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ROYALTY TRUST

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NEWS RELEASE

Freehold Royalty Trust Announces 2010 Second Quarter Results

CALGARY, ALBERTA, (Marketwire – August 11, 2010) – Freehold Royalty Trust (Freehold or the Trust) (TSX:FRU.UN) today announced second quarter results ended June 30, 2010.

Gross revenue increased 11% and funds generated from operations rose 15%, reflecting higher production and improved oil prices compared with last year. Production rose 5% in the second quarter, aided by royalty acquisitions completed in December 2009 and February 2010. Freehold's production, which remains unhedged, is oil weighted and Unitholders have benefited from the relative strength of oil prices.

RESULTS AT A GLANCE	Three Months Ended June 30			Six Months Ended June 30		
Financial ($000s, except as noted)	2010	2009	Change	2010	2009	Change
Gross revenue	32,424	29,164	11%	68,993	55,782	24%
Net income	9,214	6,776	36%	16,888	9,167	84%
Per Trust Unit, basic and diluted ($)	0.16	0.14	16%	0.29	0.19	57%
Cash provided by operating activities	28,757	21,938	31%	55,974	43,507	29%
Per Trust Unit ($)	0.49	0.44	11%	0.97	0.88	10%
Funds generated from operations (1)	25,197	21,833	15%	52,942	40,452	31%
Per Trust Unit ($)	0.43	0.44	-2%	0.91	0.82	11%
Capital expenditures	4,735	1,661	185%	7,387	3,688	100%
Property and royalty acquisitions (net)	71	-	-	38,470	-	-
Distributions declared	24,436	14,852	65%	48,701	29,693	64%
Per Trust Unit ($) (2)	0.42	0.30	40%	0.84	0.60	40%
Long-term debt, period end	73,000	156,000	-53%	73,000	156,000	-53%
Unitholders' equity, period end	281,005	200,561	40%	281,005	200,561	40%
Trust Units (000s) (3)	58,112	49,495	17%	57,907	49,478	17%
Operating						
Average daily production (boe/d) (4)	7,655	7,295	5%	7,494	7,408	1%
Average price realizations ($/boe) (4)	45.56	42.99	6%	49.89	40.39	24%
Operating netback ($/boe) (1) (4)	40.96	37.56	9%	45.08	35.32	28%

(1) See Non-GAAP Measures.
(2) Based on the number of Trust Units issued and outstanding at each record date.
(3) Weighted average number of Trust Units outstanding during the period, basic.
(4) See Conversion of Natural Gas to Barrels of Oil Equivalent (boe).

August Distribution Announcement

The Board of Directors has declared the August distribution of $0.14 per Trust Unit, which will be paid on September 15, 2010 to Unitholders of record on August 31, 2010 (ex-distribution date August 27, 2010). Including the September 15 payment, our 12-month trailing cash distributions total $1.70 per Trust Unit. Distributions have remained level at $0.14 per Trust Unit since December 2009. The regular monthly distribution will remain fixed at $0.14 per Trust Unit until further notice.

Crude Oil and Natural Gas Markets

Crude oil prices have improved significantly from last year. Quoted in U.S. dollars, the monthly average WTI has ranged between $70 and $85 per barrel. Global markets for crude oil remain volatile, with prices fluctuating in reaction to continuing global uncertainties, particularly the European debt crisis and weak economic conditions in the United States. As a result, we have lowered our WTI pricing assumption for 2010 by 4%.

Markets for heavy oil remain strong, although price differentials for heavy oil have widened following the recent completion of the linefill for TransCanada's Keystone pipeline.

Natural gas supply continues to outstrip demand in North America, keeping natural gas prices low. The second quarter was a typical shoulder season, marked by the end of winter heating demand. Despite improving demand for industrial use and summer cooling, natural gas storage levels remain above the five-year average, largely due to continued U.S. shale gas drilling. Indications are that natural gas prices will remain weak through the third and fourth quarters, although weather could be a wild card. As a result we have lowered our natural gas pricing assumption for 2010 by 5%.

Royalty Lands and Industry Drilling

In May, the Alberta government unveiled changes to the base royalty curves for conventional oil and gas and announced further initiatives to encourage development of Alberta's unconventional and deep resource pools. Freehold will benefit from drilling on any Alberta Crown lands where we have gross overriding royalty interests, and from offset wells that will be drilled on our mineral title lands adjacent to Crown lands. The industry's response to the royalty changes has been favourable, as evidenced by high prices paid at recent Alberta Crown land sales and increased drilling activity in the second quarter of 2010. Despite an extremely wet spring, the well count in western Canada (as reported by the Canadian Association of Oilwell Drilling Contractors) rose 54% from the second quarter last year.

Drilling on our royalty lands is also up significantly from last year, and we are encouraged that industry operators have not stopped drilling for natural gas on our royalty lands despite weak natural gas prices. The increase in well licences is a further positive indicator of future activity on our lands. As at June 30, 2010, there were 119 (4.1 equivalent net) licensed drilling locations on our royalty lands, up from 43 (1.7 equivalent net) locations at the half way point last year.

We are very pleased with the performance to date of our recent royalty acquisitions. These acquisitions involved the creation of new overriding royalties. Ongoing drilling on the lands will contribute to our future production. We are actively pursuing opportunities to acquire additional royalty interests and have $137 million of available capacity under our current credit facilities, which could be used for acquisitions.

Working Interest Properties

On our working interest properties, we drilled three (0.5 net) Dina oil wells at Hayter, two (0.9 net) Bakken oil wells in Southeast Saskatchewan, and one (0.1 net) Cardium oil well at Pembina Cardium Unit #9. We also participated in one (0.2 net) natural gas well at Willesden Green. All were drilled using horizontal drilling technology, and four of the seven wells were completed using multi-stage fracture stimulation techniques. These wells will add to our production in the last half of the year. Capital investment in the first half of 2010 amounted to $7.4 million.

Outlook

Capital investment in 2010 is expected to total $24.0 million. Expenditures will be higher in the last half of the year as we focus on oil development in our three core areas: Southeast Saskatchewan, Hayter, and Pembina Cardium Unit #9. With slightly lower pricing assumptions for both oil and natural gas, we will pay down less debt than previously anticipated by the end of the year. Our other key operating assumptions (detailed in our second quarter report) remain unchanged.

Cash preserved through our distribution reinvestment plan (expected to be approximately $24 million for 2010) enhances our ability to fund our capital program, strengthen our balance sheet, and pursue acquisition opportunities, while also allowing us to pay out a higher percentage of cash flow in the form of distributions.

Corporate Conversion Plans

As announced on May 12, 2010, we are moving forward with our plans to convert Freehold to a corporation at the end of 2010. Further details about the conversion will be announced in the coming months. We currently contemplate that the conversion will permit Unitholders to exchange their Trust Units for common shares of the new corporation on a non-taxable basis. In addition, we expect that Freehold will not pay corporate income tax until 2012.

Freehold's business model will not change as a result of converting to a corporation. We recognize the strength of our royalties, which have allowed us to maintain a high payout ratio historically, and our intention is to continue on the same path. As a corporation, we expect to continue to allocate our cash flow among capital expenditures, acquisitions, periodic debt repayments – and dividends based on after-tax cash flow. We expect to pay dividends on a monthly basis, with the Board reviewing the dividend policy quarterly.

Availability on SEDAR

Freehold's 2010 second quarter report, including unaudited financial statements and Management's Discussion and Analysis, is being filed today with Canadian securities regulators and will be available on SEDAR at www.sedar.com or on our website.

Forward-Looking Statements

This news release offers our assessment of Freehold's future plans and operations as at August 11, 2010, and contains forward-looking statements that we believe allow readers to better understand our business and prospects. Forward-looking statements include our expectations for the following:

- our outlook for commodity prices including supply and demand factors relating to crude oil, heavy oil, and natural gas;
- changing economic conditions;
- industry drilling and development activity on our royalty lands;
- participation in the DRIP and our use of cash preserved through the DRIP;
- estimated capital expenditures and the timing thereof;
- long-term debt at year-end;
- average production and contribution from royalty lands;
- key operating assumptions;
- acquisition opportunities; and
- our corporate conversion plans.

Such statements are generally identified by the use of words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "plan", "intend", "believe", and similar expressions (including the negatives thereof). By their nature, forward-looking statements are 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 our AIF.

With respect to forward-looking statements 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, future participation rates in the DRIP and use of cash preserved through the DRIP, 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 ability to market our oil and natural 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 ability to obtain financing on acceptable terms, and our ability to add production and reserves through development and acquisition activities. The key operating assumptions with respect to the forward-looking statements referred to above are detailed in our second quarter report.

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. 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.

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.

Non-GAAP Measures

Within this news release, references are made to terms commonly used as key performance indicators in the oil and gas industry. We believe that operating netback and funds generated from operations are useful supplemental measures for management and investors to analyze operating performance, and we use these terms to facilitate the understanding and comparability of our 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.

Operating netback, which is calculated as average unit sales price less royalties and operating expenses, represents the cash margin for product sold, calculated on a per boe basis.

Funds generated from operations is a financial term commonly used in the oil and gas industry. It represents cash provided by operating activities before changes in non-cash working capital and is a key measure of our ability to generate cash, finance operations, and pay monthly distributions. Funds generated from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with GAAP. The key difference between cash provided by operating activities and funds generated from operations is changes in non-cash working capital, which is affected by accounts receivable, accounts payable, and accrued liabilities. Accounts receivable, and therefore working capital, can fluctuate greatly between reporting periods due to timing of receipt of payments. In the event that commodity prices and/or volumes have changed significantly from the previous reporting period, a significant difference could occur between cash provided by operating activities and funds generated from operations. All references to funds generated from operations throughout this report are based on cash provided by operating activities before changes in non-cash working capital as per the Statements of Cash Flows. Funds generated from operations per Trust Unit is calculated based on the weighted average number of Trust Units outstanding consistent with the calculation of net income per Trust Unit.

In addition, we refer to various per boe figures, such as revenues and costs, also considered non-GAAP measures, which provide meaningful information on our operational performance. We derive per boe figures by dividing the relevant revenue or cost figure by the total volume of oil and natural gas production during the period, with natural gas converted to equivalent barrels of oil as described above.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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