



PRAIRIESKY ANNOUNCES 2019 FIRST QUARTER RESULTS

Calgary, Alberta (April 22, 2019)

PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") (TSX: PSK) is pleased to announce its first quarter ("**Q1 2019**") operating and financial results for the period ended March 31, 2019.

PRESIDENT'S MESSAGE

First Quarter 2019 Highlights:

- Total revenues of \$73.2 million, up 42% from \$51.6 million in Q4 2018, comprised of royalty production revenues of \$66.5 million and other revenues of \$6.7 million for the first quarter.
- Funds from Operations of \$57.8 million (\$0.25 per common share), up 19% from Q4 2018 funds from operations of \$48.5 million (\$0.21 per common share).
- Average royalty production of 22,007 BOE per day (52% liquids), a decline of 6.9 MMcf per day (1,150 BOE) of natural gas and a modest reduction in overall liquids volumes from Q4 2018.
- Operating netback of \$29.49 per BOE, up 73% from \$17.07 per BOE in Q4 2018.
- Dividends declared in the first quarter of \$45.6 million (\$0.195 per share), representing a payout ratio of 79% and common share repurchases of \$6.3 million under the normal course issuer bid ("**NCIB**"), representing an all-in payout ratio of 90%.

Continued stability in PrairieSky's oil and NGL royalty production volumes (up 3% from Q1 2018), in spite of lower capital expenditures in Western Canada and production curtailments, provided strong funds from operations of \$57.8 million for Q1 2019, up from both Q1 2018 and Q4 2018. Cash flow was used to pay \$45.6 million in dividends (79% payout ratio), \$6.3 million was used to cancel 331,440 million shares, and the remaining \$5.9 million was used to reduce our working capital deficiency by 40% to \$6.2 million and for minor land fund purchases.

Royalty production revenue improved during the quarter as higher realized commodity prices offset reduced overall production volumes, which were a result of curtailments, shut-ins and weather-related downtime given the extreme cold in Western Canada through most of Q1 2019. Prices for crude oil improved in Q1 2019 as Canadian heavy and light oil differentials narrowed significantly following the Alberta government's crude oil production curtailment announcement in December 2018. Oil royalty volumes of 8,904 bbls per day contributed \$46.3 million of royalty revenue in Q1 2019, an increase of 65% (\$18.3 million) from Q4 2018 oil royalty revenue of \$28.0 million on oil volumes of 9,163 bbls per day. The slightly lower oil royalty production volumes were a result of the impact of curtailments, a measured approach by producers in both bringing back shut in volumes and putting new wells on stream and lower industry capital spending. Both crude oil royalty production and realized pricing increased from Q1 2018 crude oil volumes of 8,731 bbls per day and revenue of \$44.3 million.

Natural gas royalty revenue of \$11.1 million was up 26% from \$8.8 million in Q4 2018, and up 5% from Q1 2018 royalty revenue of \$10.6 million as improved AECO pricing more than offset natural gas production volumes that were 10% lower than Q4 2018 and 15% lower compared to Q1 2018. Natural gas royalty production volumes of 63.1 MMcf per day were negatively impacted by the extended extreme cold in February and March, which caused freeze-offs and other weather-related downtime, as well as limited natural gas drilling activity in 2018. NGL royalty production volumes of 2,586 bbls per day in Q1 2019 were in line with Q4 2018 royalty volumes of 2,676 bbls per day and contributed \$9.1 million of royalty revenue, an increase of 63% over Q4 2018 NGL royalty revenues of \$5.6 million. NGL royalty

production increased 8% from Q1 2018 NGL royalty volumes of 2,388 bbls per day while NGL royalty revenue remained relatively flat with Q1 2018 NGL royalty revenue of \$9.2 million.

Other revenue in the quarter totaled \$6.7 million, an increase of 76% from Q1 2018, and included \$2.3 million of lease rentals, \$2.4 million in other income, and \$2.0 million in bonus consideration from entering 27 new leases with 24 different counterparties. Leasing was focused on crude oil targets across a number of plays in both Alberta and Saskatchewan.

There were 209 wells (93% oil) spud on PrairieSky lands during the quarter which was slightly ahead of Q1 2018 when 198 wells (93% oil) were spud. There were 70 wells spud on Fee Lands (Q1 2018 - 79 wells), 73 wells spud on GORR lands (Q1 2018 - 91 wells) and 66 wells spud on unitized lands (Q1 2018 - 28 wells). The average royalty rate of wells spud in the quarter was approximately 5.8%, down from Q1 2018 when the average net royalty rate was 7.1%. This is primarily due to increased drilling on numerous oil units where PrairieSky has a royalty interest. Wells spud included 110 Viking wells in Alberta and Saskatchewan, 15 Clearwater wells, and 12 East Shale Duvernay wells. Other heavy and light oil activity targeted a number of different plays including the Mannville and Mississippian. In addition, 8 natural gas wells were spud in the liquids rich Montney, including 3 wells in the Pipestone area.

PrairieSky's cash administrative expenses totaled \$3.84 per BOE in the quarter and included the annual long-term incentive settlement for all employees. PrairieSky anticipates cash administrative expenses for the year will be below \$3.00 per boe. PrairieSky's staff continued their focus on ensuring timely and accurate royalty payments, collecting compliance recoveries totaling \$1.8 million in the quarter.

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 purchase, from time to time, up to 2.7 million of its currently issued and outstanding common shares (representing approximately 1.2% of the common shares issued and outstanding as of April 22, 2019) over a period of twelve months. 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 remaining shareholders. Since instituting the normal course issuer bid in 2016 to March 31, 2019, PrairieSky has purchased and cancelled an aggregate of 4.5 million common shares at a weighted average price per share of \$26.71.

PrairieSky will be holding an investor day at 9:00 a.m. EDT on May 23, 2019 at the Fairmont Royal York in Toronto, Ontario. Management and our technical team will be presenting an update on our crude oil and natural gas plays and issuing our 2019 Royalty Playbook.

Thank you to our shareholders for your continued support. We look forward to seeing many of you at our investor day. Thank you as well to staff, we appreciate your focused and dedicated efforts. 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 financial statements and notes thereto for the fiscal period ended March 31, 2019 is available on SEDAR at www.sedar.com and PrairieSky's website at www.prairiesky.com.

FINANCIAL RESULTS

	Three months ended March 31	
(millions, except per share or as otherwise noted)	2019	2018
FINANCIAL		
Revenues	\$ 73.2	\$ 67.9
Funds from Operations	57.8	51.8
Per Share – basic and diluted ⁽¹⁾⁽²⁾	0.25	0.22
Net Earnings and Comprehensive Income	26.4	19.8
Per Share – basic and diluted ⁽²⁾	0.11	0.08
Dividends declared ⁽³⁾	45.6	44.7
Per Share	0.1950	0.1900
Acquisitions, including non-cash consideration	1.6	21.2
Working Capital at period end	(6.2)	17.3
Shares Outstanding (millions)		
Shares outstanding at period end	233.9	235.5
Weighted average – basic	234.0	235.7
Weighted average – diluted	234.2	236.1
OPERATIONAL		
Royalty Production Volumes		
Crude Oil (bbls/d)	8,904	8,731
NGL (bbls/d)	2,586	2,388
Natural Gas (MMcf/d)	63.1	74.5
Total (BOE/d) ⁽⁴⁾	22,007	23,536
Realized Pricing		
Crude Oil (\$/bbl)	\$ 57.75	\$ 56.35
NGL (\$/bbl)	39.00	42.83
Natural Gas (\$/Mcf)	1.97	1.58
Total (\$/BOE) ⁽⁴⁾	\$ 33.58	\$ 30.26
Operating Netback per BOE⁽¹⁾	\$ 29.49	\$ 27.00
Funds from Operations per BOE	\$ 29.18	\$ 24.45
Natural Gas Price Benchmarks		
AECO monthly index (\$/Mcf)	\$ 1.94	\$ 1.82
AECO daily index (\$/Mcf)	\$ 2.62	\$ 2.07
Foreign Exchange Rate (US\$/CAD\$)	0.7535	0.7905
Oil Price Benchmarks		
WTI (US\$/bbl)	\$ 54.55	\$ 62.74
Edmonton Light Sweet (\$/bbl)	\$ 66.53	\$ 71.77
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	\$ (12.28)	\$ (24.28)

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

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

(3) A dividend of \$0.065 per common share was declared on March 7, 2019. The dividend was paid on April 15, 2019 to shareholders of record as at March 29, 2019.

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

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, April 23, 2019 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 free in North America)
(612) 979-9882 (International)

INVESTOR DAY

PrairieSky will be hosting an investor day on May 23, 2019 in Toronto, Ontario, where members of PrairieSky's management and technical team will present details on the Company's crude oil and natural gas plays. The investor day will be live webcast starting at 9:00 a.m. EDT. Interested parties may participate in the webcast 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 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 2.7 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 2.7 million common shares currently issued and outstanding, representing approximately 1.2% of the issued and outstanding common shares as of April 22, 2019. The NCIB is expected to commence shortly after regulatory approvals are obtained. Common shares may be repurchased under the program over a period of up to one year. As of March 31, 2019, PrairieSky has purchased and cancelled an aggregate of 1.6 million common shares at a weighted average price per share of \$22.32 million under a normal course issuer bid that commenced on May 4, 2018 and runs to May 3, 2019.

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 dividend review. The next regularly scheduled dividend review will be in February 2020.

While PrairieSky currently intends to only purchase up to 2.7 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 our expectations with respect to PrairieSky's business and growth strategy, anticipated administrative expenses per BOE for 2019, future collections from compliance activities, the number of common shares which may be purchased under the NCIB in the future, 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, 2018. 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, 2018 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, operating netback per BOE, funds from operations per share - basic and diluted, cash administrative expenses 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" represents the cash margin for products sold. Operating netback is calculated as royalty revenues less production and mineral taxes and administrative expenses. Operating netback provides a consistent measure of the cash generating performance of PrairieSky's royalty properties to assess the comparability of the underlying performance between years.

"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 by the production volumes for the period. Operating netback per BOE is used to assess the cash generating performance per unit of product sold. Operating netback per BOE measures are commonly used in the crude oil and natural gas industry to assess performance comparability.

"Funds from Operations per Share" is calculated on a weighted average basis using basic and diluted common shares outstanding during the period. This measure, together with other measures, are used by the investment community to assess the source, sustainability and cash available for dividends and share repurchases.

"Cash Administrative Expenses" represents administrative expenses excluding the volatility and fluctuations in share-based compensation expense that were not settled in cash in the current period. Cash administrative expenses is calculated as total administrative expenses, adjusting for share-based compensation expense (recovery) in the period, plus any actual cash payments made under plans as described in further detail in PrairieSky's MD&A. Management believes cash administrative expenses is 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. Cash administrative expenses per BOE is calculated by dividing cash administrative expenses by the production volumes for the period. Cash administrative expenses per BOE assists management and investors in evaluating operating performance on a comparable basis.

Funds from operations Per Share Calculations – Basic and Diluted

The following table presents the computation of Funds from Operations per Share:

<i>(millions, except per share data)</i>	Three months ended March 31	
	2019	2018
Funds from Operations	\$ 57.8	\$ 51.8
Number of Common Shares:		
Weighted Average Common Shares Outstanding – Basic	234.0	235.7
Effect of Dilutive Securities	0.2	0.4
Weighted Average Common Shares Outstanding – Diluted	234.2	236.1
Funds from Operations per Share – Basic and Diluted	\$ 0.25	\$ 0.22

Cash Administrative Expenses

The following table presents the computation of Cash Administrative Expenses:

<i>(millions)</i>	Three months ended March 31	
	2019	2018
Total Administrative Expenses	\$ 6.7	\$ 5.4
Share-Based Compensation Recovery (Expense)	(1.3)	0.4
Cash Payments made under RSU and PSU Plans ⁽¹⁾	2.2	5.1
Cash Administrative Expenses	\$ 7.6	\$ 10.9

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

ABOUT PRAIRIESKY ROYALTY LTD.

PrairieSky is a royalty-focused company, generating royalty 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 free cash flow and that represent the largest and most concentrated 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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