



PRAIRIESKY ANNOUNCES SECOND QUARTER 2017 RESULTS

Calgary, Alberta (July 24, 2017)

PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") (TSX: PSK) is pleased to announce its second quarter operating and financial results for the period ended June 30, 2017.

2017 Second Quarter Highlights:

- Funds from operations of \$75.0 million or \$0.32 per share, basic and diluted and net income of \$40.5 million or \$0.17 per share, basic and diluted
- Revenues of \$102.2 million including \$69.0 million of royalty revenue and \$29.5 million of lease bonus consideration generated by leasing land for new and existing plays
- Average royalty production of 25,706 BOE per day, 48% liquids
- Completed acquisitions of additional producing and non-producing royalties for cash consideration of \$9.7 million
- Maintained a strong balance sheet with \$108.0 million of positive working capital, including \$96.9 million of cash on hand and nil debt as of June 30, 2017

PRESIDENT'S MESSAGE

It was an active quarter for leasing across our fee land base. PrairieSky entered into 37 leasing arrangements with 34 different producers on our fee lands generating record quarterly lease bonus consideration of \$29.5 million, of which \$14.3 million was cash. Leasing was particularly active on our over 890 sections of Duvernay rights. Non-cash lease bonus consideration related to an amended leasing arrangement and provided PrairieSky with new and existing gross overriding royalties on developed and undeveloped lands as well as ownership in complementary seismic. Leasing of our undeveloped acreage is a precursor to drilling activity and future royalty production revenues at no cost to PrairieSky.

Producers spud 104 wells on PrairieSky's land base despite a challenging commodity price environment and spring break-up. Drilling activity focused on the Viking oil play in both Western Saskatchewan and Central Alberta, the multi-zone Deep Basin fairway of Alberta and British Columbia and light and heavy oil plays across Central Alberta. During the quarter, PrairieSky acquired gross overriding royalties on producing and undeveloped lands for cash proceeds of \$9.7 million which provide exposure to existing and future development for all commodities, including multi-zonal resource play opportunities in the Deep Basin. 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 \$44.5 million and acquired and cancelled 397,200 common shares for \$11.6 million under its normal course issuer bid ("**NCIB**"). In addition to dividends declared and the NCIB, PrairieSky generated excess free cash flow of \$18.9 million in the quarter. At June 30, 2017, PrairieSky had \$108.0 million of positive working capital, including \$96.9 million of cash on hand and no debt.

PrairieSky marked its third anniversary during the quarter and we would like to thank our dedicated group of employees for their efforts as well as 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 June 30, 2017	Three months ended June 30, 2016	YTD 2017	YTD 2016
FINANCIAL				
Revenues	\$ 102.2	\$ 48.1	\$ 182.5	\$ 97.0
Funds from Operations	75.0	42.8	142.3	84.2
Per Share – basic and diluted ⁽¹⁾⁽⁴⁾	0.32	0.19	0.60	0.37
Net Earnings (Loss) and Comprehensive Income (Loss)	40.5	(5.7)	61.3	(4.0)
Per Share – basic and diluted ⁽¹⁾	0.17	(0.02)	0.26	(0.02)
Dividends declared ⁽²⁾	44.5	41.2	87.7	104.5
Per Share	0.1875	0.1800	0.3700	0.4567
Acquisitions including non-cash consideration	24.9	24.9	279.4	27.6
Working Capital at end of period	108.0	171.1	108.0	171.1
Shares Outstanding	236.6	228.8	236.6	228.8
Weighted average – basic	236.8	228.9	236.7	228.8
Weighted average – diluted	237.1	229.1	237.0	229.0
OPERATIONAL				
Production Volumes				
Natural Gas (MMcf/d)	80.6	75.3	81.1	73.0
Crude Oil (bbls/d)	9,609	8,213	9,910	8,480
NGL (bbls/d)	2,664	2,395	2,830	2,473
Total (BOE/d) ⁽³⁾	25,706	23,158	26,257	23,120
Realized Pricing				
Natural Gas (\$/Mcf)	\$ 2.15	\$ 0.67	\$ 2.20	\$ 1.22
Crude Oil (\$/bbl)	52.98	45.01	52.89	39.41
NGL (\$/bbl)	28.60	22.79	29.83	20.88
Total (\$/BOE) ⁽³⁾	\$ 29.51	\$ 20.50	\$ 29.99	\$ 20.53
Operating Netback per BOE⁽⁴⁾	\$ 25.28	\$ 17.18	\$ 26.22	\$ 16.41
Funds from Operations per BOE	\$ 32.06	\$ 20.31	\$ 29.94	\$ 20.01
Natural Gas Price Benchmarks				
AECO (\$/Mcf)	2.77	1.25	2.86	1.67
Oil Price Benchmarks				
West Texas Intermediate (WTI) (US\$/bbl)	50.27	45.64	51.03	38.99
Edmonton Light Sweet (\$/bbl)	64.81	55.00	64.55	48.59

(1) Net Earnings (Loss) and Comprehensive Income (Loss) 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 June 15, 2017 and paid on July 17, 2017 to shareholders of record as at June 30, 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 June 30, 2017 is available on SEDAR at www.sedar.com and PrairieSky's website at www.prairiesky.com.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, July 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, future royalty production and development and the linkage between new land leasing activity as a precursor to drilling or production from the lands.

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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