

PRAIRIESKY ANNOUNCES FIRST QUARTER 2023 RESULTS

Calgary, Alberta (April 17, 2023)

PrairieSky Royalty Ltd. ("PrairieSky" or the "Company") (TSX: PSK) is pleased to announce its first quarter ("Q1 2023") operating and financial results for the three-month period ended March 31, 2023.

First Quarter Highlights:

- Royalty production volumes averaged 24,809 BOE per day and included 12,212 barrels per day of oil royalty production which increased 9% over Q1 2022 and held flat with Q4 2022.
- Quarterly revenues of \$126.1 million were comprised of royalty production revenues of \$116.8 million and other revenues of \$9.3 million, including bonus consideration of \$5.5 million.
- Quarterly funds from operations totaled \$86.3 million (\$0.36 per share basic and diluted).
- Declared a dividend of \$0.24 per share (\$0.96 per share annualized).
- Net debt decreased to \$292.4 million at March 31, 2023, as excess funds from operations over the dividend were used primarily to reduce net debt.

President's Message

PrairieSky's positive momentum continued into the first quarter of 2023 with strong royalty production volumes of 24,809 BOE per day, total revenues of \$126.1 million and funds from operations of \$86.3 million. Oil royalty production volumes averaged 12,212 barrels per day, 9% above Q1 2022 and flat with Q4 2022 as growth from new wells on stream were partially offset by lower sliding scale oil volumes and downtime at one of the thermal oil projects where PrairieSky owns a royalty. Royalty production revenue totaled \$116.8 million driven primarily from oil royalty revenue of \$83.8 million with natural gas royalty revenue contributing an additional \$21.8 million and NGL royalty revenue contributing \$11.2 million. It was a strong quarter for other revenue which totaled \$9.3 million generated from bonus consideration, water disposal fees and record revenue from seismic data licensing to third-party operators.

Third-party leasing of our royalty lands remains active and we had another strong quarter entering into 67 new leases with 57 different counterparties. This is the sixth consecutive quarter of record leasing. Third-party operators spud 214 wells on our Royalty Properties during Q1 2023 with an average royalty rate of 8.2%, an increase of 20 wells over Q1 2022 when 194 wells were spud with an average royalty rate of 6.1%. Activity continues to be spread across our land base spanning from Northeast British Columbia to Southwest Manitoba. Drilling was most active in the Viking with 68 oil wells spud, in the Clearwater with 25 oil wells spud and in the heavy oil region of Western Saskatchewan and Eastern Alberta where 30 Mannville heavy oil wells were spud. There were also 18 Montney liquids-rich natural gas wells spud in Northwest Alberta and British Columbia.

PrairieSky generated quarterly funds from operations of \$86.3 million or \$0.36 per share (basic and diluted). Funds from operations were below Q1 2022 and Q4 2022 primarily due to lower WTI and AECO benchmark pricing in the quarter. In addition, heavy oil differentials were significantly wider than in Q1 2022 which reduced realized pricing, the impact of which was partially offset by a weaker Canadian dollar relative to the US dollar. PrairieSky declared a dividend of \$0.24 per share in the quarter with a resulting payout ratio of 66%. Excess funds from operations were used to reduce net debt, with \$5.4 million used to acquire royalties on undeveloped land that are complementary to PrairieSky's existing asset base. Net debt decreased \$22.7 million to \$292.4 million at March 31, 2023 from \$315.1 million at December 31, 2022.

The growing level of leasing activity across our land base and the continued expansion of drilling activity across a number of plays is encouraging. We entered 2023 optimistic that our royalty lands would continue to attract third-party activity and we saw that over Q1 2023 which we expect will lead to sustainable and

growing production volumes. We would like to thank our shareholders for their support, and our staff for their continued hard work.

Andrew Phillips, President & CEO

Q1 2023 Financial Highlights

- Funds from operations totaled \$86.3 million or \$0.36 per share (basic and diluted) in the quarter, below Q1 2022 and Q4 2022 due to weaker WTI and AECO benchmark pricing.
- Royalty production averaged 24,809 BOE per day, an increase of 4% over Q1 2022 and 4% below Q4 2022, which generated total royalty production revenue of \$116.8 million. A breakdown is as follows:
 - Oil royalty production volumes averaged 12,212 barrels per day, an increase of 9% over Q1 2022 and flat with Q4 2022. Organic growth in oil royalty volumes from new wells on stream more than offset the combined impact of natural declines, operational downtime in March at one of the thermal oil projects where we own a royalty and lower sliding scale royalty volumes as a result of a drop in WTI benchmark pricing.
 - Increased oil royalty production volumes combined with average WTI benchmark pricing of US\$76.13 per barrel to generate oil royalty revenue of \$83.8 million in Q1 2023. WTI benchmark pricing remained strong during the quarter but was 19% below Q1 2022 when WTI benchmark pricing averaged US\$94.29 per barrel and 8% below Q4 2022 when WTI benchmark pricing averaged US\$82.64 per barrel. During the quarter, oil royalty revenue was negatively impacted by wider heavy oil differentials which averaged US\$24.78 per barrel as compared to Q1 2022 when heavy oil differentials averaged US\$14.53 per barrel. This impact was partially offset by a weaker Canadian dollar relative to the US dollar. Heavy oil differentials and the US to Canadian dollar exchange rate were relatively flat from Q4 2022 to Q1 2023.
 - During Q1 2023, natural gas royalty production volumes averaged 59.6 MMcf per day, flat with Q1 2022 and 10% below Q4 2022 as royalty volumes from new wells on stream (including solution gas from oil wells) were offset by declines and the impacts of higher-than-estimated volume freeze offs in December 2022 and certain production in British Columbia being temporarily shut in due to transportation constraints.
 - Natural gas royalty revenue totaled \$21.8 million, a decrease of 5% from Q1 2022, primarily due to lower natural gas daily AECO pricing which averaged \$3.22 per Mcf in the quarter, down 32% from Q1 2022. Q1 2023 natural gas revenue decreased 33% from Q4 2022 due to a combination of lower royalty production volumes, lower benchmark AECO pricing and temporarily shut-in production in British Columbia which was sold at stronger Sumas index pricing in Q4 2022 and January 2023.
 - NGL royalty production volumes averaged 2,664 barrels per day in the quarter flat with both Q1 2022 and Q4 2022 as production from new wells on stream offset natural declines.
 - NGL royalty revenue totaled \$11.2 million, a decrease of 15% from Q1 2022 and 17% from Q4 2022 due to lower benchmark pricing resulting in PrairieSky realizing NGL pricing of \$46.71 per barrel in Q1 2023, down 16% from \$55.66 per barrel in Q1 2022 and 14% from \$54.56 per barrel in Q4 2022.
- Lease bonus consideration totaled \$5.5 million, earned upon entering into 67 new leasing arrangements with 57 different counterparties. In addition, PrairieSky generated \$1.1 million in lease rentals and \$2.7 million in other income primarily related to fees for water disposal, the licensing of our seismic data and potash royalty revenue. Compliance recoveries totaled \$2.6 million in Q1 2023.
- PrairieSky's cash administrative expenses totaled \$17.2 million or \$7.70 per BOE. Annual long-term incentive payments vest and are paid in the first quarter. Due to strong share price and corporate performance, PrairieSky's long-term incentive payments totaled \$10.9 million in the quarter for all staff and executive, as compared to \$5.0 million in Q1 2022.
- PrairieSky declared a first quarter dividend of \$57.3 million (\$0.24 per share), representing a 66% payout ratio with remaining funds from operations primarily used to reduce net debt. At March 31, 2023, net debt totaled \$292.4 million, a decrease of 7% or \$22.7 million from December 31, 2022 when net debt totaled \$315.1 million.

ACTIVITY ON PRAIRIESKY'S ROYALTY PROPERTIES

It was another busy quarter on PrairieSky's royalty properties as third-party operators spud 214 wells (87% oil), including 116 wells on our Fee Lands, 85 wells on our GORR acreage, and 13 unit wells. There were 186 oil wells spud which included 68 Viking wells, 42 Mannville light and heavy oil wells, 25 Clearwater wells, 18 Mississippian wells, 10 Bakken wells, 6 Duvernay wells and 17 additional oil wells spud in the Belly River, Cardium, Charlie Lake, Devonian, Dunvegan, Jurassic, Nisku and Triassic formations. There were 28 natural gas wells spud in Q1 2023, including 18 Montney wells, 2 Spirit River wells, 2 shallow natural gas wells and an additional 6 natural gas wells in the Cardium, Mannville and Viking formations. PrairieSky's average royalty rate for wells spud in Q1 2023 was 8.2% (Q1 2022 - 6.1%).

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 March 31, 2023 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		
	March 31, 2023	December 31, 2022	March 31, 2022
FINANCIAL			
Revenues	\$ 126.1	\$ 150.6	\$ 139.9
Funds from Operations	86.3	119.5	105.0
Per Share - basic and diluted ⁽¹⁾	0.36	0.50	0.44
Net Earnings	56.8	67.3	63.9
Per Share - basic and diluted ⁽¹⁾	0.24	0.28	0.27
Dividends declared ⁽²⁾	57.3	57.3	28.7
Per Share	0.24	0.24	0.12
Acquisitions	5.4	6.2	6.3
Net debt at period end ⁽³⁾	292.4	315.1	568.9
Shares Outstanding			
Shares outstanding at period end	238.9	238.9	238.8
Weighted average - basic	238.9	238.8	238.8
Weighted average - diluted	238.9	239.2	239.0
OPERATIONAL			
Royalty Production Volumes			
Crude Oil (bbls/d)	12,212	12,166	11,188
NGL (bbls/d)	2,664	2,681	2,621
Natural Gas (MMcf/d)	59.6	66.4	60.5
Royalty Production (BOE/d) ⁽⁴⁾	24,809	25,914	23,892
Realized Pricing			
Crude Oil (\$/bbl)	76.25	88.36	97.99
NGL (\$/bbl)	46.71	54.56	55.66
Natural Gas (\$/Mcf)	4.05	5.30	4.20
Total (\$/BOE) ⁽⁴⁾	52.31	60.74	62.64
Operating Netback per BOE⁽⁵⁾	43.80	57.89	56.97
Funds from Operations per BOE	38.65	50.12	48.83
Oil Price Benchmarks			
Western Texas Intermediate (WTI) (US\$/bbl)	76.13	82.64	94.29
Edmonton Light Sweet (\$/bbl)	99.04	110.04	115.66
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	(24.78)	(25.66)	(14.53)
Natural Gas Price Benchmarks			
AECO monthly index (\$/Mcf)	4.34	5.58	4.59
AECO daily index (\$/Mcf)	3.22	5.11	4.74
Foreign Exchange Rate (US\$/CAD\$)	0.7397	0.7365	0.7842

(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 \$0.24 per share was declared on March 13, 2023. The dividend was paid on April 14, 2023 to shareholders of record as at March 31, 2023.

(3) See Note 14 "Capital Management" in the interim condensed consolidated financial statements for the three months ended March 31, 2023 and 2022 and Note 15 "Capital Management" in the audited consolidated financial statements for the years ended December 31, 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.

2023 INVESTOR DAY

PrairieSky will be hosting an investor day on May 17, 2023, in Toronto, Ontario, where PrairieSky will present details on the Company's crude oil and natural gas plays. The investor day will be a live webcast starting at 9:00 a.m. EDT. Interested parties may participate in the webcast which will be available through PrairieSky's investor center at www.prairiesky.com. A copy of materials will also be available on PrairieSky's website at www.prairiesky.com. The webcast will be archived and accessible for replay after the event.

NORMAL COURSE ISSUER BID

PrairieSky will apply to extend its normal course issuer bid ("NCIB") for an additional one-year period. Under the renewed NCIB, and subject to prior approval of the TSX, PrairieSky intends to request the repurchase limit be set at 10% of the public float at the applicable time.. The NCIB has been approved by the Company's board of directors; however, it is subject to acceptance by the TSX and, if accepted, will be made in accordance with the applicable rules and policies of the TSX and applicable securities laws. Under the NCIB, common shares may be repurchased in open market transactions on the TSX, and/or other Canadian exchanges or alternative trading systems. The price that PrairieSky will pay for common shares in open market transactions will be the market price at the time of purchase. Common shares acquired under the NCIB will be cancelled.

PrairieSky will file a Notice of Intention to Make an NCIB to purchase and cancel up to 10% of the public float. The 10% limit would be set based on the issued and outstanding shares, after excluding common shares beneficially owned by directors and executive officers of PrairieSky and persons who beneficially own or exercise control or direction over more than 10% of the issued and outstanding common shares of PrairieSky, which for illustrative purposes would be 166,055,047 common shares as of April 17, 2023. The actual number of common shares that may be purchased, and the timing of any such purchases, will be determined by PrairieSky based on its assessment of capital allocation priorities. The NCIB is expected to commence shortly after regulatory approvals are obtained and upon expiry of the current program on May 25, 2023. Common shares may be repurchased under the program over a period of up to one year. As of March 31, 2023, PrairieSky has not purchased any common shares under its current normal course issuer bid that commenced on May 26, 2022 and runs to May 25, 2023. Since instituting the normal course issuer bid in 2016 to March 31, 2023, PrairieSky has purchased and cancelled an aggregate of 16.7 million common shares at a weighted average price per share of \$14.77.

PrairieSky will be entering into an automatic purchase plan with its broker in order to facilitate purchases of its common shares. The automatic purchase plan allows for purchases by the Company of its common shares at any time, including, without limitation, when the Company would ordinarily not be permitted to make purchases due to regulatory restriction or self-imposed blackout periods. Purchases will be made by PrairieSky's broker based upon the parameters prescribed by the TSX and the terms of the parties' written agreement.

PrairieSky believes renewing the NCIB as part of its capital management strategy is in the best interests of the Company and represents an attractive opportunity to use cash resources to reduce PrairieSky's share count over time and thereby enhance the value of the shares held by remaining shareholders. The Board currently intends to evaluate the NCIB, and the level of purchases thereunder, on an annual basis in conjunction with PrairieSky's annual financial results. The next regularly scheduled review will be in February 2024.

Decisions regarding increases to the NCIB will be based on market conditions, share price, best use of funds from operations, and other factors including debt repayment and options to expand our portfolio of royalty assets.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, April 18, 2023, 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/Bla3b42360c77d49b4bbdecd979149830e>

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; estimates regarding the quality of PrairieSky's existing royalty asset portfolio; third-party activity over Q1 2023 leading to sustainable and growing production volumes; expectations that our royalty lands will continue to attract third-party activity; and the application of PrairieSky to renew the NCIB, and the timing thereof, the number of common shares which may be purchased under the NCIB in the future and the factors in determining the timing and quantum of such purchases, and PrairieSky's belief that repurchasing such common shares under the NCIB is a good allocation of PrairieSky's capital resources.

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, 2022. 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, 2022 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 starting on page 6 of PrairieSky's MD&A and page 7 of PrairieSky's MD&A for the years ended December 31, 2022 and 2021.

"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 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		
	March 31, 2023	December 31, 2022	March 31, 2022
Total Administrative Expenses	\$ 10.9	\$ 16.4	\$ 15.0
Share-Based Compensation Expense	(4.6)	(11.3)	(9.7)
Cash Payments Made - Share Unit Awards	10.9	-	5.0
Cash Administrative Expenses	\$ 17.2	\$ 5.1	\$ 10.3

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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