



PRAIRIESKY ANNOUNCES 2020 FIRST QUARTER RESULTS

Calgary, Alberta (April 20, 2020)

PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") (TSX: PSK) is pleased to announce its first quarter ("**Q1 2020**") operating and financial results for the period ended March 31, 2020.

First Quarter 2020 Highlights:

- Royalty production averaged 22,160 BOE per day (52% liquids), in line with royalty production in Q4 2019 of 22,203 BOE per day (53% liquids) and Q1 2019 of 22,007 BOE per day (52% liquids).
- Revenues totaled \$52.7 million, comprised of royalty production revenues of \$49.1 million and other revenues of \$3.6 million.
- Funds from Operations totaled \$46.5 million (\$0.20 per common share basic and diluted).
- First quarter dividends declared of \$45.4 million (\$0.1950 per share), representing a payout ratio of 98%.
- Common share repurchases of \$5.0 million under the normal course issuer bid ("**NCIB**").

PRESIDENT'S MESSAGE

PrairieSky's high margin, low cost business model and financial strategy provides a stable and sustainable business platform that is well positioned to withstand the unprecedented global health crisis that we are currently experiencing. PrairieSky remains committed to maintaining a strong balance sheet and at March 31, 2020, PrairieSky had a minor working capital deficiency of \$5.2 million and no long-term debt.

Despite unprecedented volatility in commodity prices and instability in the global economy more broadly, PrairieSky delivered a strong first quarter with funds from operations of \$46.5 million. Funds from operations were generated primarily from royalty revenues of \$49.1 million from average royalty production volumes of 22,160 BOE per day, which were consistent with both Q4 2019 royalty production volumes of 22,203 BOE per day and Q1 2019 royalty production volumes of 22,007 BOE per day. During Q1 2020, natural gas royalty production volumes averaged 63.8 MMcf per day (Q4 2019 - 63.0 MMcf per day) and generated \$9.1 million of royalty revenue compared to Q4 2019 natural gas royalty revenue of \$9.8 million as the average of monthly and daily AECO benchmark pricing declined. NGL royalty revenue for Q1 2020 totaled \$7.0 million, generated from average royalty production of 2,945 barrels per day, an increase from Q4 2019 NGL royalty revenue of \$6.7 million and average NGL royalty production of 2,819 barrels per day. NGL realized pricing was up in the quarter as compared to Q4 2019 despite lower benchmark pricing due to an increased percentage of higher priced plant condensate volumes. Average oil royalty production volumes of 8,582 barrels per day delivered oil royalty revenue of \$33.0 million down from Q4 2019 oil royalty revenue of \$46.9 million on average royalty production volumes of 8,884 barrels per day. The decrease in revenue was primarily due to the significant decline in West Texas Intermediate ("WTI") benchmark pricing in March 2020, as well as wider Canadian light and heavy oil differentials which impacted PrairieSky's realized pricing.

Other revenue in the quarter totaled \$3.6 million (Q4 2019 - \$3.7 million) and included \$0.7 million of lease rentals, \$0.5 million in other income, and \$2.4 million in bonus consideration from entering 26 new leases with 23 different counterparties. Leasing was focused on crude oil targets across a number of plays in both Alberta and Saskatchewan.

During the quarter, 170 wells (99% oil) were spud on PrairieSky lands which was ahead of Q4 2019 spuds of 150 wells (99% oil) but below Q1 2019 when 209 wells (93% oil) were spud. There were 77 wells spud on Fee Lands (Q4 2019 - 50 wells; Q1 2019 - 70 wells), 79 wells spud on GORR lands (Q4 2019 - 67 wells; Q1 2019 - 73 wells) and 14 wells spud on unitized lands (Q4 2019 - 33 wells; Q1 2019 - 66 wells). The average royalty rate of wells spud in the quarter was approximately 8.5%, up from approximately 6.0% in Q4 2019 and approximately 5.8% in Q1 2019 when there were a number of unitized lands drilled resulting in lower average net royalty rates. Wells spud included 86 Viking wells in Alberta and Saskatchewan, 22 Mannville heavy oil wells, 16 Bakken wells and 12 Clearwater wells. Other crude oil activity targeted a number of different plays including the Duvernay, Cardium and Mississippian. There were also 2 Mannville natural gas wells spud in the quarter.

Cash administrative expenses totaled \$3.47 per BOE in the quarter and included the annual long-term incentive settlement for all PrairieSky employees and executive of \$1.7 million (2019 - \$2.2 million). PrairieSky's staff continued their focus on ensuring timely and accurate royalty payments, collecting compliance recoveries totaling \$1.8 million in the quarter.

During Q1 2020, PrairieSky repurchased 0.5 million common shares for \$5.0 million under its NCIB. PrairieSky intends to apply to the Toronto Stock Exchange ("TSX") to renew its NCIB for an additional one-year period. Subject to regulatory approval, PrairieSky intends to apply to purchase up to a maximum of 11.6 million of its currently issued and outstanding common shares over a period of twelve months, which represents 5% of the common shares issued and outstanding as of April 20, 2020. The actual number of common shares that may be purchased will be determined by PrairieSky based on available free cash flow. Any common shares that are purchased under the NCIB will be cancelled upon their purchase by PrairieSky. Management believes a normal course issuer bid provides an opportunity to use excess cash resources to reduce PrairieSky's share count over time, representing an investment in PrairieSky's high quality asset base and enhancing value for shareholders.

In March, PrairieSky took decisive action and adjusted to a quarterly dividend effective Q2 2020 of \$0.06 per common share (\$0.24 per common share annually). This adjusted free cash flow allocation strategy is expected to provide PrairieSky with opportunities to continue to improve the business in the near, medium and long term, while paying a sustainable dividend as the outlook for both Canadian and global energy evolves.

The novel coronavirus (COVID-19) pandemic has prompted the Government of Alberta to declare a state of public health emergency. Alongside government and public health officials, we are actively monitoring COVID-19 updates and we are following the latest guidance. As the COVID-19 pandemic continues to evolve, PrairieSky is prioritizing the health and safety of our workforce by directing our employees to work remotely from home. All PrairieSky employees have been working from home since we implemented our business continuity plan in early March 2020. This preparation, along with a dedicated team, has led to a smooth transition. We appreciate the continued efforts of our staff during this time and we want to thank our shareholders for their ongoing support. Please contact Pam Kazeil, our Chief Financial Officer, at 587-293-4089 or myself at 587-293-4005 with any questions.

Andrew Phillips, President & CEO

FINANCIAL AND OPERATIONAL INFORMATION

The following table summarizes selected 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, 2020 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	
	2020	2019
FINANCIAL		
Revenues	\$ 52.7	\$ 73.2
Funds from Operations	46.5	57.8
Per Share – basic and diluted ⁽¹⁾	0.20	0.25
Net Earnings and Comprehensive Income	8.6	26.4
Per Share - basic and diluted ⁽¹⁾	0.04	0.11
Dividends declared ⁽²⁾	45.4	45.6
Per Share	0.1950	0.1950
Acquisitions, including non-cash consideration	0.5	1.6
Working Capital (Deficiency) at period end	(5.2)	(6.2)
Shares Outstanding		
Shares outstanding at period end	232.6	233.9
Weighted average – basic	233.0	234.0
Weighted average – diluted	233.4	234.2
OPERATIONAL		
Royalty Production Volumes		
Crude Oil (bbls/d)	8,582	8,904
NGL (bbls/d)	2,945	2,586
Natural Gas (MMcf/d)	63.8	63.1
Total (BOE/d) ⁽³⁾	22,160	22,007
Realized Pricing		
Crude Oil (\$/bbl)	\$ 42.30	\$ 57.75
NGL (\$/bbl)	26.10	39.00
Natural Gas (\$/Mcf)	1.57	1.97
Total (\$/BOE) ⁽³⁾	\$ 24.35	\$ 33.58
Operating Netback per BOE⁽⁴⁾	\$ 21.48	\$ 29.49
Funds from Operations per BOE	\$ 23.06	\$ 29.18
Oil Price Benchmarks		
Western Texas Intermediate (WTI) (US\$/bbl)	\$ 46.17	\$ 54.90
Edmonton Light Sweet (\$/bbl)	\$ 51.44	\$ 66.53
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	\$ (20.53)	\$ (12.28)
Foreign Exchange Rate (US\$/CAD\$)	0.7450	0.7535
Natural Gas Price Benchmarks		
AECO monthly index (\$/Mcf)	\$ 2.14	\$ 1.94
AECO daily index (\$/Mcf)	\$ 2.03	\$ 2.62

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

(2) A dividend of \$0.065 per common share was declared on March 16, 2020. The dividend was paid on April 15, 2020 to shareholders of record as at March 31, 2020.

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

(4) A non-GAAP measure which is defined under the Non-GAAP Measures section in the MD&A.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, April 21, 2020 beginning at 6:30 a.m. MDT (8:30 a.m. EDT). To participate in the conference call, approximately 10 minutes prior to the conference call, please dial:

(844) 657-2668 (toll in free in North America)
(612) 979-9882 (International)

VIRTUAL ANNUAL GENERAL MEETING

As the City of Calgary and the Province of Alberta have declared a state of public health emergency, and to support efforts to combat the spread of COVID-19, PrairieSky has made the decision to change its in person annual general meeting to a virtual format. PrairieSky's annual general meeting of holders of common shares scheduled for Tuesday, April 21, 2020 at 9:30 a.m. (MDT) at the Calgary Petroleum Club has been changed to a virtual meeting to be held at the same time and on the same date. We believe hosting a virtual meeting in the face of the COVID-19 pandemic is in the best interests of all stakeholders and the broader community. Shareholders will not be able to attend the annual general meeting in person.

The virtual meeting will be conducted via live audio webcast at <https://web.lumiagm.com/285970493> commencing at 9:30 a.m. (MDT) on April 21, 2020. Shareholders will have an opportunity to participate at the annual general meeting online regardless of their geographic location. Below is some additional information on attending the virtual meeting. Further details will be provided on our website at www.prairiesky.com/investors.

Registered shareholders and duly appointed proxyholders will be able to listen to the virtual meeting, ask questions and vote online, all in real time, provided they are connected to the Internet and properly follow the instructions contained on the website.

Non-registered (beneficial) shareholders who have not duly appointed themselves as proxyholders may still attend the virtual meeting as guests. Guests will be able to listen to the meeting but will not be able to vote at the meeting or ask questions.

- <https://web.lumiagm.com/285970493> in your web browser.
- Password: **prairie2020** (case sensitive)
- If you have voting rights, select "Login" and follow the instructions.
- If you do not have voting rights, select "Guest" and fill in the form.

We recommend that you log in to the webcast at least one hour before the time of the virtual meeting.

PrairieSky encourages all shareholders to participate in the virtual annual general meeting. If you are unable to attend the virtual meeting, we encourage you to complete the form of proxy or voting instruction form previously mailed to you and return it within the time frames indicated on such forms so that your vote is counted at the virtual meeting.

Please note that in light of the rapidly evolving environment related to the COVID-19 outbreak, the ability to hold the virtual meeting as planned could be compromised. Should PrairieSky be required to alter its plans regarding the virtual meeting, leading to a cancellation or postponement, the details of any such change would be communicated via press release and made available on the Company's website at www.prairiesky.com.

NORMAL COURSE ISSUER BID

PrairieSky will apply to extend its NCIB for an additional one-year period. Under the renewed NCIB, and subject to prior approval of the TSX, PrairieSky intends to repurchase up to 11.6 million common shares over a 12-month period. 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 a NCIB to purchase and cancel up to 5% of the issued and outstanding common shares. The 5% limit would be set based on the issued and outstanding shares as at April 29, 2020, which for illustrative purposes would be 11.6 million common shares as of April 20, 2020. The actual number of common shares that may be purchased, and the timing of any such purchases, will be determined by PrairieSky based on the amount available free cash flow. The NCIB is expected to commence shortly after regulatory approvals are obtained and upon expiry of the current program on May 12, 2020. Common shares may be repurchased under the program over a period of up to one year. As of March 31, 2020, PrairieSky has purchased and cancelled an aggregate of 1.1 million common shares at a weighted average price per share of \$14.46 under a normal course issuer bid that commenced on May 13, 2019 and runs to May 12, 2020. Since instituting the normal course issuer bid in 2016 to March 31, 2020, PrairieSky has purchased and cancelled an aggregate of 5.7 million common shares at a weighted average price per share of \$24.24.

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 2021.

While PrairieSky currently intends to only purchase up to 11.6 million common shares over the next 12 months, the Company's board of directors may consider, from time to time, applying to the TSX to increase the amount of NCIB purchases. Decisions regarding increases to the NCIB will be based on market conditions, share price, best use of funds from operations, and other factors including other options to expand our portfolio of royalty assets.

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, improvement in the business in the near, medium and long term, future collections from compliance activities and future activity on PrairieSky's lands, and the Company's expectations regarding future dividends, 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 investment of PrairieSky's cash 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 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.

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

Certain measures in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures 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 include operating netback per BOE, payout ratio and cash administrative expenses per BOE. Management's use of these measures is discussed further below. Further information can be found in the Non-GAAP Measures 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 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.

"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 per BOE" represents cash administrative expenses on a BOE basis. Cash administrative expenses per BOE is calculated by dividing cash administrative expenses (administrative expenses excluding the volatility and fluctuations in share-based compensation expense that was not settled in cash in the current period) 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	
	2020	2019
Total Administrative Expenses	\$ 4.5	\$ 6.7
Share-Based Compensation Recovery (Expense)	0.8	(1.3)
Cash Payments made under RSU and PSU Plans ⁽¹⁾	1.7	2.2
Cash Administrative Expenses	\$ 7.0	\$ 7.6

⁽¹⁾ See PrairieSky's MD&A for details on its share-based compensation plans.

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.

FOR FURTHER INFORMATION PLEASE

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