 2.01	\$ 2.05	-2%

Realized Prices

As Freehold has expanded its U.S. royalty portfolio, its overall realized pricing has strengthened relative to crude oil benchmarks, as U.S. crude oil production receives prices more closely aligned to benchmark WTI compared to discounted pricing in Canada associated with higher transportation costs and crude oil quality differentials. In addition, a higher crude oil weighting in the U.S. portfolio relative to Canada contributed to Freehold receiving a 31% pricing premium on its U.S. volumes compared to its Canadian volumes during the first quarter of 2026. Despite this premium, lower crude oil benchmarks and weaker NGL pricing resulted in an average sales price of \$54.97/boe in the first quarter of 2026, a 7% decrease compared to the same quarter in 2025.

Average Realized Prices Summary

	Three months ended March 31		
	2026	2025	Change
Crude oil (\$/bbl)	\$ 88.86	\$ 94.46	-6%
NGL (\$/bbl)	\$ 32.96	\$ 40.63	-19%
Crude oil and NGL (\$/bbl)	\$ 76.48	\$ 83.31	-8%
Natural gas (\$/Mcf)	\$ 2.43	\$ 2.29	6%
Oil equivalent (\$/boe)	\$ 54.97	\$ 59.29	-7%

CANADA

Freehold's average realized sales price in Canada was \$48.24/boe during the first quarter of 2026, a 2% decrease compared to the same quarter in 2025. This decrease reflects the impact of lower Canadian crude oil benchmark pricing, driven by a weaker U.S. dollar and lower condensate pricing resulting from increased NGL supply. Freehold's Canadian realized crude oil and NGL price averaged \$75.58/bbl during the first quarter of 2026, a decrease of 5% compared to the same quarter in 2025. The average realized natural gas price was \$2.05/Mcf during the first quarter of 2026, representing a 12% increase compared to the same quarter in 2025. This

improvement primarily reflects a 23% increase in AECO 7A benchmark pricing where a portion of Freehold's natural gas production is sold.

Canadian Average Realized Prices

	Three months ended March 31		
	2026	2025	Change
Crude oil (\$/bbl)	\$ 82.02	\$ 85.54	-4%
NGL (\$/bbl)	\$ 43.09	\$ 51.18	-16%
Crude oil and NGL (\$/bbl)	\$ 75.58	\$ 79.70	-5%
Natural gas (\$/Mcf)	\$ 2.05	\$ 1.83	12%
Oil equivalent (\$/boe)	\$ 48.24	\$ 49.26	-2%

U.S.

Freehold's average realized sales price in the U.S. was \$63.17/boe during the first quarter of 2026, a 13% decrease compared to the same quarter in 2025, reflecting weaker average realized prices across all commodities. While crude oil prices are received in U.S. dollars, they are reported by Freehold in Canadian dollars, and the strengthening Canadian dollar during the first quarter of 2026 resulted in lower reported prices compared to the same quarter in 2025. Realized crude oil and NGL pricing was \$77.31/bbl during the first quarter of 2026, an 11% decrease from the same quarter in 2025. U.S. NGL pricing weakened during the first quarter of 2026 due to oversupply and elevated inventories. Freehold's average realized U.S. natural gas price was \$3.24/Mcf in 2026, a 9% decrease over the same quarter despite the NYMEX benchmark increasing by 38% compared to the same quarter in 2025. The lower realized price was due to a widening of the WAHA-Henry Hub price differential where a portion of Freehold's Permian natural gas production is sold. The WAHA hub continues to face structural challenges as regional natural gas supply exceeds available egress capacity, further compounded by maintenance on other key Permian Basin pipelines during the period. An additional 4.5 Bcf/d to 5.0 Bcf/d of natural gas pipeline capacity in the Permian Basin is expected to come into service in late 2026, which is anticipated to alleviate a portion of these constraints.

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

	Three months ended March 31		
	2026	2025	Change
Crude oil (\$/bbl)	\$ 96.07	\$ 103.69	-7%
NGL (\$/bbl)	\$ 27.31	\$ 33.64	-19%
Crude oil and NGL (\$/bbl)	\$ 77.31	\$ 86.73	-11%
Natural gas (\$/Mcf)	\$ 3.24	\$ 3.57	-9%
Oil equivalent (\$/boe)	\$ 63.17	\$ 72.64	-13%

Royalty and Other Revenue

For the first quarter of 2026, royalty and other revenue was \$77.8 million, a 15% decrease from the same quarter in 2025. This decrease reflects lower average realized crude oil and NGL pricing and production in addition to lower bonus consideration and lease revenue, primarily driven by the reduction in operator activity. During the first quarter of 2026, Freehold entered into 22 new leases (17 in Canada and 5 in the U.S.) with numerous counterparties. The majority of the leasing in the U.S. was on Freehold's Permian mineral title lands, with the Canadian leasing primarily in southeast Saskatchewan. For the reporting periods, crude oil represents over 80% of petroleum and natural gas revenues.

Royalty and Other Revenue Summary

(\$000s, except as noted)	Three months ended March 31	
	2026	2025
Canada	\$ 37,744	\$ 42,198
United States	40,074	48,867
Royalty and other revenue	\$ 77,818	\$ 91,065
Per boe (\$)	\$ 55.66	\$ 62.29

Royalty and Other Revenue by Category

(\$000s)	Three months ended March 31	
	2026	2025
Royalty interest	\$ 77,267	\$ 87,117
Bonus consideration and lease rentals	551	3,948
Royalty and other revenue	\$ 77,818	\$ 91,065

Royalty and Other Revenue by Type

(\$000s)	Three months ended March 31	
	2026	2025
Crude oil	\$ 63,111	\$ 71,686
Natural gas liquids	6,659	8,055
Natural gas	7,073	6,955
Potash	424	421
Bonus consideration and lease rentals	551	3,948
Royalty and other revenue	\$ 77,818	\$ 91,065

Credit Risk Management

Freehold's royalty lands consist of many properties with generally small volumes per property. Many of Freehold's leases and royalty agreements allow it to take its share of crude oil and natural gas production 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 Freehold's royalty payors, the Company marketed and took-in-kind approximately 2% of its total royalty production during the first quarter of 2026. 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.

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.

In the first quarter of 2026, general and administrative ("G&A") expenses of \$5.4 million were 6% higher than the same quarter in 2025, reflecting both inflationary cost pressures and differences in the timing of incurred costs. The G&A expense, on a per boe basis for the first quarter of 2026 was \$3.85/boe, an 11% increase from the same quarter in 2025.

(\$000s, except as noted)	Three months ended March 31	
	2026	2025
General and administrative expenses before capitalized and overhead recoveries	\$ 6,750	\$ 6,162
Less: capitalized and overhead recoveries	(1,366)	(1,101)
General and administrative expenses	\$ 5,384	\$ 5,061
Per boe (\$)	\$ 3.85	\$ 3.46

Production and Ad Valorem Taxes

Production and ad valorem taxes are incurred in the U.S. at the state level as derived from revenue and property values. The expense of \$2.8 million was 17% lower than the same quarter in 2025, reflecting lower Texas-based royalty revenues. The state of Texas does not charge state corporate income taxes but does collect production taxes, based on the market value of produced crude oil or natural gas, and 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	
	2026	2025
Production and ad valorem taxes	\$ 2,767	\$ 3,337
Per boe (\$)	\$ 1.98	\$ 2.28

Interest and Financing

Interest costs on long term debt decreased in the first quarter of 2026, as compared to the same quarter in 2025, due to a lower borrowing rate. The first quarter of 2026 had an average effective interest rate on advances from Freehold's committed credit facilities of 4.8% (same quarter in 2025 – 6.0%).

(\$000s, except as noted)	Three months ended March 31	
	2026	2025
Interest on long-term debt	\$ 3,760	\$ 4,834
Non-cash accretion and finance costs ⁽¹⁾	244	216
Interest and finance expense	\$ 4,004	\$ 5,050
Per boe - cash expense (\$)	\$ 2.69	\$ 3.31

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

Share Based Compensation

Freehold's award plans consist of performance share units ("PSUs") and restricted share units ("RSUs") awarded to employees 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 cash settled over the vesting periods.

Share based compensation expense fluctuates with Freehold's period end share price, the units outstanding under the Award Plans and the estimated PSU multipliers. Share based compensation expense was \$4.5 million during the first quarter of 2026, an increase compared to the same quarter of 2025. This increase reflects improvements in Freehold's share price, performance multipliers and additional units granted.

During the first quarter of 2026, Freehold paid \$0.6 million in share based compensation primarily to non-management directors, an increase from the same quarter in 2025, reflecting higher award values at settlement.

(\$000s, except as noted)	Three months ended March 31	
	2026	2025
Share based compensation	\$ 4,486	\$ 1,330
Cash settled on share based compensation		
Operating	\$ 570	\$ 150
Total cash settled on share based compensation	\$ 570	\$ 150
Operating cash settled on share based compensation per boe (\$)	\$ 0.41	\$ 0.10

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

	RSUs	PSUs	DSUs	DRSUs
Awards granted during the three months ended March 31, 2026	134,101	272,669	34,592	25,017
Balance outstanding as at March 31, 2026	321,483	659,963	653,769	54,635
Balance outstanding as at May 12, 2026	232,683	575,456	657,238	54,925

Netback and Cash Costs

Netback⁽¹⁾ allows Freehold to benchmark how changes in commodity prices and its cash-based cost structure compare against prior periods. Freehold's netback⁽¹⁾ totaled \$46.66/boe during the first quarter of 2026, a decrease of 12% from the same quarter in 2025. This decrease reflects lower average realized crude oil and NGL prices.

(\$/boe)	Three months ended March 31	
	2026	2025
Royalty and other revenue	\$ 55.66	\$ 62.29
Production and ad valorem taxes	(1.98)	(2.28)
Net revenue ⁽¹⁾	\$ 53.68	\$ 60.01
Less:		
General and administrative	\$ (3.85)	\$ (3.46)
Operating expense ⁽²⁾	(0.07)	(0.13)
Interest and financing cash expense	(2.69)	(3.31)
Cash settlement on share based compensation	(0.41)	(0.10)
Cash costs ⁽¹⁾	\$ (7.02)	\$ (7.00)
Netback ⁽¹⁾	\$ 46.66	\$ 53.01

1. See Non-GAAP and Other Financial Measures

2. Operating expense relates to working interest assets, which were shut-in

Depletion and Depreciation

Petroleum and natural gas interests, including acquisition 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 the first quarter of 2026 was \$24.8 million, a 9% decrease compared to the same quarter in 2025, due to both lower production and depletion rate.

(\$000s, except as noted)	Three months ended March 31	
	2026	2025
Depletion and depreciation	\$ 24,763	\$ 27,206
Per boe (\$)	\$ 17.71	\$ 18.61

Foreign Exchange

Freehold has intercompany balances with its U.S. subsidiary, which arose from financing several U.S. royalty acquisitions. Although these balances eliminate on consolidation, the foreign exchange change in the intercompany balances held by the Canadian parent is recognized as foreign exchange within net income. The 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.

As at March 31, 2026, compared to December 31, 2025, the U.S. dollar strengthened relative to the Canadian dollar resulting in a foreign exchange gain on the intercompany note held by the Canadian parent during the first quarter of 2026. There is no consolidated foreign exchange impact on total comprehensive income from the revaluation of the intercompany note, as the gain included in net income is offset by the loss of the intercompany payable held by the U.S. subsidiary, as included within other comprehensive income.

(\$000s)	Three months ended March 31	
	2026	2025
Foreign exchange (gain) loss on:		
Intercompany note	\$ (8,624)	\$ 386
Long-term debt	281	60
	\$ (8,343)	\$ 446

Impairment

At March 31, 2026, Freehold assessed its U.S. and Canadian royalty cash generating units ("CGU") and exploration and evaluation assets carrying values for indicators of impairment and concluded that the estimates of recoverable amounts were not required for either CGU.

Income Taxes

Freehold's taxable income is based on revenues less deductible expenses, including tax pool deductions. For the first quarter of 2026, current income tax expense of \$6.1 million decreased 34% compared to the same quarter in 2025. This reduction reflects lower revenues and changes in U.S. tax legislation, enacted mid-2025 under the One Big Beautiful Bill Act ("OBBBA"), which provided additional tax deductions, that are expected to continue to benefit Freehold in future years. For the first quarter of 2026, deferred income tax expenses of \$3.5 million increased from \$2.0 million in the same quarter in 2025 primarily due to the foreign exchange gain and the impact of the OBBBA on U.S. current income taxes.

(\$000s)	Three months ended March 31	
	2026	2025
Current income tax expense	\$ 6,062	\$ 9,180
Deferred income tax expense	3,491	1,961
Income taxes	\$ 9,553	\$ 11,141

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. In previously reported years, Freehold objected to the Assessments and as required, remitted deposits totaling \$30.9 million to the CRA. Since posting these deposits,

the CRA issued a notice of confirmation regarding their Assessments where in-turn, Freehold 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, as at March 31, 2026 additional interest of approximately \$12.1 million would be owed on the remaining \$31 million tax balance.

Net Income and Comprehensive Income

In the first quarter of 2026, Freehold had net income of \$35.1 million, a decrease of 6% compared to the same quarter in 2025. This decrease was largely due to lower revenue, reflecting lower crude oil and NGL prices and bonus consideration and lease revenues, partially offset by foreign exchange gains. Comprehensive income increased in the first quarter of 2026, compared to the same quarter in 2025, due to the foreign currency translation adjustment on the revaluation of Freehold's wholly-owned U.S. subsidiary to Canadian dollars. There is no consolidated impact of the foreign exchange revaluation of the intercompany note, as an offsetting equivalent revaluation is included in comprehensive income.

(\$000s, except per share)	Three months ended March 31	
	2026	2025
Net income	\$ 35,113	\$ 37,311
Per share, basic & diluted (\$)	\$ 0.21	\$ 0.23
Comprehensive income	\$ 41,701	\$ 36,330

Liquidity and Capital Management

Freehold defines capital (and capitalization) as long-term debt, shareholders' equity and working capital. The Company retains working capital primarily to fund capital expenditures or acquisitions, pay dividends, share repurchases and repayments of bank debt. The Company manages capital structure by considering operating activities, debt levels, dividends, access to capital markets and acquisition and divestment activity.

Operating Activities

Cash Flow from Operations and Funds from Operations

Freehold considers funds from operations to be a key measure of operating performance, demonstrating its ability to pay dividends, fund acquisitions, repurchase shares and repay debt. The Company believes this measure provides a useful assessment of its 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.

For the first quarter of 2026, funds from operations decreased to \$59.0 million (\$0.36/share) from \$68.1 million (\$0.42/share) from the same quarter in 2025. This decrease is primarily attributable to lower revenues, partially offset by lower current income taxes.

Cash flow from operations for the first quarter of 2026 was \$46.2 million, 36% lower than the same quarter in 2025, consistent with the changes in funds from operations and adjusted for non-cash operating working capital.

Cash Flow from Operations and Funds from Operations

(\$000s, except as noted)	Three months ended March 31	
	2026	2025
Cash flow from operations	\$ 46,220	\$ 62,936
Funds from operations	\$ 59,017	\$ 68,050
Per share - basic (\$) ⁽¹⁾⁽²⁾	\$ 0.36	\$ 0.42

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

Freehold retains working capital (calculated as current assets, less current liabilities) primarily to fund dividends, acquisitions, expenditures, repurchase shares and repayments of long-term debt. In the oil and gas industry, accounts receivable from industry partners are typically settled in the following months. However, due to royalty administration, payments to royalty owners are often delayed. Also, working capital can fluctuate significantly due to production 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 as of March 31, 2026, was \$26.2 million, 79% or \$11.6 million higher than on December 31, 2025, reflecting higher accounts receivable as a result of stronger crude oil and NGL pricing in March 2026, compared to December 2025.

Working Capital

(\$000s)	At March 31	At December 31
	2026	2025
Working capital ⁽¹⁾	\$ 26,173	\$ 14,602

1. Working capital is a capital management measure

Financing Activities

Long-Term Debt

Freehold has amended credit facilities with a syndicate of Canadian banks. The amended credit facilities have a committed revolving facility (the "Revolving Facility") with an availability of \$480 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 \$500 million. Each facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the Revolving Facility of an additional \$100 million subject to lenders' consent. The Credit Facilities mature November 13, 2028. The Credit Facilities are secured with an \$800 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 Canadian and U.S. denominated drawings at the Canadian Overnight Repo Rate and Secured Overnight Financing Rate, respectively, or at the lender's prime lending rate plus applicable margins and standby fees.

Financial Covenants

Covenant description ⁽¹⁾	Ratio	March 31 2026
Long-term Debt to Royalty EBITDA	Maximum 3.5:1.0	1.1:1.0
Long-term Debt to Total Capitalization	Maximum 55%	23%

1. Terms are as defined in the Credit Facility agreement.

Freehold's credit agreement contains, among affirmative covenants, two financial covenants, which Freehold was in compliance with at March 31, 2026. Freehold expects to remain 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 2026	At December 31 2025
Drawn in Canadian dollars	\$ 303,268	\$ 284,850
Unamortized deferred financing costs	(1,821)	(1,997)
Long-term debt	\$ 301,447	\$ 282,853

Net Debt

At March 31, 2026, net debt increased by \$7.0 million, or 3%, to \$275.3 million from \$268.3 million at December 31, 2025, primarily reflecting higher borrowings to fund the acquisition of additional royalty interests, partially offset by an increase of working capital, resulting from higher realized crude oil and NGL revenues recognized in March 2026.

Freehold's net debt to trailing funds from operations ratio was 1.2 times at March 31, 2026 (December 31, 2025 – 1.1 times). This ratio remains within the Company's net debt 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 (based on the prior 12 months) and there were no other cash outflow obligations required such as dividends, share repurchases 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 22% at March 31, 2026 (December 31, 2025 - 21%).

Debt Analysis

(\$000s)	At March 31 2026	At December 31 2025
Long-term debt	\$ 301,447	\$ 282,853
Working capital ⁽¹⁾	(26,173)	(14,602)
Net debt ⁽¹⁾	\$ 275,274	\$ 268,251

1. Working capital and net debt are capital management measures

Financial Leverage Ratios

	At March 31 2026	At December 31 2025
Net debt to trailing funds from operations (times) ⁽¹⁾⁽²⁾	1.2	1.1
Net debt to capitalization (%)	22%	21%

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

At each of March 31, 2026 and May 12, 2026, there were 163,960,334 common shares outstanding.

The Company has a Normal Course Issuer Bid ("NCIB") in place allowing it to purchase, at its discretion, for cancellation up to approximately 13.7 million of its common shares, subject to certain restrictions, over a twelve-month period. The current NCIB commenced on May 27, 2025 and expires no later than May 26, 2026. Subject to TSX approval, the Company intends to renew the NCIB for an additional year.

Since inception, no common shares have been repurchased and cancelled pursuant to the NCIB.

Shareholders' Capital

(\$000s, except shares)	March 31, 2026		December 31, 2025	
	Shares	Amount	Shares	Amount
Balance, beginning and end of period	163,960,334	\$ 1,667,803	163,960,334	\$ 1,667,803

Weighted Average Shares

	Three months ended March 31	
	2026	2025
Weighted average		
Basic	163,960,334	163,960,334
Diluted	163,960,334	164,617,405
At period end	163,960,334	163,960,334

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, the repurchase of shares and Freehold's capacity to finance operating and investing obligations and opportunities.

From inception in 1996 through to March 31, 2026, Freehold has distributed \$2.5 billion (\$37.57/share) to the Company's shareholders. Freehold's dividends are designated as eligible dividends for Canadian income tax purposes.

2026 Dividends Paid & Payout Ratio⁽¹⁾

Total dividends paid during each of the reporting periods was \$44.3 million (\$0.27/share). Freehold's dividend payout ratio ⁽¹⁾ for the first quarter of 2026 was 75% compared to 65% and for the same quarter in 2025, reflecting a decrease in funds from operations.

1. Dividend payout ratio is a supplementary financial measure

(\$000s, except as noted)	At March 31	
	2026	2025
Dividends paid ⁽¹⁾	\$ 44,269	\$ 44,269
Dividends per share (\$) ⁽²⁾	\$ 0.27	\$ 0.27
Funds from operations	\$ 59,017	\$ 68,050
Funds from operations per share - basic (\$) ⁽²⁾	\$ 0.36	\$ 0.42
Dividend payout ratio (%) ⁽³⁾	75%	65%

1. Based on the dividend payment date which is generally on the 15th day of the month following the month it was declared
2. Based on the number of shares issued and outstanding at each record date
3. Dividend payout ratio is a supplementary financial measure

Monthly Dividends Declared

Record Date	Payment Date	Dividend Amount (\$/share)
January 30, 2026	February 17, 2026	\$ 0.09
February 27, 2026	March 16, 2026	\$ 0.09
March 31, 2026	April 15, 2026	\$ 0.09
Subsequent to March 31, 2026		\$ 0.27
April 30, 2026	May 15, 2026	\$ 0.09
May 29, 2026	June 15, 2026	\$ 0.09

Investing Activities

Acquisitions and Related Expenditures

For the first quarter of 2026, Freehold invested \$20.0 million in acquisitions and related expenditures, comprised of the following:

U.S. Acquisitions

Freehold invested \$18.5 million (US\$13.5 million) in exchange for mineral title and royalty interests in the Permian Basin in Texas and New Mexico.

Related Expenditures

Freehold capitalized G&A costs of \$1.3 million and miscellaneous expenditures of \$0.2 million.

Select Quarterly Information

Financial (\$millions, except as noted)	2026		2025		2024			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Royalty and other revenue	77.8	69.8	74.4	78.3	91.1	76.9	73.9	84.5
Net income	35.1	14.1	34.2	6.2	37.3	51.1	25.0	39.3
Per share, basic & diluted (\$) ⁽¹⁾	0.21	0.09	0.21	0.04	0.23	0.33	0.17	0.26
Cash flows from operations	46.2	55.0	60.0	57.4	62.9	59.1	64.1	47.6
Funds from operations	59.0	51.1	58.9	56.6	68.1	61.3	55.7	59.6
Per share, basic & diluted (\$) ⁽¹⁾⁽³⁾	0.36	0.31	0.36	0.35	0.42	0.40	0.37	0.40
Acquisitions and related expenditures	20.0	9.3	5.8	15.2	13.9	277.0	1.8	11.5
Dividends paid	44.3	44.3	44.3	44.3	44.3	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	44.3	44.3	44.3	44.3	41.9	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⁾	75%	87%	75%	78%	65%	66%	73%	68%
Long term debt	301.4	282.9	283.6	292.6	294.3	300.9	205.8	228.0
Net debt ⁽⁴⁾	275.3	268.3	263.3	270.6	272.2	282.3	187.1	199.1
Net debt to trailing funds from operations ⁽⁴⁾	1.2	1.1	1.1	1.1	1.1	1.2	0.8	0.8
Shares outstanding, period end (millions)	164.0	164.0	164.0	164.0	164.0	164.0	150.7	150.7
Average shares outstanding, basic (millions) ⁽⁵⁾	164.0	164.0	164.0	164.0	164.0	153.4	150.7	150.7
Operating								
Light and medium oil (bbls/d)	6,432	6,456	6,661	6,940	6,880	6,296	6,080	6,551
Heavy oil (bbls/d)	1,459	1,619	1,481	1,557	1,552	1,516	1,315	1,348
NGL (bbls/d)	2,245	2,690	2,335	2,550	2,203	2,066	1,972	1,902
Total liquids (bbls/d)	10,136	10,765	10,477	11,047	10,635	9,878	9,367	9,801
Natural gas (Mcf/d)	32,392	33,180	33,459	33,220	33,678	32,564	31,447	32,524
Total production (boe/d) ⁽⁶⁾	15,533	16,294	16,054	16,584	16,248	15,306	14,608	15,221
Oil and NGL (%)	65%	66%	65%	67%	65%	65%	64%	64%
Petroleum and natural gas realized price (\$/boe)	54.97	45.88	48.92	50.36	59.29	53.80	54.36	59.74
Cash costs (\$/boe) ⁽³⁾⁽⁶⁾	7.02	7.26	5.58	7.38	7.00	5.93	5.42	9.80
Netback (\$/boe) ⁽³⁾⁽⁶⁾	46.66	37.42	42.82	42.68	53.01	47.25	47.78	49.44
Benchmark Prices								
West Texas Intermediate crude oil (US\$/bbl)	71.93	59.14	64.93	63.74	71.42	70.27	75.09	80.57
Average Exchange rate (Cdn\$/US\$)	1.37	1.39	1.38	1.38	1.43	1.40	1.37	1.37
Edmonton Light Sweet crude oil (Cdn\$/bbl)	93.49	76.57	86.39	84.25	95.32	94.90	97.85	105.29
Western Canadian Select crude oil (Cdn\$/bbl)	79.22	66.89	75.10	73.96	84.30	80.75	83.95	91.63
Nymex natural gas (US\$/Mcf)	5.23	3.68	3.18	3.57	3.79	2.86	2.24	1.96
AECO 5A Monthly Index (Cdn\$/Mcf)	2.01	2.23	0.63	1.69	2.17	1.48	0.69	1.18

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 and net debt to trailing funds from operations are capital management measures
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, 2026 to March 31, 2026. The Chief Executive Officer and Chief Financial Officer have signed form 52-109F1, Certification of Annual Filings, which can be found on the Company's profile on SEDAR+ at www.sedarplus.ca.

Recent Accounting Pronouncement 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. This standard introduces a defined structure to the statements of comprehensive income and specific disclosure requirements related to the same. In addition, management defined performance measures will require note disclosure. This 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.

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, Drilling Activity, Product Prices, Income Taxes, Liquidity and Capital Management, Financing Activities, Shareholders' Capital, Dividend Policy and Analysis and Controls, Accounting and Regulatory Matters pertaining to the following:

- our expectation that we will create value by driving development on our lands through our lease out program and royalty optimization, acquiring royalty assets with acceptable risk profiles and long economic life and generating GORRs for revenue growth;
- our expectation that we will maximize Freehold's royalty interests through a comprehensive audit and compliance program, our intent to 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%;

- expectations that commodity markets will continue to be unstable and biased higher in the coming months due to geopolitical developments;
- our expectation that the slowdown in operator spending during the latter half of 2025 will continue to guide near-term production, prior to a return to growth in the back half of the year;
- that drilling activity in Canada will continue to moderate into the second quarter of 2026 through spring-break-up, that drilling activity will focus on oil-weighted plays and that natural gas directed drilling will remain muted;
- that Freehold's key operators remain focused on capital discipline, efficiency gains and technological advancements, which support continued improvements in well productivities;
- our expectation that there will be sustained drilling activity on our U.S. lands and that any increased drilling activity due to higher commodity prices is more likely to materialize in late 2026 and 2027;
- our expectations that our liquids-weighted North American asset base will generate meaningful cash flows through the evolving commodity markets and broader macroeconomic conditions, allowing the Company to sustain its dividends and deliver robust, long-term shareholder returns;
- 2026 guidance with respect to average production and related commodity weightings of such production;
- our expectation that U.S. wells typically produce approximately ten times the volume of an average Canadian well within Freehold's portfolio;
- our expectations that 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;
- our expectation that additional pipeline capacity will come onstream in late 2026 in the U.S.;
- the expectations that the changes in U.S. tax legislation will continue to benefit Freehold in future years;
- Freehold's expectations of success on defending its filed tax positions in respect of the Assessments and the anticipated consequences if it is unsuccessful;
- our expectation that we will be in compliance with all covenants under our credit facilities on a quarterly basis for at least the next year based on our current best estimate of results from operations;
- Freehold's intention to renew its NCIB;
- Freehold's intent in establishing its dividend rate and the process;
- the expected designation of Freehold's dividends for Canadian income tax purposes;
- expected timing with respect to the declaration and payment of future dividends;
- the anticipated timing of IASB amendments and implementation of new IFRS standards and the expected impacts on Freehold's financial statements; and
- other similar statements.

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 U.S., Israel and Iran war (and other Middle-East conflicts), Russia-Ukraine war (and any associated sanctions) and actions taken by OPEC+ on the global economy and commodity prices;
- geopolitical instability;

- political instability;
- industry conditions;
- 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;
- the risks relating to the upcoming review of the United States-Mexico-Canada Agreement and the impacts on the Canadian economy and the Company's business;
- inflationary pressures;
- volatility of commodity prices;
- 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;
- inaccurate assumptions on supply and demand factors affecting the consumption of crude oil, NGLs and natural gas;
- 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 constitute a financial outlook, they are included herein to provide readers with an understanding of management's plans and assumptions for budgeting purposes and readers are cautioned that the information may not be appropriate for other purposes. 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 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 a non-GAAP measure 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 a non-GAAP measure and 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 settlements. 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 a non-GAAP ratio 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 settlements, 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"). Freehold uses 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 2026	December 31 2025
Assets		
Current assets:		
Accounts receivable	\$ 57,759	\$ 45,629
Current income taxes receivable	4,101	4,687
	61,860	50,316
Income tax deposits (note 3)	30,856	30,856
Exploration and evaluation assets (note 4)	155,107	145,639
Petroleum, natural gas and other interests (note 5)	1,145,226	1,144,259
Total Assets	\$ 1,393,049	\$ 1,371,070
Liabilities and Shareholders' Equity		
Current liabilities:		
Dividends payable (note 8)	\$ 14,756	\$ 14,756
Accounts payable and accrued liabilities	4,088	6,668
Current portion of share based compensation payable (note 6)	14,457	11,926
Current portion of lease obligation	386	364
Current portion of decommissioning liability	2,000	2,000
	35,687	35,714
Lease obligation	1,350	1,435
Share based compensation payable (note 6)	5,239	3,243
Decommissioning liability	2,633	2,754
Deferred income tax liability	50,874	46,684
Long-term debt (note 7)	301,447	282,853
Shareholders' equity:		
Shareholders' capital (note 8)	1,667,803	1,667,803
Accumulated other comprehensive income	17,946	11,358
Deficit	(689,930)	(680,774)
Total Shareholders' Equity	995,819	998,387
Total Liabilities and Shareholders' Equity	\$ 1,393,049	\$ 1,371,070

See accompanying notes to the interim condensed consolidated financial statements

Subsequent event (note 8)

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited) (\$000s, except per share and weighted average shares)	Three months ended March 31	
	2026	2025
Revenue:		
Royalty and other revenue (note 9)	\$ 77,818	\$ 91,065
Expenses:		
General and administrative	5,384	5,061
Production and ad valorem taxes	2,767	3,337
Operating	91	183
Interest and financing (note 10)	4,004	5,050
Share based compensation (note 6)	4,486	1,330
Depletion and depreciation (note 5)	24,763	27,206
Foreign exchange (gain) loss (note 11)	(8,343)	446
	33,152	42,613
Income before taxes	44,666	48,452
Income taxes:		
Current income tax expense	6,062	9,180
Deferred income tax expense	3,491	1,961
	9,553	11,141
Net income	\$ 35,113	\$ 37,311
Other comprehensive income		
Foreign currency translation adjustment	6,588	(981)
Comprehensive income	\$ 41,701	\$ 36,330
Net income per share, basic & diluted	\$ 0.21	\$ 0.23
Weighted average number of shares:		
Basic	163,960,334	163,960,334
Diluted	163,960,334	164,617,405

See accompanying notes to the interim condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (\$000s)	Three months ended March 31	
	2026	2025
Operating:		
Net income	\$ 35,113	\$ 37,311
Adjustments:		
Depletion and depreciation (note 5)	24,763	27,206
Foreign exchange (gain) loss (note 11)	(8,343)	446
Deferred income tax expense	3,491	1,961
Share based compensation (note 6)	4,486	1,330
Non-cash accretion and finance costs (note 10)	244	216
Operating settlements on share based compensation (note 6)	(570)	(150)
Decommissioning expenditures	(167)	(270)
Funds from operations	59,017	68,050
Changes in non-cash working capital (note 14)	(12,797)	(5,114)
	46,220	62,936
Financing:		
Long-term debt net drawn (repayment)	18,137	(6,769)
Dividends paid (note 8)	(44,269)	(44,269)
Lease obligation paid	(85)	(66)
	(26,217)	(51,104)
Investing:		
Acquisitions and related expenditures (note 5)	(20,007)	(13,871)
Dispositions	-	2,292
Changes in non-cash working capital (note 14)	4	(253)
	(20,003)	(11,832)
Change in cash	-	-
Impact of foreign currency on cash balance	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -
Supplemental disclosures		
Interest paid	\$ 3,760	\$ 4,834
Income taxes paid	\$ 5,404	\$ 6,146

See accompanying notes to the interim condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited) (\$000s)	Three months ended March 31	
	2026	2025
Shareholders' capital:		
Balance, beginning and end of period	\$ 1,667,803	\$ 1,667,803
Accumulated other comprehensive income:		
Balance, beginning of period	11,358	27,126
Foreign currency translation adjustment	6,588	(981)
Balance, end of period	17,946	26,145
Deficit:		
Balance, beginning of period	(680,774)	(595,478)
Net income	35,113	37,311
Dividends declared (note 8)	(44,269)	(44,269)
Balance, end of period	(689,930)	(602,436)
Total shareholders' equity	\$ 995,819	\$ 1,091,512

See accompanying notes to the interim condensed consolidated financial statements

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2026 and 2025 (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 petroleum and natural gas mineral royalty interests.

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, conforming to International Accounting Standard ("IAS") 34 *Interim Financial Reporting* in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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, 2025 ("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.

The comparative period presented in the Condensed Consolidated Statements of Income and Comprehensive Income has been updated to conform to the current presentation.

These financial statements were approved by Freehold's Board of Directors (the "Board") on May 12, 2026.

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 fair value 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

These financial statements have been prepared in accordance with the same material estimates, judgements and assumptions as disclosed in Note 1 of the Annual Financial Statements.

2. Recent Accounting Pronouncement 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. In addition, management defined performance measures will require note disclosure. 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 financial statements.

3. Income Tax Deposits

The Canada Revenue Agency ("CRA") has assessed Freehold's prior years' tax returns, denying \$222 million of non-capital losses ("NCLs") (the "Assessments"). Pursuant to the Assessments, denied NCL claims resulted in taxes, interest, and penalties totaling an estimated \$62 million. In previously reported years, Freehold objected to the Assessments and as required, remitted deposits totaling \$30.9 million to the CRA. Since posting these deposits, the CRA issued a notice of confirmation regarding their Assessments where in-turn, Freehold 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, as at March 31, 2026 additional interest of approximately \$12.1 million would be owed on the remaining \$31 million tax balance.

4. Exploration and Evaluation Assets

(\$000s)	March 31	December 31
	2026	2025
Balance, beginning of period	\$ 145,639	\$ 142,314
Acquisitions and related expenditures (note 5(a))	10,858	20,995
Dispositions	-	(2,292)
Transfers to petroleum and natural gas interests (note 5)	(3,200)	(11,092)
Foreign exchange translation	1,810	(4,286)
Balance, end of period	\$ 155,107	\$ 145,639

There was no impairment recorded on the transfer of Exploration and Evaluation ("E&E") Assets to Petroleum and Natural Gas and Other Interests during the three months ended March 31, 2026.

At March 31, 2026, the Company assessed its E&E Assets' carrying value for indicators of impairment and concluded that the estimate of a recoverable amount was not required.

5. Petroleum and Natural Gas and Other Interests

(\$000s)	March 31 2026	December 31 2025
Gross cost		
Balance, beginning of period	\$ 2,501,014	\$ 2,512,172
Acquisitions and related expenditures	9,149	23,135
Capitalized portion of long term incentive plan	611	399
Transfers from exploration and evaluation assets (note 4)	3,200	11,092
Foreign exchange translation and other	15,969	(45,784)
Balance, end of period	\$ 2,529,943	2,501,014
Accumulated depletion		
Balance, beginning of period	\$ (1,356,755)	(1,255,651)
Depletion and depreciation	(24,763)	(108,503)
Foreign exchange translation	(3,199)	7,399
Balance, end of period	\$ (1,384,717)	(1,356,755)
Net book value, end of period	\$ 1,145,226	\$ 1,144,259

a) Acquisitions and related expenditures

All acquisition transactions during the period were treated as asset acquisitions.

For the three months ended March 31, 2026, Freehold invested \$20.0 million in acquisitions and related expenditures comprised of E&E Assets and Petroleum and Natural Gas and Other Interests, comprised of the following:

U.S. Acquisitions

For the three months ended March 31, 2026, Freehold invested \$18.5 million (US\$13.5 million) in exchange for mineral title and royalty interests in the Permian basin in Texas and New Mexico.

Related Expenditures

For the three months ended March 31, 2026, Freehold capitalized general & administrative costs of \$1.3 million and miscellaneous expenditures of \$0.2 million.

b) No Indications of Impairment

At March 31, 2026, the Company assessed its U.S. and Canadian Royalty cash generating units ("CGUs") carrying value for indicators of impairment and concluded that the estimates of recoverable amounts were not required for either CGU.

6. Share Based Compensation

Freehold's award plans consist of grants of Performance Share Units ("PSUs") and Restricted Share Units ("RSUs") to employees pursuant to a Share Unit Award Plan (the "Share Award Plan") and grants of Deferred Share Units ("DSUs") and Director Restricted Share Units ("DRSUs") to non-management directors of Freehold pursuant to an Amended and Restated Deferred and Restricted Share Unit Plan (the "Director Award Plan", and when combined with the Share Award Plan, the "Award Plans"). Settlements of the Award Plans may be made by cash payment or by the issuance of common shares, at the discretion of the Board, if permitted by the Toronto Stock Exchange ("TSX") and if practical as determined by management.

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

(\$000s)	March 31 2026	December 31 2025
Balance, beginning of period	\$ 15,169	\$ 10,964
Operating payout on share based compensation	(570)	(3,112)
Capitalized payout on share based compensation	-	(804)
Capitalized portion	611	1,203
Expensed	4,486	6,918
Balance, end of period	\$ 19,696	\$ 15,169
Current portion of liability	\$ 14,457	\$ 11,926
Long-term portion of liability	\$ 5,239	\$ 3,243

The liability as at March 31, 2026, was estimated using Freehold's closing share prices of \$17.37 (December 31, 2025 - \$15.19).

The current portion of the liability includes \$12.3 million related to non-management directors that becomes payable when a director retires from the Board.

a) Share Award Plan

Freehold's Share Award Plan is share based and cash settled. The following table reconciles the outstanding RSUs and PSUs:

	March 31 2026	December 31 2025
Balance, beginning of period	623,129	573,245
Units issued	406,770	394,928
Forfeitures	(38,705)	(145,994)
Vested	(9,748)	(199,050)
Balance, end of period	981,446	623,129
RSUs outstanding, end of period	321,483	201,821
PSUs outstanding, end of period	659,963	421,308

b) Director Award Plan

The following table reconciles the outstanding DSUs and DRSUs:

	March 31 2026	December 31 2025
Balance, beginning of period	661,002	586,800
Annual grants and grants in lieu of fees	59,609	79,360
Additional grants resulting from paid dividends	11,282	54,410
Redeemed	(23,489)	(59,568)
Balance, end of period	708,404	661,002
DSUs outstanding, end of period	653,769	608,776
DRSUs outstanding, end of period	54,635	52,226

7. Long-term Debt

(\$000s)	March 31 2026	December 31 2025
Drawn in Canadian dollars	\$ 303,268	\$ 284,850
Unamortized deferred financing costs	(1,821)	(1,997)
Long-term debt	\$ 301,447	\$ 282,853

Freehold has amended credit facilities with a syndicate of Canadian banks. The amended credit facilities have a committed revolving facility (the "Revolving Facility") with an availability of \$480 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 \$500 million. Each facility can be drawn in Canadian or U.S. dollars. The credit agreement includes a permitted increase in the Revolving Facility of an additional \$100 million subject to lenders' consent. The Credit Facilities mature November 13, 2028. The Credit Facilities are secured with an \$800 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 Canadian and U.S. denominated drawings at the Canadian Overnight Repo Rate and Secured Overnight Financing Rate, respectively, or at the lender's prime lending rate plus applicable margins and standby fees. For the three months ended March 31, 2026, the average effective interest rate on advances from Freehold's Credit Facilities was 4.8% (three months ended March 31, 2025 – 6.0%).

Freehold's credit agreement contains, among affirmative covenants, two financial covenants, as follows, which Freehold was in compliance with at March 31, 2026. Freehold expects to remain in compliance with all covenants on a quarterly basis for at least the next year based on its current estimate of results from operations.

Covenant description ⁽¹⁾	Ratio	March 31 2026
Long-term Debt to Royalty EBITDA	Maximum 3.5:1.0	1.1:1.0
Long-term Debt to Total Capitalization	Maximum 55%	23%

1. Terms are as defined in the Credit Facility agreement.

8. Shareholders' Capital

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

a) Shares Issued and Outstanding

(\$000s, except shares)	March 31, 2026		December 31, 2025	
	Shares	Amount	Shares	Amount
Balance, beginning and end of period	163,960,334	\$ 1,667,803	163,960,334	\$ 1,667,803

b) Dividends

During each of the three months ended March 31, 2026 and 2025 periods, Freehold declared and paid dividends of \$44.3 million or \$0.27 per common share.

On March 11, 2026, the Board declared a dividend of \$0.09 per common share or \$14.8 million which was paid on April 15, 2026, to common shareholders on record on March 31, 2026 (December 31, 2025 – \$14.8 million). Subsequent to March 31, 2026, on April 15, 2026, the Board declared a dividend of \$0.09 per common share to be paid on May 15, 2026, to common shareholders on record on April 30, 2026. On May 12, 2026, the Board declared a dividend of \$0.09 per common share to be paid on June 15, 2026, to common shareholders on record on May 29, 2026.

c) Normal Course Issuer Bid ("NCIB")

The Company has an NCIB in place allowing it to purchase, at its discretion, for cancellation up to approximately 13.7 million of its common shares, subject to certain restrictions, over a twelve-month period. The current NCIB commenced on May 27, 2025 and expires no later than May 26, 2026. Since inception, no common shares have been repurchased and cancelled pursuant to the NCIB.

9. Revenue

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

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

a) Royalty and Other Revenue by Commodity Type

(\$000s)	Three months ended March 31	
	2026	2025
Crude oil	\$ 63,111	\$ 71,686
NGL	6,659	8,055
Natural gas	7,073	6,955
Potash	424	421
Bonus consideration and lease rentals	551	3,948
Royalty and other revenue	\$ 77,818	\$ 91,065

b) Royalty and Other Revenue by Category

(\$000s)	Three months ended March 31	
	2026	2025
Royalty interest revenue	\$ 77,267	\$ 87,117
Bonus consideration and lease rentals	551	3,948
Royalty and other revenue	\$ 77,818	\$ 91,065

As at March 31, 2026, there was outstanding accounts receivable and accrued revenue of \$56.5 million (December 31, 2025 – \$43.9 million) associated with U.S. and Canadian royalty and other revenues.

10. Interest and Financing

(\$000s)	Three months ended March 31	
	2026	2025
Interest on long term debt	\$ 3,760	\$ 4,834
Non-cash accretion and finance costs	244	216
Interest and financing	\$ 4,004	\$ 5,050

11. Foreign Exchange

(\$000s)	Three months ended March 31	
	2026	2025
Foreign exchange (gain) loss on:		
Intercompany note	\$ (8,624)	\$ 386
Long term debt	281	60
	\$ (8,343)	\$ 446

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. 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.

12. 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 crude oil and natural gas royalties. Freehold receives most of its revenue from crude oil and natural 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 returning capital to shareholders through dividends and share repurchases, after funding business operations, including acquisition opportunities.

Freehold defines capital (or capitalization) as long-term debt, shareholders' equity and working capital based on the financial statements. Freehold retains working capital primarily to fund capital expenditures or acquisitions, pay dividends, repurchase shares pursuant to the NCIB and the repayment of long-term debt. Freehold's capital structure is managed by considering operating activities, debt levels, dividends, access to capital markets and acquisition and divestment activity.

Management of Freehold's capital structure is facilitated through its annual budgeting process and ongoing forecast updates.

Freehold is bound by covenants (see note 7) outlined in its Credit Facilities. The covenants are monitored as part of management's internal review to ensure compliance with these requirements. At March 31, 2026, Freehold was in compliance with all covenants under the Credit Facilities.

Freehold's net debt to trailing funds from operations ratio was 1.2 times at March 31, 2026 (December 31, 2025 – 1.1 times), within its debt strategy target of below 1.5 times. This ratio is a financial leverage measure that reflects cash available to repay Freehold's outstanding debt. It represents the number of years it would take Freehold to reduce its net debt to zero if funds from operations was held constant (based on the prior 12 months) and there were no other cash outflow obligations required such as dividends, share repurchases and acquisitions, among others.

a) Working Capital

(\$000s)	March 31 2026	December 31 2025
Accounts receivable	\$ 57,759	\$ 45,629
Current income taxes receivable	4,101	4,687
Dividends payable	(14,756)	(14,756)
Accounts payable and accrued liabilities	(4,088)	(6,668)
Current portion of share based compensation payable	(14,457)	(11,926)
Current portion of lease obligation	(386)	(364)
Current portion of decommissioning liability	(2,000)	(2,000)
Working capital ⁽¹⁾	\$ 26,173	\$ 14,602

1. Working capital is considered a capital management measure.

b) Capitalization and net debt

(\$000s)	March 31 2026	December 31 2025
Shareholders' equity	\$ 995,819	\$ 998,387
Long-term debt	301,447	282,853
Working capital	(26,173)	(14,602)
Net debt ⁽¹⁾	\$ 275,274	\$ 268,251
Capitalization ⁽¹⁾	\$ 1,271,093	\$ 1,266,638

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

c) Net Debt to Trailing Funds from Operations

(\$000s, except as noted)	March 31 2026	December 31 2025
Trailing funds from operations	\$ 225,539	\$ 234,572
Net debt to trailing funds from operations (times) ⁽¹⁾	1.2	1.1

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

13. Segmented Information

Reportable segments are based on the geographic locations of Freehold's underlying operations:

- Canada includes E&E Assets and the Petroleum and Natural Gas and Other Interests in Western Canada.
- U.S. includes E&E Assets and petroleum and natural gas interests primarily held in the Permian, Eagle Ford, Haynesville and Bakken basins largely located in the states of Texas, New Mexico, Louisiana and North Dakota.

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

(\$000s)	Three months ended March 31	
	2026	2025
Canada	\$ 37,744	\$ 42,198
United States	40,074	48,867
Royalty and other revenue	\$ 77,818	\$ 91,065

The following table presents total assets by geographic region:

(\$000s)	March 31 2026	December 31 2025
Canada	\$ 495,223	\$ 502,442
United States	897,826	868,628
Total Assets	\$ 1,393,049	\$ 1,371,070

14. Changes in Non-Cash Working Capital & Other

(\$000s)	Three months ended March 31	
	2026	2025
Accounts receivable	\$ (12,130)	\$ (8,508)
Current income tax receivable	586	3,029
Accounts payable and accrued liabilities	(2,580)	689
Less: Foreign exchange on translation	1,331	(577)
	\$ (12,793)	\$ (5,367)
Operating	\$ (12,797)	\$ (5,114)
Investing	4	(253)
	\$ (12,793)	\$ (5,367)

Corporate Information

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

Shaina B. Morihira

Vice President, Finance and Chief Financial Officer

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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GLJ Ltd. (GLJ)

RSC Group, Inc. (Ryder Scott)

STOCK EXCHANGE AND TRADING SYMBOL

Toronto Stock Exchange (TSX) Common Shares: FRU

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