

Freehold Royalties Announces First Quarter 2026 Results

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CALGARY, May 12, 2026 - [Freehold Royalties Ltd.](#) (Freehold or the Company) (TSX:FRU) announces first quarter results for the period ended March 31, 2026.

First Quarter Highlights

- Total production of 15,533 boe/d⁽¹⁾ including crude oil and natural gas liquids production of 10,136 bbls/d, representing a 65% liquids weighting in the quarter;
- Revenue of \$78 million with crude oil and natural gas liquids production accounting for approximately 90% of total revenue;
- Funds from operations of \$59 million (\$0.36/share) ⁽²⁾⁽⁴⁾;
- Returned \$44 million (\$0.27/share)⁽³⁾ to shareholders through monthly dividends;
- Invested \$19 million to acquire strategic, inventory rich, royalty interest lands in the core of the Permian basin; and
- Drilling in the quarter was focused on crude oil targets with 223 wells (4.9 net) drilled.

President's Message

Freehold's production averaged 15,533 boe/d during the first quarter of 2026 reflecting the moderated activity levels in the latter half of 2025 when benchmark crude oil pricing in the fourth quarter averaged \$59.14 US\$/bbl. In Canada, crude oil production has been supported through continued drilling activity in the Mannville and Clearwater heavy oil areas as well as in light oil areas such as southeast Saskatchewan, and specifically in the first quarter of 2026, the Viking. Drilling activity on natural gas-weighted lands has remained low due to persistently weak Canadian natural gas pricing, with only two gas wells drilled in Canada in the quarter. In the U.S., production levels remained flat from the first quarter in 2025 and contributed 45% of our production and 51% of our total revenue in the quarter.

As outlined in our year end communications, production levels are expected to continue at a moderate level into the second quarter of 2026, before growing through the latter half of the year. This reflects lower activity levels due to spring break-up in Canada and the ramp up of well completions from our U.S. drilling activity. Recent heightened geopolitical tensions and significant supply disruptions occurring in the Strait of Hormuz has caused a pronounced upward shift in near term crude oil prices while longer dated pricing has moved modestly. While the current price environment has the potential to stimulate activity, we anticipate any resulting increase in production is more likely to materialize starting in late 2026 as operators develop their capital allocation strategies in response to the current shift in oil pricing dynamics.

The Company generated \$59 million of funds from operations in the first quarter of 2026. Freehold's average realized price was \$54.97/boe (\$63.17/boe in the U.S. and \$48.24/boe in Canada) including a 31% premium on Freehold's U.S. production reflecting the higher liquids weighting, higher quality of crude oil produced and lower transportation costs required to access global markets.

Freehold declared and paid \$44 million in dividends to our shareholders, resulting in a payout ratio⁽⁴⁾ of 75%. We acquired \$19 million of crude oil-focused royalty interest lands in undeveloped areas in the core of the Permian basin. These acquisitions further build on the depth of the premium priced light oil inventory in our portfolio.

We continue to expect that our liquids-weighted North American asset base will generate meaningful cash flows with current and expected macroeconomic conditions, supporting the Company's ability to sustain its dividends and deliver robust, long-term shareholder returns.

David M. Spyker, President and Chief Executive Officer

Dividend Announcement

The board of directors of Freehold (the Board) has declared a monthly dividend of \$0.09 per share to be paid on June 15, 2026, to shareholders of record on May 29, 2026. The dividend is designated as an eligible dividend for Canadian income tax purposes.

Normal Course Issuer Bid

Freehold intends to apply to the Toronto Stock Exchange (TSX) to renew its Normal Course Issuer Bid (NCIB) for a further one-year period. The renewal of the NCIB will be subject to receipt of certain approvals, including acceptance of the notice of intention of the NCIB by the TSX.

If accepted, the NCIB will commence after the expiry of the current NCIB on May 26, 2026. The NCIB will continue until the earlier of: (i) a period of up to one-year from the date of commencement; or (ii) the date on which the Company has acquired all common shares sought pursuant to the NCIB. Further particulars of the NCIB will be described in a subsequent press release.

Operating and Financial Highlights

Three Months Ended

~~Q1-2025~~ Q1-2026 AL (\$ millions, except as noted)

~~30.02~~ 30.02 Texas Intermediate (US\$/bbl)

~~1.79~~ 1.79 WTIEX natural gas (US\$/Mcf)

~~2.00~~ 2.00 WTI 5A Monthly Index (Cdn\$/Mcf)

~~50.9~~ 50.9 Royalty and other revenue

~~59.0~~ 59.0 Earnings from operations

~~0.28~~ 0.28 Earnings from operations per share, basic (\$) ⁽²⁾⁽⁴⁾

~~0.27~~ 0.27 Dividends paid per share (\$) ⁽³⁾

~~66%~~ 66% Dividend payout ratio (%) ⁽⁴⁾

~~202.0~~ 202.0 Total term debt

~~268.0~~ 268.0 Total debt ⁽⁵⁾

~~1.2~~ 1.2 Net debt to funds from operations for the trailing 12 months (times) ⁽⁵⁾

OPERATING

~~76,200~~ 76,200 Production (boe/d) ⁽⁴⁾

~~6,500~~ 6,500 Canadian production (boe/d) ⁽⁴⁾

~~6,900~~ 6,900 Production (boe/d) ⁽⁴⁾

~~66%~~ 66% Condensate and NGL (%)

~~58.05~~ 58.05 Oil and natural gas realized price (\$/boe) ⁽⁴⁾

~~7.08~~ 7.08 Cash costs (\$/boe) ⁽³⁾⁽⁴⁾

~~55.02~~ 55.02 Break-even (\$/boe) ^{(3) (4)}

ROYALTY INTEREST DRILLING (gross / net)

~~0.2 / 0.3~~ 0.2 / 0.3

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

(2) Calculated based on the basic weighted average number of shares outstanding during the period

(3) Based on the number of shares issued and outstanding at each record date

(4) See Non-GAAP and Other Financial Measures

(5) Net debt is a capital management measures; see Non-GAAP and Other Financial Measures

Drilling and Leasing Activity

In the first quarter of 2026, there was an estimated \$1.8 billion in gross third-party capital spent on Freehold's royalty lands. Spending was comprised of \$1.6 billion on our U.S. lands and \$200 million in Canada. This resulted in a total of 223 gross wells (4.9 net) drilled with 68% of drilling in the U.S. and the remaining 32% in Canada, all primarily targeting crude oil properties.

	Three Months Ended					
	Q1 2026		Q4 2025		Q1 2025	
	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾	Gross	Net ⁽¹⁾
Canada	72	4.5	71	2.3	92	3.9
United States	151	0.4	164	0.7	230	0.8
Total	223	4.9	235	3.0	322	4.7

(1) Equivalent net wells are aggregate of the numbers obtained by multiplying each gross well by our royalty interest percentage; U.S. wells on Freehold's lands generally come on production at approximately 10 times the volume that of an average Canadian well in our portfolio.

Canada

In Canada, 72 gross locations (4.5 on a net basis) were drilled with emphasis on our crude oil weighted plays including Viking (27 gross wells) southeast Saskatchewan (16 gross wells), Mannville heavy oil (10 gross wells), and Clearwater (8 gross wells). Canadian natural gas drilling activity continues to be impacted by persistently weak AECO pricing with only 2 gross wells drilled. Activity levels were 15% higher on a net basis as several higher net royalty interest wells were drilled targeting crude oil in the Viking.

Freehold entered into 17 new leases with 8 counterparties during the first quarter of 2026, with southeast Saskatchewan driving most of this activity.

U.S.

During the first quarter of 2026, 151 gross (0.4 net) wells were drilled on Freehold's U.S. lands as activity was focused on crude oil properties with approximately 85% of drilling activity in the Permian basin and 15% in the Eagle Ford basin.

Freehold entered into 5 new leases in the U.S., with the focus continuing to be on the deeper rights which include the Barnett and Woodford formations in the Permian basin which has attracted much attention lately with a number of operators reporting exceptional initial well results. Freehold's most significant U.S. payors include ConocoPhillips, ExxonMobil, Occidental Petroleum and Diamondback Energy and all remain active with their ongoing drilling programs.

Annual Meeting of Shareholders

Freehold's annual meeting of shareholders (the AGM) will be conducted in person and via live audio webcast at 3:00 PM (MDT) on Wednesday May 13, 2026 at the Eighth Avenue Place Conference Centre located at Suite 400, 525 - 8 Avenue SW, Calgary, Alberta. Further details are available on our website at <https://freeholdroyalties.com/investors/events-and-presentations>.

Conference Call Details

A webcast to discuss financial and operational results for the period ended March 31, 2026, will be held for the investment community on Wednesday May 13, 2026, beginning at 7:00 AM MT (9:00 AM ET).

To join the call, please register in advance at:

<https://register-conf.media-server.com/register/Ble79f69f9ca1b4eaaa92e015567e39297>.

Once registered, you will receive a unique PIN to access the call.

A live audio webcast will be accessible through the link below and on Freehold's website under "Events & Presentations" on Freehold's website at www.freeholdroyalties.com. To participate in the live webcast, you can register using the following link: <https://edge.media-server.com/mmc/p/d43cmqxn>.

For further information contact

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Select Quarterly Information

	2026		2025		2024			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Financial (\$millions, except as noted)								
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 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 training funds from operations are capital management measures; see Non-GAAP and Other Financial Measures

(5) Weighted average number of shares outstanding during the period, basic

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

Forward-Looking Statements

This news release offers our assessment of Freehold's future plans and operations as of March 10, 2026, and contains forward-looking statements that we believe allow readers to better understand our business and prospects. These forward-looking statements include our expectations for the following:

- our expectation that production levels will continue at a moderate level into the second quarter of 2026, before growing through the latter half of the year;
- that any increase in production resulting from current political volatility is more likely to materialize starting in late 2026 and the reasons therefor;
- our expectation that our liquids-weighted North American asset base will generate meaningful cash flows through evolving commodity markets and macroeconomic conditions, which is expected to support the Company's ability to sustain its dividend and deliver robust, long-term shareholder returns;
- expectations regarding the renewal of the NCIB; and
- other similar statements.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including general economic conditions, volatility in market prices for crude oil, NGL and natural gas, risks and impacts of tariffs (or other retaliatory trade measures) imposed by Canada or the U.S. (or other countries) 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; inflation and supply chain issues, 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, volatility of commodity prices, future production levels, future capital expenditure levels, currency fluctuations, imprecision of reserve estimates, royalties, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, inaccurate assumptions on supply and demand factors affecting the consumption of crude oil, NGLs and natural gas, inaccurate expectations for industry drilling levels on our royalty lands, the failure to complete acquisitions on the timing and terms expected, the failure to satisfy conditions of closing for any acquisitions, the lack of availability of qualified personnel or management, stock market volatility, our inability to come to agreement with third parties on prospective opportunities and the results of any such agreement and our ability to access sufficient capital from internal and external sources. Risks are described in more detail in our Annual Information Form for the year-ended December 31, 2025, available at www.sedarplus.ca.

With respect to forward-looking statements contained in this news release, we have made assumptions regarding, among other things, future commodity prices, future capital expenditure levels, future production levels, future exchange rates, future tax rates, future legislation, the cost of developing and producing our assets, the quality of our counterparties and the plans thereof, our ability and the ability of our lessees to obtain equipment in a timely manner to carry out development activities, our ability to market our crude oil and natural gas successfully to current and new customers, the performance of current wells and future wells drilled by our royalty payors, our expectation for the consumption of crude oil and natural gas, our expectation for industry drilling levels, our expectation for completion of wells drilled, our ability to obtain financing on acceptable terms, shut-in production, production additions from our audit function, our ability to execute on prospective opportunities and our ability to add production and reserves through development and acquisition activities.

You are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be

placed on forward-looking statements. Our actual results, performance, or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. We can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits we will derive from them. The forward-looking information contained in this document is expressly qualified by this cautionary statement. To the extent any guidance or forward-looking statements herein constitute a financial outlook, they are included herein to provide readers with an understanding of management's plans and assumptions for budgeting purposes and readers are cautioned that the information may not be appropriate for other purposes. Our policy for updating forward-looking statements is to update our key operating assumptions quarterly and, except as required by law, we do not undertake to update any other forward-looking statements.

You are further cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS), which are the Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises, requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net income, as further information becomes available and as the economic environment changes.

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.

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

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

Non-GAAP and Other Financial Measures

Within this news release, references are made to terms commonly used as key performance indicators in the oil and gas industry, which do not have any standardized means prescribed by Canadian GAAP. We believe that netback, cash costs, dividend payout ratio and funds from operations per share are useful non-GAAP financial measures and supplementary financial measures, respectively, for management and investors to analyze operating performance, financial leverage, and liquidity, and we use these terms to facilitate the understanding and comparability of our results of operations. However, these as terms do not have any standardized meanings prescribed by GAAP, such terms may not be comparable with the calculations of similar measures for other entities. This news release also contains the capital management measures net debt and net debt to funds from operations for the trailing 12 months, as defined in note 12 to the unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2026.

Netback, which is also calculated on a boe basis, as average realized price less production and ad valorem taxes, operating expenses, general and administrative expense, cash-based management fees, cash-based interest charges and share-based payouts, represents the per boe netback amount which allows us to benchmark how changes in commodity pricing, net of production and ad valorem taxes, and our cash-based cost structure compare against prior periods.

Cash costs, which is calculated on a boe basis, is comprised by the recurring cash-based costs, excluding taxes, reported on the statements of operations. For Freehold, cash costs are identified as operating

expense, general and administrative expense, cash-based interest charges, cash-based management fees and share-based compensation payouts. Cash costs allow Freehold to benchmark how changes in its manageable cash-based cost structure compare against prior periods.

The following table presents the computation of Cash costs and Netback:

\$/boe	Q1 2026	Q4 2025	Q1 2025
Royalty and other revenue	\$55.66	\$46.54	\$62.29
Production and ad valorem taxes	(1.98)	(1.86)	(2.28)
Net revenue	\$53.68	\$44.68	\$60.01
Less:			
General and administrative expense	(3.85)	(4.15)	(3.41)
Operating expense	(0.07)	(0.08)	(0.13)
Interest and financing cash expense	(2.69)	(2.56)	(3.31)
Management fee-cash settled	-	-	(0.05)
Cash payout on share-based compensation	(0.41)	(0.47)	(0.10)
Cash costs	(7.02)	(7.26)	(7.00)
Netback	\$46.66	\$37.42	\$53.01

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 a supplementary measure and is calculated as dividends paid as a percentage of funds from operations.

(\$000s, except as noted)	Q1 2026	Q4 2025	Q1 2025
Dividends paid	\$44,269	\$44,269	\$44,269
Funds from operations	\$59,017	\$51,068	\$68,050
Dividend payout ratio (%)	75%	87%	65%

Funds from operations per share, which is calculated as funds from operations divided by the weighted average shares outstanding during the period, provides direction if changes in commodity prices, cash costs, and/or acquisitions were accretive on a per share basis. Funds from operations per share is a supplementary measure.

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