

NEWS RELEASE

TSX: FRU

Freehold Royalties Ltd. Announces Closing of \$49.6 Million Royalty Acquisition

CALGARY, Alberta, January 17, 2012 – Freehold Royalties Ltd. (Freehold) announces it has closed today the previously announced acquisition of royalty interests on certain producing and non-producing lands in Alberta, British Columbia, and Saskatchewan for \$49.6 million before closing adjustments. The acquisition was funded through Freehold's existing bank line of credit.

Acquisition Highlights:

- Royalty production of approximately 530 barrels of oil equivalent (boe) per day for the remainder of 2012 (90% natural gas) from over 400 producing wells.
- Average 4% contractual gross overriding royalty on over 250,000 gross acres (including over 51,000 undeveloped acres valued at \$1.3 million).
- Based on the purchase price (net of undeveloped land value) the cost of acquired production is \$93,146 per boe per day and for proved plus probable reserves is \$16.06 per boe.
- The acquisition provides exposure to:
 - the Alberta Deep Basin, with future growth potential from multiple zone gas development that utilizes both vertical and horizontal wells.
 - the British Columbia Montney, characterized by long life gas production from horizontal well development with significant future potential.
 - a diversified package of smaller properties, located primarily in Alberta, with a variety of producing formations and play types, characterized by low risk, established, and consistent production history from over 300 wells.
- Proved plus probable reserves of approximately 3.1 million boe, based on an independent engineering report prepared by GLJ Petroleum Consultants and effective as of November 30, 2011.
- The assets have a long reserve life of 15.9 years on a proved plus probable basis.
- Freehold assumed in its analysis that the majority of future drilling would occur in 2016.

As a result of the acquisition, we have increased our production guidance for 2012 by 7% to 7,600 boe per day; all other operating assumptions (provided in our third quarter report) remain unchanged. The acquisition did not contribute to 2011 production or reserves.

Cautionary Statement Regarding Forward-Looking Information – This news release offers our assessment of Freehold's future plans and operations as at January 17, 2012 and contains forward-looking information including Freehold's expectations for reserves, production (including production guidance for 2012), timing for drilling, and future prospects on the acquired lands. This forward-looking information is provided to allow readers to better understand our business and prospects and may not be suitable for other purposes. By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, taxation, royalties, regulation, competition from other industry participants, the lack of

availability of qualified personnel or management, stock market volatility, and our ability to access sufficient capital from internal and external sources. Risks are described in more detail in Freehold's annual information form for the year ended December 31, 2010 which is available under Freehold's profile on SEDAR at www.sedar.com.

With respect to forward-looking information contained in this news release, we have made assumptions regarding, among other things, future oil and natural gas prices; future capital expenditure levels; future production levels; future exchange rates; 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; our expectation for industry drilling levels; and our ability to obtain financing on acceptable terms.

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 information or statements. Our actual results, performance, or achievement could differ materially from those expressed in, or implied by such forward-looking information. 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 herein is expressly qualified by this cautionary statement. Except as required by law, Freehold does not assume any obligation to publicly update or revise any forward-looking information to reflect new events or circumstances.

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 conversion ratio on a 6:1 basis may be misleading as an indication of value.

Freehold's primary focus is on acquiring and managing oil and gas royalties. The majority of production comes from royalty interests (mineral title and gross overriding royalties). Freehold's common shares trade on the Toronto Stock Exchange in Canada under the symbol FRU.

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