



PRAIRIESKY ADJUSTS FREE CASH FLOW ALLOCATION AND MOVES TO A QUARTERLY DIVIDEND EFFECTIVE Q2 2020; DECLARES MARCH DIVIDEND

Calgary, Alberta (March 16, 2020)

PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") (TSX: PSK) announced today that its Board of Directors has adjusted the Company's allocation of free cash flow for the balance of the year.

Over the past week global commodity markets have seen unprecedented volatility resulting from crude oil production and pricing policies implemented by global participants, as well as market reactions to the spread of COVID-19. PrairieSky's Board of Directors has taken decisive action by adjusting the Company's dividend to a level significantly below its anticipated free cash flow. This decision will afford PrairieSky flexibility as the outlook evolves, while paying a meaningful dividend and building cash on its clean balance sheet.

PrairieSky will move to a quarterly dividend commencing in Q2 2020 with the first quarterly dividend to be declared and paid to holders of record on June 30, 2020. The dividend will be adjusted to \$0.24 per common share annually (CDN \$0.06 per common share quarterly) for the balance of 2020, which provides investors with a dividend yield significantly below PrairieSky's free cash flow yield. Based on strip pricing and anticipated lower activity levels for the foreseeable future, the reduced dividend represents a payout ratio below 50%.

Commenting on the change PrairieSky's President and Chief Executive Officer, Andrew Phillips, stated, "Given PrairieSky's long duration, low decline cash flow stream, we believe this decision is prudent and provides PrairieSky with enhanced flexibility during a challenging macro backdrop. The excess free cash flow on top of the dividend will allow the Company to make decisions which improve the business on a per share basis. This may include internally funding acquisition opportunities and making incremental share purchases and cancellations under the normal course issuer bid, both of which are consistent with our long-term plan for dividend increases over time."

PrairieSky also announced today that its Board of Directors has declared a dividend of CDN \$0.065 per common share, payable in cash, on April 15, 2020 to shareholders of record on March 31, 2020. The dividend is designated as an "eligible dividend" for Canadian income tax purposes.

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 commodity pricing, and specifically, crude oil pricing, our expectations with respect to PrairieSky's business and growth strategy, including industry capital expenditures on PrairieSky lands and the Company's expectations regarding future dividends, payout ratio, PrairieSky's capital allocation decisions, amounts allocated to the NCIB, and acquisition opportunities. Future dividends are not guaranteed.

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 period ended December 31, 2019. 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, 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, 2019 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.

NON-GAAP MEASURE

PrairieSky uses the term payout ratio in this document which does not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, is considered a non-GAAP measure. This measure may not be comparable to similar measures presented by other issuers. This measure is 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. Payout ratio is defined below.

"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.

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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