



PRAIRIESKY ANNOUNCES FIRST QUARTER 2017 RESULTS

Calgary, Alberta (April 24, 2017)

PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") (TSX: PSK) is pleased to announce its first quarter operating and financial results for the period ended March 31, 2017.

2017 First Quarter Highlights:

- Average royalty production of 26,812 BOE per day, 49% liquids
- Funds from operations of \$67.3 million or \$0.28 per share, basic and diluted
- Revenues of \$80.3 million including \$73.5 million of royalty revenue
- Leased land for new and existing plays, collecting \$3.0 million in lease issuance bonus consideration
- Completed acquisition of 4% gross overriding royalty on current and future phases of the Lindbergh SAGD thermal oil project
- Maintained a strong balance sheet with \$97.6 million of positive working capital, including \$92.4 million of cash on hand and nil debt as of March 31, 2017

PRESIDENT'S MESSAGE

It was an active first quarter for industry and across PrairieSky's land base with over 185 wells spud on our lands. Drilling activity was primarily focused on the Viking light oil play in Western Saskatchewan, the multi-zone Deep Basin fairway of Alberta and British Columbia and light oil plays across Central Alberta including the Mannville and Viking plays. Leasing interest remained high during the quarter with PrairieSky entering into 36 new leasing arrangements with 33 different producers on our fee lands.

PrairieSky completed its previously announced acquisition of a 4% gross overriding royalty on current and future phases of Pengrowth Energy Corporation's Lindbergh SAGD thermal oil project as well as seismic over certain lands in British Columbia and Alberta for total cash consideration of \$250 million, before customary closing adjustments. In addition, PrairieSky completed \$4.6 million of complementary acquisitions during the quarter, adding additional fee title lands and gross overriding royalty interests to its portfolio, including an overriding royalty on 29,440 acres of land in the Monias area of Northeast British Columbia which is prospective for future Montney development. PrairieSky continues to be selective and disciplined in our evaluation of new royalty opportunities.

PrairieSky's large undeveloped land position, low cost structure and high margin royalty production continues to deliver strong funds flow and growth opportunities with no capital requirements. During the quarter, PrairieSky declared dividends of \$43.2 million. PrairieSky increased its annual dividend to \$0.75 per share per annum effective for the March 2017 dividend which was paid on April 17, 2017. PrairieSky acquired and cancelled 335,200 common shares for \$10.1 million under its normal course issuer bid ("**NCIB**") during the first quarter of 2017. In addition to paying the dividend and cancelling shares through the NCIB, PrairieSky continued to add internally generated cash to its balance sheet. At March 31, 2017, PrairieSky had \$97.6 million of positive working capital and no debt.

PrairieSky will apply to the Toronto Stock Exchange ("**TSX**") to renew its NCIB for an additional one year period. Subject to regulatory approval, PrairieSky currently intends to allocate up to \$44 million over the next 12 months (approximately \$3.7 million per month), net of regular monthly dividend payments, to repurchase common shares. PrairieSky intends to purchase from time to time, as it considers advisable,

up to 1,600,000 of its currently issued and outstanding common shares (representing approximately 1% of the public float of common shares issued and outstanding as of April 24, 2017) 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. To date, PrairieSky has purchased and cancelled an aggregate of 1,356,700 common shares at a weighted average price per share of \$27.91 under a normal course issuer bid that commenced on May 2, 2016 and runs to May 1, 2017.

PrairieSky is pleased to be hosting an investor day on May 24, 2017 in Toronto, Ontario, where members of PrairieSky's management and technical team will present details on the Company's oil and gas plays.

I would like to thank our shareholders for their continued support. Please contact Pam Kazeil, our Chief Financial Officer, at 587-293-4089 or myself at 587-293-4005 with any questions.

Andrew Phillips

President & CEO

FINANCIAL AND OPERATIONAL INFORMATION

The following table summarizes select operational and financial information of the Company for the periods noted. All dollar amounts are stated in Canadian dollars unless otherwise noted.

FINANCIAL RESULTS

<i>(\$ Millions, except per share or as otherwise noted)</i>	Three months ended March 31, 2017	Three months ended March 31, 2016
FINANCIAL		
Revenues	\$ 80.3	\$ 48.9
Funds from Operations	67.3	41.4
Per Share – basic and diluted ⁽¹⁾⁽⁴⁾	0.28	0.18
Net Earnings and Comprehensive Income	20.8	1.7
Per Share – basic and diluted ⁽¹⁾	0.09	0.01
Dividends declared ⁽²⁾	43.2	63.3
Per Share	0.1825	0.2767
Acquisitions including non-cash consideration	254.5	2.7
Working Capital at end of period	97.6	202.5
Shares Outstanding	237.0	229.0
Weighted average – basic	236.5	228.6
Weighted average – diluted	236.9	228.8
OPERATIONAL		
Production Volumes		
Natural Gas (MMcf/d)	81.6	70.7
Crude Oil (bbls/d)	10,214	8,748
NGL (bbls/d)	2,998	2,550
Total (BOE/d) ⁽³⁾	26,812	23,081
Realized Pricing		
Natural Gas (\$/Mcf)	\$ 2.26	\$ 1.80
Crude Oil (\$/bbl)	52.81	34.16
NGL (\$/bbl)	30.94	19.09
Total (\$/BOE) ⁽³⁾	\$ 30.45	\$ 20.56
Operating Netback per BOE⁽⁴⁾	\$ 27.14	\$ 15.66
Funds from Operations per BOE	\$ 27.89	\$ 19.71
Natural Gas Price Benchmarks		
AECO (\$/Mcf)	2.94	2.11
Oil Price Benchmarks		
West Texas Intermediate (WTI) (US\$/bbl)	51.79	32.34
Edmonton Light Sweet (\$/bbl)	64.29	42.18

- (1) Net Earnings and Comprehensive Income and Funds from Operations per common share are calculated using the weighted average number of common shares outstanding.
- (2) A dividend of \$0.0625 per common share was declared on March 9, 2017 and paid on April 17, 2017 to shareholders of record as at March 31, 2017.
- (3) See "Conversions of Natural Gas to BOE".
- (4) A Non-GAAP measure which is defined under the Non-GAAP Measures section in PrairieSky's MD&A.

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, 2017 is available on SEDAR at www.sedar.com and PrairieSky's website at www.prairiesky.com.

NORMAL COURSE ISSUER BID

PrairieSky will apply to extend its NCIB for an additional one year period. Under the renewed NCIB, and subject to prior approval of the TSX, PrairieSky intends to repurchase up to \$44 million of common shares (approximately \$3.7 million per month) 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 by such other means as may be permitted by the TSX and applicable securities laws. 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 1,600,000 currently issued and outstanding common shares, representing approximately 1% of the public float of common shares issued and outstanding as of April 24, 2017. 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. To date, PrairieSky has purchased and cancelled an aggregate of 1,356,700 common shares at a weighted average price per share of \$27.91 under a normal course issuer bid that commenced on May 2, 2016 and runs to May 1, 2017.

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 share 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, net of regular dividend payments, 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 2018.

While PrairieSky currently intends to only use \$44 million to effect NCIB purchases 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.

INVESTOR DAY

PrairieSky will be hosting an investor day on May 24, 2017 in Toronto, Ontario, where members of PrairieSky's management and technical team will present details on the Company's oil and gas plays. The investor day will be live webcast starting at 9:00 AM eastern daylight time. 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.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, April 25, 2017 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:

(866) 413-7174 (toll free in North America)
(647) 427-2293 (International)

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, additional land leasing activities, renewal of the NCIB and application to the TSX in respect of the same,

the potential to increase the size of the NCIB in the future, the dollar amount and number of common shares which may be purchased under the NCIB, 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 year ended December 31, 2016. 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, royalties, 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, 2016 under the headings "Risk Management" and "Risk Factors", respectively, each of which is available at www.sedar.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 and PrairieSky's MD&A do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are considered non-GAAP measures. Non-GAAP measures are commonly used in the oil and 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. Further information can be found in the Non-GAAP Measures section of PrairieSky's MD&A.

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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