

## PRAIRIESKY ANNOUNCES THIRD QUARTER 2024 RESULTS

Calgary, Alberta (October 28, 2024)

PrairieSky Royalty Ltd. ("PrairieSky" or the "Company") (TSX: PSK) is pleased to announce its third quarter ("Q3 2024") operating and financial results for the three-month period ended September 30, 2024.

### Third Quarter Highlights:

- Royalty production revenues of \$111.5 million combined with other revenues of \$5.8 million to generate total revenues of \$117.3 million for Q3 2024. Other revenues included bonus consideration of \$4.1 million earned on entering into 54 new leasing arrangements focused on light and heavy oil targets across a number of different plays.
- Oil royalty production volumes averaged 12,733 barrels per day, a 5% increase over Q3 2023. Total royalty production averaged 24,422 BOE per day, a 4% decrease from Q3 2023 due to shut-ins and declines in natural gas and NGL production primarily as a result of weak benchmark natural gas pricing.
- Funds from operations totaled \$92.4 million or \$0.39 per share, in line with Q3 2023.
- Declared a third quarter dividend of \$59.7 million (\$0.25 per common share), representing a payout ratio of 65%.
- Net debt totaled \$149.6 million as at September 30, 2024, a decrease of \$72.5 million since December 31, 2023.

### President's Message

Third-party operators spud 247 wells on PrairieSky royalty acreage during Q3 2024, consistent with the 246 wells spud in Q3 2023. There were 51 wells spud in the Clearwater, a 13% increase over Q3 2023 with an additional 20 wells spud in the Mannville Stack in the quarter, up 67% over Q3 2023. Multi-lateral drilling continues to increase on our lands accounting for 94 of the spuds in the quarter and bringing year-to-date multi-lateral drilling to 35% of the activity on our royalty lands versus 28% in the first nine months of 2023 ("YTD 2023"). Oil royalty production from the Clearwater and Mannville Stack plays now represents over 20% of total oil royalty production with momentum in these plays expected to continue. Growth in these heavy oil plays helped to drive the over 5% increase over Q3 2023 in oil royalty production which averaged 12,733 barrels per day in the quarter, bringing 2024 year-to-date average oil royalty production to 13,061 barrels per day, an increase of 6% over YTD 2023.

PrairieSky delivered another strong quarter with funds from operations of \$92.4 million (\$0.39 per share), in line with Q3 2023, and bringing year to date 2024 funds from operations to \$281.5 million (\$1.18 per share). Total royalty production revenue of \$111.5 million for Q3 2024 was generated primarily from oil royalty revenue which totaled \$100.7 million and was driven by continued growth in oil royalty volumes. Natural gas royalty production of 57.0 MMcf per day and NGL royalty production of 2,189 barrels per day decreased 11% and 19%, respectively, in the quarter as compared to Q3 2023 due to lower third-party drilling activity as well as shut-in volumes driven by weak natural gas benchmark pricing with daily AECO index pricing averaging \$0.69 per Mcf. Natural gas royalty revenue totaled \$2.6 million and NGL royalty revenue totaled \$8.2 million in the quarter. Other revenues added an incremental \$5.8 million primarily earned on lease bonus consideration as further detailed below. Total royalty production averaged 24,422 BOE per day in Q3 2024, 4% lower than Q3 2023. Year to date, PrairieSky's total average royalty production averaged 25,254 BOE per day, 3% ahead of YTD 2023.

Our team continued to be busy leasing lands issuing 54 new leases to 41 separate counterparties and generating \$4.1 million in lease bonus consideration in the quarter. Leasing activity remains on pace with 2022 and 2023, our most active leasing years on record as third-party operators look to build out their drilling inventories. Leasing continued to be busy in the Duvernay, Mannville and Mannville Stack heavy oil plays as well as in a number of other oil plays.

PrairieSky declared a dividend of \$0.25 per share or \$59.7 million in the quarter with a resulting payout ratio of 65%. Acquisitions in the quarter totaled \$4.7 million, consisting primarily of gross overriding royalty interests complementary to PrairieSky's existing asset base. Excess funds from operations, after the payment of the dividend and acquisition costs, were used to reduce PrairieSky's net debt which totaled \$149.6 million at September 30, 2024, a decrease of \$72.5 million from December 31, 2023.

We continue to be pleased with how the business is performing and the level of activity on our land base which demonstrates the benefits of our strategy of investing in low-cost oil plays and the optionality of owning fee mineral title acreage. I would like to thank our shareholders for their continued support and our dedicated staff for their efforts.

Andrew Phillips, President & CEO

## **ACTIVITY ON PRAIRIESKY'S ROYALTY PROPERTIES**

Activity across PrairieSky's land base increased in Q3 2024 following spring break-up. In the quarter, 247 wells were spud (96% oil wells) on PrairieSky royalty acreage which included 116 wells on our GORR acreage, 94 wells on our Fee Lands, and 37 unit wells. There were a total of 237 oil wells spud during the quarter which included 67 Mannville light and heavy oil wells, 63 Viking wells, 51 Clearwater wells, 20 Mississippian wells, 9 Duvernay light oil wells and 27 additional oil wells spud in the Bakken, Belly River, Cardium, Jurassic, Nisku and Triassic formations. There were 6 Mannville natural gas wells spud in Q3 2024 as well as additional gas wells in the Cardium, Montney and Spirit River formations. PrairieSky's average royalty rate for wells spud in Q3 2024 was 5.3% (Q3 2023 - 7.1%).

## **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 September 30, 2024 is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) and PrairieSky's website at [www.prairiesky.com](http://www.prairiesky.com).

| (\$ millions, except per share or as otherwise noted)                  | Three months ended   |                 |                      | Nine months ended    |                      |
|--|----------------------|-----------------|----------------------|----------------------|----------------------|
|  | September 30<br>2024 | June 30<br>2024 | September 30<br>2023 | September 30<br>2024 | September 30<br>2023 |
| <b>FINANCIAL</b>   |                      |                 |                      |                      |                      |
| Revenues   | 117.3                | 135.6           | 133.1                | 373.6                | 376.6                |
| Funds from operations  | 92.4                 | 106.1           | 93.8                 | 281.5                | 271.4                |
| Per share - basic and diluted <sup>(1)</sup>                           | 0.39                 | 0.44            | 0.39                 | 1.18                 | 1.14                 |
| Net earnings   | 47.3                 | 60.3            | 55.4                 | 155.1                | 160.2                |
| Per share - basic and diluted <sup>(1)</sup>                           | 0.20                 | 0.25            | 0.23                 | 0.65                 | 0.67                 |
| Dividends declared <sup>(2)</sup>                                      | 59.7                 | 59.7            | 57.3                 | 179.1                | 171.9                |
| Per share  | 0.25                 | 0.25            | 0.24                 | 0.75                 | 0.72                 |
| Dividend payout ratio <sup>(3)</sup>                                   | 65%                  | 56%             | 61%                  | 64%                  | 63%                  |
| Acquisitions - including non-cash consideration <sup>(4)</sup>         | 4.7                  | 12.3            | 15.6                 | 25.8                 | 36.2                 |
| Net debt <sup>(5)</sup>  | 149.6                | 174.6           | 253.7                | 149.6                | 253.7                |
| Shares outstanding   |                      |                 |                      |                      |                      |
| Shares outstanding at period end                                       | 239.0                | 239.0           | 239.0                | 239.0                | 239.0                |
| Weighted average - basic and diluted                                   | 239.0                | 239.0           | 238.9                | 239.0                | 238.9                |
| <b>OPERATIONAL</b>   |                      |                 |                      |                      |                      |
| <b>Royalty production volumes</b>                                      |                      |                 |                      |                      |                      |
| Crude oil (bbls/d)   | 12,733               | 13,312          | 12,084               | 13,061               | 12,300               |
| NGL (bbls/d)   | 2,189                | 2,308           | 2,702                | 2,343                | 2,437                |
| Natural gas (MMcf/d)   | 57.0                 | 58.2            | 64.1                 | 59.1                 | 59.2                 |
| Royalty Production (BOE/d) <sup>(6)</sup>                              | 24,422               | 25,320          | 25,469               | 25,254               | 24,604               |
| <b>Realized pricing</b>  |                      |                 |                      |                      |                      |
| Crude oil (\$/bbl)   | 85.90                | 91.75           | 92.53                | 84.97                | 82.25                |
| NGL (\$/bbl)   | 41.10                | 47.20           | 52.01                | 44.20                | 48.18                |
| Natural gas (\$/Mcf)   | 0.50                 | 0.84            | 1.97                 | 1.10                 | 2.74                 |
| Total (\$/BOE) <sup>(6)</sup>  | 49.63                | 54.47           | 54.37                | 50.61                | 52.49                |
| Operating netback per BOE <sup>(7)</sup>                               | 46.65                | 51.39           | 46.09                | 45.81                | 45.49                |
| Funds from operations per BOE  | 41.12                | 46.05           | 40.03                | 40.68                | 40.41                |
| <b>Oil price benchmarks</b>  |                      |                 |                      |                      |                      |
| West Texas Intermediate (WTI) (US\$/bbl)                               | 75.10                | 80.57           | 82.32                | 77.54                | 77.41                |
| Edmonton light sweet (\$/bbl)  | 97.77                | 105.16          | 107.87               | 98.41                | 100.68               |
| Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl) | (13.55)              | (13.60)         | (12.89)              | (15.50)              | (17.57)              |
| <b>Natural gas price benchmarks</b>                                    |                      |                 |                      |                      |                      |
| AECO Monthly Index (\$/Mcf)  | 0.81                 | 1.44            | 2.39                 | 1.43                 | 3.03                 |
| AECO Daily Index (\$/Mcf)  | 0.69                 | 1.18            | 2.60                 | 1.45                 | 2.76                 |
| Foreign exchange rate (US\$/CAD\$)                                     | 0.7341               | 0.7315          | 0.7466               | 0.7354               | 0.7436               |

- (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 September 9, 2024. The dividend was paid on October 15, 2024 to shareholders of record as at September 27, 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 nine months ended September 30, 2024 and 2023 and Note 14 "Capital Management" in the interim condensed consolidated financial statements for the three and six months ended June 30, 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, October 29, 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/BI6e81e4fb949c4b0c82798713998e409d>

### Live webcast participant registration (listen in only)

URL: <https://edge.media-server.com/mmc/p/a5gjt4rd>

## 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, including the benefits of our strategy of investing in low-cost oil plays and the optionality of owning fee mineral title acreage and the expectation that third-party drilling activity in the Clearwater and Mannville Stack heavy oil plays will continue to have momentum.

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](http://www.sedarplus.com) and PrairieSky's website at [www.prairiesky.com](http://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 nine months ended September 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 7 of PrairieSky's MD&A for the three and nine months ended September 30, 2024 and 2023 and page 7 of PrairieSky's MD&A for the three and six months ended June 30, 2024 and 2023.

| (\$ millions)                          | Three months ended   |                 |                      | Nine months ended    |                      |
|--|----------------------|-----------------|----------------------|----------------------|----------------------|
|  | September 30<br>2024 | June 30<br>2024 | September 30<br>2023 | September 30<br>2024 | September 30<br>2023 |
| Cash from operating activities         | 109.6                | 99.3            | 78.1                 | 288.6                | 190.9                |
| Other revenue                          | (5.8)                | (10.1)          | (5.7)                | (23.4)               | (24.0)               |
| Non-cash revenue                       | -                    | -               | 0.5                  | -                    | 0.5                  |
| Amortization of debt issuance costs    | (0.1)                | (0.1)           | -                    | (0.3)                | (0.3)                |
| Finance expense                        | 2.7                  | 3.5             | 4.5                  | 9.9                  | 13.6                 |
| Current tax expense                    | 15.6                 | 19.0            | 14.9                 | 49.3                 | 44.4                 |
| Net change in non-cash working capital | (17.2)               | 6.8             | 15.7                 | (7.1)                | 80.5                 |
| <b>Operating netback</b>               | <b>104.8</b>         | <b>118.4</b>    | <b>108.0</b>         | <b>317.0</b>         | <b>305.6</b>         |

"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   |                 |                      | Nine months ended    |                      |
|---------------------------------------|----------------------|-----------------|----------------------|----------------------|----------------------|
|                                       | September 30<br>2024 | June 30<br>2024 | September 30<br>2023 | September 30<br>2024 | September 30<br>2023 |
| Funds from operations                 | <b>92.4</b>          | 106.1           | 93.8                 | <b>281.5</b>         | 271.4                |
| Dividends declared                    | <b>59.7</b>          | 59.7            | 57.3                 | <b>179.1</b>         | 171.9                |
| <b>Dividend payout ratio</b>          | <b>65%</b>           | 56%             | 61%                  | <b>64%</b>           | 63%                  |

## 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 CONTACT:

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