

PRAIRIESKY ANNOUNCES SECOND QUARTER 2024 RESULTS

Calgary, Alberta (July 15, 2024)

PrairieSky Royalty Ltd. ("PrairieSky" or the "Company") (TSX: PSK) is pleased to announce its second quarter ("Q2 2024") operating and financial results for the three-month period ended June 30, 2024.

Second Quarter Highlights:

- Oil royalty production volumes averaged 13,312 barrels per day, another quarterly record, and a 6% increase over Q2 2023. Total royalty production averaged 25,320 BOE per day, an 8% increase over Q2 2023.
- Revenues totaled \$135.6 million for Q2 2024, comprised of royalty production revenues of \$125.5 million and other revenues of \$10.1 million, including bonus consideration of \$6.7 million earned on entering into 55 new leasing arrangements primarily targeting Mannville oil and Duvernay light oil.
- Generated funds from operations of \$106.1 million (\$0.44 per share, basic and diluted), a 16% increase over Q2 2023.
- Declared a second quarter dividend of \$59.7 million (\$0.25 per common share), representing a payout ratio of 56%, with excess cash flow allocated to \$12.3 million of royalty acquisitions related primarily to exploration projects in the Mannville Stack and the balance to reducing net debt, which totaled \$174.6 million as at June 30, 2024.

President's Message

It was another strong quarter of leasing activity across PrairieSky's royalty properties as third-party operators look to expand their drilling inventory. During Q2 2024, PrairieSky entered into 55 new leasing arrangements with 46 different counterparties and generated \$6.7 million in lease issuance bonus consideration. Leasing was most active in the Duvernay light oil play and Mannville oil plays in Alberta and Saskatchewan with incremental leasing across our lands. Year to date, leasing remains on pace with 2022 and 2023, PrairieSky's most active leasing years.

During Q2 2024, there were 115 wells spud on PrairieSky's acreage at a net royalty rate of 6.6%, despite the rainy conditions and resulting impacts of seasonal spring break-up on third-party activity in the field. The lower spud count relative to Q2 2023 was offset by a higher average royalty rate and improved producer capital efficiencies resulting in strong royalty oil volume additions. Multilateral wells are having an increasing contribution to royalty production and have accounted for approximately 32% of wells drilled year to date in 2024, compared to 10% in 2019. The Clearwater oil play was particularly active with 42 wells spud and we continue to see early-stage success in waterfloods at Nipisi and Marten Hills. We anticipate waterfloods and polymer floods will lead to increased recoveries and lower declines at no incremental cost to PrairieSky. In addition, there were 23 Mannville heavy oil wells spud in Q2 2024 with activity focused in the Cold Lake area of Alberta. PrairieSky is also receiving an improved netback on heavy oil as the WCS differential narrowed, averaging US\$13.60 per barrel in Q2 2024 versus US\$19.33 per barrel in the first quarter of 2024, following completion of the Trans Mountain Pipeline expansion.

Third-party operators in the Mannville Stack and Clearwater continue to execute on their drilling programs, providing strong growth in PrairieSky's oil royalty production. Oil royalty production reached 13,312 barrels per day, another record quarter, representing a 6% increase over Q2 2023 and a 1% increase over Q1 2024. Natural gas royalty production and NGL royalty production increased 8% and 19%, respectively, over Q2 2023 but were down from Q1 2024 as lower natural gas pricing has slowed third-party drilling activity on PrairieSky's lands year to date. Total royalty production averaged 25,320 BOE per day in Q2 2024, 8% ahead of Q2 2023 and 3% below Q1 2024. Year to date, PrairieSky's total average royalty production averaged 25,665 BOE per day, 6% ahead of the first half of 2023.

Oil royalty production revenue totaled \$111.1 million, representing 89% of total royalty production revenue of \$125.5 million in Q2 2024. NGL royalty production revenue totaled \$10.0 million in the quarter and natural gas royalty production revenue totaled \$4.4 million due to continued weak natural gas benchmark pricing. Other revenues added \$10.1 million bringing total revenues to \$135.6 million in the quarter which drove funds from operations of \$106.1 million or \$0.44 per share (basic and diluted).

PrairieSky declared a dividend of \$0.25 per share or \$59.7 million in the quarter with a resulting payout ratio of 56%. Excess funds from operations were used primarily to reduce PrairieSky's net debt which totaled \$174.6 million at June 30, 2024, with \$12.3 million used to acquire fee lands and gross overriding royalty interests that are complementary to PrairieSky's existing asset base and primarily targeting Mannville heavy oil.

PrairieSky marked its 10 year anniversary on May 29, 2024. Over our first ten years we have worked to grow our royalty lands, tripling our land base during that time, with a focus on investing in low-cost oil plays which we believe will provide short, medium and long term growth in royalty production volumes and drive our future cash flows. We thank our staff who have worked hard to create a company we are all proud of and our shareholders for their support. We look forward to continuing to develop our differentiated business and believe we are well positioned to generate strong returns over the next decade and beyond.

Andrew Phillips, President & CEO

ACTIVITY ON PRAIRIESKY'S ROYALTY PROPERTIES

Seasonal spring break-up results in a slow down in industry capital activity in Western Canada as melting snow and frost cause the ground to become soft and muddy leading to ensuing road bans and limiting lease access. As a result, third-party operator activity tends to slow down during the second quarter as compared to winter months. During Q2 2024, PrairieSky had 115 wells spud (96% oil wells) on its royalty acreage which included 57 wells on our GORR acreage, 52 wells on our Fee Lands, and 6 unit wells. There were a total of 110 oil wells spud during the quarter which included 42 Clearwater wells, 33 Mannville light and heavy oil wells, 14 Viking wells, 8 Mississippian wells and 13 additional oil wells spud in the Bakken, Belly River, Cardium, Duvernay and Triassic formations. There were 5 Mannville natural gas wells spud in Q2 2024. PrairieSky's average royalty rate for wells spud in Q2 2024 was 6.6% (Q2 2023 - 5.8%).

AUTOMATIC SHARE PURCHASE PLAN

PrairieSky intends to enter into an automatic share purchase plan ("ASPP") with its designated broker. The ASPP has been pre-cleared by the Toronto Stock Exchange (the "TSX") and is expected to be implemented no earlier than July 17, 2024.

The ASPP is intended to facilitate repurchases of common shares at times under the Normal Course Issuer Bid ("NCIB") when the Company would ordinarily not be permitted to make purchases due to regulatory restriction or customary self-imposed blackout periods. Before the commencement of any particular trading black-out period, PrairieSky may, but is not required to, instruct its designated broker to make purchases of common shares under the NCIB during the ensuing black-out period in accordance with the terms of the ASPP. Such purchases will be determined by the designated broker at its sole discretion based on purchasing parameters set by PrairieSky in accordance with the rules of the TSX, applicable securities laws and the terms of the ASPP.

The ASPP will terminate on the earliest of the date on which: (a) the maximum annual purchase limit under the NCIB has been reached; (b) the NCIB expires; or (c) PrairieSky terminates the ASPP in accordance with its terms. The ASPP constitutes an "automatic securities purchase plan" under applicable Canadian securities law.

Outside of pre-determined blackout periods, common shares may be purchased under the NCIB based on management's discretion, in compliance with TSX rules and applicable securities laws. The Corporation's NCIB commenced on June 4, 2024, and will remain active until June 3, 2025, or such earlier date as the NCIB is

completed or is terminated at PrairieSky's election. All purchases of common shares made under the ASPP will be included in determining the number of common shares purchased under the NCIB.

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 June 30, 2024 is available on SEDAR+ at www.sedarplus.com and PrairieSky's website at www.prairiesky.com.

(\$ millions, except per share or as otherwise noted)	Three months ended			Six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
FINANCIAL					
Revenues	135.6	120.7	117.4	256.3	243.5
Funds from operations	106.1	83.0	91.3	189.1	177.6
Per share - basic and diluted ⁽¹⁾	0.44	0.35	0.38	0.79	0.74
Net earnings	60.3	47.5	48.0	107.8	104.8
Per share - basic and diluted ⁽¹⁾	0.25	0.20	0.20	0.45	0.44
Dividends declared ⁽²⁾	59.7	59.7	57.3	119.4	114.6
Per share	0.25	0.25	0.24	0.50	0.48
Dividend payout ratio ⁽³⁾	56%	72%	63%	63%	65%
Acquisitions - including non-cash consideration ⁽⁴⁾	12.3	8.8	15.2	21.1	20.6
Net debt ⁽⁵⁾	174.6	208.3	275.9	174.6	275.9
Shares outstanding					
Shares outstanding at period end	239.0	239.0	238.9	239.0	238.9
Weighted average - basic and diluted	239.0	239.0	238.9	239.0	238.9
OPERATIONAL					
Royalty production volumes					
Crude oil (bbls/d)	13,312	13,142	12,607	13,227	12,411
NGL (bbls/d)	2,308	2,535	1,943	2,421	2,302
Natural gas (MMcf/d)	58.2	62.1	53.8	60.1	56.7
Royalty Production (BOE/d) ⁽⁶⁾	25,320	26,027	23,517	25,665	24,163
Realized pricing					
Crude oil (\$/bbl)	91.75	77.18	78.05	84.51	77.17
NGL (\$/bbl)	47.20	44.18	44.77	45.62	45.89
Natural gas (\$/Mcf)	0.84	1.89	2.23	1.38	3.19
Total (\$/BOE) ⁽⁶⁾	54.47	47.79	50.65	51.10	51.49
Operating netback per BOE ⁽⁷⁾	51.39	39.60	46.64	45.43	45.18
Funds from operations per BOE	46.05	35.04	42.66	40.48	40.61
Oil price benchmarks					
West Texas Intermediate (WTI) (US\$/bbl)	80.57	76.95	73.99	78.76	75.06
Edmonton light sweet (\$/bbl)	105.16	92.18	95.32	98.66	97.18
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	(13.60)	(19.33)	(15.07)	(16.47)	(19.92)
Natural gas price benchmarks					
AECO Monthly Index (\$/Mcf)	1.44	2.05	2.35	1.74	3.34
AECO Daily Index (\$/Mcf)	1.18	2.50	2.45	1.84	2.83
Foreign exchange rate (US\$/CAD\$)	0.7315	0.7411	0.7454	0.7364	0.7425

(1) Funds from operations and net earnings per share are calculated using the weighted average number of basic and diluted common shares outstanding.

(2) A dividend of \$0.25 per share was declared on June 4, 2024. The dividend was paid on July 15, 2024 to shareholders of record as at June 28, 2024.

(3) Dividend payout ratio is defined under the "Non-GAAP Measures and Ratios" section of this press release.

(4) Excluding right-of-use asset additions.

(5) See Note 14 "Capital Management" in the interim condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023 and Note 14 "Capital Management" in the interim condensed consolidated financial statements for the three months ended March 31, 2024 and 2023.

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

(7) 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, July 16, 2024, beginning at 6:30 a.m. MDT (8:30 a.m. EDT). To participate in the conference call, you are asked to register at one of the links provided below. Details regarding the call will be provided to you upon registration.

Live call participant registration

URL: <https://register.vevent.com/register/BI2d85af8df25542d38e81a32daa97645f>

Live webcast participant registration (listen in only)

URL: <https://edge.media-server.com/mmc/p/85rozza9>

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; early-stage success in waterfloods and polymer floods on PrairieSky's Clearwater assets and expectations of increased recoveries and lower declines on PrairieSky's royalty properties; expectations that investing in low-cost oil plays will provide short, medium and long term growth in royalty production volumes and drive future cash flows; PrairieSky's belief that its differentiated business positions it to generate strong returns over the next decade and beyond; and PrairieSky's intention to enter into an ASPP with its designated broker.

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, 2023. 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, increasing interest rates, 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, 2023 under the headings "Risk Management" and "Risk Factors", respectively, each of which is available on SEDAR+ at www.sedarplus.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 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 and dividend payout ratio. 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 for the three and six months ended June 30, 2024 and 2023.

"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 for the three and six months ended June 30, 2024 and 2023 and page 6 of PrairieSky's MD&A for the three months ended March 31, 2024 and 2023.

(\$ millions)	Three months ended			Six months ended	
	June 30	March 31	June 30	June 30	June 30
	2024	2024	2023	2024	2023
Cash from operating activities	99.3	79.7	95.6	179.0	112.8
Other revenue	(10.1)	(7.5)	(9.0)	(17.6)	(18.3)
Amortization of debt issuance costs	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)
Finance expense	3.5	3.7	4.6	7.2	9.1
Current tax expense	19.0	14.7	13.0	33.7	29.5
Net change in non-cash working capital	6.8	3.3	(4.3)	10.1	64.8
Operating netback	118.4	93.8	99.8	212.2	197.6

"Dividend 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.

(\$ millions, except otherwise noted)	Three months ended			Six months ended	
	June 30 2024	March 31 2024	June 30 2023	June 30 2024	June 30 2023
Funds from operations	106.1	83.0	91.3	189.1	177.6
Dividends declared	59.7	59.7	57.3	119.4	114.6
Dividend payout ratio	56%	72%	63%	63%	65%

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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