

PRAIRIESKY ANNOUNCES 2022 THIRD QUARTER RESULTS AND 100% INCREASE TO DIVIDEND

Calgary, Alberta (October 24, 2022)

PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") (TSX: PSK) is pleased to announce its third quarter results for the three-month period ended September 30, 2022 ("**Q3 2022**") and a 100% increase in its quarterly dividend to \$0.24 per common share (\$0.96 per common share annualized).

Third Quarter Highlights:

- Quarterly revenues totaled \$154.7 million, comprised of royalty production revenues of \$146.0 million and other revenues of \$8.7 million, including bonus consideration of \$5.9 million.
- Quarterly funds from operations of \$123.5 million (\$0.52 per common share basic and diluted) were 87% above Q3 2021 due to a combination of robust organic royalty production growth, acquisition royalty volumes and strong commodity pricing, but trailed Q2 2022 by 23% primarily as a result of a decline in benchmark commodity prices.
- Royalty production volumes averaged 24,986 BOE per day, comprised of 11,376 barrels per day of oil, 2,660 barrels per day of NGL and 65.7 MMcf per day of natural gas.
- Declared a third quarter dividend of \$28.7 million (\$0.12 per common share), representing a payout ratio of 23%.
- Net debt totaled \$364.2 million at the end of Q3 2022, a decrease of 43% or \$270.8 million from December 31, 2021 as excess funds from operations were primarily used to retire indebtedness incurred in connection with acquisitions completed during the second half of 2021.
- PrairieSky's Board of Directors has approved a 100% quarterly dividend increase to \$0.24 per common share (\$0.96 per common share annualized) effective for the December 30, 2022 record date.

President's Message

It was an exceptionally busy quarter across PrairieSky's royalty properties as third-party operators spud 286 wells on our lands, a 134% increase compared to Q2 2022 (122 spuds) and a 48% increase compared to Q3 2021 (193 spuds). This material increase in activity was spread across a number of plays spanning from northeast British Columbia to southwest Manitoba. Drilling activity was focused on oil plays with 268 wells spud, including 107 Viking oil wells primarily on fee leases in Saskatchewan and Alberta, and 48 Clearwater oil wells across our 1.3-million-acre Clearwater footprint. Management expects the escalating drilling and field activity throughout 2022 and specifically in Q3 2022 to provide organic growth in royalty production volumes in the fourth quarter of 2022 and into 2023. In addition, during Q3 2022 we entered into 58 distinct leasing arrangements with 46 different counterparties for bonus revenue of \$5.9 million, the highest level of quarterly leasing activity and bonus in several years, which we anticipate will contribute to strong third-party drilling for the balance of 2022 and 2023.

Throughout the first nine months of 2022, PrairieSky has generated organic growth across our land base with royalty volumes increasing by approximately 1,100 BOE per day (5%) from Q1 2022 to Q3 2022. Annual spring breakup conditions and the seasonal reduction in field activity (122 spuds in Q2 2022) impacted Q3 2022 royalty production which declined 4% to 24,986 BOE per day with oil royalty production volumes averaging 11,376 barrels per day. Oil royalty production volumes have increased 20% over Q3 2021, excluding all acquisition royalty volumes, but lagged Q2 2022 by 7% as seasonal road bans impacted transportation of certain oil volumes and new wells came on later in Q3 2022. PrairieSky's Clearwater production continues to grow organically, averaging approximately 1,600 BOE per day in Q3 2022, an increase of 78% compared to Q3 2021 average production of approximately 900 BOE per day. PrairieSky is the largest owner of Clearwater royalty lands with 1.3 million acres and we expect this low-cost play will provide significant royalty production growth and new exploration opportunities for PrairieSky through all commodity cycles. Natural gas production volumes increased 13% over Q3 2021 and remained steady

relative to Q2 2022 at 65.7 MMcf per day, generating \$83.9 million in revenue year to date which has been sufficient to cover substantially all dividends declared by PrairieSky in 2022.

PrairieSky generated quarterly funds from operations of \$123.5 million or \$0.52 per common share (basic and diluted) and declared dividends of \$28.7 million or \$0.12 per common share to shareholders of record on September 30, 2022 with a resulting payout ratio of 23%. With strong quarterly funds from operations over the first nine months of 2022, PrairieSky's net debt has decreased 43% to \$364.2 million from \$635.0 million at December 31, 2021.

PrairieSky's Board of Directors has approved a 100% increase in the quarterly dividend, doubling the annual dividend to \$0.96 per common share, effective for the December 30, 2022 record date. This decision was based on a number of factors including organic oil royalty production growth over the past year, strong leasing and drilling activity tailwinds and net debt decreasing at a faster pace than internally forecasted. Following the 100% dividend increase, PrairieSky expects to maintain a low payout ratio, leaving room for incremental dividend increases on an annual basis and the ability to retire debt over the next several quarters, while maintaining balance sheet flexibility to opportunistically acquire complementary royalty assets or use the normal course issuer bid to repurchase and cancel common shares. PrairieSky remains disciplined in its approach to acquisitions and focused on only adding assets that enhance the value per common share over the near, medium and long term.

With strong commodity pricing for all products, PrairieSky is focused on its core strategies of leasing land, managing controllable costs and royalty and land compliance activities. With leasing transactions at a record high and third-party operators actively drilling, PrairieSky is well positioned to continue to see sustainable organic royalty production growth across the portfolio. We would like to thank our shareholders for their support, and our staff for their continued hard work.

Andrew Phillips, President & CEO

Q3 2022 Financial Highlights

- Funds from operations of \$123.5 million or \$0.52 per common share (basic and diluted) increased 87% over Q3 2021. The increase in funds from operations was driven by a combination of organic growth in royalty production, acquisition royalty volumes and strong commodity pricing. Funds from operations decreased 23% from Q2 2022 primarily as a result of the decrease in benchmark oil and natural gas prices.
- Royalty production revenue totalled \$146.0 million generated from total royalty production volumes of 24,986 BOE per day. A further breakdown is as follows:
 - Oil royalty production volumes averaged 11,376 barrels per day, a 51% increase over Q3 2021. Excluding all acquisition royalty volumes, organic growth in oil royalty production totaled 20% over Q3 2021 inclusive of 219 barrels per day of royalty production from sliding scale royalties. Oil royalty volumes were 7% below Q2 2022 following seasonal breakup when fewer new wells come on production and road bans restrict the transportation and marketing of certain oil volumes.
 - Strong oil royalty production volumes and average WTI pricing of US\$91.68 per barrel combined to generate oil royalty revenue of \$107.6 million in the quarter, a 114% increase over Q3 2021 and 21% below Q2 2022 when WTI pricing averaged US\$108.57 per barrel.
 - Natural gas royalty production volumes totaled 65.7 MMcf per day, 13% above Q3 2021. The increase in natural gas royalty production volumes is attributable to acquisition volumes, organic growth from new wells on stream, including solution gas from oil wells, and compliance recoveries more than offsetting natural declines. Natural gas royalty production volumes remained flat with Q2 2022 as incremental royalty production volumes from new wells on stream offset natural declines.
 - Natural gas royalty revenue totaled \$24.2 million, a 55% increase over Q3 2021 primarily due to stronger natural gas index pricing with daily AECO averaging \$4.08 per Mcf in the quarter and monthly AECO pricing averaging \$5.81 per Mcf in the quarter. Natural gas pricing was stronger than Q3 2021 but down from Q2 2022 due to pipeline maintenance restricting volumes out of Western

- Canada negatively impacting benchmark pricing and resulting in a 34% decrease in natural gas revenue quarter over quarter.
- NGL royalty production volumes averaged 2,660 barrels per day, 2% above Q3 2021 due to new wells on stream and incremental acquisition royalty volumes offsetting natural declines. NGL royalty production volumes decreased 4% from Q2 2022 as fewer new wells came on production following seasonal breakup.
 - NGL royalty revenue totaled \$14.2 million, a 41% increase over Q3 2021 due to increased royalty production volumes and stronger benchmark pricing. NGL royalty revenue decreased 20% from Q2 2022 primarily due to lower benchmark pricing.
 - Other revenue totaled \$8.7 million in Q3 2022 which included \$1.6 million of lease rentals and \$5.9 million in bonus consideration generated from 58 new leasing arrangements with 46 different counterparties. Year to date bonus consideration of \$13.2 million is triple the amount earned in the first 9 months of 2021. In addition, PrairieSky generated \$1.2 million in other income which included \$0.7 million of Potash royalty revenue. Compliance recoveries totaled \$3.3 million in Q3 2022.
 - Cash administrative expenses totaled \$4.9 million or \$2.13 per BOE, down 9% on a per BOE basis from Q3 2021. PrairieSky expects cash administrative expense per BOE to remain below \$3.00 per BOE for 2022.
 - PrairieSky declared a third quarter dividend of \$28.7 million (\$0.12 per common share), representing a 23% payout ratio. Remaining funds from operations were primarily allocated to reducing bank debt.
 - At September 30, 2022, PrairieSky's net debt balance totaled \$364.2 million, a decrease of \$270.8 million from December 31, 2021.

ACTIVITY ON PRAIRIESKY'S ROYALTY PROPERTIES

Third-party operators were active across PrairieSky's royalty properties during Q3 2022. There were 286 wells spud (94% oil) in the quarter, including 146 wells spud on our Fee Lands, 122 wells spud on our GORR acreage and 18 unit wells spud. It was particularly active on our Viking and Clearwater oil plays with 107 and 48 wells spud, respectively. In addition, there were 49 Mannville heavy and light oil wells including 8 wells on the Onion Lake thermal oil project, 16 Mississippian wells, 14 Bakken wells, 11 Cardium wells and 23 additional oil wells spud in the Belly River, Charlie Lake, Doig, Devonian and Jurassic formations. There were 18 natural gas wells spud in Q3 2022, including 5 Spirit River, 4 Mannville, 4 Mississippian, 3 Montney and 2 Cardium wells. PrairieSky's average royalty rate for wells spud in Q3 2022 was 8.9% (Q3 2021 - 6.7%). In the nine months ended September 30, 2022, third-party operators have spud 602 wells on PrairieSky's royalty lands, an increase of 58% over the same period in 2021.

QUARTERLY DIVIDEND INCREASED 100% TO \$0.24 PER SHARE (\$0.96 PER SHARE ANNUALIZED)

PrairieSky is pleased to announce a 100% increase in its quarterly dividend raising it to \$0.24 per common share (annualized dividend of \$0.96 per common share) effective for the December 30, 2022 record date. The Board of Directors considered a number of factors in determining the increase to its dividend level, including current and projected activity levels on PrairieSky's royalty lands, the current commodity price environment, the continued high margin and diversified cash flow from operating activities, debt levels, and the net earnings of the Company. Following the 100% dividend increase, PrairieSky expects to maintain a low payout ratio, leaving room for incremental dividend increases on an annual basis.

FINANCIAL AND OPERATIONAL INFORMATION

The following table summarizes select operational and financial information of the Company for the periods noted. All dollar amounts are stated in Canadian dollars unless otherwise noted.

A full version of PrairieSky's management's discussion and analysis ("MD&A") and unaudited interim condensed consolidated financial statements and notes thereto for the fiscal period ended September 30, 2022 is available on SEDAR at www.sedar.com and PrairieSky's website at www.prairiesky.com.

(millions, except per share or as otherwise noted)	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
FINANCIAL					
Revenues	\$ 154.7	\$ 198.1	\$ 78.1	\$ 492.7	\$ 207.4
Funds from Operations	123.5	159.6	66.2	388.1	171.6
Per Share - basic and diluted ⁽¹⁾	0.52	0.67	0.30	1.63	0.77
Net Earnings	76.2	110.1	33.7	250.2	79.6
Per Share - basic and diluted ⁽¹⁾	0.32	0.46	0.15	1.05	0.36
Dividends declared ⁽²⁾	28.7	28.7	20.0	86.0	49.0
Per Share	0.12	0.12	0.09	0.36	0.22
Acquisitions	2.5	15.6	190.1	24.4	241.8
Net debt at period end ⁽³⁾	364.2	453.9	187.7	364.2	187.7
Common share repurchases	-	-	8.0	-	21.2
Shares Outstanding					
Shares outstanding at period end	238.8	238.8	221.7	238.8	221.7
Weighted average - basic	238.8	238.8	222.2	238.8	222.7
Weighted average - diluted	239.1	239.1	222.6	239.1	223.1
OPERATIONAL					
Royalty Production Volumes					
Crude Oil (bbls/d)	11,376	12,220	7,535	11,595	7,281
NGL (bbls/d)	2,660	2,772	2,603	2,685	2,573
Natural Gas (MMcf/d)	65.7	66.0	58.4	64.1	58.8
Royalty Production (BOE/d) ⁽⁴⁾	24,986	25,992	19,871	24,963	19,654
Realized Pricing					
Crude Oil (\$/bbl)	102.80	122.01	72.63	108.02	65.24
NGL (\$/bbl)	58.02	70.25	42.03	61.47	36.86
Natural Gas (\$/Mcf)	4.00	6.14	2.90	4.80	2.61
Total (\$/BOE) ⁽⁴⁾	63.51	80.44	41.57	69.10	36.83
Operating Netback per BOE⁽⁵⁾	60.64	77.69	38.56	65.39	33.64
Funds from Operations per BOE	53.73	67.48	36.21	56.95	31.98
Oil Price Benchmarks					
Western Texas Intermediate (WTI) (US\$/bbl)	91.68	108.57	70.56	98.13	64.82
Edmonton Light Sweet (\$/bbl)	116.88	138.18	83.78	123.44	75.88
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	(19.86)	(12.80)	(13.58)	(15.73)	(12.51)
Natural Gas Price Benchmarks					
AECO monthly index (\$/Mcf)	5.81	6.27	3.54	5.56	3.11
AECO daily index (\$/Mcf)	4.08	7.24	3.60	5.35	3.28
Foreign Exchange Rate (US\$/CAD\$)	0.7662	0.7820	0.7939	0.7775	0.7995

(1) Net Earnings and Funds from Operations per Share are calculated using the weighted average number of basic and diluted common shares outstanding.

(2) A dividend of \$0.12 per common share was declared on September 12, 2022. The dividend was paid on October 14, 2022 to shareholders of record as at September 30, 2022.

(3) See Note 13 "Capital Management" in the interim condensed consolidated financial statements for the three and six months ended September 30, 2022 and 2021.

(4) See "Conversions of Natural Gas to BOE".

(5) Operating Netback per BOE is defined under the Non-GAAP Measures and Ratios section of this press release.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, October 25, 2022, beginning at 6:30 a.m. MDT (8:30 a.m. EDT). To participate in the conference call, you are asked to register at the link provided below. Details regarding the call will be provided to you upon registration.

Live call participants registration URL:

<https://register.vevent.com/register/BIba077ba399f745b3b33e779f420c50e0>

FORWARD-LOOKING STATEMENTS

This press release includes certain statements regarding PrairieSky's future plans and operations and contains forward-looking statements that we believe allow readers to better understand our business and prospects. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. Forward-looking statements contained in this press release include estimates regarding our expectations with respect to PrairieSky's business and growth strategy; expectations of future organic royalty production growth from PrairieSky's existing royalty asset portfolio, including but not limited to the Clearwater oil play, and contributions from acquisitions; the quality of PrairieSky's existing royalty asset portfolio; leasing leading to third-party drilling and exploration activity on our royalty asset portfolio for the balance of 2022 and 2023; Q3 2022 spuds leading to royalty production growth in the fourth quarter of 2022 and into 2023; PrairieSky maintaining a low payout ratio, balance sheet flexibility and the use of incremental funds from operations including but not limited to additional annual increases to the dividend; collections from compliance activities; the expectation that cash administrative expense will remain below \$3.00 per BOE in 2022; and the expectation that PrairieSky will declare a quarterly dividend of \$0.24 per common share for shareholders of record on December 30, 2022.

With respect to forward-looking statements contained in this press release, we have made several assumptions including those described in detail in our MD&A and the Annual Information Form for the year ended December 31, 2021. Readers and investors are cautioned that the assumptions used in the preparation of such forward-looking information and statements, 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 achievements 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.

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 including inflation, industry conditions, volatility of commodity prices, lack of pipeline capacity, currency fluctuations, imprecision of reserve estimates, competitive factors impacting royalty rates, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, political and geopolitical instability and our ability to access sufficient capital from internal and external sources. In addition, PrairieSky is subject to numerous risks and uncertainties in relation to acquisitions. These risks and uncertainties include risks relating to the potential for disputes to arise with counterparties, and limited ability to recover indemnification under certain agreements. The foregoing and other risks are described in more detail in PrairieSky's MD&A, and the Annual Information Form for the year ended December 31, 2021 under the headings "Risk Management" and "Risk Factors", respectively, each of which is available at www.sedar.com and PrairieSky's website at www.prairiesky.com.

Further, any forward-looking statement is made only as of the date of this press release, and PrairieSky undertakes no obligation to update or revise any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to

reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for PrairieSky to predict all of these factors or to assess in advance the impact of each such factor on PrairieSky's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The forward-looking information contained in this document is expressly qualified by this cautionary statement.

CONVERSIONS OF NATURAL GAS TO 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). PrairieSky uses 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 MEASURES AND RATIOS

Certain measures and ratios in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are considered non-GAAP measures and ratios. These measures and ratios may not be comparable to similar measures and ratios presented by other issuers. These measures and ratios are commonly used in the crude oil and natural gas industry and by PrairieSky to provide potential investors with additional information regarding the Company's liquidity and its ability to generate funds to conduct its business. Non-GAAP measures and ratios include operating netback per BOE, payout ratio, cash administrative expenses and cash administrative expenses per BOE. Management's use of these measures and ratios is discussed further below. Further information can be found in the Non-GAAP Measures and Ratios section of PrairieSky's MD&A.

"Operating Netback per BOE" represents the cash margin for products sold on a BOE basis. Operating netback per BOE is calculated by dividing the operating netback (royalty production revenues less production and mineral taxes and cash administrative expenses) by the average daily production volumes for the period. Operating netback per BOE is used to assess the cash generating and operating performance per unit of product sold and the comparability of the underlying performance between years. Operating netback per BOE measures are commonly used in the crude oil and natural gas industry to assess performance comparability. Refer to the Operating Results table on page 6 of PrairieSky's MD&A.

"Payout Ratio" is calculated as dividends declared as a percentage of funds from operations. Payout ratio is used by dividend paying companies to assess dividend levels in relation to the funds generated and used in operating activities.

"Cash Administrative Expenses" represent administrative expenses excluding the volatility and fluctuations in share-based compensation expense for RSUs, PSUs, ODSUs and DSUs and stock options that were not settled in cash in the current period. Cash administrative expenses are calculated as total administrative expenses, adjusting for share-based compensation expense in the period, plus any actual cash payments made under the RSU, PSU, ODSU or DSU plans. Management believes cash administrative expenses are a common benchmark used by investors when comparing companies to evaluate operating performance.

"Cash Administrative Expenses per BOE" represents cash administrative expenses on a BOE basis and is calculated by dividing cash administrative expenses by the average daily production volumes for the period. Cash administrative expenses per BOE assists management and investors in evaluating operating performance on a comparable basis.

Cash Administrative Expenses

The following table presents the computation of cash administrative expenses:

(\$ millions)	Three Months Ended			Nine Months Ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Total Administrative Expenses	\$ 10.4	\$ 7.0	\$ 4.7	\$ 32.4	\$ 22.2
Share-Based Compensation Expense	(5.5)	(1.8)	(0.4)	(17.0)	(8.1)
Cash Payments Made - Share Unit Awards	-	-	-	5.0	0.7
Cash Administrative Expenses	\$ 4.9	\$ 5.2	\$ 4.3	\$ 20.4	\$ 14.8

ABOUT PRAIRIESKY ROYALTY LTD.

PrairieSky is a royalty company, generating royalty production revenues as petroleum and natural gas are produced from its properties. PrairieSky has a diverse portfolio of properties that have a long history of generating funds from operations and that represent the largest and most consolidated independently-owned fee simple mineral title position in Canada. PrairieSky's common shares trade on the Toronto Stock Exchange under the symbol PSK.

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