PRAIRIESKY ROYALTY LTD

Initial Public Offering

May 2, 2014

OPEN for BUSINESS

Advisory

PRAIRIESKY ROYALTY LTD

General

An amended and restated preliminary prospectus containing important information relating to the common shares (the **"Common Shares"**) of PrairieSky Royalty Ltd. (the **"Company"**) has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the amended and restated preliminary prospectus, and any amendments thereto (collectively, the **"preliminary prospectus"**), is required to be delivered with this document. The preliminary prospectus is still subject to completion. There will not be any sale or acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary prospectus, the final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The information contained in this presentation does not purport to be all-inclusive or to contain all information that prospective investors may require. Prospective investors are encouraged to conduct their own analysis and reviews of the Company and of the information contained in this presentation. Prospective investors should read the entire preliminary and final prospectuses and consult their own professional advisors to assess their potential investment in the Company. An investor should rely only on the information contained in the final prospectus relating to the Offering, which will include this presentation. None of the Company, Encana Corporation (**"Encana"**) or the underwriters has authorized to provide any investors with additional or different information, and any such information provided to an investor should not be relied upon.

In this presentation, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars. References to **"$MM"** mean millions of dollars; references to **"liquids"** means crude oil and natural gas liquids; and references to **"CAGR"** means compound annual growth rate. Certain capitalized terms and abbreviations not otherwise defined herein have the meaning assigned to them in the preliminary prospectus.

An investment in the Common Shares is speculative and is subject to a number of risks that should be considered by a prospective purchaser. A return on an investment in the Common Shares is not comparable to the return on an investment in a fixed-income security. The recovery by shareholders of their initial investment is at risk, and the anticipated return on that investment is based on many performance assumptions. Although the Company intends to pay monthly dividends to shareholders of a portion of its free cash flow, those cash dividends may be reduced or suspended. The actual amount of cash distributed to shareholders will depend on numerous factors including: (i) the earnings of the Company; (ii) financial requirements for the Company's operations; (iii) the satisfaction by the Company of liquidity and insolvency tests described in the *Business Corporations Act* (Alberta); and (iv) any agreements relating to the Company's indebtedness that restrict the declaration and payment of dividends. In addition, the market value of the Common Shares may decline if the Company is unable to meet its target cash dividend in the future, which decline may be significant. See "Risk Factors" in the preliminary prospectus. The actual results of operations of the Company and the Acquired Business for any period, whether being before or after completion of the Acquisition, will likely vary from amounts set forth under the heading "Analysis of Free Cash Flow" in the preliminary prospectus, and such variations may be material.

Forward-Looking Statements

Certain statements contained in this presentation constitute forward-looking statements and forward-looking information (collectively, **"forward-looking statements"**). These forward-looking statements relate to future events or the Company's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. Some of the specific forward-looking statements in this presentation include, but are not limited to: future dividend payments and the amount, timing and potential growth thereof; growth in revenues, free cash flows and other financial and operating results of the Company; the Company's objectives and strategy to achieve those objectives, including proactive management, potential strategic acquisitions and lease arrangements; future development, drilling and capital spending on the Royalty Properties; the number of Common Shares to be sold by Encana in the Offering and the level of Encana's retained ownership in the Company; the level of insider involvement in the Offering; future costs, capital expenditures and debt levels of the Company; and certain other

Advisory (Continued)

PRAIRIESKY ROYALTY LTD

Forward-Looking Statements (Continued)

statements that are described in further detail under the heading "Notice to Investors – Forward-Looking Statements" in the preliminary prospectus. The forward-looking statements are based upon factors and assumptions that the Company and Encana believe are reasonable based on information currently available to them, including, but not limited to the assumptions described under the heading "Notice to Investors – Forward Looking Statements" in the preliminary prospectus. However, no assurance can be given that these factors, expectations and assumptions will prove to be correct, and the forward-looking statements included in this presentation should not be unduly relied upon. The information in the presentation and the Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of risks, many of which are beyond the Company's and Encana's control, including: general economic, market and business conditions; competition; fluctuations in oil and natural gas prices; the amount of capital expenditures and the results of operations and development activities by lessees on the Royalty Properties; changes in laws or royalty regimes; investor demand for the Offering; and the risks described under the heading "Risk Factors" and elsewhere in the preliminary prospectus. Any forward-looking statements are made only as of the date of preparation of this presentation, and none of the Company, Encana or the underwriters undertake any 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. For additional information, including with respect to the assumptions, expectations and risks applicable to such forward-looking statements, see "Notice to Investors – Forward-Looking Statements" in the preliminary prospectus.

Non-GAAP Measures

In addition to using financial measures prescribed by IFRS, references are made in this presentation to "adjusted cash from the Third Party Royalty Business", "free cash flow", "payout ratio", "yield", "netback", and "operating margin" which are measures that do not have any standardized meaning as prescribed by IFRS. Accordingly, the Company's use of such terms may not be comparable to similarly defined measures presented by other entities. For further details on these non-GAAP financial measures, see "Notice to Investors – Non-GAAP Financial Measures" in the preliminary prospectus.

Presentation of Oil and Gas Information

All oil and gas information in this presentation has been prepared and presented in accordance with NI 51–101 adopted by the Canadian securities regulatory authorities. Unless otherwise specified, in this presentation, all production relating to the Company and the Royalty Properties is presented on a net basis, and all production information relating to third parties is presented on a gross basis. All numbers of wells and acreage information are presented on a gross basis. See "Notice to Investors – Reserves and Other Oil and Gas Information" and "Description of the Acquired Business – Overview" in the preliminary prospectus.

The Company has adopted the standard of 6 Mcf:1 bbl when converting natural gas to oil equivalent, or "BOE". BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

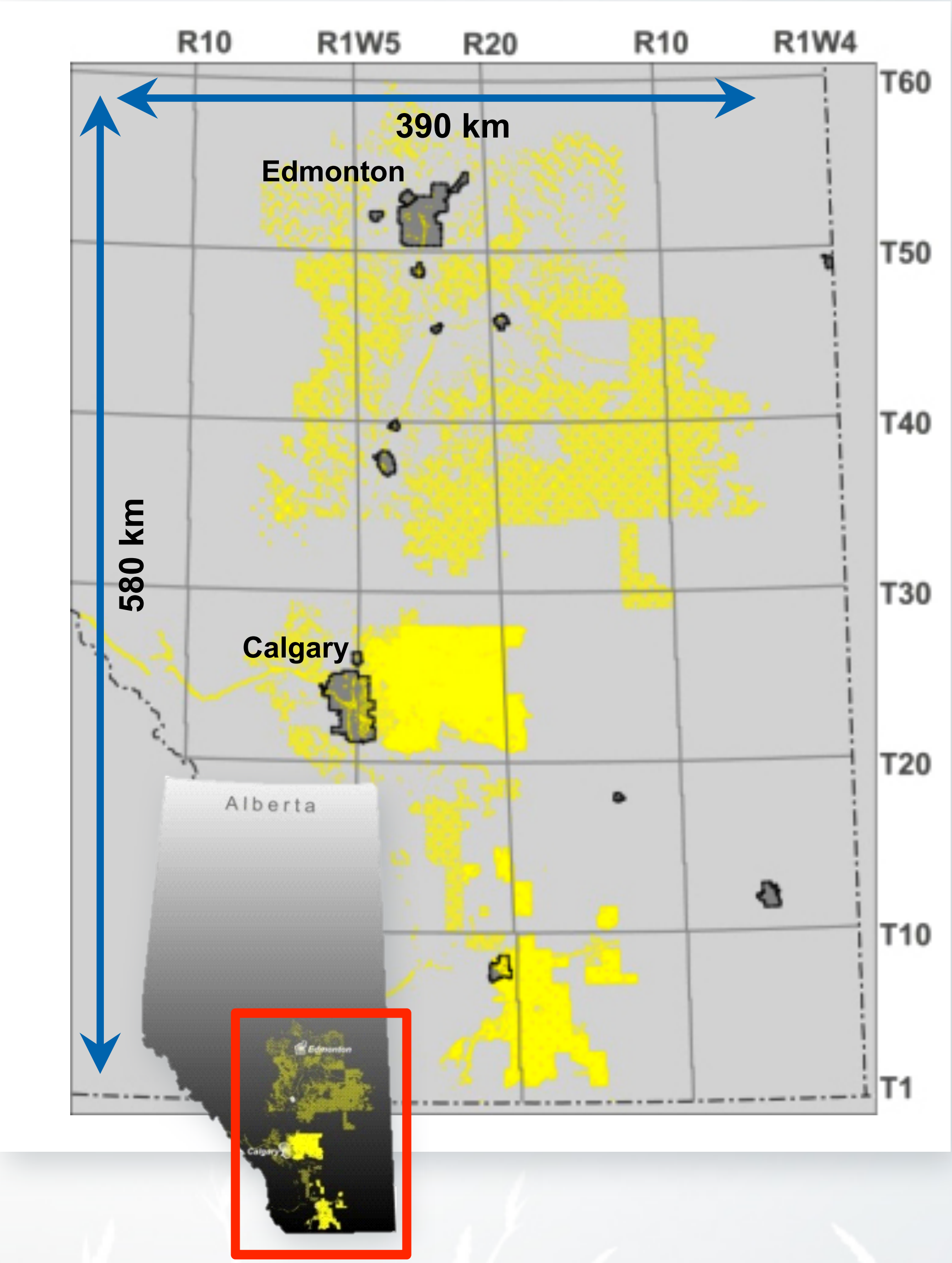
Offering and United States Matters

Encana, the Company and the underwriters are not offering the Common Shares for sale in any jurisdiction where the offer or sale of the Common Shares is not permitted. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"**), or any state securities laws. Accordingly, these securities may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws in accordance with the Underwriting Agreement.

PrairieSky Royalty at a Glance

PRAIRIESKY ROYALTY LTD

Public Float / IPO Size (1)	25% / 32.5 million shares
Encana Retained Ownership(1)	75%
Shares Outstanding	130 million shares
Share Price	\$23.00 - \$26.50 per share
2014 Dividend	\$1.27 per share(3)
2013 Estimated Free Cash Flow	\$195 million
Fee Land Position(2)	5.2 million acres
President & CEO, Director	Andrew M. Phillips
Chairman	James M. Estey
Headquarters	Calgary, Alberta
Joint Bookrunners	TD / CIBC



PrairieSky Royalty offers investors unmatched pure-play mineral title royalty exposure

(1) Shown prior to the exercise of the over-allotment option
(2) With petroleum and/or natural gas rights
(3) 2014 anticipated monthly dividend annualized

Investment Highlights

PRAIRIESKY ROYALTY LTD

- **5.2 million acres of mineral fee title lands[1] held in perpetuity**
  - Lands situated in the heart of Alberta's producing oil & gas region
- **High margin free cash flow (96% operating margin)[2]**
  - Free cash flow from royalties paid by lessees (working interest owners) and lease issuance bonuses
  - PrairieSky Royalty is not a working interest owner – no corresponding capital, operating or abandonment costs
- **Stable free cash flow through growing liquids production**
  - 83% of royalty revenue derived from oil and NGL[3]
  - Sizeable base of low-decline legacy production on PrairieSky Royalty's lands
  - Growth driven by high levels of drilling activity in oil and NGL conventional and resource plays
- **Millions of acres of attractive conventional and resource play opportunities driving long-term growth**
  - PrairieSky Royalty actively manages the portfolio to generate drilling activity
  - Activity on immediately adjacent Crown acreage from recent land sales has seen higher oil drilling activity per acre
  - No capital investment requirements by PrairieSky Royalty
- **Low-risk model with attractive, sustainable dividend**
  - 4.8% – 5.5% yield, with a conservative payout policy (85% of 2013 free cash flow)
  - Diversification of revenue sources by operator, play, commodity (crude oil, natural gas and NGL)
  - No debt, providing strategic flexibility
- **Experienced, aligned management team and Board of Directors**

YIELD

GROWTH

MINIMAL CAPITAL SPENDING

Potential for near and long-term growth

(1) With petroleum and/or natural gas rights
(2) Operating margin is calculated as 2013 average realized price ($/BOE), less Freehold Mineral Tax expense ($/BOE), divided by the 2013 average realized price ($/BOE); see page 9 of this presentation
(3) In 2013

Executive Team and Board of Directors

Executive Team

Andrew M. Phillips, President & CEO / Director

- Most recently, CEO of Home Quarter Resources (acquired by a public oil and gas company in 2014)
- Over 15 years of experience in the oil & gas industry
- Held increasingly senior roles at companies including Evolve Exploration, Profico Energy Management and Renaissance Energy

Geoff Barlow, VP Finance & CFO

- Most recently, CFO & VP Finance of Chinook Energy
- Over 25 years of experience in the oil & gas industry
- Former VP & CFO of Husky
- Held increasingly senior roles at Renaissance Energy
- Mr. Barlow is a Chartered Accountant and member of the Institute of Chartered Accountants of Alberta

Cameron M. Proctor, VP Legal & Corporate Services and Corporate Secretary

- Most recently, EVP, Chief Legal Officer and Director of Sinopec Daylight Energy
- Formerly VP, General Counsel and Corporate Secretary of Daylight Energy
- Former lawyer with Blake, Cassels & Graydon LLP

Board of Directors

James M. Estey, Chairman

- Over 30 years of experience in the financial markets
- Former Chairman of UBS Securities Canada
- Chairman of Gibson Energy
- Lead Director of New Gold

Brian G. Shaw, Director

- Former Chairman & CEO of CIBC World Markets
- Director of Encana, Manulife Trust Company and Manulife Bank of Canada

Bruce G. Waterman, Director

- Former EVP & CFO of Agrium
- Previously VP & CFO of Talisman Energy
- Director of Encana, Enbridge Income Fund Holdings and Irving Oil

Sherri A. Brillon, Director

- Current EVP & CFO of Encana
- Nearly 30 years of experience in the oil & gas industry
- Director of Tim Hortons

Sheldon B. Steeves, Director

- Former Chairman & CEO of Echoex
- Previously COO & EVP of Renaissance Energy
- Director of Enerplus and NuVista Energy

Senior leadership team offers unique expertise with royalty-type assets, significant technical capabilities and broad, long-standing industry relationships

A Part of Canadian History

Royalite #4 -
Alberta's First Giant Gas Field

Located on PrairieSky Royalty Lands

1676

King Charles II of England granted 948 million acres of mineral title land to the Hudson's Bay Company

Later ceded to the Dominion of Canada

1881

Fee lands granted to the Canadian Pacific Railway in consideration for completing the national railway

1958

Creation of Canadian Pacific Oil and Gas, to which all mineral title was conveyed

1971 PanCanadian energy

PanCanadian Petroleum Limited (predecessor to PanCanadian Energy Corporation) created by the amalgamation of Canadian Pacific Oil and Gas and Central-Del Rio Oils

2002 encana

Encana created through merger of PanCanadian Energy Corporation and Alberta Energy Company

2014 PRAIRIESKY ROYALTY LTD

Mineral title lands spun out to create PrairieSky Royalty

The Company's mineral title lands have played a significant role in the history of the Canadian oil and natural gas industry and are held in perpetuity

PrairieSky Royalty Overview

PRAIRIESKY ROYALTY LTD

Corporate Profile

Cash Flow

2013 Free Cash Flow	$195 million
2013 Netback	$43.24 / BOE
Number of Lessees	>300

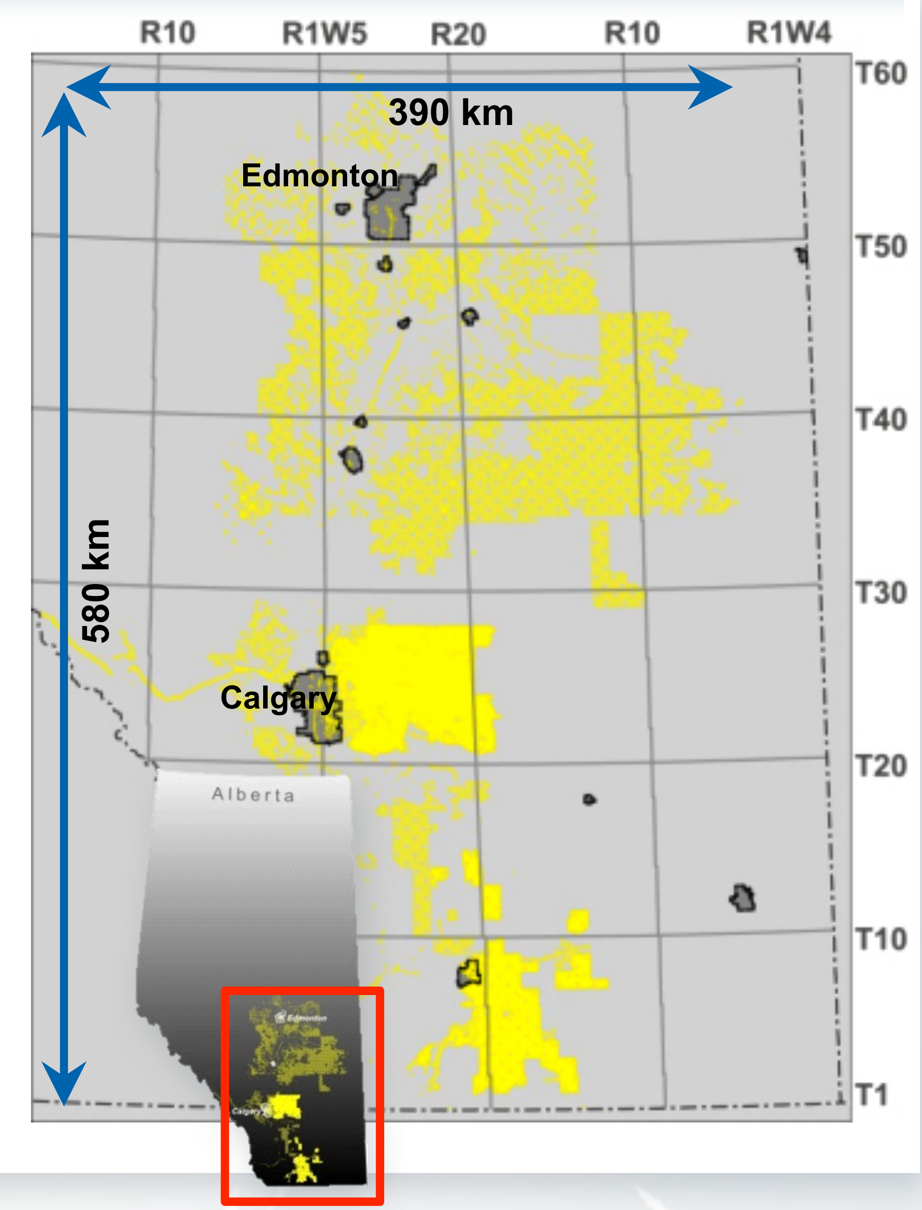
Production

Total (2) / 2013 Average Royalty Rate (3)	10 / 23 %
2013 Net Production	14,275 BOE/d
Producing Wells (as at 31-Dec-13)	17,417

Capitalization

Shares Outstanding	130 million
Working Capital (4)	$37.7 million
Credit Facility (undrawn)	$100 million

5.2 Million Fee Acres[1]



PrairieSky Royalty has a legacy asset position that cannot be replicated

(1) Surface to basement petroleum and/or natural gas rights
(2) Calculated as a percentage of royalty revenue from production
(3) Represents average royalty rate for wells that came on production in 2013
(4) Excludes approximately $16.5 million to be received under a coal royalty settlement agreement

The Royalty Advantage

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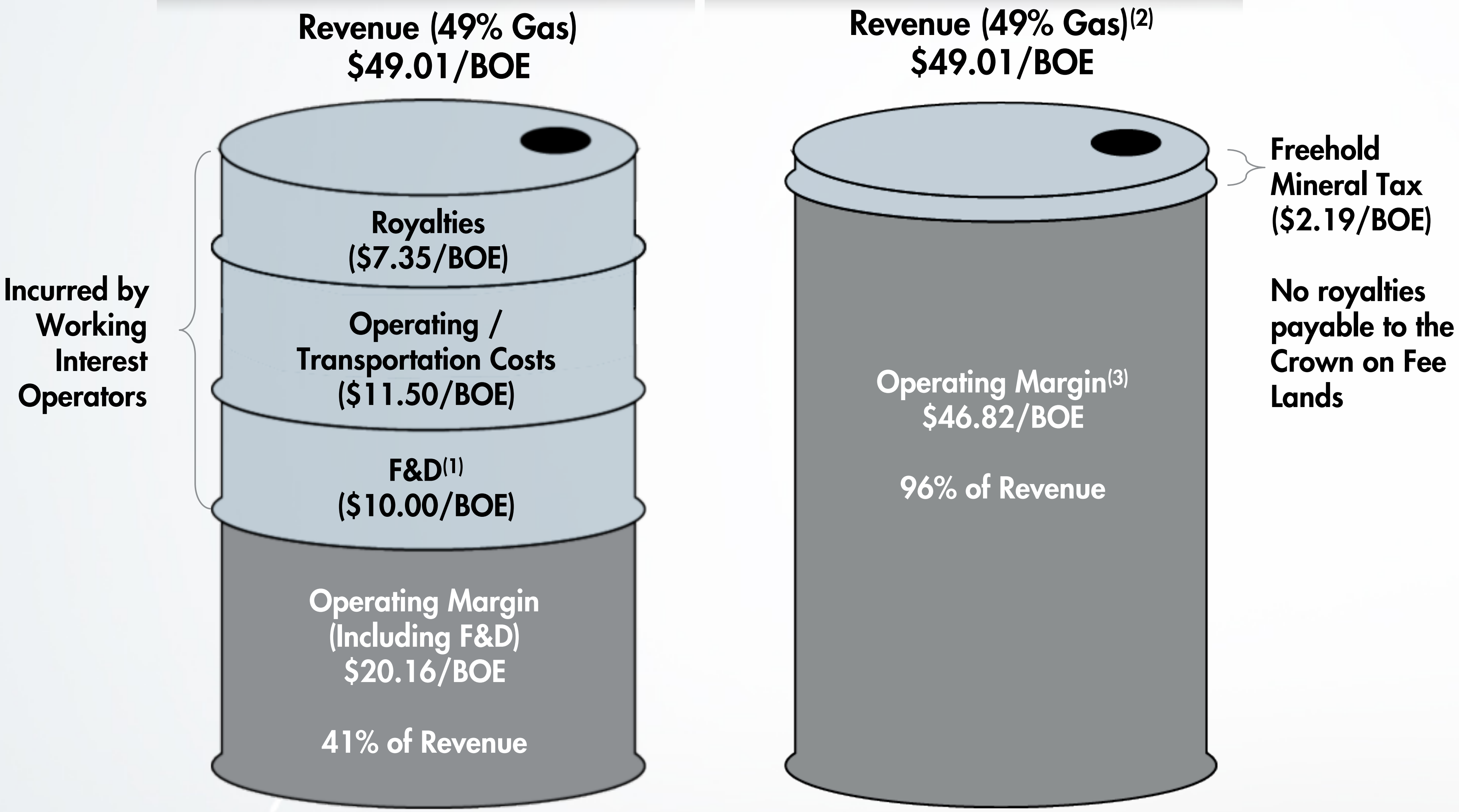
Margin Summary ($/BOE)

Illustrative Working Interest Operator	PrairieSky Royalty



- The analysis shows that, given the same revenue per BOE, a royalty barrel realizes a significantly higher operating margin

✓ Significantly higher margins than working interest models

✓ No abandonment or environmental liabilities

✓ No capital spending requirements

PrairieSky Royalty offers higher margins than conventional working interest production

(1) Excluding acquisitions and net change in future development capital
(2) PrairieSky Royalty 2013 production revenue, does not includes lease issuance bonuses or other revenue
(3) Operating margin is calculated as 2013 average realized price ($/BOE), less Freehold Mineral Tax expense ($/BOE), divided by the 2013 average realized price ($/BOE)

The Royalty Business-Background

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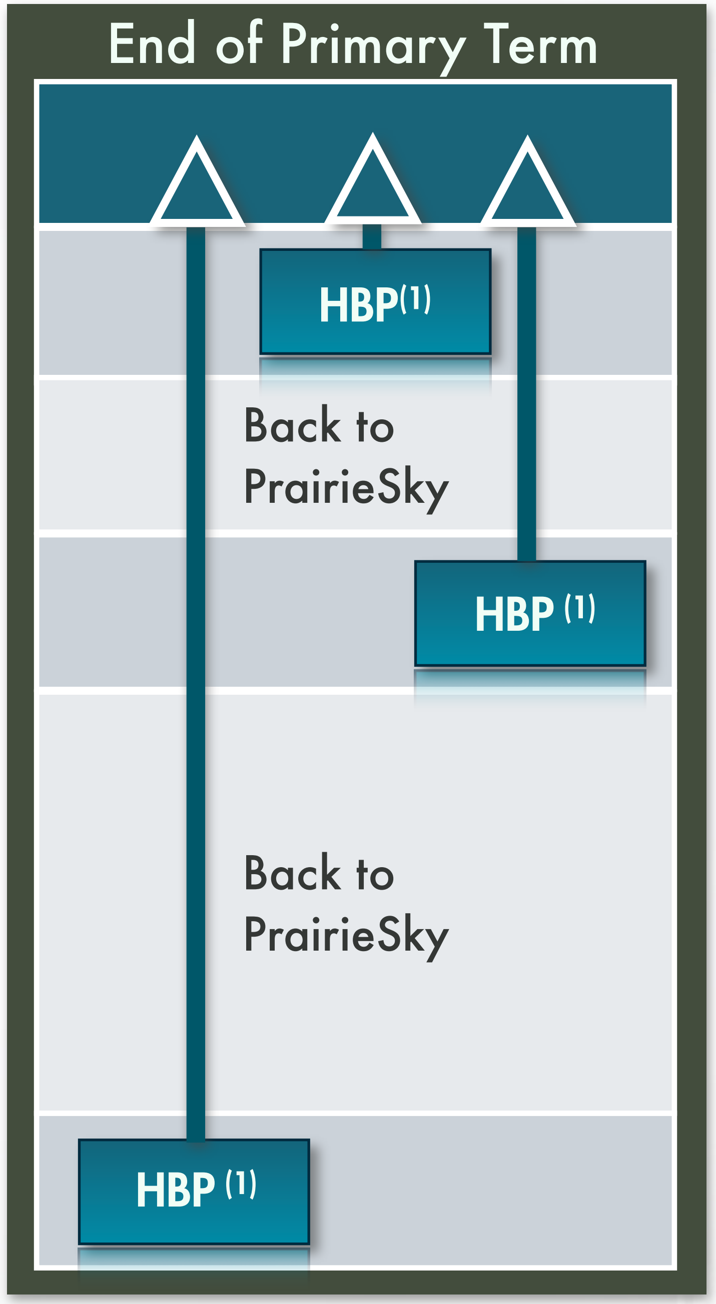
Ownership Hierarchy

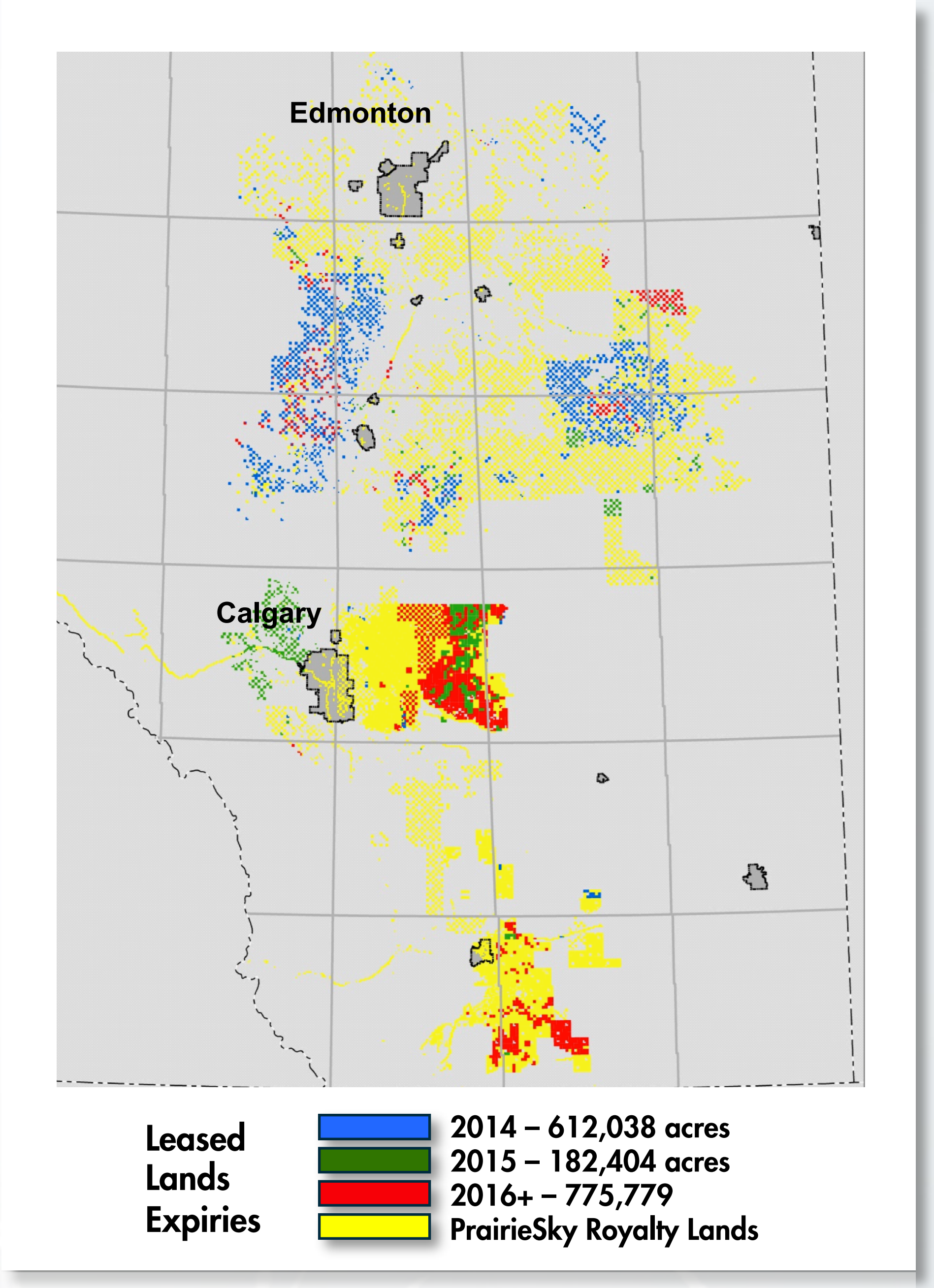
Crown / **Fee Simple Mineral Title**	Acreage is held by the fee title owner in perpetuity Lease terms and royalty rates are negotiated No royalties payable to the Crown
Gross Overriding Royalties	Contractual agreement created out of a working interest Finite life (term of lease / life of well)
Net Profits Interest / Net Royalty Interest	Based on operating profit as contractually defined Net of operating and/or capital costs
Streams	Contractual purchase agreement (with upfront payment) Ongoing cash payments required by stream holder
Working Interest	Exposure to capital costs, operating costs, abandonment and environmental liabilities

97% of PrairieSky Royalty's production revenue is from fee simple mineral title

Fee Title Advantage / Recycle of Land Base

- At the end of the primary lease term, any lands / rights not held by production revert back to PrairieSky Royalty
  - Primary lease term is typically up to 5 years long
  - Current potential for ~1.6 million acres to come back to PrairieSky Royalty with surface to basement petroleum and/or natural gas rights
- PrairieSky Royalty can re-lease to third parties who plan to more actively exploit, explore and/or develop those opportunities
  - PrairieSky Royalty can re-lease to third parties who plan to more actively exploit, explore and/or develop those opportunities
  - The Company will own an irrevocable perpetual license to certain proprietary seismic data of Encana (10,764 km² of 3D and 40,013 km of 2D)
- New drilling and production technologies can be utilized to pursue previously underexploited zones
- PrairieSky Royalty can adjust royalty terms to ensure the Company remains competitive with adjacent Crown or freehold lands





The perpetual nature of fee title lands allows PrairieSky Royalty to continually recycle and grow its revenue base

(1) Held by Production ("HBP")

Active Management of a Legacy Asset Base

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	Base Activity	Active Management
Existing Production Fee Title Lands	Significant stable cash flow from high quality, low decline assets (21% per annum)(1) Monitor and audit payment compliance	Proactively monitor and manage producer commitments (including offset well obligations)
Increased Leasing	Ensure expiring lands/rights recovered	Utilize existing seismic database Generate drillable prospects to lease-out Make royalties competitive with other jurisdictions to incent activity
Third Party Exploration / Exploitation	New plays or accelerated activity developed by industry (i.e. Manitok) Expanded industry application of horizontal drilling Implementation of waterflood and enhanced oil recovery technologies on PrairieSky Royalty lands	Review royalty structures and rates to generate activity Fully open up lands to all third parties
Strategic Acquisitions		Opportunistic acquisitions (i.e., filling in checker-board lands, acquiring additional mineral title)

Growing Free Cash Flow

Organic growth will be driven by the numerous opportunities embedded in PrairieSky Royalty's asset base

(1) Approximately 21% based on an average estimated annual BOE/d decline rate, beginning January 1, 2014 for the three year period ending 2016. Absent production additions from new wells post 2013, which would have higher associated decline rates, the Company expects its base decline rate to trend towards a ten year annual effective decline rate of about 17%

Future Growth

Under-Exploited Land Base

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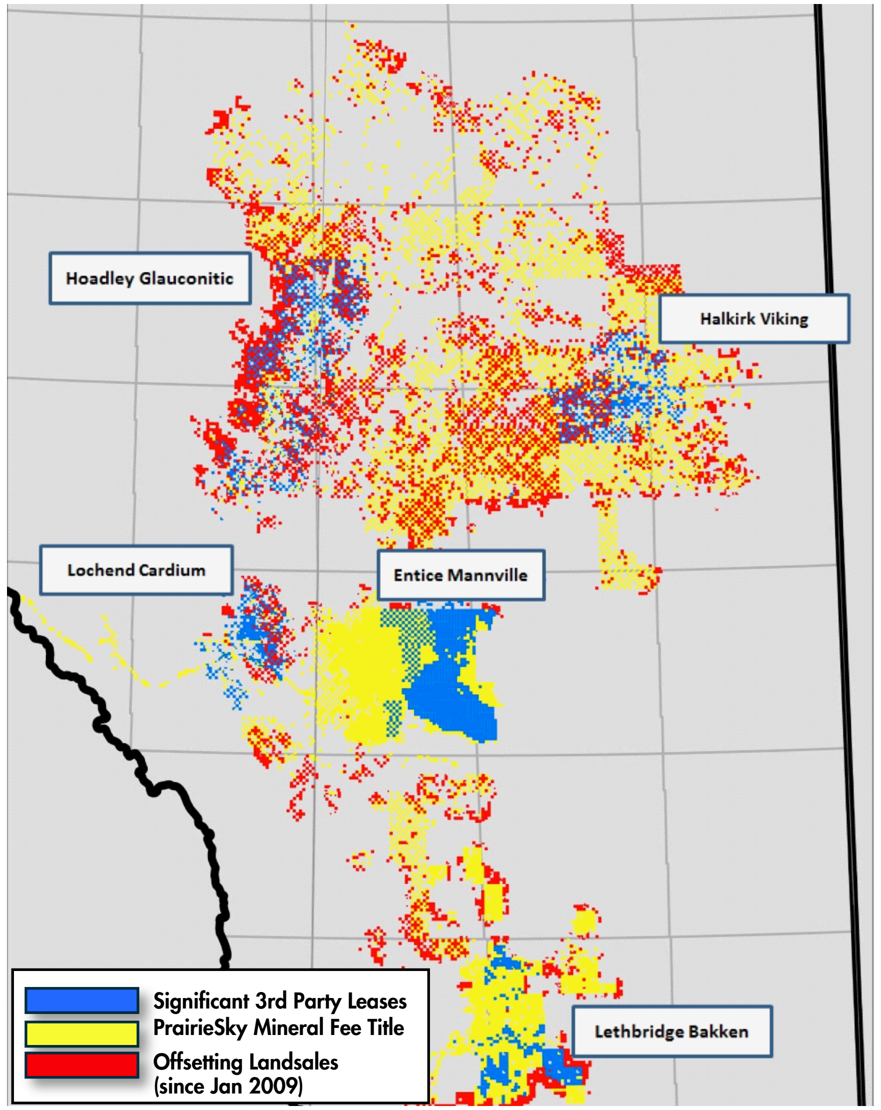
Land Activity (2009-2013)

	PRAIRIESKY ROYALTY LTD
Total Acres	5,191,478[(1)]
Lease Issuance Bonus ($MM)	$22[(2)]
Total Wells Drilled	2,867
Oil Wells Drilled	534
Per Acre Metrics	
Lease Issuance Bonus Paid ($/Acre)	$4
Total Wells Drilled (#/1,000 Acres)	0.55
Oil Wells Drilled (#/1,000 Acres)	0.10



- **PrairieSky Royalty's undeveloped land valued at $1.44 billion by Seaton-Jordan based on lease issuance bonuses paid for similar undeveloped lands[(3)]**
  - Does not include value from future royalties payable from production
  - Value of undeveloped acres understated due to the multiple stack formations over much of the PrairieSky Royalty's lands

Recent activity on immediately adjacent Crown acreage has seen higher oil drilling activity per acre

(1) Fee lands with petroleum and/or natural gas rights
(2) Figure includes lease issuance bonuses disclosed in the Third Party Royalty Business Financial Statements and the supplemental financial information in respect of the Encana Development Properties for 2011 – 2013 only
(3) Seaton-Jordan Report dated April 4, 2014

Land Base

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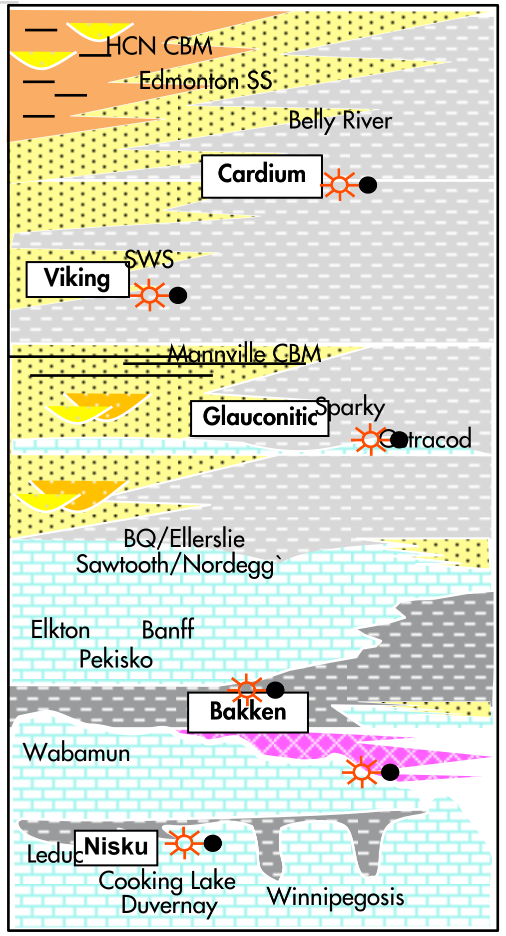
PrairieSky Royalty Producing Horizons

			Producing Wells on PrairieSky Royalty Properties[(1)] (#)	Net 2013 Production Revenue[(2)] ($MM)	Leased[(3)] (%)
Fee Lands	Cretaceous	Surface to Top Colorado	8,700	$22.9	56%
Fee Lands	Cretaceous	Colorado Group	4,036	$62.9	48%
Fee Lands	Cretaceous	Mannville Group	2,723	$93.7	39%
Fee Lands		Jurassic to Base Mississippian	513	$38.6	26%
Fee Lands		Devonian	618	$30.3	18%
		GORR Lands	873	$7.0	
		Total	17,417	$255.3	18% - 56%



Represents core near-term growth opportunities

Select Top Producers

encana	Ember		
Whitecap	Pengrowth	Bonavista	Bonterra
Bonavista	ConocoPhillips	Husky	
DeeThree	Crescent Point	Bonavista	Enerplus
Pengrowth	Harvest	Penn West	

PrairieSky Royalty holds rights from the surface to the base of the Devonian across all 5.2 million acres of Fee Lands

(1) Producing wells as of December 31, 2013; numbers may not add as certain wells have multiple producing zones resulting in an additional 46 producing wells
(2) Includes Units and compensatory royalties; numbers may not add due to rounding
(3) Leased acreage as of December 31, 2013

Millions of Leasable Acres in Key Near-Term Growth Plays

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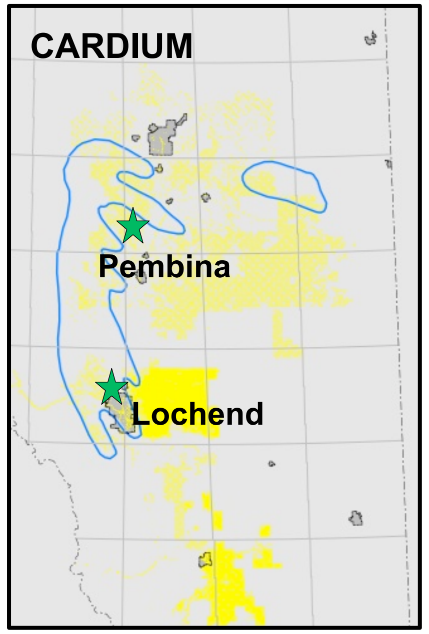
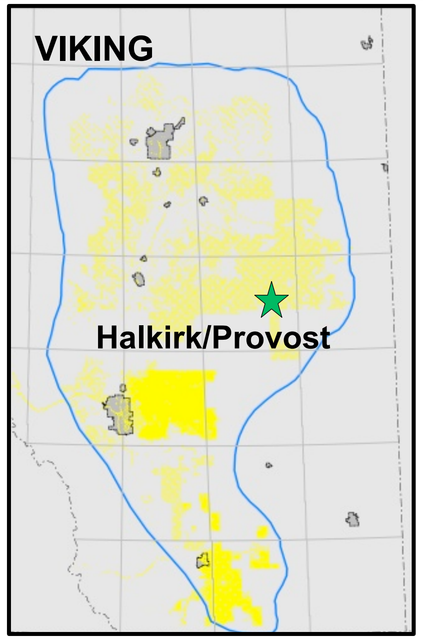
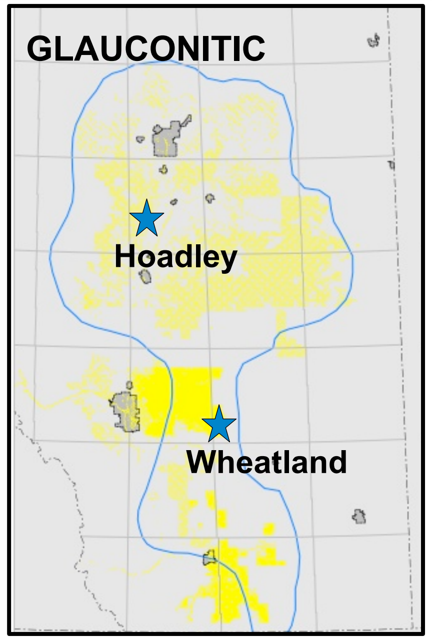
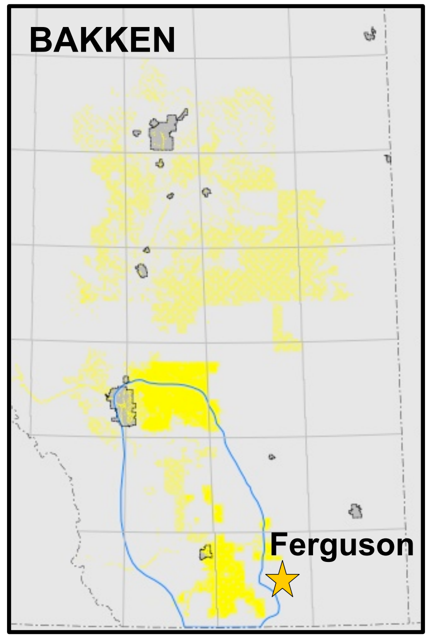
Development Activity

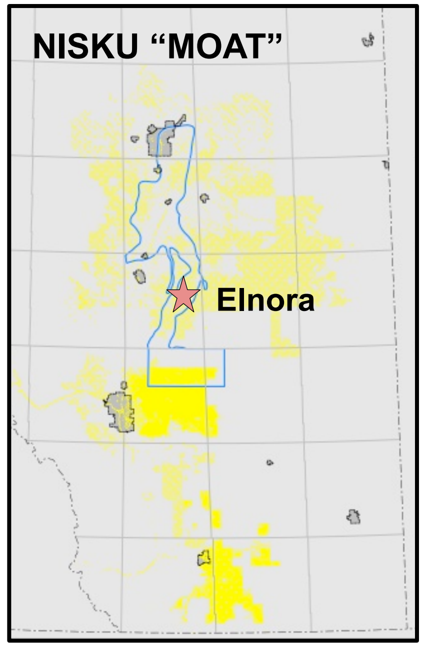
	Production			Fee Lands		
	2011 (BOE/d)	2013 (BOE/d)	2-Yr CAGR	Acres	% Leased	% Producing
Play						
Cardium	520	999	39%	737,239	61%	5%
Viking	1,435	1,399	(1)%	5,140,839	46%	9%
Glauconitic	3,308	3,120	(3)%	4,045,909	41%	9%
Bakken	0	750	n.m.	1,852,371	16%	1%
Nisku "Moat"	167	547	81%	648,431	21%	1%
Sub-total	**5,430**	**6,815**	**12%**	**12,424,788**	**39%**	**7%**











Current lessee activity is focused on five prolific, high margin liquids plays

Manitok Energy Lease Issuance

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- **Closed lease issuance and drilling commitment agreement with Manitok Energy in Oct. 2013**
  - Underexploited multi-zone oil and liquids opportunities in the Mannville formation in the Entice area of Alberta
  - Provided access to 2D and 3D seismic data
- **Sizeable third party investment on PrairieSky Royalty fee lands**
  - $16 million cash bonus
  - $106 million capital commitment drilling a minimum of 30 wells
  - 3 year term, extendible for 3 years
- **Substantial potential production and cash flow growth to PrairieSky Royalty**
  - Large resource potential combined with attractive economics supports production growth

Deal Overview	
Acreage	Approximately 97,000
Royalty	Sliding Scale 10 - 30%
Wells	Minimum 30 Wells
Capital	$106 million over 3 years
2013 Activity	
Wells Drilled	Drilling to commence 2014
Capital spent	$16 million Bonus
2014 Commitment	
Wells	Minimum 7 Wells
Capital	$22 million

The Manitok lease issuance is representative of the type of lease activity PrairieSky Royalty intends to actively pursue going forward

Extensive Emerging Opportunities

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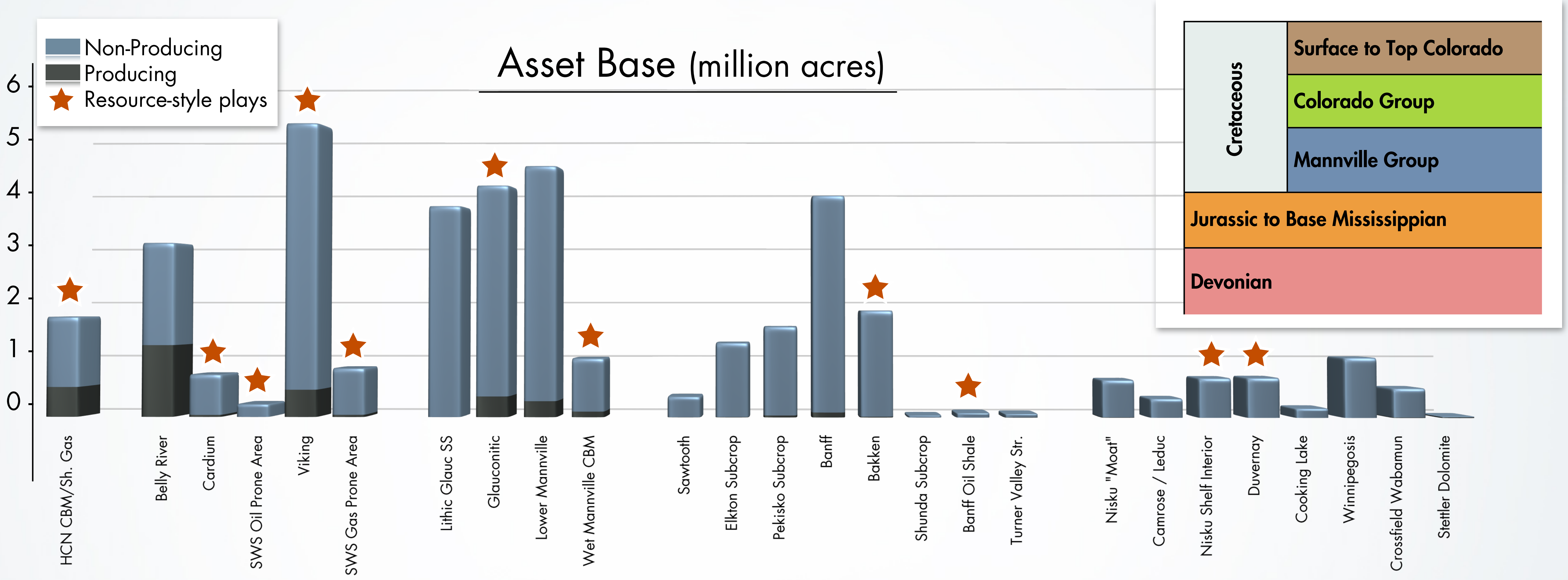

		Future Oil	Future Gas
Surface to Top Colorado	HCN CBM/Sh. Gas		✓
Colorado Group	Belly River	✓	✓
	Cardium	✓	✓
	SWS Oil Prone Area	✓	
	Viking	✓	✓
	SWS Gas Prone Area		✓
Mannville Group	Lithic Glauc SS	✓	✓
	Glauconitic	✓	✓
	Lower Mannville	✓	✓
	Wet Mannville CBM		✓
Jurassic to Base Mississippian	Sawtooth	✓	✓
	Elkton Subcrop	✓	✓
	Pekisko Subcrop	✓	✓
	Banff	✓	✓
	Bakken	✓	
	Shunda Subcrop	✓	✓
	Banff Oil Shale	✓	
	Turner Valley Str.		✓
Devonian	Nisku "Moat"	✓	
	Camrose / Leduc	✓	
	Nisku Shelf Interior	✓	
	Duvernay	✓	
	Cooking Lake	✓	
	Winnipegosis	✓	
	Crossfield Wabamun		✓
	Stettler Dolomite	✓	✓

Expansive asset base provides extensive long-term development beyond the five core near-term growth opportunities highlighted

Capital Spending Impact

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Illustrative Example

	Oil
Incremental Third Party Capital Spent ($MM)	$100
	÷
Illustrative Capital Efficiency ($ per bbl/d)[1]	$35,000
Gross Production Generated (bbls/d)	2,857
PrairieSky Royalty Received (% of Revenue)	17.5%
Net Production to PrairieSky Royalty (bbls/d)	**500**
2013 PrairieSky Royalty Light and Medium Crude Oil Netback ($/bbl)	$73.49
Increase to PrairieSky Royalty Free Cash Flow ($MM)[2]	**$13**

Excludes potential lease bonuses and rental income

Incremental third party spending can meaningfully increase free cash flow

(1) Represents the capital expenditure required to increase production by one bbl/d (including drilling, completion and tie-in); based on industry research estimates
(2) Shown prior to deduction of taxes

PrairieSky Royalty is "Open for Business"

- **Multi-Zone Potential**
  - Over 25 emerging opportunities identified from the surface to Devonian
- **Numerous Resource Plays**
  - Bakken, Cardium, Duvernay, Glauconitic, Nisku and Viking, among others
- **Competitive Royalties**
  - Flexibility and willingness to compete with Crown and other land holders to attract producers' capital
- **Existing Infrastructure**
  - Year-round access plus existing pipeline and facility infrastructure
- **Compelling Producer Economics**
  - Several resource plays with above average mid-cycle break-even prices
- **Extensive Seismic Database**
  - Means of attracting additional third party development

The oil & gas industry will have the opportunity to access PrairieSky Royalty's land base

Financial Summary

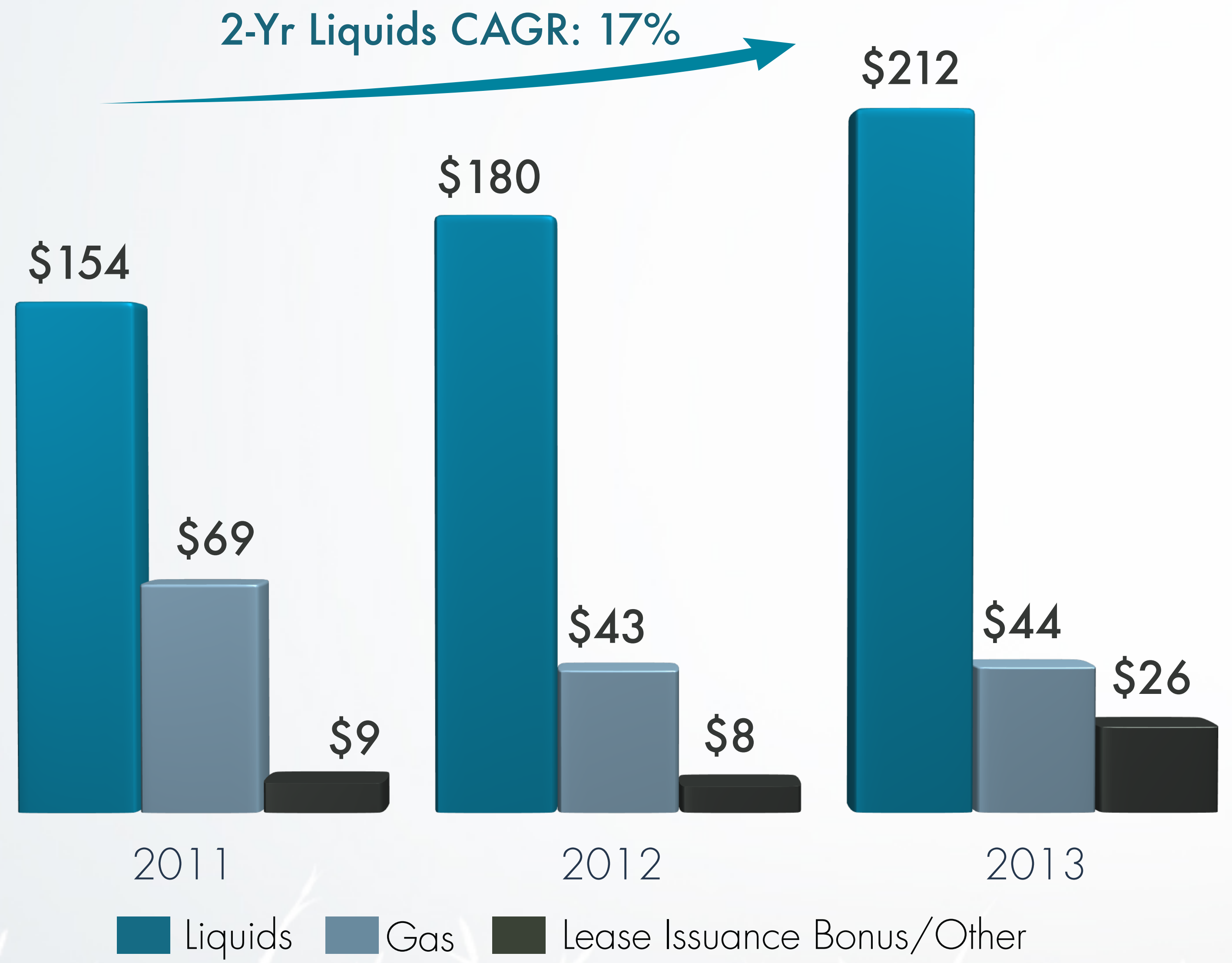
Shifting to Higher Liquids Production

PRAIRIESKY ROYALTY LTD

Total Revenue

Total ($MM)

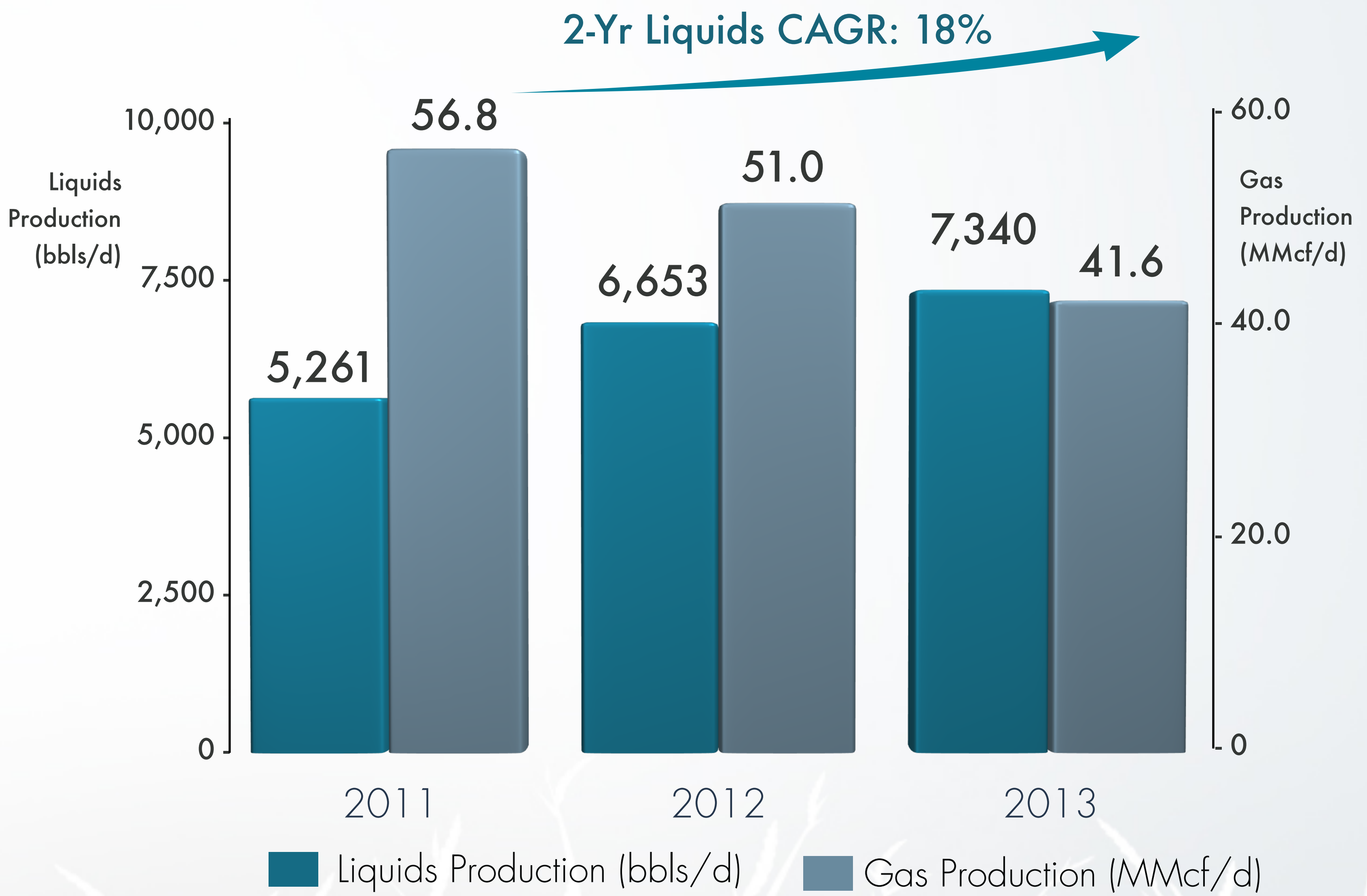
$232	$231	$282



Total Production

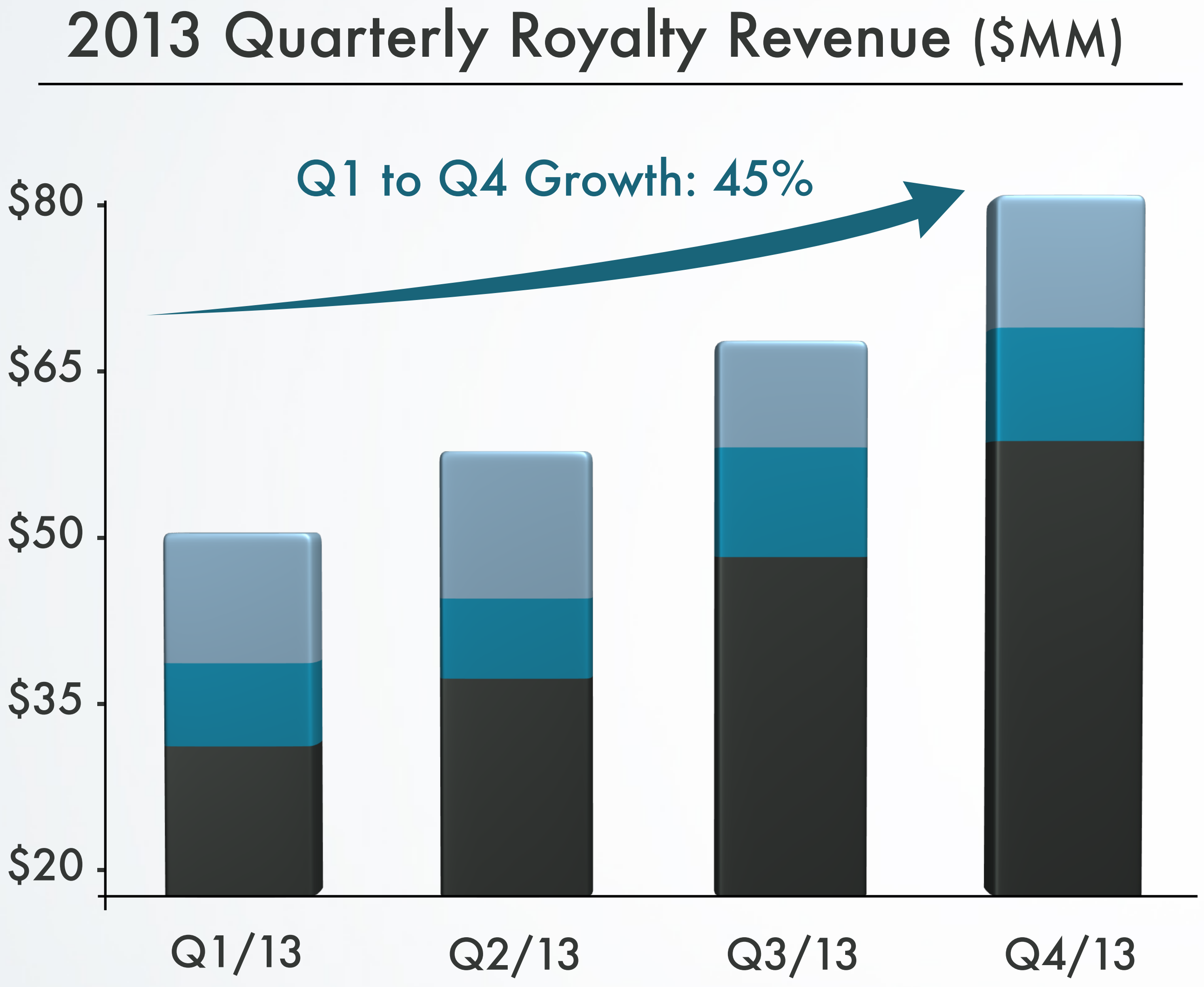
Total (BOE/d)

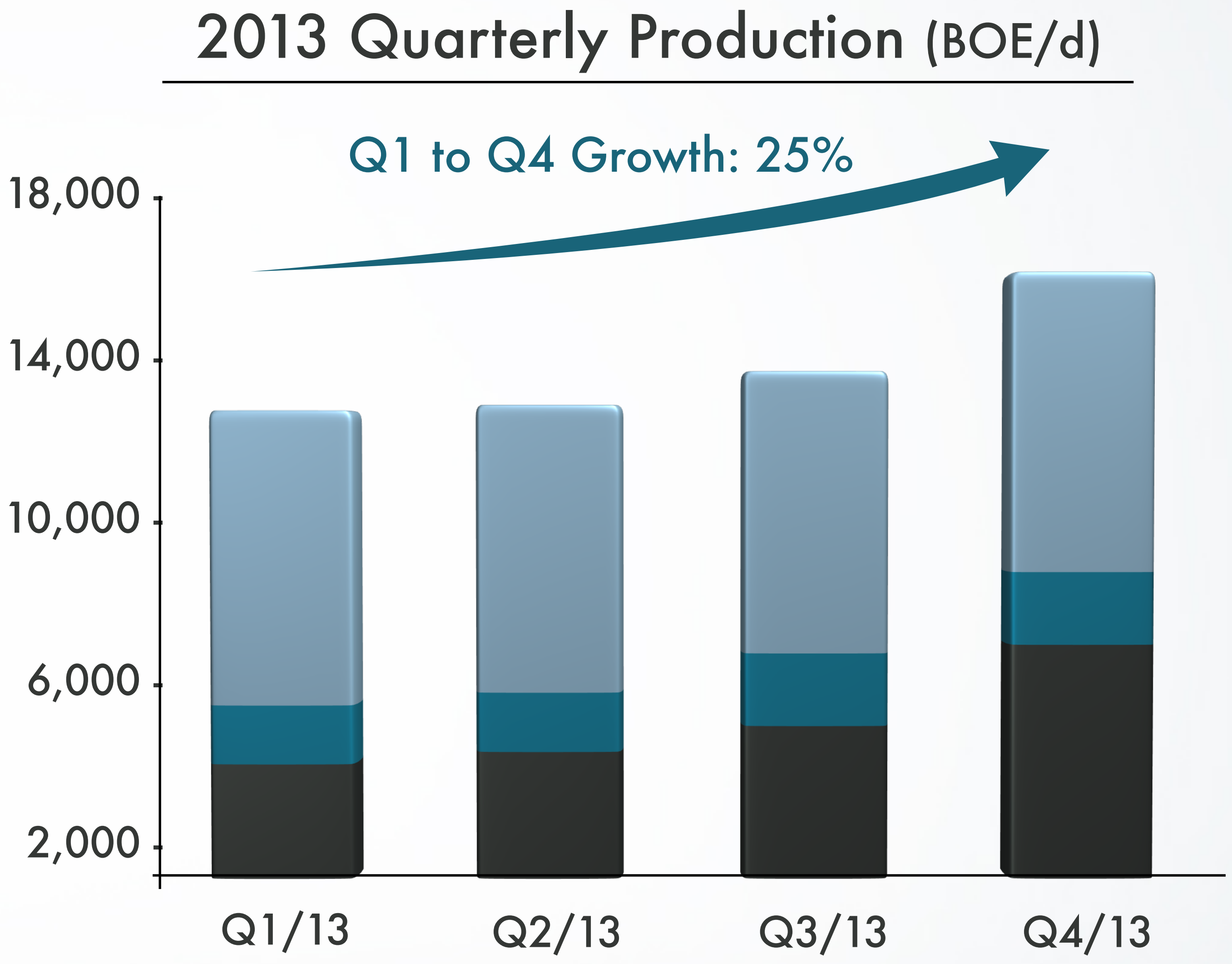
14,722	15,158	14,275



Recent shift to active management of the assets has already demonstrated significant cash flow growth, with increasing third party interest

Stable Production, Growing Revenue





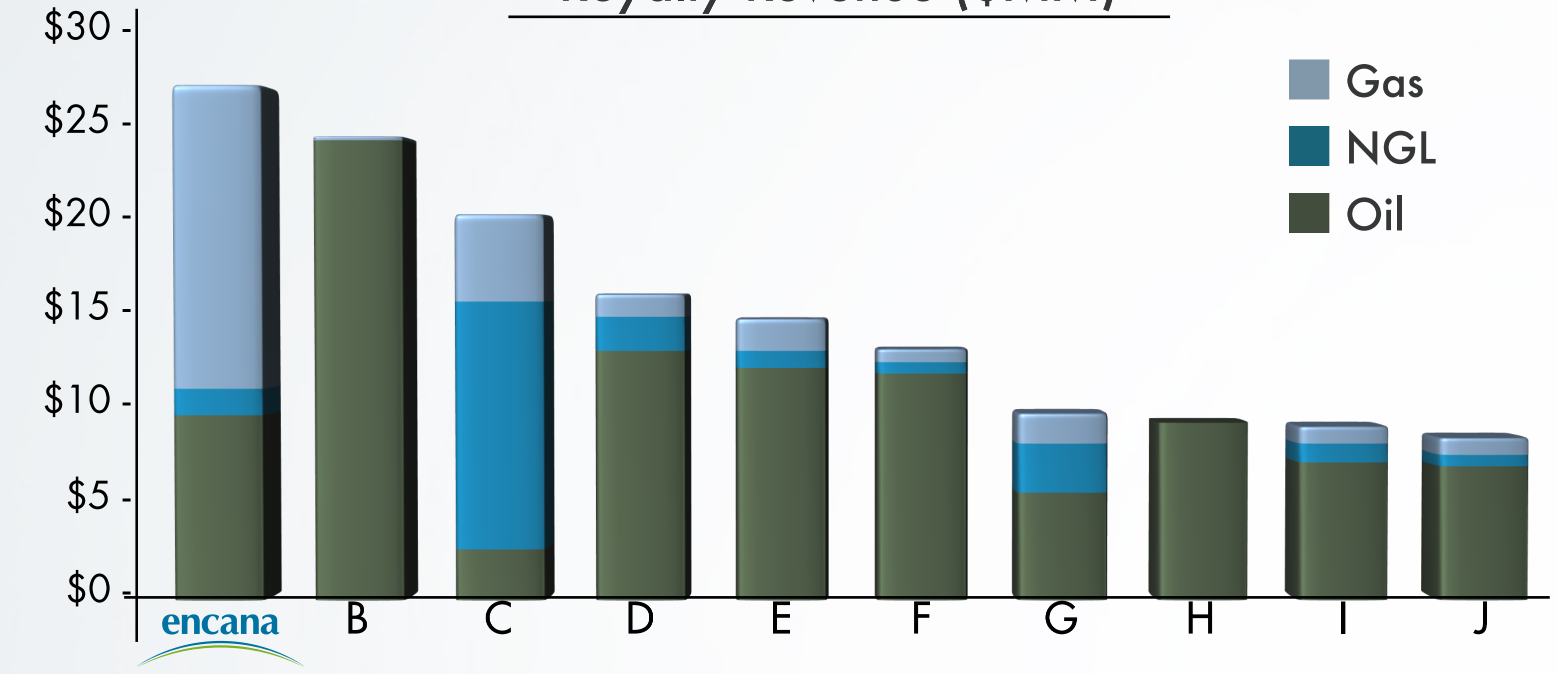
Oil NGL Natural Gas

2013 demonstrated the value of more active management of the assets

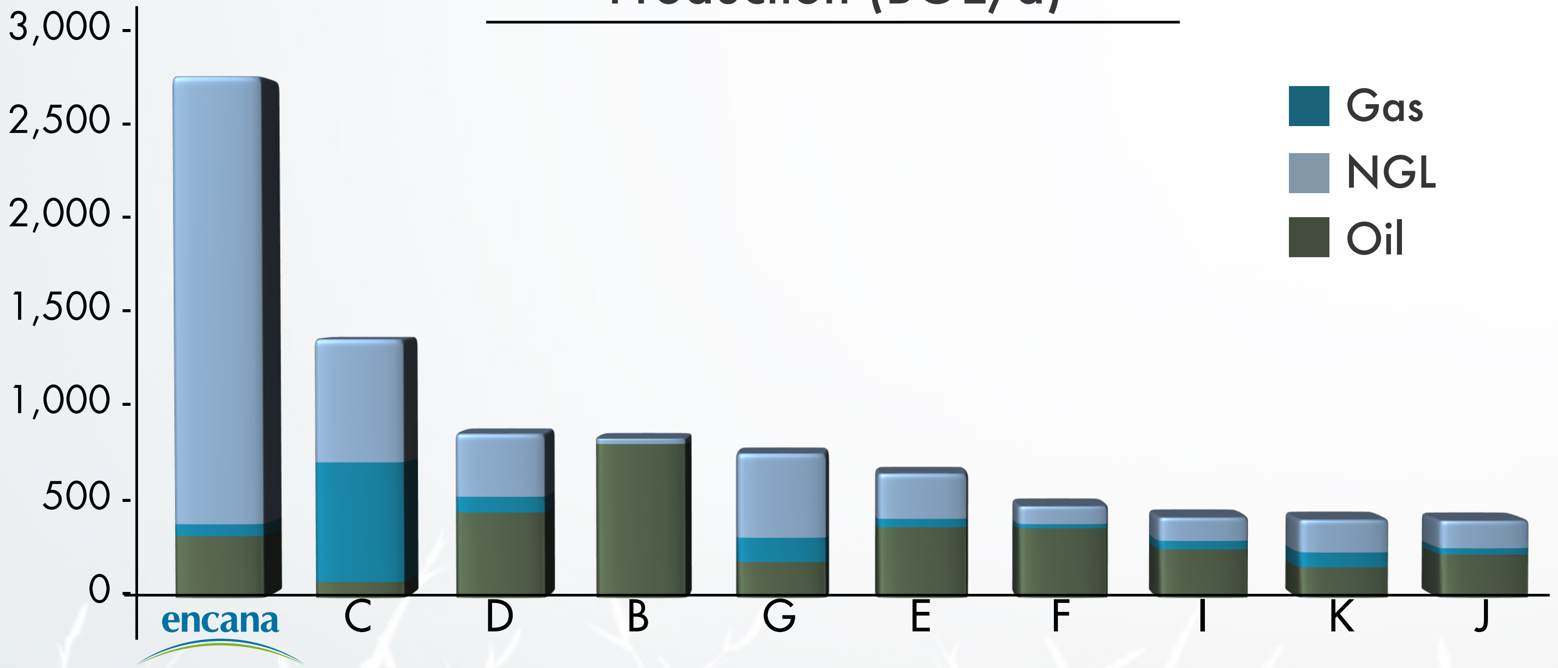
Top 2013 Lessees

PRAIRIESKY ROYALTY LTD

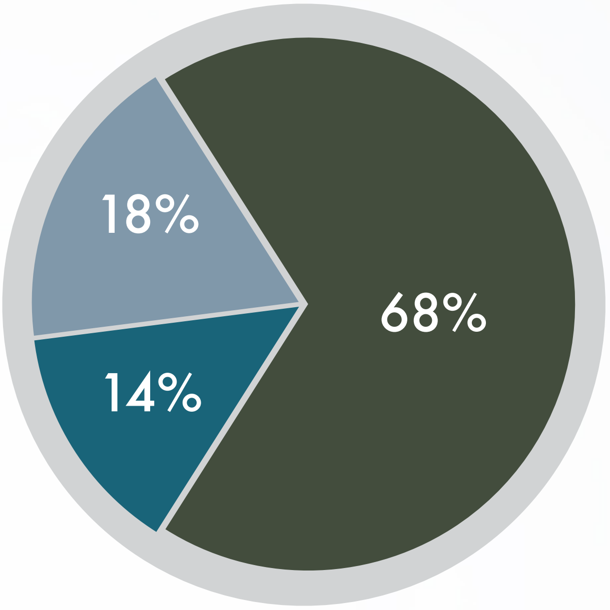
Royalty Revenue ($MM)



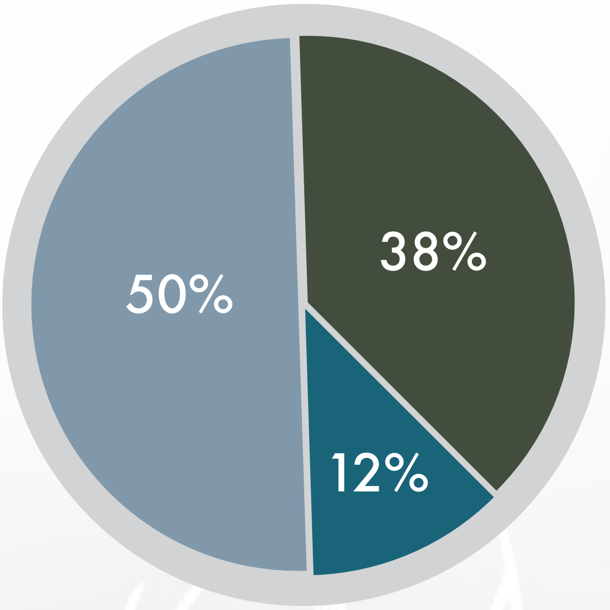
Production (BOE/d)



2013 Revenue from Top 10:



2013 Production from Top 10:



Sample of Current Operators

Apache
Bonavista
Bonterra
CNRL
ConocoPhillips
Crescent Point
DeeThree
Devon
Encana
Forge
Harvest
Husky
Pengrowth
Penn West
Sinopec
TAQA
Whitecap

Revenue is derived from a diversified portfolio of >300 lessees, ranging in size from private E&P companies through to senior/integrated producers

2013 Free Cash Flow

PRAIRIESKY ROYALTY LTD

($ thousands, except per Common Share amounts)	Twelve Months ended December 31,2013[1]
Cash from Operating Activities from the Third Party Royalty Business	$149,031
Add: Net Change in Non-Cash Working Capital	545
Add: Lease Issuance Bonus	13,544
Adjusted Cash from the Third Party Royalty Business	**163,120**
Management estimates that the following amounts will affect Adjusted Cash From the Third Party Royalty Business:	
Less: Incremental Administrative Expenses	–
Less: Incremental Other Expenses	(1,000)
Less: Financing Expenses	(300)
Less: Capital Expenditures	(297)
Add: Incremental Tax Savings	11,803
Add: Incremental Cash from Encana Development Properties	21,900
Estimated Free Cash Flow	**$195,226**
Estimated Free Cash Flow per Common Share	**$1.50**
Estimated Annual Cash Dividends	**$165,000**
Estimated Annual Cash Dividends per Common Share	**$1.27**
Resulting Payout Ratio	**85%**

PrairieSky Royalty's model generates significant high-margin free cash flow which underpins a stable dividend and growth

(1) See preliminary prospectus for supporting footnotes and assumptions

Financial Position and Ownership

PRAIRIESKY ROYALTY LTD

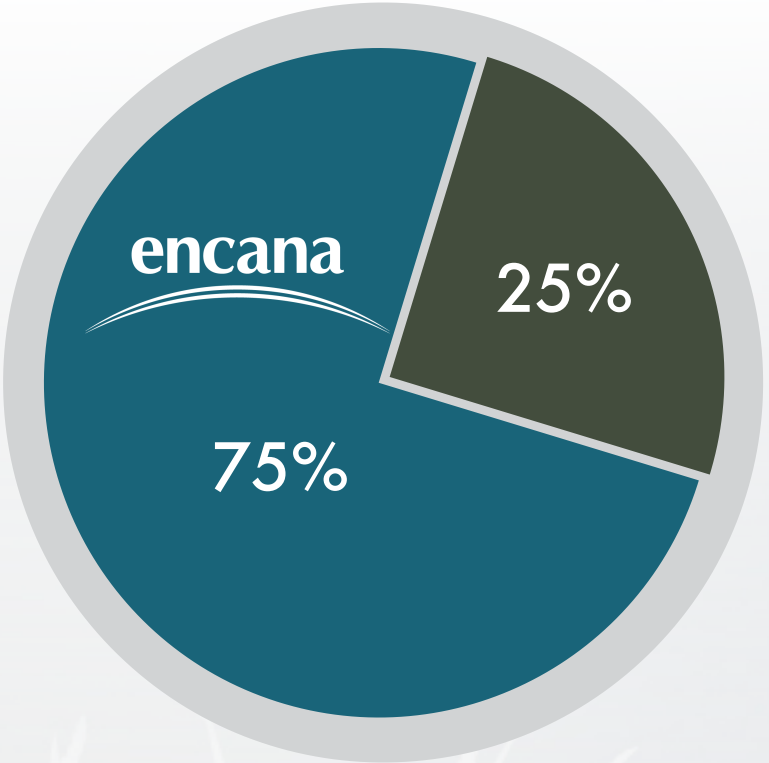
- **Financial strength to:**
  - Reduce risk
  - Capture opportunities
  - Weather commodity price cycles

- **Management, Directors and employees of PrairieSky Royalty to invest $40 million at IPO pricing**
  - Management and Directors to invest $32 million
  - Strong motivation for management to perform
  - Clear alignment with shareholder interests
  - Encana to act only as an investor

Capital Structure

Shares Outstanding	130 million
Working Capital	$37.7 million
Credit Facility (Undrawn)	$100 million

Anticipated Share Ownership[1]



Strong financial position to support future growth, with aligned management and board

(1) Shown prior to the exercise of the over-allotment option

Investment Highlights

PRAIRIESKY ROYALTY LTD

- **5.2 million acres of mineral fee title lands[1] held in perpetuity**
  - Lands situated in the heart of Alberta's producing oil & gas region
- **High margin free cash flow (96% operating margin)[2]**
  - Free cash flow from royalties paid by lessees (working interest owners) and lease issuance bonuses
  - PrairieSky Royalty is not a working interest owner – no corresponding capital, operating or abandonment costs
- **Stable free cash flow through growing liquids production**
  - 83% of royalty revenue derived from oil and NGL[3]
  - Sizeable base of low-decline legacy production on PrairieSky Royalty's lands
  - Growth driven by high levels of drilling activity in oil and NGL conventional and resource plays
- **Millions of acres of attractive conventional and resource play opportunities driving long-term growth**
  - PrairieSky Royalty actively manages the portfolio to generate drilling activity
  - Activity on immediately adjacent Crown acreage from recent land sales has seen higher oil drilling activity per acre
  - No capital investment requirements by PrairieSky Royalty
- **Low-risk model with attractive, sustainable dividend**
  - 4.8% – 5.5% yield, with a conservative payout policy (85% of 2013 free cash flow)
  - Diversification of revenue sources by operator, play, commodity (crude oil, natural gas and NGL)
  - No debt, providing strategic flexibility
- **Experienced, aligned management team and Board of Directors**

YIELD

GROWTH

MINIMAL CAPITAL SPENDING

Potential for near and long-term growth

(1) With petroleum and/or natural gas rights
(2) Operating margin is calculated as 2013 average realized price ($/BOE), less Freehold Mineral Tax expense ($/BOE), divided by the 2013 average realized price ($/BOE); see page 9 of this presentation
(3) In 2013

IPO Overview

Summary of Key Terms

PRAIRIESKY ROYALTY LTD

Issuer:	PrairieSky Royalty Ltd.
Selling Shareholder:	Encana Corporation ("Encana")
Issue Size:	Approximately $747.5 million to $861.3 million (100% secondary)
Issue:	32.5 million common shares
Issue Price:	$23.00 to $26.50 per common share
Expected Yield:	Approximately 4.8% - 5.5% ($1.27 per common share payable monthly)
Over-Allotment Option:	15% (100% secondary)
Shares Outstanding:	130 million common shares
Retained Interest:	75.0% (71.25% if the over-allotment option is exercised in full)
Standstill / Lock-Up:	180 days for PrairieSky Royalty and Encana
Pricing:	Expected the week of May 19, 2014
Closing:	Expected the week of May 26, 2014

Comparables

In accordance with Subsection 13.7(4) of National Instrument 41-101 General Prospectus Requirements, all the information relating to PrairieSky Royalty's comparables and any disclosure relating to the comparables, which is contained in the presentation to be provided to potential investors, has been removed from this template version of this presentation for purposes of its filing on the System for Electronic Document Analysis and Retrieval (SEDAR).

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Appendix: Additional Information

The Royalty Business Background

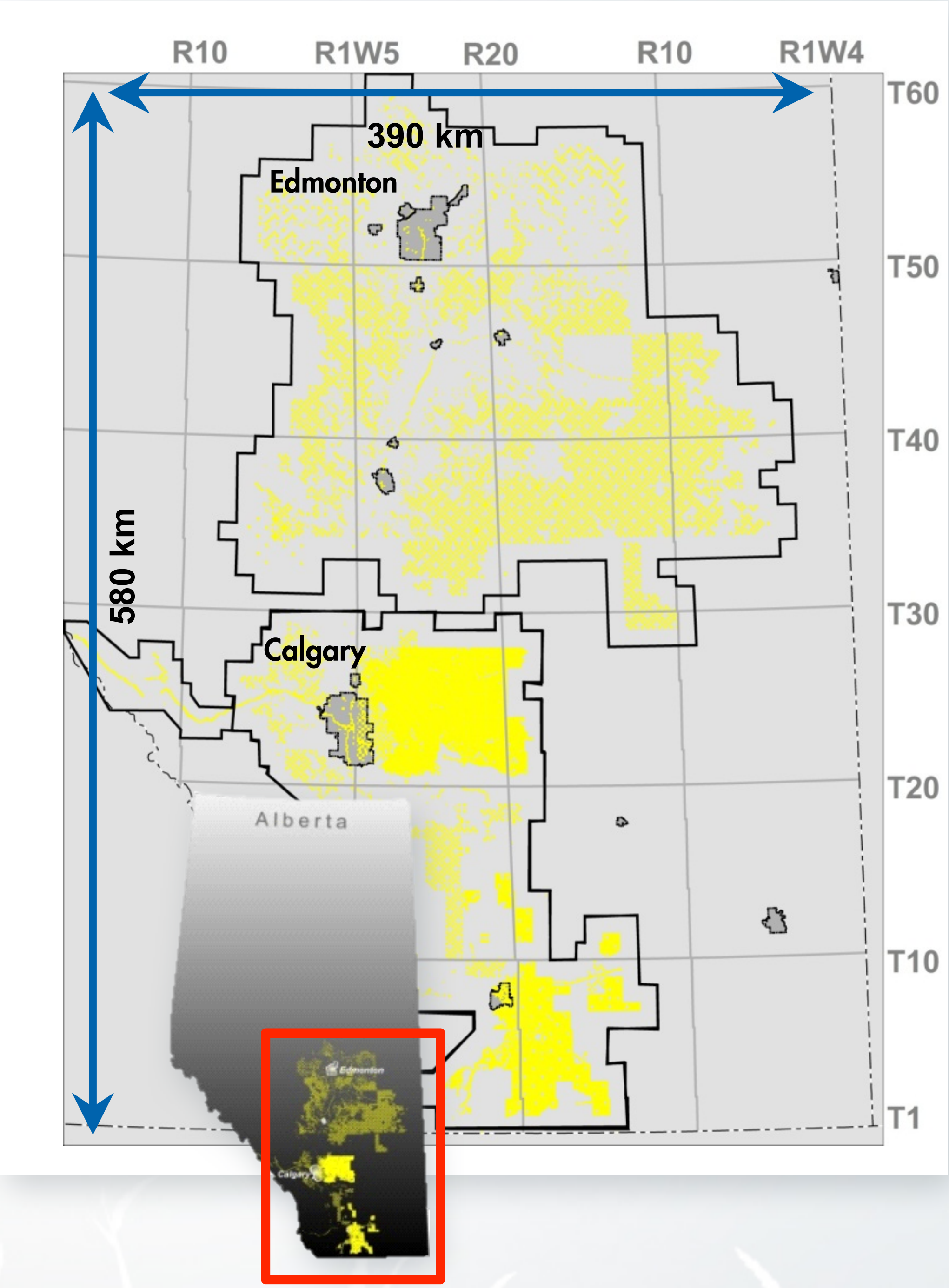
PRAIRIESKY ROYALTY LTD

"Crown"	Governments own the mineral rights (~90% in Alberta)[1] Revenue received from E&P companies with producing wells located on Crown lands Absolute ownership position
"Fee Simple Mineral Title" (PrairieSky's Royalties)	Corporations / individuals own the mineral rights (~9% and ~1% in Alberta, respectively) Revenue from third party E&P companies with producing wells located on fee lands Unique from other forms of oil and gas interests (rights held in perpetuity, unlike leases) No royalties payable to the Crown on these lands[2]
"Gross Overriding Royalties"	Contractual agreement creates financial obligation Finite life (term of lease / life of well bore) Royalty rate obtained typically lower than other royalties (+/- %)
"Net Profits Interest[3] / Net Royalty Interest"	Based on operating profit as contractually defined Payments generally begin after operator has recovered capital costs Net of operating and/or capital costs
"Streams"	Typically an upfront cash payment for the right to a proportion of future production Purchaser obtains a percentage of an asset's total production of a specific commodity Ongoing cash payments required by stream holder
"Working Interest"	Acreage is leased from either the Crown or fee title holders Exposure to capital costs, operating costs, abandonment and environmental liabilities generally in proportion to ownership interest

(1) ~81% of acreage held by the Provincial Crown (Province of Alberta) and ~9% held by the Federal Crown
(2) Only Freehold Mineral Tax, which, depending on the lease agreement, may be paid by lessees
(3) Depending on the agreement, certain royalty payments can have various contractual deductions

PrairieSky Royalty's Legacy Asset Base

- **PrairieSky Royalty's lands are in the heart of the prolific Western Canadian Sedimentary Basin[1]**
  - 637,000+ BOE/d of gross 2013 average production
    - ~25% of conventional production in Alberta[2]
  - 46,000+ producing wellbores
  - 15+ billion BOE of cumulative gross production



Lands situated in the heart of Alberta's producing oil & gas region

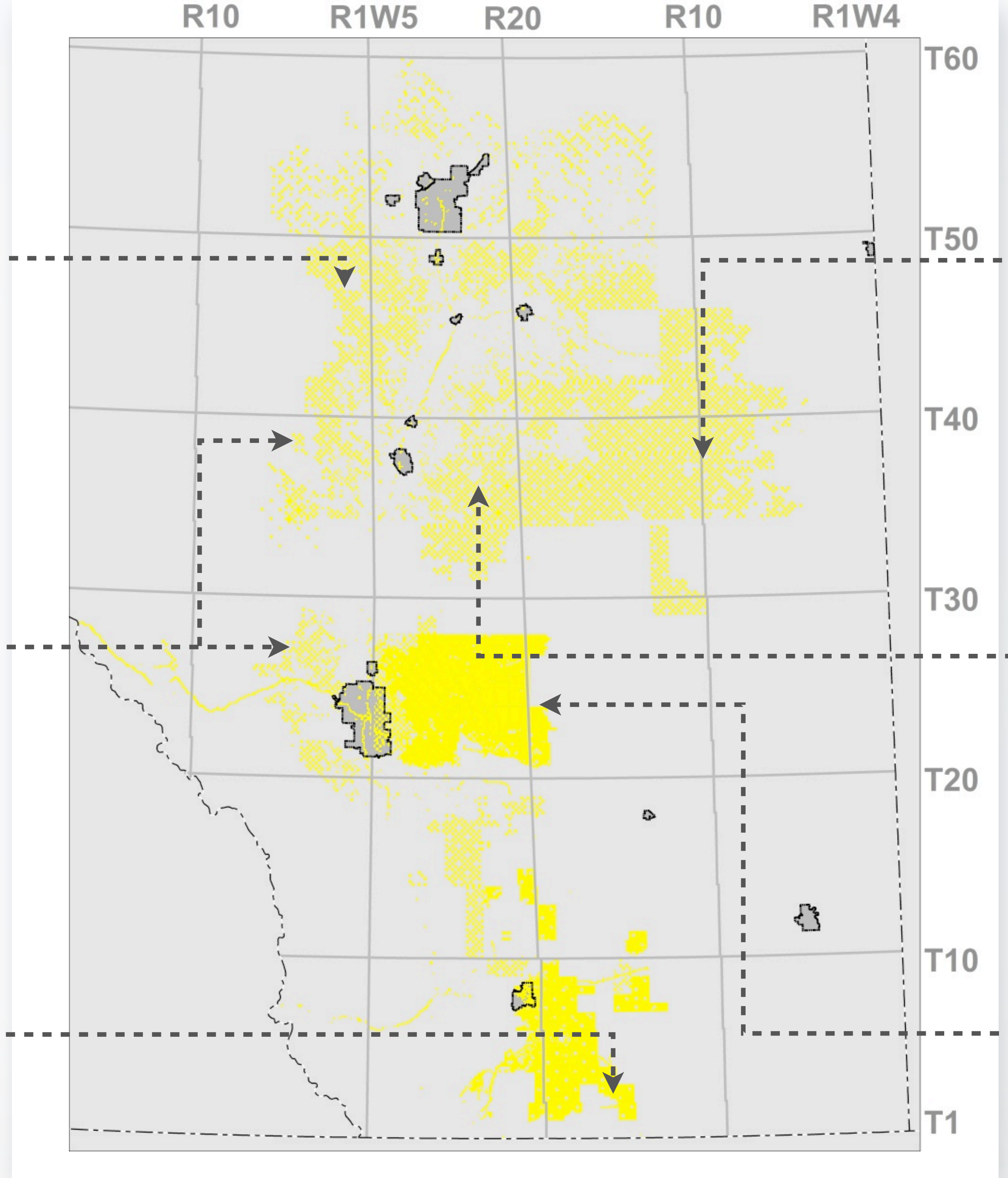
Note: map outline represents approximately 1 township boundary surrounding PrairieSky's acreage
(1) Source – geoSCOUT, statistics include all production within the approximately 1 township boundary outlined in the map, historical data since 1966; wellbores and cumulative production as at year-end 2013
(2) Source – CAPP statistical handbook (March 2014), based on 2012 Alberta crude oil, condensate and natural gas production volumes

Significant Discoveries & Activities

Westerose & Thorsby Glauconitic Pools

Lochend & Ricinus Cardium Pools

Ferguson Bakken Pool



Halkirk & Provost Viking Pools

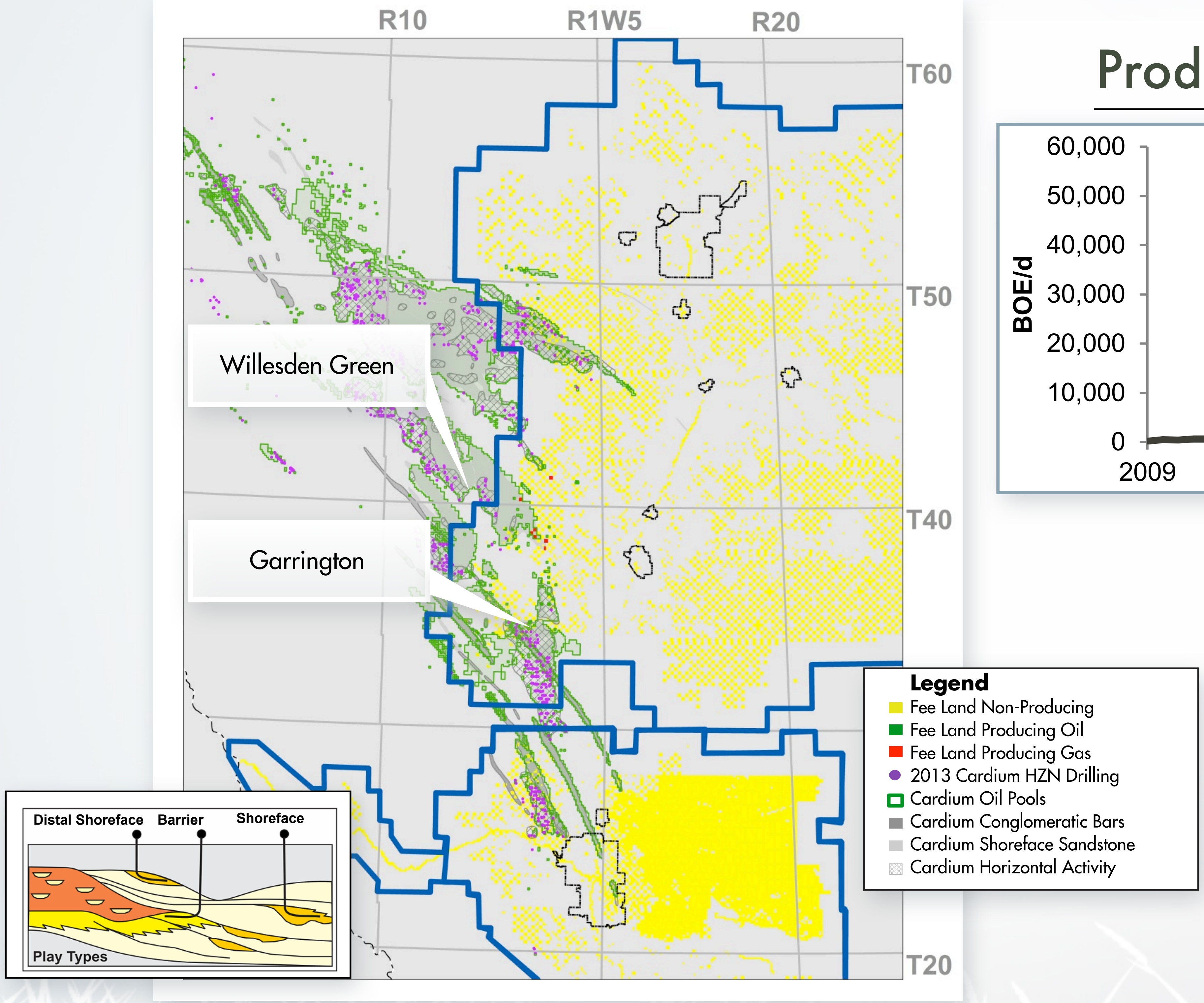
Elnora Nisku Pool

Hussar & Wayne Basal Quartz Pools

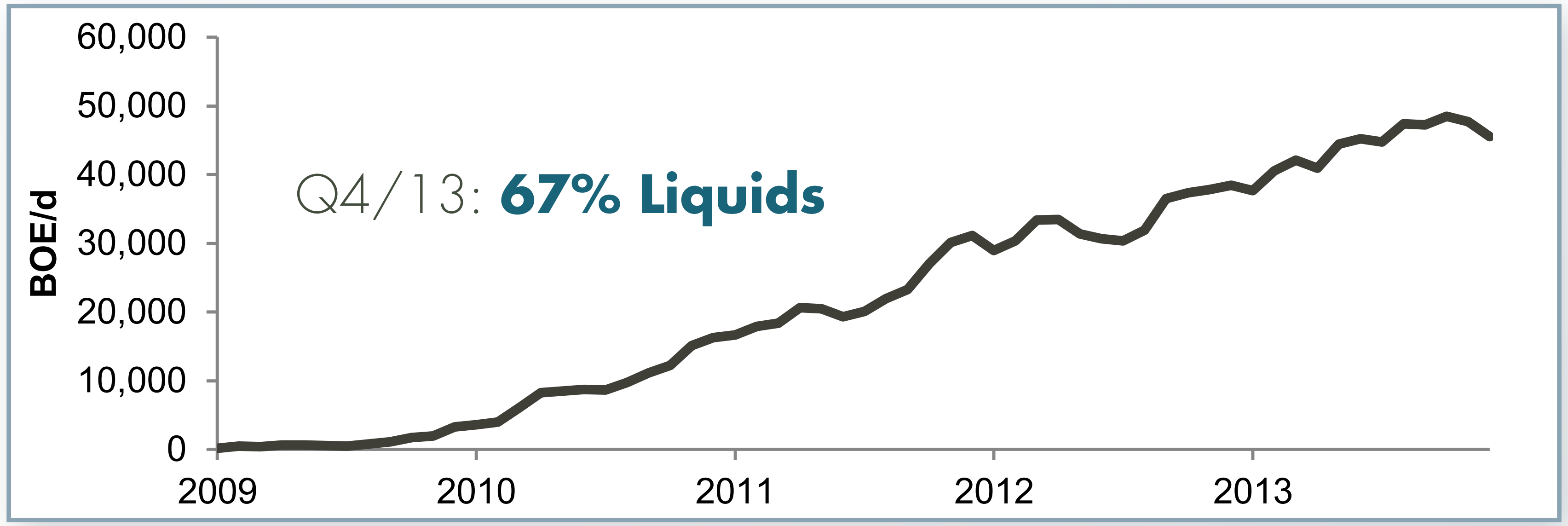
PrairieSky Royalty and its lessees are continuously discovering additional opportunities across PrairieSky Royalty's asset base

Cardium Opportunities

PRAIRIESKY ROYALTY LTD



Production Growth(1) Within Boundary(2)



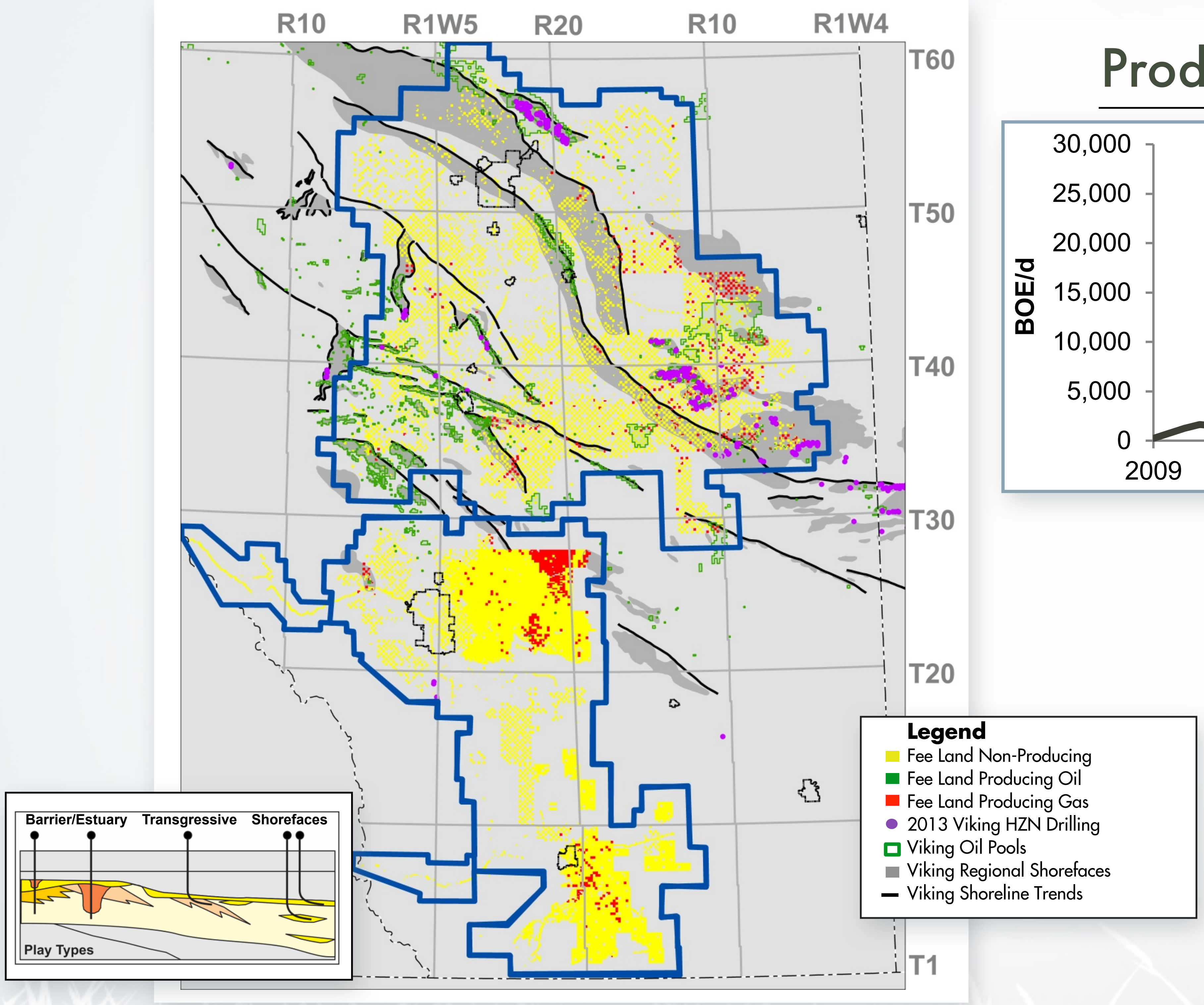
Notes:

(1) Presented on a gross production basis, based on wells with first production volumes generated after January 1, 2009

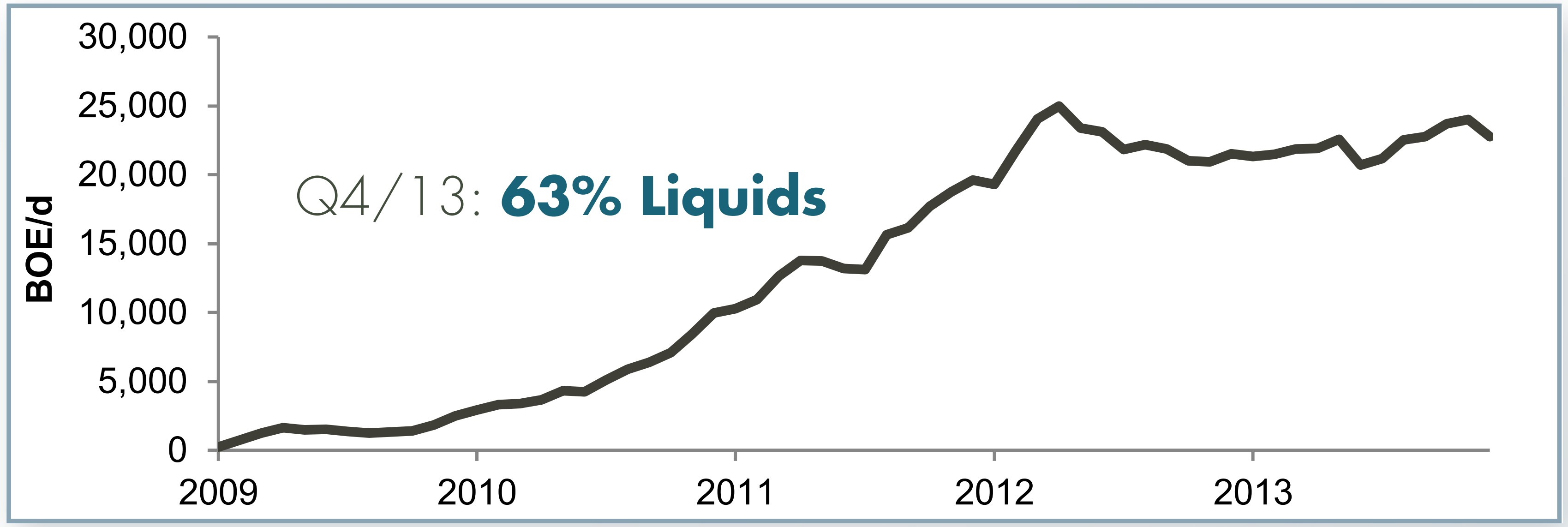
(2) Boundary area (highlighted in dark blue) of map represents approximately one township boundary surrounding the Fee Lands. The map illustrates the Cardium Formation that represents 737,239 acres of Fee Lands, of which 61% is leased and 5% is producing

Viking Opportunities

PRAIRIESKY ROYALTY LTD

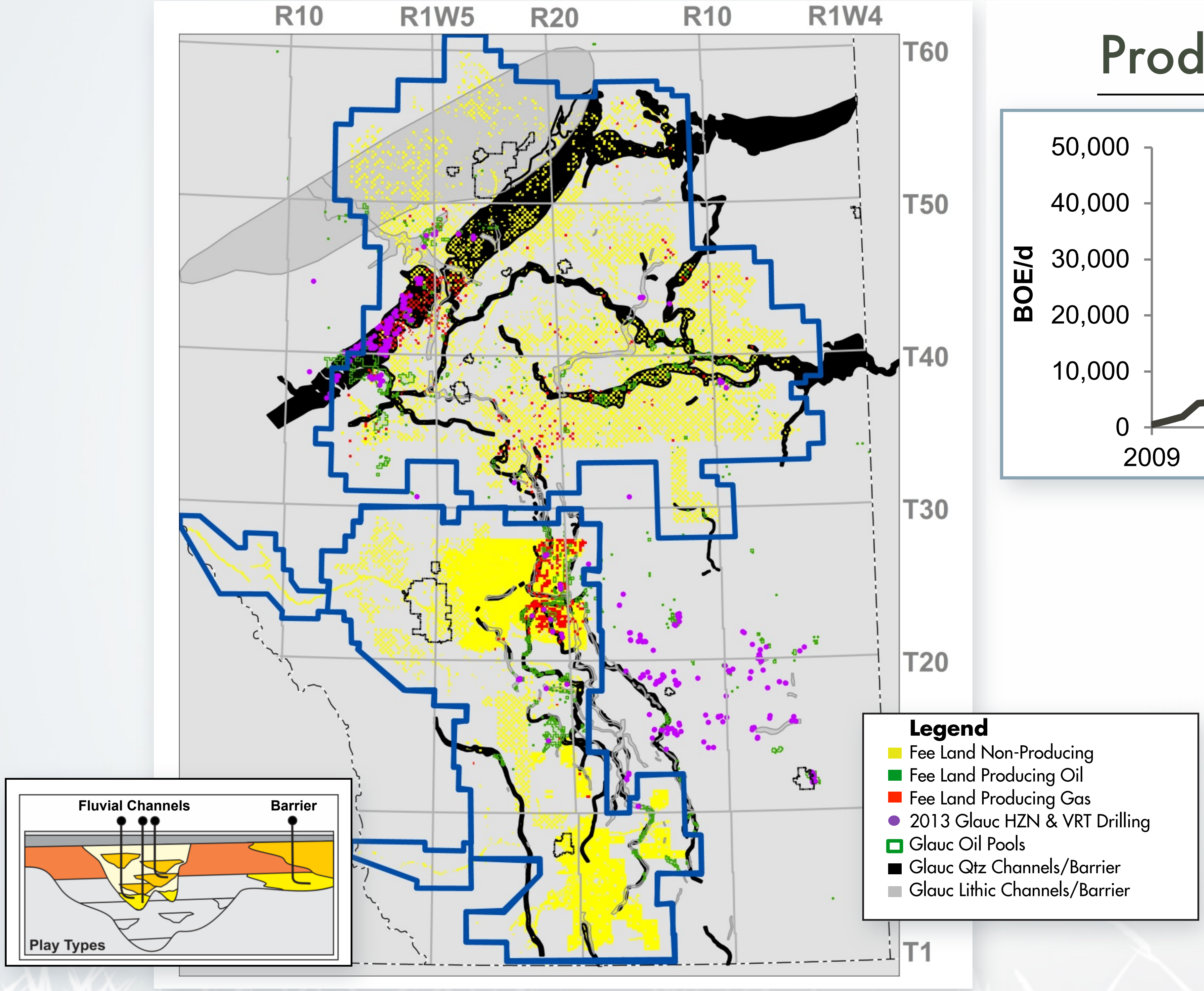


Production Growth(1) Within Boundary(2)

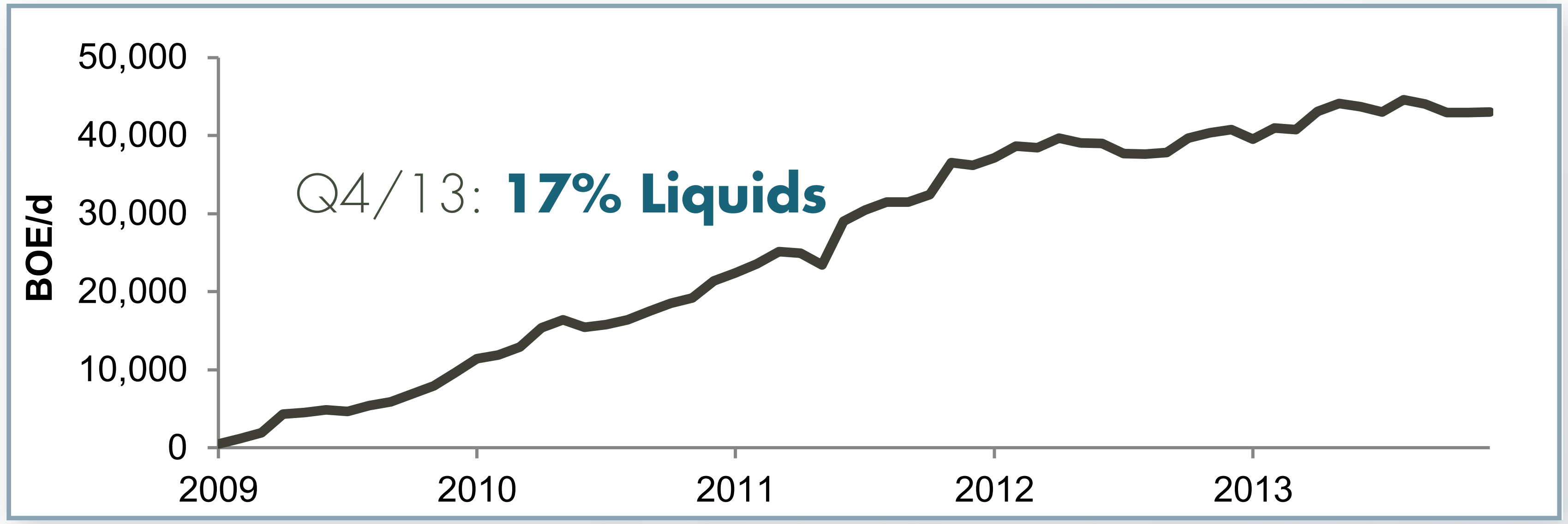


Notes:
(1) Presented on a gross production basis, based on wells with first production volumes generated after January 1, 2009
(2) Boundary area (highlighted in dark blue) of map represents approximately one township boundary surrounding the Fee Lands. The map illustrates the Viking Formation that represents 5,140,839 acres of Fee Lands, of which 46% is leased and 9% is producing

Glauconitic Opportunities

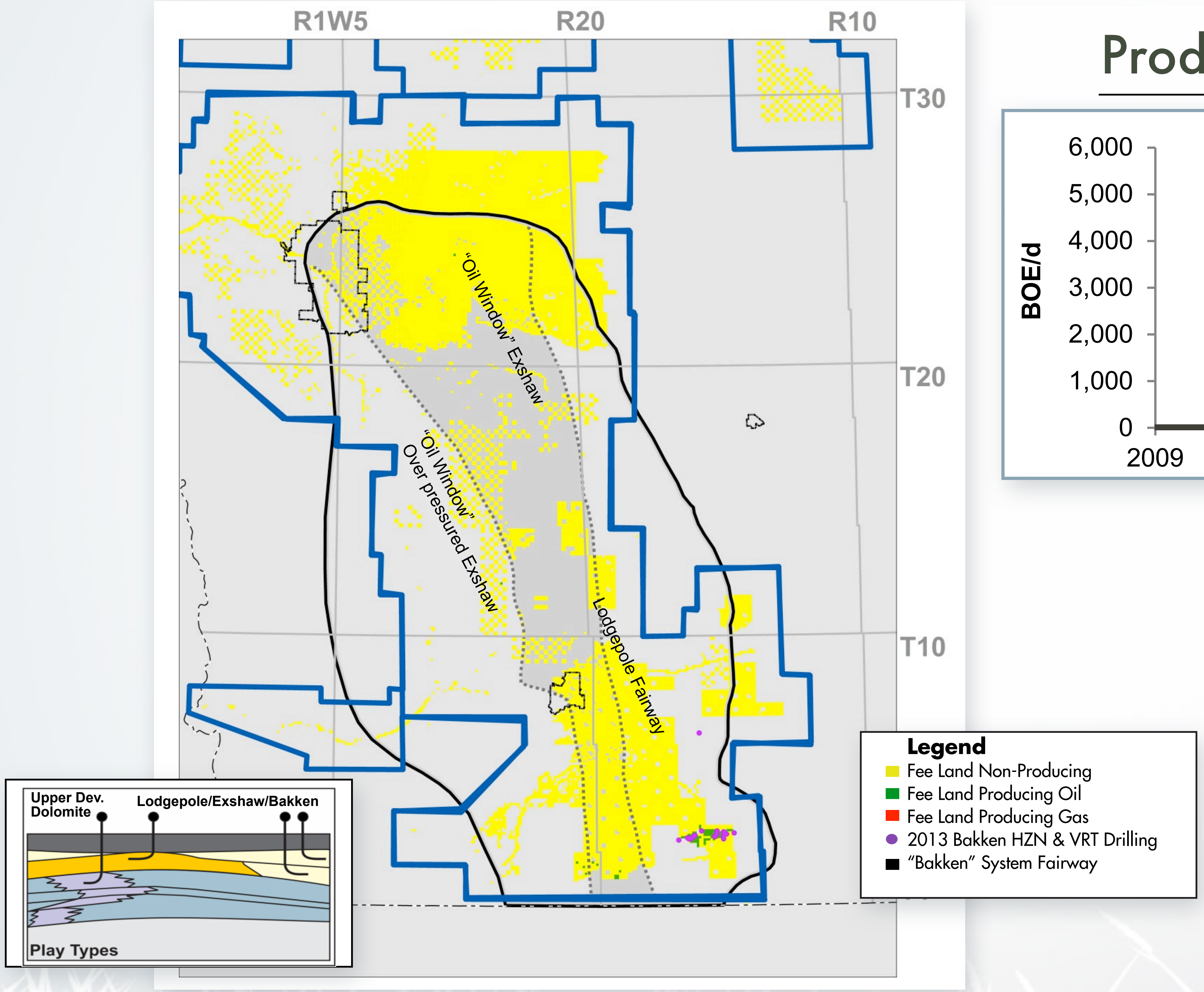


Production Growth[1] Within Boundary[2]

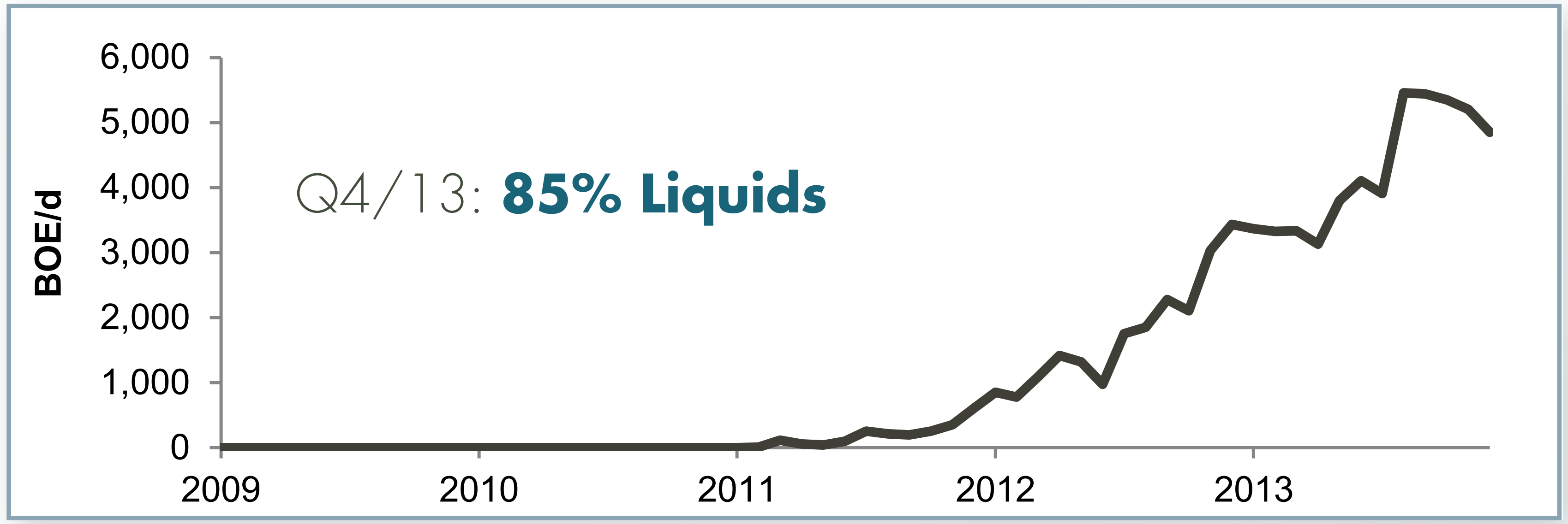


Notes:
(1) Presented on a gross production basis, based on wells with first production volumes generated after January 1, 2009
(2) Boundary area (highlighted in dark blue) of map represents approximately one township boundary surrounding the Fee Lands. The map illustrates the Glauconitic Formation that represents 4,045,909 acres of Fee Lands, of which 41% is leased and 9% is producing

Bakken Opportunities

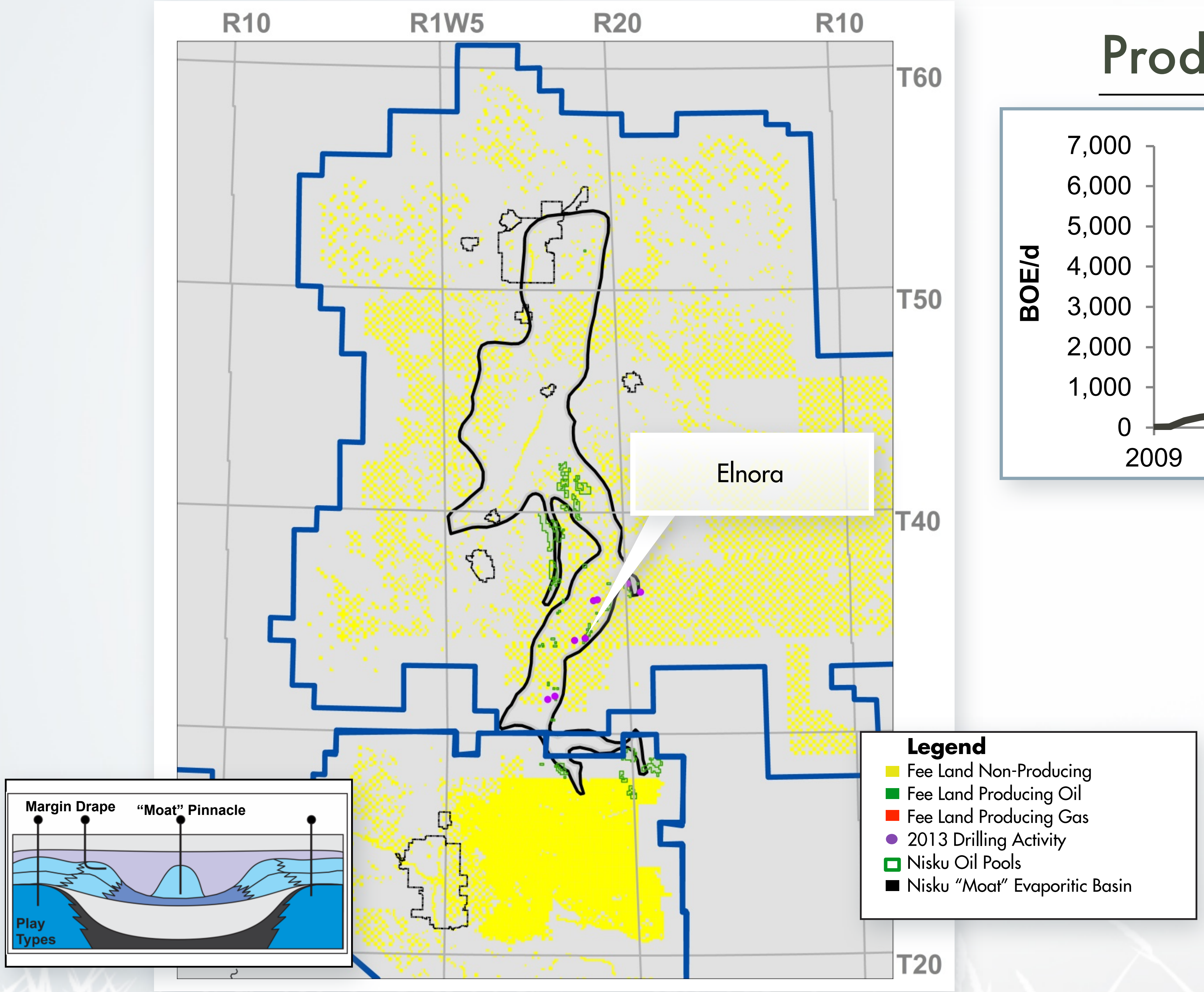


Production Growth(1) Within Boundary(2)

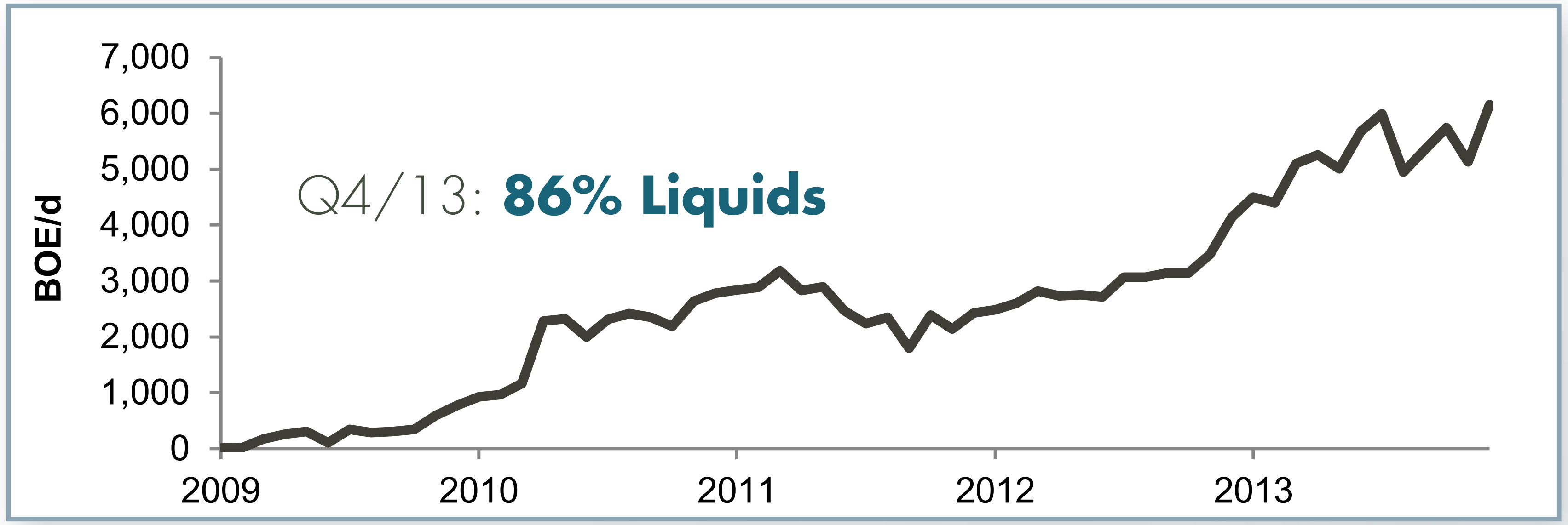


Notes:
(1) Presented on a gross production basis, based on wells with first production volumes generated after January 1, 2009
(2) Boundary area (highlighted in dark blue) of map represents approximately one township boundary surrounding the Fee Lands. The map illustrates the Bakken Formation that represents 1,852,371 acres of Fee Lands, of which 16% is leased and 1% is producing

Nisku Opportunities

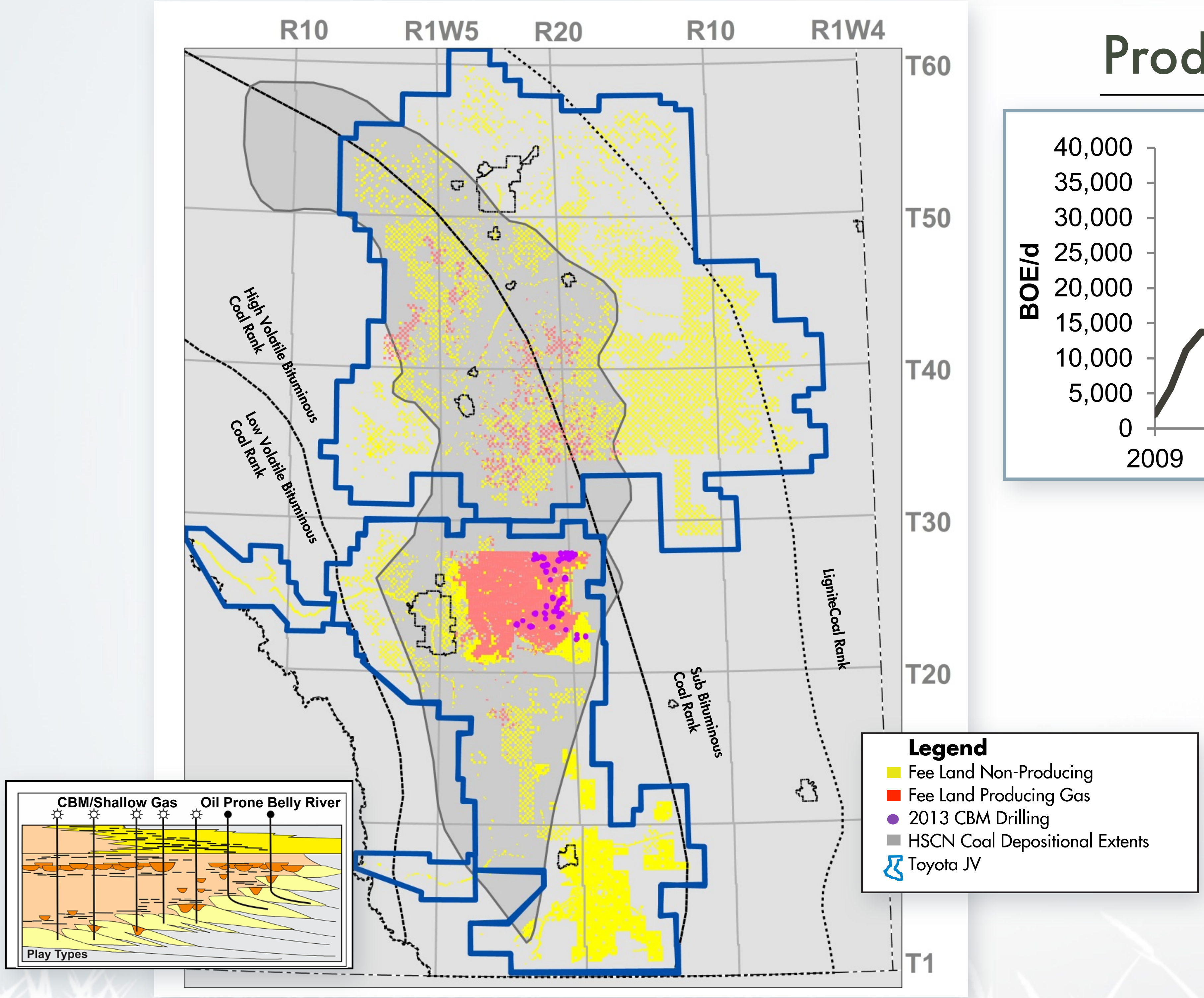


Production Growth(1) Within Boundary(2)

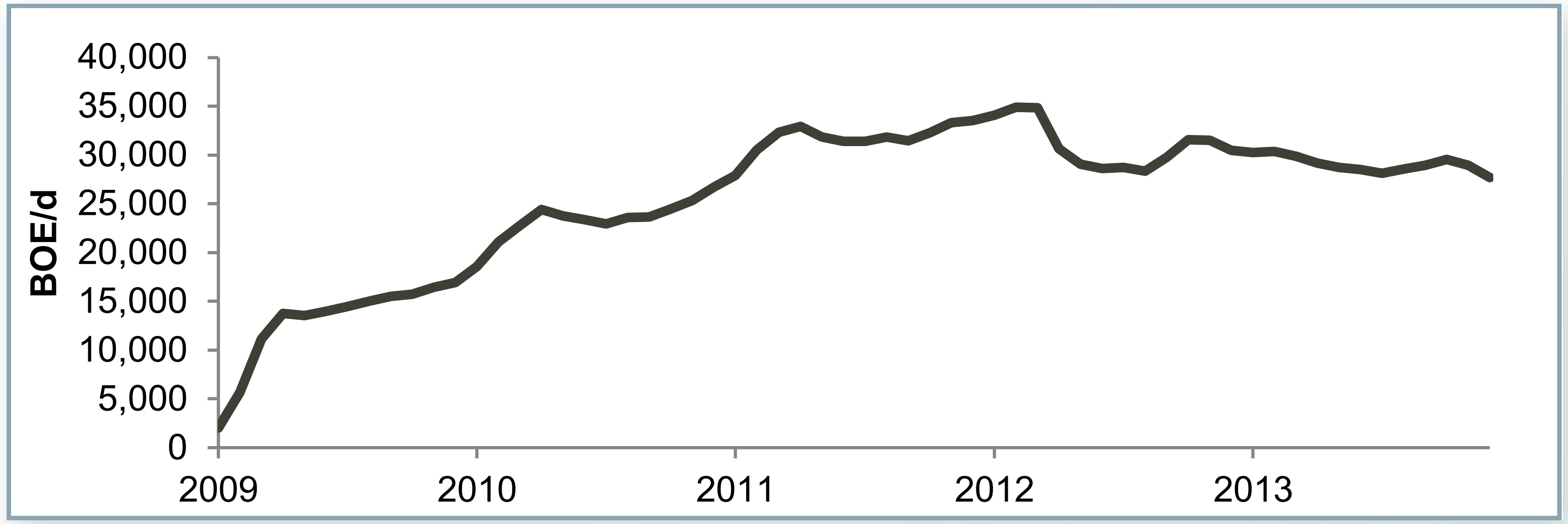


Notes:
(1) Presented on a gross production basis, based on wells with first production volumes generated after January 1, 2009
(2) Boundary area (highlighted in dark blue) of map represents approximately one township boundary surrounding the Fee Lands. The map illustrates the Nisku Formation that represents 648,431 acres of Fee Lands, of which 21% is leased and 1% is producing

Coal Bed Methane Opportunities



Production Growth(1) Within Boundary(2)



Notes:
(1) Presented on a gross production basis, based on wells with first production volumes generated after January 1, 2009
(2) Boundary area (highlighted in dark blue) of map represents approximately one township boundary surrounding the Fee Lands. The map illustrates the Surface to Top Colorado Group.

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