



TSX | PSK

NOTICE OF ANNUAL GENERAL MEETING AND INFORMATION CIRCULAR **AND** **PROXY STATEMENT**

FOR THE ANNUAL GENERAL
MEETING OF SHAREHOLDERS
TO BE HELD ON
TUESDAY, APRIL 21, 2020

HIGH MARGINS
ZERO CAPITAL

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NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON TUESDAY, APRIL 21, 2020

The annual general meeting (the "**Meeting**") of the shareholders of PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") will be held in the Sports Lounge at the Calgary Petroleum Club, 319 Fifth Avenue S.W., Calgary, Alberta T2P 0L5 on Tuesday, April 21, 2020 at 9:30 a.m. (MDT) to:

1. receive and consider the audited financial statements of the Company for the year ended December 31, 2019, together with the report of the auditors;
2. elect eight (8) directors of the Company;
3. appoint the auditors and authorize the directors to fix their remuneration as such;
4. vote on our approach to executive compensation; and
5. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the information circular and proxy statement accompanying this notice.

Registered shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it to TSX Trust Company, Attention: Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1, or deliver it by fax to 1-416-595-9593 at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment or postponement thereof. Registered shareholders may also vote via the internet at www.voteproxyonline.com. Votes by internet must be received by 9:30 a.m. (MDT) on Friday, April 17, 2020 or at least 48 hours excluding Saturdays, Sundays and holidays prior to the time of any adjournment or postponement of the Meeting. See the information circular and proxy statement for further instructions on internet voting. If a shareholder receives more than one form of proxy because such shareholder owns common shares of the Company ("**Common Shares**") registered in different names or addresses, each proxy form should be completed and returned.

Only shareholders of record at the close of business on March 3, 2020 will be entitled to vote at the Meeting, unless a shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of such Common Shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the Meeting.

DATED at Calgary, Alberta this 3rd day of March, 2020.

By order of the Board of Directors of
PrairieSky Royalty Ltd.

(signed) *Cameron Proctor*
Corporate Secretary



Information Circular and Proxy Statement
for the Annual General Meeting to be held on Tuesday, April 21, 2020

PROXIES

SOLICITATION OF PROXIES

This information circular and proxy statement is furnished in connection with the solicitation of proxies for use at the annual general meeting (the "**Meeting**") of the shareholders of PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") to be held on Tuesday, April 21, 2020 at 9:30 a.m. (MDT), in the **Sports Lounge at the Calgary Petroleum Club, 319 Fifth Avenue S.W., Calgary, Alberta T2P 0L5** and at any adjournment thereof. Forms of proxy must be addressed to and received by TSX Trust Company, Attention: Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1 or by fax to 1-416-595-9593 at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement thereof. Registered shareholders may also use the internet at www.voteproxyonline.com to vote their common shares of PrairieSky ("**Common Shares**"). Shareholders will be prompted to enter the control number which is located on the form of proxy. Votes by internet must be received by 9:30 a.m. (MDT) on Friday April 17, 2020 or at least 48 hours excluding Saturdays, Sundays and holidays, prior to the time of any adjournment or postponement of the Meeting. The website may also be used to appoint a proxy holder to attend and vote at the Meeting on the shareholder's behalf and to convey a shareholder's voting instructions.

Only shareholders of record at the close of business on March 3, 2020 will be entitled to vote at the Meeting, unless a shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of such Common Shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the Meeting.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a company, by a duly authorized officer or attorney of the company.

The persons named in the enclosed form of proxy are our officers and/or directors. **As a shareholder, you have the right to appoint a person or company, who need not be a shareholder, to represent you at the Meeting.** To exercise this right, you should insert the name of the desired representative in the blank space provided on the form of proxy.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of such Common Shares ("**Registered Shareholders**") can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on PrairieSky's records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc. ("**CDS**"), which acts as nominee for many Canadian brokerage firms. Common Shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting

your Common Shares. The Company does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. The majority of Common Shares held in the United States are registered in the name of Cede & Co., the nominee for The Depository Trust Company, which is the United States equivalent of CDS.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications, Canada ("**Broadridge**"), which mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can call their toll-free telephone number or access the internet to vote your Common Shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of such Common Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote Common Shares directly at the Meeting as the proxy must be returned to them well in advance of the Meeting in order to have the Common Shares voted.

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you may attend the Meeting as a proxyholder for the Registered Shareholder and vote your Common Shares in that capacity. If you wish to attend the Meeting and vote your Common Shares, you must do so as proxyholder for the Registered Shareholder. To do this, you should enter your own name in the blank space on the form of proxy provided to you and return the document to your broker or the agent of such broker in accordance with the instructions provided by such broker well in advance of the Meeting.

NOTICE-AND-ACCESS

The Company has elected to use the "notice-and-access" provisions under National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to its non-registered shareholders ("**Beneficial Shareholders**") but not in respect of mailings to its Registered Shareholders. The Notice-and-Access Provisions are rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Company has also elected to use procedures known as 'stratification' in relation to its use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management's discussion and analysis (together the "**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the Meeting, Registered Shareholders will receive a paper copy of each of a notice of the Meeting, this information circular and proxy statement and a form of proxy whereas Beneficial Shareholders will receive a Notice-and-Access notification and a request for voting instructions. Furthermore, a paper copy of the Financial Information in respect of the most recent financial year of the Company will be mailed to Registered Shareholders as well as to those Beneficial Shareholders who have previously requested to receive them.

The Company will be delivering proxy-related materials directly to non-objecting Beneficial Shareholders with the assistance of Broadridge and intends to pay for intermediaries to deliver proxy-related materials to objecting Beneficial Shareholders.

REVOCABILITY OF PROXY

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy to attend the Meeting in person, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a company, under your corporate seal or by a duly authorized officer or attorney of the company. To be effective, the instrument in writing must be deposited either at the head office of the Company at any time up to and including the last business day before the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof.

PERSONS MAKING THE SOLICITATION

This solicitation is made on behalf of the Company's management. PrairieSky will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual general meeting and this information circular and proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by the Company's directors, officers and employees who will not be remunerated therefor.

EXERCISE OF DISCRETION BY PROXY

The Common Shares represented by proxy in favour of management nominees will be voted on every matter at the Meeting. Where you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted or withheld from voting on any matter in accordance with the specification so made. If you do not provide instructions, your Common Shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual general meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment or postponement thereof. At the time of printing this information circular and proxy statement, the Company knows of no such amendment, variation or other matter.

QUORUM FOR MEETING AND APPROVAL REQUIREMENTS

At the Meeting, a quorum shall consist of two (2) or more persons present and holding or representing by proxy not less than 25% of the outstanding Common Shares. If a quorum is not present at the opening of the Meeting, the shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

All of the matters to be considered at the Meeting other than the non-binding advisory vote on executive compensation are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution at the Meeting. The vote on our approach to executive compensation is advisory and the results will not be binding on the Board (as defined herein under "*Matters to be Acted upon at the Meeting – Advisory Vote on Executive Compensation*").

REQUEST FOR MATERIALS

Beneficial Shareholders who wish to receive a paper copy of this information circular and proxy statement and/or the Financial Information should contact Broadridge at the toll-free number 1-866-393-4891 ext. 205 at any time up to and including the date of Meeting or any adjournment thereof. In order to allow Beneficial Shareholders a reasonable time to receive paper copies of this information circular and proxy statement and related materials and to vote their Common Shares, any Beneficial Shareholders wishing to request paper copies as described above should ensure that such request is received by 9:30 p.m. (MDT) on April 8, 2020. A Beneficial Shareholder may also call the Company at (587) 293-4000 to obtain additional information about the Notice-and-Access Provisions.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

PrairieSky is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at March 3, 2020, there were 232,865,691 Common Shares and no preferred shares issued and outstanding. As a holder of Common Shares, you are entitled to one vote for each Common Share owned.

Other than as set forth below, to the knowledge of the Company's directors and officers, as at March 3, 2020, no person or company beneficially owned or controlled, directly or indirectly, Common Shares entitled to more than 10% of the votes which may be cast at the Meeting.

Registered Holder	Number of Common Shares	Percentage of Issued and Outstanding
EdgePoint Investment Group Inc.	43,098,629	18.51%

Note:

- (1) Information is based solely on filings on the Company's profile at www.sedar.com.

As at March 3, 2020, PrairieSky's directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control over 2,551,244 Common Shares or approximately 1.1% of the issued and outstanding Common Shares.

MATTERS TO BE ACTED UPON AT THE MEETING

ELECTION OF DIRECTORS

The board of directors of PrairieSky (the "**Board**") has fixed the number of directors at eight (8) members. Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of the election as directors of the eight (8) nominees set forth below:

James M. Estey	Robert Robotti
P. Jane Gavan	Myron M. Stadnyk
Margaret A. McKenzie	Sheldon B. Steeves
Andrew M. Phillips	Grant A. Zawalsky

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the Meeting, the proxy shall not be voted with respect to such vacancy.

Voting for Election of Directors

The election of the directors will be conducted by voting on each director individually. The individual voting results will be published by news release and available on SEDAR at www.sedar.com after the Meeting.

The Board has adopted a Policy on Directors' Voting Procedures (the "**majority voting policy**"), which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at an uncontested meeting of the shareholders of the Company, such nominee shall offer his or her resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Governance and Compensation Committee, a sub-committee of the Board of Directors as detailed below, will consider such offer and make a recommendation to the Board whether to accept it or not. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any Governance and Compensation Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days. See "*Nomination and Election of Directors – Majority Voting Policy*" at page 32 hereof.

Biographies of the Directors

The following information relating to the director nominees is based partly on the Company's records and partly on information received by PrairieSky from the nominees and sets forth the names, ages and cities of residence of the proposed nominees, their committee memberships, the date on which each became a director of the Company, the present occupations and brief biographies of such persons and the number of Common Shares owned, controlled or directed by each and the number of deferred share units ("DSUs") granted under the DSU Plan (as defined herein) for directors held as at March 3, 2020.

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed⁽¹⁾	DSUs
James M. Estey Calgary, Alberta	67	April 11, 2014	1,260,577	79,625



Chairman of the Board
Independent

Mr. Estey's principal occupation is as a Corporate Director. Mr. Estey is the retired Chairman of UBS Securities Canada Inc., a financial services company, and has more than 40 years of experience in financial markets. Mr. Estey joined Alfred Bunting and Company as an institutional equity salesperson in 1980 after working at A.E. Ames & Co. for seven years. In 1994, Mr. Estey became the head of the Canadian Equities business, and in 2002 Mr. Estey was appointed President & Chief Executive Officer of UBS Securities Canada Inc. In January 2008, Mr. Estey assumed the role of Chairman of UBS Securities Canada Inc.

Mr. Estey is a director and Chairman of Gibson Energy Inc., a Toronto Stock Exchange ("TSX") listed oil and natural gas infrastructure company. Mr. Estey also serves on the Advisory Board of the Edwards School of Business at the University of Saskatchewan.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(5/5)	100%
	Governance and Compensation Committee	(3/3)	100%
	Audit ⁽²⁾	(3/3)	100%
	Total	(11/11)	100%
Current Board Directorships	Public Boards		
	Gibson Energy Inc.		
Voting Results of 2019 AGM	Number of Votes	% of Votes	
Votes For	165,663,342	81.88%	
Votes Withheld	36,657,544	18.12%	

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽¹⁾	DSUs
P. Jane Gavan Toronto, Ontario	60	May 23, 2019	5,000	15,738



Independent

Ms. Gavan is President, Asset Management of Dream Unlimited Corp. ("**Dream Unlimited**"), having held increasingly senior positions since joining Dream's predecessor organization in 1998. Ms. Gavan also served as Chief Executive Officer of Dream Global Real Estate Investment Trust ("**Dream Global**"), a TSX listed real estate investment income trust ("**REIT**") prior to its acquisition by The Blackstone Group Inc. in December 2019, and previously served as Chief Executive Officer of Dream Office REIT. Ms. Gavan has more than 30 years of executive business and leadership experience across a number of industries, including acting as a senior legal advisor prior to joining Dream Global. Ms. Gavan earned an Honours Bachelor of Commerce degree from Carleton University and a Bachelor of Laws degree from Osgoode Hall, York University. Ms. Gavan currently sits on the board of directors of Dream Unlimited Corp., the Board of Trustees for Dream Office REIT, and is on the Patron's Council for Community Living Toronto.

Board and Committee Membership	Membership	Meeting Attendance	
	Board ⁽³⁾	(2/3)	66%
	Audit Committee ⁽⁴⁾	(1/1)	100%
	Total	(3/4)	75%
Current Board Directorships	Public Boards		
	Dream Unlimited Corp. Dream Office REIT		
Voting Results of 2019 AGM	Number of Votes		% of Votes
	Votes For		N/A
	Votes Withheld		N/A

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽¹⁾	DSUs
Margaret A. McKenzie Calgary, Alberta	58	December 19, 2014	262,720	26,148



Independent

Ms. McKenzie's principal occupation is as a Corporate Director. Ms. McKenzie was formerly the Vice President, Finance and Chief Financial Officer of Range Royalty Limited Partnership and prior thereto was Vice President, Finance and Chief Financial Officer of Profico Energy Management Ltd. (a private oil and natural gas company). Ms. McKenzie holds a Bachelor of Commerce degree (with distinction) from the University of Saskatchewan and has been a member of the Institute of Chartered Accountants of Alberta since 1985. She obtained her ICD.D designation from the Institute of Corporate Directors in 2013.

Ms. McKenzie is an experienced director and currently sits as a director of Ovintiv Inc. (a TSX and New York Stock Exchange ("**NYSE**") listed oil and natural gas company) and Inter Pipeline Ltd. (a TSX listed petroleum transportation, storage and natural gas liquids extraction company).

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(5/5)	100%
Audit Committee (Chair)	(4/4)	100%	
Reserves Committee	(2/2)	100%	
Total	(11/11)	100%	

Current Board Directorships	Public Boards
	Ovintiv Inc.
	Inter Pipeline Ltd.

Voting Results of 2019 AGM	Number of Votes	% of Votes
Votes For	202,186,314	99.93%
Votes Withheld	134,572	0.07%

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽¹⁾	DSUs
Andrew M. Phillips Calgary, Alberta	42	April 11, 2014	673,849	--- ⁽⁵⁾



President and Chief Executive Officer

Non-Independent

Mr. Phillips is the President and Chief Executive Officer of the Company ("**CEO**") and has over 20 years of experience in the oil and natural gas industry in the areas of exploration, geology, business development, asset evaluation and executive management.

Prior to his appointment as President and Chief Executive Officer of the Company, Mr. Phillips was the President and Chief Executive Officer and a director of Home Quarter Resources Ltd., a private oil and natural gas company founded by Mr. Phillips in 2010 with producing properties and royalty interests in southwest Saskatchewan and Alberta. Home Quarter Resources Ltd. was successfully divested to a public oil and natural gas company in 2014. Prior thereto, Mr. Phillips was the Vice President, Exploration at Evolve Exploration Ltd., a private junior oil and natural gas company with assets in Western Canada, and an Exploration Geologist at Profico Energy Management Ltd. and at Renaissance Energy Ltd., both of which were Canadian oil and natural gas exploration companies.

Mr. Phillips holds a Bachelor of Science, Geology degree from the University of Calgary and is a member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Phillips is a member of the Board of Directors of the Alberta Children's Hospital Foundation.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(5/5)	100%
	Total⁽⁶⁾	(5/5)	100%
Current Board Directorships	Public Boards		
	N/A		
Voting Results of 2019 AGM	Number of Votes	% of Votes	
	Votes For	202,187,204	99.93%
	Votes Withheld	133,682	0.07%

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽¹⁾	DSUs
Robert Robotti New York, New York	66	October 3, 2019	20,843	13,379



Independent

Mr. Robotti is the founder and Chief Investment Officer of Robotti & Company Advisors, LLC, a U.S. registered investment adviser. Mr. Robotti is also currently Chair of Pulse Seismic Inc., a TSX listed issuer which provides seismic library data to the Western Canadian energy sector. Mr. Robotti is also a director of Panhandle Oil and Gas Inc., an Oklahoma City-based oil and natural gas mineral and royalty company listed on the NYSE, and is a director of AMREP Corporation, a NYSE listed real estate business focused in New Mexico. Mr. Robotti received his Bachelor of Science in Business Administration from Bucknell University (Pennsylvania) and an MBA in Accounting from Pace University (New York). Mr. Robotti is a member of the CFA Society New York.

Board and Committee Membership	Membership	Meeting Attendance	
	Board ⁽⁷⁾	(2/2)	100%
	Total	(2/2)	100%
Current Board Directorships	Public Boards		
	Pulse Seismic Inc.		
	Panhandle Oil and Gas Inc.		
	AMREP Corporation		
Voting Results of 2019 AGM	Number of Votes	% of Votes	
Votes For	N/A	N/A	
Votes Withheld	N/A	N/A	

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽¹⁾	DSUs
Myron M. Stadnyk Calgary, Alberta	57	June 18, 2018	22,500	23,484



Independent

Mr. Stadnyk has been a director of PrairieSky since June 18, 2018. Mr. Stadnyk is currently the President and a Director of ARC Resources Ltd. Prior to February 2020 when Mr. Stadnyk announced his pending retirement, he was the President and Chief Executive Officer of ARC Resources Ltd. since 2013. Mr. Stadnyk holds a Bachelor of Science in Mechanical Engineering from the University of Saskatchewan and is a graduate of the Harvard Business School Advanced Management Program. Mr. Stadnyk currently serves on the Board of Directors of STARS Ambulance and is a Governor of the Canadian Association of Petroleum Producers.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(5/5)	100%
Governance and Compensation Committee (Chair)	(3/3)	100%	
Reserves Committee	(2/2)	100%	
Total	(10/10)	100%	
Current Board Directorships	Public Boards		
	ARC Resources Ltd.		
Voting Results of 2019 AGM	Number of Votes	% of Votes	
Votes For	202,056,223	99.87%	
Votes Withheld	264,663	0.13%	

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽¹⁾	DSUs
Sheldon B. Steeves Calgary, Alberta	66	April 11, 2014	28,000	36,092



Independent

Mr. Steeves' principal occupation is as a Corporate Director. Mr. Steeves is a director of Enerplus Corporation and NuVista Energy Ltd., each of which is an oil and natural gas company listed on the TSX. From January 2001 until April 2012, Mr. Steeves was Chairman and Chief Executive Officer of Echoex Ltd., a private junior oil and natural gas company, and spent over 15 years at Renaissance Energy Ltd., a Canadian oil and natural gas exploration company, where he was appointed Chief Operating Officer & Executive Vice President in 1997.

Mr. Steeves holds a Bachelor of Science degree in Geology from the University of Calgary and is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Canadian Society of Petroleum Geologists and the American Association of Petroleum Geologists.

Board and Committee Membership	Membership	Meeting Attendance
	Board	(5/5) 100%
	Reserves Committee (Chair)	(2/2) 100%
	Governance and Compensation Committee	(3/3) 100%
	Audit Committee	(4/4) 100%
	Total	(14/14) 100%
Current Board Directorships	Public Boards	
	Enerplus Corporation	
	NuVista Energy Ltd.	
Voting Results of 2019 AGM	Number of Votes	% of Votes
Votes For	201,349,271	99.52%
Votes Withheld	971,615	0.48%

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed ⁽¹⁾	DSUs
Grant A. Zawalsky Calgary, Alberta	60	December 19, 2014	104,172	33,837



Independent

Mr. Zawalsky is the Managing Partner of Burnet, Duckworth & Palmer LLP (Barristers and Solicitors) where he has been a partner since 1994. Mr. Zawalsky holds a B.Comm and LL.B. from the University of Alberta and is a member of the Law Society of Alberta.

Mr. Zawalsky is an experienced director and currently sits on the board of directors of NuVista Energy Ltd., Whitecap Resources Inc. and Zargon Oil & Gas Ltd., each of which is a TSX listed company.

Board and Committee Membership	Membership		Meeting Attendance	
		Board	(5/5)	100%
	Reserves Committee	(2/2)	100%	
	Governance and Compensation Committee ⁽⁸⁾	(1/1)	100%	
	Total	(8/8)	100%	
Current Board Directorships	Public Boards			
	NuVista Energy Ltd. Whitecap Resources Inc. Zargon Oil & Gas Ltd.			
Voting Results of 2019 AGM	Number of Votes		% of Votes	
	Votes For	178,471,842	88.21%	
	Votes Withheld	23,849,044	11.79%	

Notes:

- (1) The information as to Common Shares beneficially owned, directly or indirectly, is based upon information furnished to PrairieSky by the nominees.
- (2) Mr. Estey was a member of the Audit Committee from January 1, 2019 until July 22, 2019 and attended 3/3 (100%) of the Audit Committee meetings during that time.
- (3) Ms. Gavan was appointed to the Board on May 23, 2019, after the 2019 annual general meeting of shareholders. Ms. Gavan attended all regularly scheduled Board meetings held during 2019 following her appointment. Due to a pre-existing commitment, Ms. Gavan was unable to attend one off-cycle Board meeting in late 2019.
- (4) Ms. Gavan was appointed as a member of the Audit Committee on July 22, 2019 and attended 100% of the Audit Committee meetings following her appointment.
- (5) As at March 3, 2020, Mr. Phillips holds an aggregate of 307,182 PSUs, 701,028 Options and 20,314 ODSUs (each as defined herein) which have been granted to him in his capacity as an officer of the Company. See "Compensation Discussion and Analysis - Executive Compensation" herein.
- (6) Mr. Phillips was invited to and attended all Audit Committee, Reserves Committee and Governance and Compensation Committee meetings during 2019.
- (7) Mr. Robotti was appointed to the Board on October 3, 2019, after the 2019 annual general meeting of shareholders. Mr. Robotti attended 100% of the Board and committee meetings held during 2019 following his appointment.
- (8) Mr. Zawalsky was a member of the Governance and Compensation Committee from January 1, 2019 until July 22, 2019 and attended 1/1 (100%) of the Governance and Compensation Committee meetings during that time.

Additional Disclosure Relating to Proposed Directors

None of the proposed directors (nor any personal holding company of any of such persons) is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including PrairieSky), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order") that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or was subject to an Order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and

which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as disclosed below, none of the proposed directors (nor any personal holding company of any of such persons) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Grant Zawalsky and Ms. Margaret McKenzie, each of whom are directors of the Company, were directors of Endurance Energy Ltd. ("**Endurance**"), a corporation engaged in the exploration and production of natural gas. Endurance filed for creditor protection under the *Companies Creditors' Arrangement Act* on May 30, 2016. Ms. McKenzie resigned as a director of Endurance on March 31, 2016 and Mr. Zawalsky resigned as a director on November 1, 2016.

None of the proposed directors (nor any personal holding company of any of such persons) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The term of office of each director nominee will be from the date of the Meeting until the next annual meeting of shareholders or until his or her successor is elected or appointed. **At the 2019 annual general meeting of shareholders of the Company, each of the directors were elected with votes in favour ranging from 81.88% to 99.93% of Common Shares voted, other than Ms. Gavan and Mr. Robotti who were each appointed to the Board subsequent to the meeting.**

The Board unanimously recommends that the shareholders vote FOR the election of each of the director nominees and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the election of each of the director nominees.

APPOINTMENT OF AUDITORS

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Professional Accountants, as auditors of the Company, to hold office until the next annual meeting of shareholders and to authorize the Board to fix their remuneration as such. KPMG LLP has been the Company's auditor since November 2014. **At the 2019 annual general meeting of shareholders of the Company, this resolution passed with 202,254,702 Common Shares voted in favour (99.94% of Common Shares voted at the meeting).**

See the Company's annual information form for the year ended December 31, 2019 and dated February 10, 2020 (the "AIF") on pages 84-85 for additional information regarding the fees paid to our external auditors in 2019 and 2018.

On February 10, 2020 the Audit Committee conducted an annual review of the auditor, which was subsequently reviewed with the Board. Following this review, each of the Board and the Audit Committee unanimously resolved to reconfirm KPMG LLP as auditors of PrairieSky and recommend their appointment to shareholders. The Audit Committee last completed a comprehensive five-year audit quality review in February 2019.

The Board unanimously recommends that the shareholders vote FOR the appointment of auditors and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the appointment of auditors.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

The underlying principle for executive pay at the Company is "pay-for-performance". We believe that this philosophy achieves the goal of attracting, retaining and motivating employees at all levels, while encouraging behavior that results in the Company's growth and creation of long-term shareholder value. A detailed discussion of our executive compensation program is provided in the "*Compensation Discussion and Analysis*" section of this information circular and proxy statement. Throughout 2019 and in early 2020, the Board (through the Board Chair) and management engaged with shareholders regarding the Company's executive compensation program, and specifically with reference to the 2019 "Say on Pay" vote, which engagement culminated in several changes to the Executive compensation program for 2020. See "*Compensation Discussion and Analysis - Letter of Introduction - Board Chair and Governance and Compensation Committee Chair*".

The Board gives shareholders the opportunity every year to vote "For" or "Against" our approach to executive compensation (to have a "say on pay") through the following resolution which conforms to the language of the resolution recommended by the Canadian Coalition for Good Governance:

"Be it resolved that on an advisory basis and not to diminish the role and responsibilities of the board of directors of PrairieSky Royalty Ltd., that the shareholders accept the approach to executive compensation disclosed in the information circular and proxy statement delivered in advance of the 2020 annual general meeting of shareholders of PrairieSky Royalty Ltd."

As this is an advisory vote, the results will not be binding upon the Board. However, the Board will consider the outcome of the vote as part of its ongoing review of executive compensation. The Board believes that it is essential for the shareholders to be well informed of the Company's approach to executive compensation and considers this advisory vote to be an important part of the ongoing process of engagement between the shareholders and the Board. **At the 2019 annual general meeting of shareholders of the Company, this resolution passed with 158,396,331 Common Shares voted in favour (78.29% of Common Shares voted at the meeting).**

The Board unanimously recommends that the shareholders vote FOR the advisory vote on executive compensation and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the advisory vote on executive compensation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board has adopted mandates, position descriptions and corporate governance principles and practices that are intended to meet or exceed the independence and other governance standards and guidelines set out in National Instrument 52-109 – *Certification of Disclosure in Issuers Annual and Interim Filings*, National Instrument 52-110 – *Audit Committees ("NI 52-110")*, National Instrument 58-101 – *Disclosure of Corporate Governance Practices ("NI 58-101")* and National Policy 58-201 – *Corporate Governance Guidelines*. The corporate governance principles address various topics, including:

- responsibilities and duties of the Board;
- composition of the Board, including criteria for remaining a director;
- compensation of the Board;
- composition and responsibilities of the Audit Committee, the Reserves Committee and the Governance and Compensation Committee;
- relationship of the Board to management; and
- director orientation and continuing education.

THE BOARD

The Company has eight directors, seven of whom are independent as specified in NI 58-101. A director is independent if he or she has no direct or indirect material relationship with the Company or its subsidiaries. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are, by their nature, considered to be material relationships.

Our Board mandate requires that the Board must hold in camera meetings regularly, without non-independent directors, officers or other management team members present. Both the Board, as well as all Board committees, meet in-camera and independent of management at every meeting, generally immediately following regularly scheduled Board meetings and committee meetings or prior to passing resolutions proposed at such meetings. The chairs of the Board and the Board committees follow up with the CEO as necessary with respect to matters requiring management action that are raised at these in-camera meetings. The Board also excuses members of management and any non-independent directors from portions of any meeting at which a potential conflict arises or where otherwise appropriate. In 2019, five (5) Board meetings were called and the independent directors met in camera at or following each meeting. The Board also held an off-site strategy session and several update calls and meetings with management which were not formally constituted as Board meetings.

All of the members of the Board are independent directors of the Company, except Mr. Phillips because he is the CEO.

Certain directors of the Company are also directors of other reporting issuers (or the equivalent):

Director	Other Directorships	Stock Exchange Listing
James M. Estey	Gibson Energy Inc.	TSX
P. Jane Gavan	Dream Unlimited Corp. Dream Office REIT	TSX TSX
Margaret A. McKenzie	Ovintiv Inc. Inter Pipeline Ltd.	TSX, NYSE TSX
Robert Robotti	Pulse Seismic Inc. Panhandle Oil and Gas Inc. AMREP Corporation	TSX NYSE NYSE
Myron M. Stadnyk	ARC Resources Ltd.	TSX
Sheldon B. Steeves	Enerplus Corporation NuVista Energy Ltd.	TSX, NYSE TSX
Grant A. Zawalsky	NuVista Energy Ltd. Whitecap Resources Inc. Zargon Oil & Gas Ltd.	TSX TSX TSX

MEETING ATTENDANCE

Directors are expected to attend all meetings of the Board and the committees on which they participate either in person or by teleconference subject to unavoidable conflicts. Directors are also expected to attend the annual shareholders meeting. Directors are welcome to attend all committee meetings regardless of membership.

During 2019, Board and committee meetings attendance was 100% for non-management directors as outlined below, with the exception of Ms. Gavan who attended all regularly scheduled meetings but was unable to attend an off-cycle Board and Governance and Compensation Committee meeting in late 2019 due to a previous commitment. Mr. Phillips is a management director and is not a member of any committees; however, he was invited to and attended all such committee meetings during 2019.

Director ⁽¹⁾	Board Meeting Attendance	Audit Attendance	Governance & Compensation Attendance	Reserves Attendance	Total Board and Committee Meeting Attendance
James M. Estey ⁽²⁾	5 of 5	3 of 3	3 of 3	-(6)	11 of 11
P. Jane Gavan ⁽³⁾	2 of 3	1 of 1	-(6)	-(6)	3 of 4
Margaret A. McKenzie	5 of 5	4 of 4	-(6)	2 of 2	11 of 11
Robert Robotti ⁽⁴⁾	2 of 2	-(6)	-(6)	-(6)	2 of 2
Myron M. Stadnyk	5 of 5	-(6)	3 of 3	2 of 2	10 of 10
Sheldon B. Steeves	5 of 5	4 of 4	3 of 3	2 of 2	14 of 14
Grant A. Zawalsky ⁽⁵⁾	5 of 5	-(6)	1 of 1	2 of 2	8 of 8

Notes:

- (1) Does not include Mr. Phillips who is a management director. Mr. Phillips was invited to and attended all Board, Audit Committee, Reserves Committee and Governance and Compensation Committee meetings during 2019.
- (2) Mr. Estey was a member of the Audit Committee from January 1, 2019 until July 22, 2019 and attended 3/3 (100%) of the Audit Committee meetings during that time.
- (3) Ms. Gavan was appointed to the Board on May 23, 2019, after the annual general meeting of shareholders. Ms. Gavan attended all regularly scheduled Board meetings during 2019 and following her appointment. Due to a pre-existing commitment, Ms. Gavan was unable to attend an off-cycle Board meeting in late 2019. Ms. Gavan was appointed to the Audit Committee on July 22, 2019 and attended all (100%) Audit Committee meetings for the balance of the year.
- (4) Mr. Robotti was appointed to the Board on October 3, 2019, after the 2019 annual general meeting of shareholders. Mr. Robotti attended 100% of the Board meetings held during 2019 following his appointment.
- (5) Mr. Zawalsky was a member of the Governance and Compensation Committee from January 1, 2019 until July 22, 2019 and attended 1/1 (100%) of the Governance and Compensation Committee meetings during that time.
- (6) Mr. Estey was invited to and attended 2 of 2 (100%) Reserves Committee meetings held during 2019, and 1 of 1 (100%) Audit Committee meetings held following July 22, 2019 when he ceased to be a member of that Committee. Ms. Gavan was invited to and attended 1 of 1 (100%) Audit Committee meetings prior to her appointment to that Committee on July 22, 2019, 1 of 1 (100%) Reserves Committee meetings, and 1 of 2 (50%) Governance and Compensation Committee meetings held during 2019 and following her appointment on May 23, 2019. Ms. McKenzie was invited to and attended 3 of 3 (100%) Governance and Compensation Committee meetings held during 2019. Mr. Robotti was invited to and attended 1 of 1 (100%) Audit Committee meetings and 2 of 2 (100%) Governance and Compensation Committee meetings held during 2019 and following his appointment on October 3, 2019. Mr. Stadnyk was invited to and attended 4 of 4 (100%) Audit Committee meetings held during 2019. Mr. Zawalsky was invited to and attended 4 of 4 (100%) Audit Committee meetings held during 2019, and 2 of 2 (100%) Governance and Compensation Committee meetings held following July 22, 2019 when he ceased to be a member of that Committee. All PrairieSky directors are financially literate within the meaning of NI 52-110.

INTERLOCKING BOARDS

The Board's mandate does not specifically prohibit interlocking board positions. The Board prefers to examine each situation on its own merits with a view to examine material relationships which may affect independence. The interlocking board memberships among our directors as at March 3, 2020 are outlined below.

Company	Director	Committee Membership
Nuvista Energy Ltd.	Grant A. Zawalsky	Director Environment, Social and Governance Committee
	Sheldon B. Steeves	Director Environment, Social and Governance Committee Reserves Committee

The Board has determined that the above common board memberships do not impair the ability of these directors to exercise independent judgment as members of the Board.

BOARD MANDATE

PrairieSky's governance practices are designed to align the interests of the Board and management with those of our shareholders, to promote a culture of responsible and ethical behaviour and to facilitate effective risk management. The primary responsibility of the Board is to appoint competent management and to oversee the management of the business and affairs of the Company with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal controls. The Board is also responsible for monitoring the effectiveness of corporate objectives directed at benefitting all stakeholders and ensuring the long-term sustainability of the Company, which specifically includes environmental, social, governance and health and safety matters. The Board has exclusive power, control and authority over the property and affairs of the Company. Subject to the provisions of the *Business Corporations Act* (Alberta), the Board may delegate certain of those powers and authority that the directors of the Company, or independent directors, as applicable, deem necessary or desirable to affect the actual administration of the duties of the Board. The directors of the Company have certain responsibilities as more particularly described in the Board of Directors' Mandate, a copy of which is attached as Appendix "A" to this information circular and proxy statement.

POSITION DESCRIPTIONS

The Board has adopted written guidelines for the Chair of the Board, the Chair of each of the Audit Committee, the Governance and Compensation Committee, the Reserves Committee and the CEO.

The primary responsibilities of the Chair of the Board include: (i) ensuring that the Board is properly organized, functions effectively and meets its obligations and responsibilities in all aspects of its work, including those relating to corporate governance matters; and (ii) working with the CEO to coordinate the affairs of the Board and ensure effective relations with the directors of the Company, shareholders, other stakeholders and the public.

The responsibilities of the Chair of each committee include: (i) ensuring that their respective committee is properly organized, functions effectively and meets its obligations and responsibilities in accordance with its mandate; and (ii) to liaise and communicate with the Chair of the Board to coordinate input from the committee for Board meetings.

The primary responsibilities of the CEO include: (i) providing general direction and management of the business and affairs of the Company in accordance with the corporate strategy and objectives approved by the Board, within the authority limitations delegated by the Board; and (ii) establishing a process of supervision of the business and affairs of the Company that are consistent with corporate objectives, ensuring that procedures are in place for proper external and internal corporate communications to all stakeholders, and monitoring and reporting results to the Board.

ORIENTATION AND CONTINUING EDUCATION

The orientation and continuing education of the directors of the Company is the responsibility of the Governance and Compensation Committee. The details of the orientation of new directors will be tailored to the needs and areas of expertise of the applicable director and include the delivery of written materials and participation in meetings with management and directors. The focus of the orientation program is on providing new directors with: (i) information about the duties and obligations of directors; (ii) information about the Company's strategy and business, including capital allocation and corporate responsibility; (iii) the expectations of directors; (iv) opportunities to meet with management and any other senior employees or consultants designated for this purpose; (v) the Company's commitment to sustainability and its environmental, social and governance initiatives and reporting; and (vi) access to documents from recent meetings of the Board as well as the resource centre within the Board information portal.

The current directors of the Company were chosen for their specific level of knowledge and expertise. All directors are provided with materials relating to their duties, roles and responsibilities. To date, all Board

members have been provided with a copy of the written mandate and guidelines for the Board and each of its committees, respectively, and a copy of the Board's approved policies relating to, among other things, the business conduct and ethics of directors, diversity and fair dealing, conflict management and approval levels, officers and employees, auditor independence, employee complaint procedures for accounting controls and auditing matters and confidentiality, fair disclosure and trading in securities. Board members have also been provided with a copy of each committee's planning schedules/work plans, as applicable. New Board members are provided with these materials as part of their orientation.

The Board receives, on a regular basis, materials of interest including analyst and industry reports from the Chair of the Board and the Named Executive Officers (as defined herein under "*Compensation Discussion and Analysis – Executive Compensation*"). In addition, directors are kept informed as to matters impacting, or which may impact, the business of the Company through reports and presentations by internal and external presenters at meetings of the Board and during periodic strategy sessions held by the Board. During 2019, the Board held a two-day field tour, site visit and offsite meeting in Eastern Alberta and Western Saskatchewan which included meetings with field operators from one of the Company's large royalty payors and a tour of one of the oil handling terminals in Western Saskatchewan where certain of the Company's royalty oil production is handled and transported to markets. The Board also held a full-day offsite strategy session in October 2019 to discuss the strategic direction, challenges and opportunities facing the Company, including the priorities for the Board and management in 2020 and beyond.

The Board has scheduled quarterly dinners at which various topics are discussed, such as industry trends, technical updates, strategic opportunities, corporate goals and strategies, board composition and diversity, corporate, social and environmental responsibility, capital allocation, executive compensation, and succession matters. Employees of the Company are often invited and attend the Board dinners to encourage sharing of information and ideas, as well as to foster the Company's focus on a corporate culture of inclusiveness. From time to time, the Board invites an external expert to present on topics of interest at such dinners.

All of our directors regularly engage in a variety of continuing education activities, including industry conferences and seminars. Each of Mr. Steeves and Ms. McKenzie have completed the Institute of Corporate Directors (ICD), Directors Education Program, and regularly attend the ICD Calgary Chapter education seminars that are held throughout the year. Directors regularly attend seminars on various topics relevant to directors' evolving role and responsibilities. Individual directors can attend continuing education conferences at the Company's expense.

During 2019, in addition to management presentations on such matters as enterprise risk management, compensation policies and strategies, the Company's operations and, performance and management thereof, sustainability, evolving energy markets, capital markets, analyst and other reports, corporate performance reviews and acquisition strategies, presentations from management and outside advisors/experts/third parties were provided to directors at the following events:

Timing/Place	Attendees	Topic	Presented/Hosted By
February 2019 Grande Prairie, AB	Zawalsky	Field tour of oil and gas assets	Public Energy Company
March 2019 Kananaskis, AB	Stadnyk	Kananaskis Energy and Commodities Overview	ARC Financial
March 2019 Cannes, France	Gavan	Industrial trends and the role of sustainability	MIPIM (Le marché international des professionnels de l'immobilier)
March 2019 Hardisty, AB	Estey	Field tour of one of the major crude oil hubs in North America and an origination point for handling and export of crude oil to various markets	Public Energy Company
March 2019 New Orleans, LA	Stadnyk	BP Energy Outlook	Howard Weil 2019 Energy Conference
March 2019 Calgary, AB	Stadnyk	Disruptors of the 2020s: The Coming Global Disorder	Canadian Global Affairs Institute
April 2019 Calgary, AB	McKenzie	Exponential Disruption in the Boardroom	KPMG LLP
April 2019 Calgary, AB	Stadnyk	IPSOS and CAPP Presentation on External Environment and NGOs	Public Energy Company Director and Officer Education
April 2019 Toronto, ON	Estey	2019 Scotiabank CAPP Energy Symposium	Scotiabank, Canadian Association of Petroleum Producers
April 2019 Calgary, AB	McKenzie	Board/Shareholder Engagement	Institute of Corporate Directors
May 2019 Toronto, ON	McKenzie	ICD National Conference	Institute of Corporate Directors
May 2019 Calgary, AB	Zawalsky	Diversity and Inclusion Training	Burnet, Duckworth & Palmer LLP and Private Consulting Firm
May 2019 Toronto, ON	Estey	Scotiabank ESG Conference	Scotiabank
May 2019 Prince Rupert, BC	Stadnyk	Ridley Island/Prince Rupert Propane Export Terminal Tour	Public Infrastructure Company
June 2019 Calgary, AB	Estey, Steeves	Commodity Market Update Lunch	Tudor, Pickering, Holt & Co.
July 2019 Calgary, AB	Estey	Presentation on evolving Investment Criteria in Energy Markets, including ESG and Active Investing versus Passive Investing	Large Canadian Institutional Investor
August 2019 Denver, CO	Robotti	Presentations on the oil and gas industry	EnerCom, Inc. Oil and Gas Conference
August 2019 Northern AB	Estey	Field tour of oil and gas assets	Private Energy Company
September 2019 Toronto, Ontario	Estey	Peters & Co. Limited 2019 Energy Conference	Peters & Co. Limited
September 2019 Eastern AB / Western SK	Estey, Stadnyk, Steeves, Zawalsky	Field tour of oil and gas assets and major infrastructure in Western Saskatchewan; filed tour of renewable wind farm in Eastern Alberta	PrairieSky CEO and Executives; included involvement of royalty payors and other industry participants
September 2019 Calgary, AB	McKenzie	Deloitte 360 - Innovation, Risk Management and Thought Leadership	Deloitte
October 2019 Egypt	Zawalsky	Field tour	Private Energy Company
October 2019 Toronto, ON	Estey	Board Chairs Dinner, including updates on Canadian economic policy, industry conditions and the evolution of governance and ESG	Scotiabank
October 2019 Calgary, AB	PrairieSky Board	PrairieSky Strategy Session	PrairieSky CEO and Executives
November 2019 Paris, France	Gavan	Europe, economics, diversity and real estate	PricewaterhouseCoopers
November 2019 Toronto, ON	Gavan	Global Economic Trends	Toronto Real Estate Forum
November 2019 Calgary, AB	McKenzie	Exponential Disruption in the Boardroom	KPMG LLP
December 2019 Toronto, ON	McKenzie	Audit Committee Conference	CPA Canada
December 2019 Calgary, AB	Stadnyk, Estey	Capturing the Future	CPPIB Energy & Resources Dinner

Directors have full and free access to the Named Executive Officers and employees of the Company and may arrange meetings either directly or through the CEO. In addition, Board members are encouraged to attend industry and other relevant stakeholder events.

DIRECTOR TERM LIMITS

On February 11, 2019, the Board adopted the Board Renewal Policy which provides a framework for the Company to allow for renewal of the Board by providing for, where appropriate, the "deemed resignation" of a director on the earlier of the director: (i) reaching the age of seventy-two (72); or (ii) having served as a non-executive director of the Company for fifteen (15) years.

Upon receipt of a "deemed resignation", the Governance and Compensation Committee will consider whether the continued service of the director would be in the best interests of the Company in light of, among other relevant considerations, the individual director's and the Board's competencies and skills, the size of the Board and the composition of the Board in light of PrairieSky's Board Diversity Policy (as described below) and will make a recommendation to the Board to accept or reject the deemed resignation of the individual director.

If the Governance and Compensation Committee recommends that the Board accept the director's deemed resignation, it shall recommend that the deemed resignation be accepted in conjunction with the Company's next annual general meeting of shareholders or such other date as it reasonably believes will allow for orderly transition. The Board shall consider but is not obligated to follow the recommendation of the Governance and Compensation Committee.

If the deemed resignation of a director pursuant to the Board Renewal Policy is not accepted, the director shall be deemed to re-submit such resignation prior to each annual meeting of shareholders beginning on the next calendar year following the year in which the initial deemed resignation was submitted.

The Board Renewal Policy is available on the Company's website under *Corporate Governance Policies and Related Documents* at www.prairiesky.com/governance.

REPRESENTATION OF WOMEN ON THE BOARD AND IN OFFICER ROLES / DIVERSITY

The Company currently has two female directors (29% of the independent directors) and one female executive officer (33% of the executive officers). Of the Company's Named Executive Officers (as defined herein) for 2019, 40% are women. Of the Company's employees, 75% are women and of the Company's managers, 80% are women. The Company maintains an inclusive work environment that is focused on providing advancement opportunities to persons of all genders, ethnicities and orientations, based on merit.

On February 11, 2019, the Board adopted the Board Diversity Policy which formally recognizes that the nomination and appointment of candidates with multiple perspectives, skills, expertise, industry experience and personal characteristics such as age, gender, ethnicity and other distinctions will contribute to the continued success of the Company. This Board Diversity Policy sets out the framework for PrairieSky's approach to Board diversity and outlines the key criteria for the composition of the Board to promote the Company's commitment and aspirational targets to diversity and inclusion. The Board Diversity Policy also includes an aspirational target to have a Board composition in which at least twenty-five percent (25%) of its directors are women by 2022. The Company achieved this target following the appointment of Ms. Gavan in May 2019.

The Governance and Compensation Committee oversees the evaluation and assesses and considers the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual members on a periodic basis. The Governance and Compensation Committee, in conjunction with the Board, also reviews the experience, qualifications and skills of PrairieSky's incumbent directors to ensure that the composition of the Board and committees and the competencies of the members are in line with

those that the Governance and Compensation Committee considers that the Board and respective committees should possess.

In considering suitable candidates for appointment or re-election to the Board, or whether to accept the deemed resignation of a director pursuant to the Board Renewal Policy, the Governance and Compensation Committee shall: (i) consider all aspects of diversity including, but not limited to, those described above, in order to enable the Governance and Compensation Committee to discharge its duties and responsibilities effectively; (ii) assess the skills and backgrounds collectively represented on the Board to ensure that they reflect the diverse nature of the business environment in which PrairieSky operates; (iii) consider candidates on merit against objective criteria having due regard to the benefits of diversity on the Board; and (iv) engage, as deemed necessary, qualified independent external advisors to identify and assess candidates that meet the Board's skills and diversity criteria.

In addition, each year the Governance and Compensation Committee will: (i) assess the effectiveness of the Board Diversity Policy and related objectives; (ii) monitor and review the Company's progress in achieving its aspirational target for gender diversity; (iii) monitor the implementation of the Board Diversity Policy; and (iv) report to the Board and recommend any revisions that may be necessary.

The PrairieSky Board Diversity Policy is available on the Company's website under *Corporate Governance Policies and Related Documents* at www.prairiesky.com/governance.

The Board believes that the appointment of executive officers should be made based on each candidate's experience, knowledge, education, management capabilities and competency, as well as the effect of the appointment on the diversity of the Company's executive officers as a whole. The Company is staffed with a large female contingent (75%) and given its focus on the identification, assessment and development of internal candidates to build leadership capability and strengthen overall succession, the Company believes it is poised to ensure it has strong internal female candidates to drive both short and long-term performance. The Company's philosophy of development and promotion from within will strengthen its values and culture, aid in retention of talent and provide a diversity of options for succession.

BUSINESS CODE OF CONDUCT

The Board has adopted a written business code of conduct that encourages and promotes a culture of sound, ethical and responsible business conduct that is applicable to directors, management, employees and consultants of the Company. The Company has filed a copy of its business code of conduct on SEDAR at www.sedar.com under the Company's profile and on the Company's website under *Corporate Governance Policies and Related Documents* at www.prairiesky.com/governance.

The Company's business code of conduct reflects PrairieSky's core values of honesty, integrity and fairness and addresses the following matters: compliance with laws, rules and regulations; conflicts of interest; corporate opportunities; anti-fraud measures; disclosure procedures; confidentiality; securities trading and insider reporting; restricted securities trading; fair dealings; competition and anti-trust; inducements and gifts; prevention of corruption; privacy and personal information; people (discrimination, harassment and equal opportunity), health and safety; corporate responsibility and the environment; community investment; restrictions on political activities and lobbying activities; protection and acceptable use of corporate assets; accuracy of company books and records; observance of the business code of conduct; reporting of any illegal or unethical behaviour; and waivers or amendments of the business code of conduct.

The Company's business code of conduct applies to all directors, officers, employees and contractors. All employees (including executive officers) and directors are required to certify compliance with the business code of conduct annually, along with other Company policies that are congruent with the business code of conduct and provide more detailed information and requirements on specific topics. New directors, officers, employees and contractors are required to receive an orientation about the Company's business code of conduct and other Company policies when they commence their engagement with PrairieSky. The Board has the responsibility to monitor compliance with the business code of conduct and to recommend improvements as deemed necessary or appropriate. The Company monitors compliance with the business

code of conduct, and the Board and management of the Company encourage and promote a culture of ethical business conduct in the following ways: (i) annual review and certification; (ii) business code of conduct training program; (iii) fraud response plan; (iv) business code of conduct violation reporting; and (v) internal audit functions.

The Governance and Compensation Committee and the Board review and update the Company's business code of conduct regularly to ensure that it is consistent with current industry trends and standards, clearly communicates PrairieSky's organizational mission, values, and principles, and, most importantly, serves as a reference guide for directors, management, employees and consultants of the Company to support everyday decision making. The Company's business code of conduct was recently reviewed and amended by the Governance and Compensation Committee, and ratified by the Board on February 10, 2020.

INVESTIGATIONS PRACTICE POLICY

In addition to the business code of conduct, the Board has adopted an investigations practice which includes procedures to address the confidential, anonymous submission by employees of concerns regarding accounting, internal accounting controls or auditing matters, or to address the receipt, retention and treatment of concerns regarding accounting, internal accounting controls or auditing matters. The Board believes that providing a forum for employees to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct. See the Company's website at www.prairiesky.com/governance under *Corporate Governance Policies and Related Documents* and the headings "Investigations Practice Policy" and "Whistleblower Process" for further information regarding the investigations practice and the independent anonymous whistle-blower hotline (www.prairiesky.confidenceline.net/).

HEALTH AND SAFETY, DISCRIMINATION, HARASSMENT AND EQUAL OPPORTUNITY

The Company has adopted: (i) a Human Rights Policy; (ii) a Respectful Workplace Policy; (iii) an Environment, Climate Change, Health and Safety Policy; and (iv) a Joint Worksite Health and Safety Committee Policy which collectively, in addition to the Company's business code of conduct, provide the framework for the Company to maintain a safe working environment, free of discrimination and harassment, in which all individuals are treated with respect and dignity, are able to contribute fully and have equal opportunities. These policies also deal with harassment and workplace violence, for which the Company has zero tolerance. Such policies articulate the Company's position with respect to: (i) diversity, equal opportunity, discrimination, harassment and threats or acts of violence; (ii) ensuring a safe work environment for its employees; (iii) its commitment to the protection of the environment; (iv) reporting inappropriate conduct, harassment and workplace violence; (v) disciplinary measures; and (vi) the development of procedures to prevent and address human rights issues, as PrairieSky supports the Ten Principles of the United Nations Global Compact with respect to human rights, labour, environment and anti-corruption. More details on PrairieSky's commitment to the Ten Principles of the United Nations Global Compact can be found at www.unglobalcompact.org/what-is-gc/participants/138331-PrairieSky-Royalty-Ltd-

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND CORPORATE RESPONSIBILITY

PrairieSky's core values define what is important to us and are at the foundation of how PrairieSky carries on business. While PrairieSky does not operate, develop or produce any hydrocarbons from its lands, PrairieSky recognizes its business model is dependent on the industry operating in a responsible fashion and it is committed to conducting its business in an economically, socially and environmentally sustainable and responsible manner and encourages its clients and service providers to do the same. By conducting its business responsibly by actively managing risk and upholding the highest standards of governance and ethics, the Company aims to provide long-term shareholder and stakeholder value. The Company approaches our relationships with all stakeholders with integrity and respect, and PrairieSky takes care to select operators that share its core values. Because of the long duration of PrairieSky's assets, successful execution of this strategy is only possible if the Company's lands are developed ethically and responsibly. A detailed description of PrairieSky's corporate reporting initiatives and a discussion of environmental,

social and governance ("ESG") issues, including carbon disclosure, is contained in PrairieSky's 2018 Responsibility Report, which can be found on the Company's website at www.prairiesky.com/governance.

In 2019, PrairieSky completed its submission to CDP (formerly Carbon Disclosure Project), the non-profit global environmental disclosure platform, and the Company received a "B" score in the 2019 Climate Change Survey, which is above the North American and global average score of "C". In conjunction with the Company's 2019 CDP score, PrairieSky received an "A" ranking in the areas of: (i) Risk Disclosure; (ii) Opportunity Disclosure; (iii) Governance; and (iv) Emissions Reduction Initiatives. For further information, please refer to the CDP website at www.cdp.net.

In addition, PrairieSky has adopted numerous policies relating to its business conduct and corporate governance, including its business code of conduct, Board Diversity Policy, Board Renewal Policy, Shareholder Engagement Policy, Investigations Practice Policy, Disclosure Policy, Securities Trading and Insider Reporting Policy, Restricted Securities Trading Policy, Human Rights Policy, the Respectful Workplace Policy, Environment and Climate Change, Health and Safety Policy and Community Investment Policy. Additional information relating to these and other policies and PrairieSky initiatives can be found on PrairieSky's website under *Corporate Governance Policies and Related Documents* at www.prairiesky.com/governance and at www.prairiesky.com/responsibility.

LOBBYING

The Company's business code of conduct sets out our approach to lobbying in circumstances where PrairieSky may have contact with public officials who play a role in developing legislation, regulations or other government actions. Where such contact occurs, the Company's business code of conduct requires that appropriate processes and controls be put in place to ensure that these contacts comply with applicable rules, regulations and internal requirements. The Company may, from time to time, participate in public policy discussions on a wide range of issues relevant to its business, including through its participation in and support of industry organizations. All PrairieSky lobbying activities with public office holders are planned, coordinated, recorded and must be conducted by senior management of the Company. In 2019, PrairieSky did not conduct any direct lobbying activities.

PrairieSky is a member of the Canadian Association of Petroleum Producers ("**CAPP**"), an industry association comprised of companies from Canada's upstream oil and natural gas industry. PrairieSky's Chief Operating Officer ("**COO**") is a governor at large of CAPP but does not sit on any of the sub-committees responsible for specific policy initiatives. CAPP's mission, on behalf of the Canadian upstream oil and natural gas industry, is to advocate for and enable economic competitiveness and safe, environmentally and socially responsible performance. The Company's primary purpose for involvement in CAPP is for general business reasons, to foster discussions of technical and industry standards, and to support economic growth. In 2019, PrairieSky contributed less than \$40,000 to CAPP through its membership fees. While CAPP may use membership fees for lobbying purposes, PrairieSky does not direct how membership fees are used and payment of membership fees does not necessarily reflect significant involvement with CAPP from a policy perspective. The Company's participation in any industry association does not signify comprehensive support for all positions undertaken by it.

RISK MANAGEMENT

The Company's enterprise risk management program ("**ERM Program**") ensures that the key objectives and strategy for the success of PrairieSky are a focus for the Board and management, and are being actively measured and managed. The risk management framework of the Company is a multi-faceted process involving management, the Audit Committee and the Board, where the ERM Program provides a common risk management framework to identify, assess, monitor, and mitigate key business risks.

The ERM Program provides a detailed identification, assessment and reporting of risks to PrairieSky's business, and a related risk analysis to address risk, which is monitored by the Audit Committee and overseen by the Board. Also included in the ERM Program are the roles of management, the Audit Committee and the Board relating to risk. The Board is responsible for strategic aspects and the

enforcement of an appropriate risk culture throughout the organization, including through the Governance and Compensation Committee relating to compensation aspects. The Audit Committee is charged with the supervision of the risk analysis and senior management conducts a periodic (at least annual) detailed analysis of risks, recommends mitigation plans, where appropriate, and is responsible for the implementation and review of effectiveness of such mitigation plans.

Detailed information with respect to the material risks applicable to PrairieSky are included in the "Risk Factors" section of the AIF dated February 10, 2020 filed on SEDAR at www.sedar.com and available on PrairieSky's website at www.prairiesky.com.

SHAREHOLDER ENGAGEMENT

We recognize the importance of strong and consistent engagement with our shareholders. We have adopted policies and programs that ensure we understand and, when appropriate, address shareholder concerns. We have a comprehensive program designed to engage with shareholders which we believe aligns with best practice policies for director and shareholder engagement on governance matters.

Event	Who engages	Who we engage with, when and what we talk about
Non-deal roadshows, meetings, calls and discussion	Senior Management; Board Chair	With institutional investors throughout the year to provide public information on our business, operations, capital allocation and sustainability initiatives and, from time to time, involving our Board Chair to engage in dialogue on our governance processes, initiatives and executive compensation.
Quarterly conference call	Senior Management	With the investment and analyst community to review our most recently released financial and operating results.
News releases	Senior Management	Released to the media throughout the year to report on any material changes with respect to the Company.
Broker and industry sponsored conferences	Senior Management	Speaking at industry investor conferences about public information on our business and financial results, as well as corporate strategy and sustainability.
Investor Day	Senior Management; Directors	Investors and analysts are invited to attend in May every two years in conjunction with the release of our Royalty Playbook which is available at www.prairiesky.com/investors . A live webcast and presentations are made available on our website. Board members are in attendance and available to meet with participants.
Meetings, calls and discussions	Senior Management	With portfolio managers, investment professionals and engagement with retail shareholders to address any shareholder-related questions concerns and to provide public information on the Company.
Regular meetings	Chair of the Board & Corporate Secretary	With shareholder advocacy groups, such as the Canadian Coalition for Good Governance, Glass Lewis, ISS and certain interested shareholders to discuss governance practices.
Regular meetings	Senior Management	With institutional investors and advisory groups regarding corporate, environmental and social responsibility matters, including in relation to the Company's initiatives, continuous improvement programs, and annual corporate and social Responsibility Report which is available on our website at www.prairiesky.com/responsibility .

The Shareholder Engagement Policy was adopted by the Board on February 11, 2019, and is available under *Corporate Governance Policies and Related Documents* on the Company's website at www.prairiesky.com/governance. We also post frequently asked questions on our website at www.prairiesky.com/investors.

Communicating with Us

We have established a number of ways to receive feedback from interested parties, all of which are listed at www.prairiesky.com/contact, and include the following:

Telephone: 587.293.4000
Email: Investor.relations@prairiesky.com
Address: Suite 1700, 350 – 7th Ave SW
Calgary, AB
T2P 3N9

For complaints and/or concerns, including but not limited to concerns with respect to our accounting, internal accounting controls or auditing matters, interested parties should refer to the contact information provided under *Whistleblower Hotline* at www.prairiesky.com/contact.

Communicating with the Board and Senior Management

Shareholders, employees and others can contact the Board directly by:

- Writing to the Chair of the Board at PrairieSky Royalty Ltd., Suite 1700, 350 – 7th Ave SW, Calgary, AB, T2P 3N9, Attention: Chair of the Board
- Telephone at (587) 293-4000
- Email to james.estey@prairiesky.com

Shareholders, employees and others can contact senior management directly by:

- Writing to the CEO, COO or CFO at PrairieSky Royalty Ltd., Suite 1700, 350 – 7th Ave SW, Calgary, AB, T2P 3N9
- Telephone at (587) 293-4000
- Email to the CEO, COO or CFO at Investor.relations@prairiesky.com

Advisory Vote on Executive Compensation ("Say on Pay")

Shareholders will be asked again this year to consider and approve an advisory resolution on our approach to executive compensation. See *"Matters to be Acted Upon at the Meeting – Advisory Vote on Executive Compensation"* on page 17.

The Governance and Compensation Committee and the Board will continue to review and analyze the results of the advisory vote on our approach to executive compensation and consider all shareholder feedback related to executive compensation matters. To facilitate questions and comments from shareholders, you can communicate with the Governance and Compensation Committee directly by writing to them at our head office address above or calling them at the number provided for communicating with the Board.

In order to ensure we receive meaningful feedback on executive compensation, we invite shareholders to write directly to the Chair of the Board, at the head office address noted above.

Changes Following Shareholder Engagement

Since inception of the Company in May 2014, the Board and the Governance and Compensation Committee have been committed to listening and actively responding to all stakeholder feedback and implementing improvements to our compensation and governance practices, as well as improving our public disclosure regarding the same. Several, but not all, of these changes and improvements are highlighted below.

We believe the changes in conjunction with shareholder engagement efforts are key to receiving voter support for our executive compensation program at our annual meeting of shareholders in April 2017 (98.03%), 2018 (95.43%) and 2019 (78.29%), as well as improved scores in governance rankings by proxy advisory firms and like publications. Given the drop in shareholder support in 2019, the Board Chair (on behalf of the Board) and executives engaged with shareholders in 2019 and early 2020 regarding the Company's executive compensation program. This engagement process, as well as the changes, are described below and on page 38 under "*Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair*".

Stakeholder Concerns	How We Have Improved	Reference
Reduce dilution under the Option Plan and Incentive Plan (each as defined herein)	The Board pro-actively amended the Option Plan and Incentive Plan on February 27, 2017 to decrease the percentage of Common Shares issuable pursuant to the plans from 10% to 5% of the issued and outstanding Common Shares. At March 3, 2020, the Company currently has granted 20% of the available equity granted under such plans (see page 76), and an average annual burn rate of less than 0.5% (see page 76).	Pages 67
Consider multiple performance measures for PSUs	For the 2019 and 2020 calendar years, the Board has adopted multiple performance measures for PSU payout multiplier calculations, while maintaining total shareholder return with a 50% weighting.	Page 70
Improve Disclosure of ESG programs, policies and impacts	In 2018 we published our inaugural Responsibility Report for the 2017 calendar year. We published a 2018 report in mid-2019. In 2018, we retained the services of a leading advisory firm to assist the Company in enhancing its ESG programs and disclosure, as well as implementing short, medium- and long-term goals into its strategic plan. In 2019 the Company obtained an "AA" rating from MSCI ESG Controversies and a "B" rating from CDP.	See our website at www.prairiesky.com/responsibility
Adopt certain governance policies in line with best practices	In 2019, the Company developed and adopted the following governance polices aligned with best practices: Board Renewal Policy; Board Diversity Policy, and a Shareholder Engagement Policy. The Board also made adjustments to	See our website under <i>Corporate Governance Policies and Related Documents</i> at www.prairiesky.com/governance ; see pages 23-27

	<p>management's approval and authorization levels to ensure increased scrutiny on certain types of transactions by independent directors where there may be a perceived conflict of interest.</p> <p>In 2020, the Company developed and adopted an Environmental and Climate Change, Health and Safety Policy and Human Rights Policy, which are aligned with best practices.</p>	
Shareholder engagement on "Say on Pay"	<p>In the second half of 2019 and early part of 2020, the Board Chair and Executive engaged in meetings with ISS, Glass Lewis, CCGG and other proxy advisor firms, as well as existing shareholders, to discuss and analyze the 2019 "Say on Pay" vote. Following this engagement process, the Governance and Compensation Committee and the Board made certain adjustments to the Company's Executive Compensation Program and improvements to the Company's disclosures.</p>	<p>See page 38 under "<i>Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair</i>".</p>

At our 2017 and 2018 annual meetings of shareholders, the Company proposed a resolution to approve the unallocated awards under the Option Plan (as defined herein) and Incentive Plan (as defined herein), which were approved by a majority of 90.10% and 75.61%, respectively. Given the lower than expected approval of the Incentive Plan in 2018 (75.61%), the Board and the Governance and Compensation Committee will review and consider amendments to the Incentive Plan to address concerns raised by shareholders or proxy advisory firms that recommended voting against the foregoing resolutions. Consideration of any such amendments is expected to take place prior to proposing any future resolution to approve the unallocated awards under such plan in 2021.

The Company has determined it will not, at this time, seek approval of any unallocated awards under the Option Plan in 2020. The Company has adopted the Officer DSU Plan (as defined herein) to, over time and in conjunction with the Incentive Plan, replace the Option Plan (each as defined herein). To the extent any Options are granted following the Meeting, such Options would not be exercisable until such time as the Company obtained shareholder approval for such grants in accordance with the policies of the TSX. The Officer DSU Plan is described under the heading "*Incentive Award Programs*".

MATERIAL INTERESTS

The Company is engaged in the crude oil and natural gas royalty business. In general, the private investment activities of directors are not prohibited; however, should an existing investment pose a potential conflict of interest the potential conflict is required to be disclosed to the Corporate Secretary, as well as the CEO, who will in turn make necessary disclosures to the Board.

It is acknowledged that directors of the Company may be directors or officers of other entities engaged in the crude oil and natural gas business, and that such entities may compete directly or indirectly with the Company. Any director of the Company who is a director or officer of any entity engaged in the crude oil and natural gas business is required to disclose such occurrence to the Board. Any director or officer of the Company who is actively engaged in the management of, or who owns: (i) an investment of 1% or more of the outstanding voting shares; or (ii) an investment that represents greater than 5% of his or her personal net worth, in public or private entities engaged in the crude oil and natural gas business is required to disclose such holdings to the Board. In the event that any circumstance should arise as a result of such

positions or investments being held or otherwise which in the opinion of the Board constitutes a conflict of interest which may reasonably affect such person's ability to act with a view to the best interests of the Company, the Board will take such actions as are reasonably required to resolve such matters with a view to the best interests of the Company. Such actions, without limitation, may include excluding such directors from certain information or activities of the Company.

ANTI-HEDGING POLICY AND OTHER RESTRICTIONS ON TRADING ACTIVITIES

The Company has adopted a Securities Trading and Insider Reporting Policy which, among other things, ensures that executives and directors cannot participate in speculative activity related to the Company's securities to artificially protect themselves against declines in share price. The Securities Trading and Insider Reporting Policy provides that executive officers and directors are prohibited, at any time, from: (i) entering into a sale of the Company's securities that they do not own or have a right to own (a speculative practice, called "selling short", which is done in the belief that the price of a stock is going to fall and the seller will then be able to cover the sale by buying the stock back at a lower price); and (ii) selling a "call option" or buying a "put option" in respect of any of the Company's securities (as such persons could profit from the Company's stock price falling). Executive officers and directors are also prohibited from participating in equity monetization transactions involving any of the Company's securities that are part of the Company's long-term incentive programs which have not vested or the Common Shares that constitute part or all of the Company's requirements under the Company's minimum share ownership guidelines. Executive officers and directors are also strictly prohibited from entering into any equity monetization transaction that is the equivalent of "selling short".

In addition to the Company's Securities Trading and Insider Reporting Policy, and given the unique nature of the Company's business, the Board has adopted the Restricted Securities Trading Policy to assist management and the Board in identifying potential conflicts of interest and ensuring adherence to good governance practices and applicable securities laws with respect to trading in securities of the Company and crude oil and natural gas companies in Western Canada, many of whom may be engaged in business with the Company from time to time. Pursuant to the Restricted Securities Trading Policy, the Corporate Secretary of the Company maintains a restricted list of companies who are engaged in active business negotiations with the Company and for whom the Company may have material information from time to time (such as well results) which is not generally available to the public. All employees, contractors, officers and directors of the Company are required to contact the Corporate Secretary prior to trading in any securities of an issuer who is engaged in the crude oil and natural gas or natural resources business in Western Canada (including the Company), to determine, prior to such trade, whether the issuer is on the restricted list. If the issuer is on the restricted list, the covered person shall not trade, directly or indirectly, securities of the issuer. Violations of the Restricted Securities Trading Policy may result in disciplinary action up to and including termination of employment or contract, as applicable. The Company may refer violations of the Restricted Securities Trading Policy or relevant laws to the appropriate regulatory authorities. Actions that violate or appear to violate the Restricted Securities Trading Policy must be reported in accordance with the Company's investigations practice.

See also "*Compensation Discussion and Analysis – Executive Compensation – Compensation Objectives and Principles - Short Selling Restrictions*".

NOMINATION AND ELECTION OF DIRECTORS

The Governance and Compensation Committee is responsible for recommending suitable candidates for nomination for election as directors of the Company in accordance with the terms of its mandate. The shareholders are entitled to elect directors of the Company.

The Board and Governance and Compensation Committee regularly discuss and evaluate the experience, qualification and skills of our directors with a view to ensuring the appropriate skill and experience profile is represented at the Board and committee level. See "*Statement of Corporate Governance Practices – Director Skills and Experience*". Some of the key competencies that the Company believes directors should have are: corporate executive experience, capital markets experience, crude oil and natural gas operational

experience, crude oil and natural gas contracts and land experience, financial acumen and expertise, sustainability experience or an appetite to learn and expand their skillset in this area and knowledge in the areas of compensation, governance and health, safety and environment. Character and behavioral qualities including credibility, integrity, professionalism and communication skills are also important attributes taken into account when recruiting new directors. In conjunction with this exercise, the Board keeps an "evergreen" list of potential candidates for consideration as future Board members and regularly discusses the same. The Chair of the Board and CEO from time to time arrange meetings with such candidates to determine interest and availability with a view to making recommendations to the Board if and when appropriate. When necessary, the Governance and Compensation Committee may engage the services of a search firm to assist them in the identification of director candidates with the necessary skills or experience the Board requires.

Majority Voting Policy

The Board has adopted the majority voting policy, which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at an uncontested meeting of the shareholders of the Company, such nominee shall offer his or her resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Governance and Compensation Committee will consider such offer and make a recommendation to the Board whether to accept it or not. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any Governance and Compensation Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days.

Advance Notice Nominations

In addition, the Company's by-laws include "advance notice provisions" designed to: (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensure that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. As a whole, these provisions are intended to provide shareholders, directors and management of the Company with a clear framework for nominating directors. In particular, these provisions of the by-laws fix a deadline (being not less than 30 days before the date of an annual meeting of shareholders and, in the case of a special meeting, the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made) by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders, and also set forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders. The Company's by-laws are available on SEDAR at www.sedar.com and the Company's website at www.prairiesky.com and were confirmed by the Company's shareholders on April 11, 2014.

SUCCESSION PLANNING

The Governance and Compensation Committee is accountable for reviewing management's ongoing succession, leadership and talent strategy programs and plans. Management, on a regular basis, provides the Chair of the Governance and Compensation Committee and Board Chair with a detailed succession plan for each significant position and identifies possible succession gaps in the current staff. Further, the Governance and Compensation Committee, CEO and the COO conduct a detailed review of current employees who are potential successors for all senior positions, with a focus on senior management roles. The review includes an assessment of each individual's strengths and development requirements, an estimate as to when such individuals may be prepared to accept such a role change, and any current plans for such individual's career and educational development. The potential for the Company to recruit an external candidate as CEO is also regularly discussed and is considered a viable option that does not require implementation at this stage. The succession and leadership plans are reviewed regularly with the Chair of the Governance and Compensation Committee. All meetings of the Governance and

Compensation Committee and meetings of the Board in 2019 included an in-camera session with and without the CEO at which human resource issues and succession were periodically discussed. In the event of an emergency, the Board and Governance and Compensation Committee have temporary succession plans that can be implemented. The Company is confident that appropriate succession strategies are being implemented to ensure the Company's business will continue to be strongly managed in the future.

COMPENSATION OF DIRECTORS AND OFFICERS

The remuneration of the directors of the Company is set, and annually reviewed, by the Board on the recommendation of the Governance and Compensation Committee.

The compensation of management is annually reviewed by the Board on the recommendation of the Governance and Compensation Committee. See "*Compensation Discussion and Analysis - Executive Compensation*".

SHARE OWNERSHIP GUIDELINES

The Company has adopted share ownership guidelines to encourage alignment with the interests of shareholders by requiring its directors and management to build and hold equity in the Company in accordance with prescribed guidelines.

Independent directors are required to accumulate and hold, within three years of his or her appointment, Common Shares representing three times his or her annual total compensation, including any DSUs granted to such directors. Up to 75% of such target Common Share ownership can be represented by DSUs. Officers of the Company are required, within three years of their appointment, to accumulate a multiple of their annual salary in the form of Common Shares, as follows: CEO (five times); and COO and Vice President, Finance and Chief Financial Officer ("**CFO**") (four times). No share-based compensation (RSUs, PSUs, Options and ODSUs (each as defined herein)) are counted towards achieving such targets. The valuation of DSUs and Common Shares is determined on an annual basis as the greater of the fair market value at: (i) the date of grant or purchase, as the case may be; and (ii) the closing trading price of the Common Shares on the TSX on December 31 or last day on which the Common Shares traded on such exchange prior to December 31. The value of holdings reflected in each of the tables below is based on the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23 (unless otherwise noted).

Director Ownership

Director Name	Equity Ownership Guideline		Shareholdings			Guideline Met or Investment Required to Meet Guideline ⁽²⁾
	Multiple of Annual Compensation	Amount of Annual Compensation Retainer (\$)	Common Shares and DSUs ⁽¹⁾ (#)	Holdings as a Multiple of Retainer	Value of Holdings (\$)	
James M. Estey	3x	263,500	1,322,901	76x	20,147,800	Guideline Met
P. Jane Gavan ⁽³⁾⁽⁴⁾	3x	160,000	10,232	1x	148,300	Investment of \$331,700 required
Margaret A. McKenzie	3x	175,000	282,302	25x	4,299,500	Guideline Met
Robert Robotti ⁽⁵⁾	3x	160,000	23,716	2x	361,200	Investment of \$118,800 required
Myron M. Stadnyk	3x	160,000	34,822	3x	530,300	Guideline Met
Sheldon B. Steeves	3x	170,000	57,526	5x	876,100	Guideline Met
Grant A. Zawalsky	3x	160,000	129,473	12x	1,971,900	Guideline Met

Notes:

- (1) DSUs do not include dividend entitlements.
- (2) Directors have three years from their appointment to meet the target Common Share ownership. Both Ms. Gavan and Mr. Robotti received their 2020 annual compensation retainers in the form of DSUs.
- (3) Ms. Gavan was appointed to the Board on May 23, 2019. Ms. Gavan's 2019 annual compensation retainer was pro-rated to \$97,300 based on her start date.
- (4) Subsequent to December 31, 2019, Ms. Gavan purchased additional Common Shares which are included in the table above at a purchase price of \$12.55.
- (5) Mr. Robotti was appointed to the Board on October 3, 2019. Mr. Robotti's 2019 annual compensation retainer was pro-rated to \$39,000 based on his start date.

Executive Ownership

Management Name	Equity Ownership Guideline		Shareholdings			Guideline Met or Investment Required to Meet Guideline ⁽¹⁾
	Multiple of Salary	Amount of Salary (\$)	Common Shares (#)	Holdings as a Multiple of Salary	Value of Holdings (\$)	
Andrew M. Phillips <i>President & CEO</i>	5x	550,000	668,849	19x	10,186,600	Guideline Met
Cameron M. Proctor <i>COO</i>	4x	425,000	112,776	4x	1,717,600	Guideline Met
Pamela P. Kazeil <i>VP Finance & CFO</i>	4x	375,000	63,607	4x ⁽²⁾	968,700	Guideline Met ⁽²⁾

Notes:

- (1) Executive officers have three years from their appointment to meet the target Common Share ownership.
- (2) Guideline met based on the value on the date of purchase of the Common Shares of \$1,749,500.

Other Ownership Guidelines (Staff)

The Company has also adopted share ownership guidelines for managers and certain other personnel to encourage alignment with the interests of shareholders. Certain non-executive personnel of the Company are required, within three years of their appointment, to accumulate a multiple of their annual salary in the form of Common Shares, as follows: Controller and General Counsel (1.5 times); Managers (1.0 times); and other select employees (1.0 times). No share-based compensation (RSUs, PSUs, Options or ODSUs) are counted towards achieving such targets, and there are some restrictions on selling Common Shares, whether purchased through the Retirement Savings Plan (which is described below), in the open market, or received upon vesting or exercise of a RSU, PSU, Option or ODSUs, as applicable, until such time as the target ownership is achieved. All full-time employees are shareholders of the Company.

BOARD COMMITTEES

There are three committees of the Board, all of which are comprised entirely of independent directors. The following table outlines the composition of the Board committees as at December 31, 2019.

Director	Year Appointed	Independent	Committee Composition as at December 31, 2019		
			Audit ⁽¹⁾	Governance & Compensation	Reserves
Independent Directors:					
James M. Estey	2014	✓		✓	
P. Jane Gavan	2019	✓	✓		
Margaret A. McKenzie	2014	✓	Chair		✓
Robert Robotti	2019	✓			
Myron M. Stadnyk	2018	✓		Chair	✓
Sheldon B. Steeves	2014	✓	✓	✓	Chair
Grant A. Zawalsky	2014	✓			✓
Management Director:					
Andrew M. Phillips ⁽²⁾	2014				

Notes:

- (1) The Board has determined that all members of the Audit Committee and the other five directors, being Messrs. Estey, Robotti, Stadnyk, Zawalsky and Phillips, are "financially literate" within the meaning of that term under NI 52-110.
- (2) Mr. Phillips is the President and CEO of the Company and therefore is not independent.

Audit Committee

The Audit Committee is comprised of Margaret A. McKenzie, as Chair, P. Jane Gavan and Sheldon B. Steeves, all of whom are independent and financially literate within the meaning of such terms under NI 52-110. The specific responsibilities of the Audit Committee are set out in the Audit Committee Mandate, a copy of which is attached as Appendix "C" to the AIF. The Audit Committee's primary role is to: (i) review management's identification of principal financial risks and monitor the process to manage such risks; (ii) oversee and monitor the Company's compliance with legal and regulatory requirements; (iii) oversee and monitor the integrity of the Company's accounting and financial reporting processes, financial statements and system of internal controls regarding accounting and financial reporting and accounting compliance; (iv) oversee audits of the Company's financial statements; (v) oversee and monitor the qualifications, independence and performance of the Company's external auditors; (vi) provide an avenue of communication among the external auditors, management, internal accounting and the Board; and (vii) report to the Board regularly.

The Company believes that each of the members of the Audit Committee possesses substantially all of the following: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting. For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, see "*Directors and Executive Officers*" in the AIF and "*Election of Directors – Biographies of the Directors*" in this information circular and proxy statement.

Governance and Compensation Committee

The Governance and Compensation Committee is comprised of Myron M. Stadnyk, as Chair, Sheldon B. Steeves and James M. Estey, all of whom are independent for the purposes of NI 58-101. The primary role of the Governance and Compensation Committee is to: (i) develop, implement and monitor governance standards and best practices; (ii) review the mandates of the Board and its committees; (iii) regularly assess the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors; (iv) oversee the preparation of the annual "*Statement of Corporate Governance Practices*"; (v) identify and recommend individuals for nomination as members of the Board and its committees and for appointment as officers; and (vi) review and recommend to the Board all matters pertaining to the compensation of directors and management.

Reserves Committee

The Reserves Committee is comprised of Sheldon B. Steeves, as Chair, Margaret A. McKenzie, Myron M. Stadnyk and Grant A. Zawalsky, each of whom are independent for purposes of NI 51-101. The primary role of the Reserves Committee is to: (i) act in an advisory capacity to the Board; (ii) review the Company's procedures relating to disclosure of information with respect to crude oil, natural gas and natural gas liquids reserves and resources data; (iii) annually review the selection of the qualified reserves evaluators or auditors chosen to report to the Board on the Company's crude oil, natural gas and natural gas liquids reserves data; and (iv) review the Company's annual reserves estimates prior to public disclosure.

BOARD AND COMMITTEE MEETINGS WITHOUT MANAGEMENT

The non-management directors meet without members of management present at every meeting of the Board and at every meeting of all committees of the Board. Each regularly scheduled Board and committee meeting's agenda includes an in-camera session at each meeting. See "*Statement of Corporate Governance Practices – The Board*".

ASSESSMENT OF DIRECTORS, THE BOARD AND BOARD COMMITTEES

The members of the Board collectively assess the performance of the Board as a whole, the committees of the Board and all directors. Such assessment occurs annually with an emphasis on the overall effectiveness and contributions made by the Board as a whole, the committees of the Board and all directors individually. Such assessment process involves a confidential director questionnaire and discussions among the Chair of the Board, the chairs of the committees and individual directors relating to overall Board assessment, individual committee assessments, Chair of the Board assessment, individual committee chair assessments, individual director self-assessments and peer assessments. The Chair of the Board meets with each individual director to discuss the above matters and any key items raised in the confidential director questionnaire. The Chair of the Board, with the assistance of the Corporate Secretary, is responsible for drafting, collecting and assessing questionnaires, and facilitating discussions. The Chair of the Board reports on the results of this process to the Board. The Governance and Compensation Committee is also permitted to retain external advisors to assist with the assessment process. The assessment for 2019 was conducted in the first quarter of 2020.

DIRECTOR SKILLS AND EXPERIENCE

The Board and the Governance and Compensation Committee review the experience, qualifications and skills of our directors to ensure that the composition of the Board and committees and the competencies and skills of the members are in line with those that the Governance and Compensation Committee considers that the Board and respective committees should possess.

The Board identifies and evaluates the competencies and skills of the members based on the individual experience and background of each director. This exercise is performed both on an ad-hoc basis and at least annually based on self-assessment by each director whereby each director is asked to rate their

experience and background in a variety of key subject areas. This data is compiled into a matrix representing the broad Board skills for current directors. This matrix is maintained to identify areas for strengthening the Board, if any, and address them through the recruitment of new members.

The following skills matrix outlines the experience and background of, but not necessarily the technical expertise of, the individual directors based on information provided by such individuals.

Board of Directors Skills Matrix		Estey	Gavan	McKenzie	Robotti	Stadnyk	Steeves	Zawalsky	Total
Enterprise Management	Experience as a President or CEO leading an organization or major business line.	✓	✓		✓	✓	✓	✓	6
Business Development	Management or executive experience with responsibility for identifying value creation opportunities.	✓	✓	✓	✓	✓	✓	✓	7
Financial Literacy	Ability to critically read and analyze financial statements.	✓	✓	✓	✓	✓	✓	✓	7
Corporate Governance	Understanding the requirements of good corporate governance usually gained through experience as a senior executive officer or a Board member of a public organization.	✓	✓	✓	✓	✓	✓	✓	7
Change Management	Experience leading a major organizational change or managing a significant merger.	✓	✓	✓	✓	✓	✓	✓	7
Operations	Management or executive experience with oil and gas operations.			✓		✓	✓		3
Financial Experience	Senior executive experience in financial accounting and reporting and corporate finance.	✓	✓	✓	✓	✓	✓		6
Human Resources	Management or executive experience with responsibility for human resources.	✓	✓	✓	✓	✓		✓	6
Reserves Evaluation	General experience with or executive responsibility for oil and gas reserves evaluation.			✓	✓	✓	✓	✓	5
Capital Allocation	General experience with or executive responsibility for evaluating allocation of capital resources, including for business development activities, dividends, share repurchases and the capital markets and capital structure implications of the foregoing.	✓	✓	✓	✓	✓	✓	✓	7
Risk Evaluation	Management, executive or Board experience in evaluating and managing the variety of risks faced by an organization, including internal controls and enterprise risk management processes and measurement.	✓	✓	✓	✓	✓	✓	✓	7
Compensation	Management, executive or Board experience in establishing, managing and measuring executive compensation programs, including capital markets considerations and evolving proxy advisory firm considerations and engagements.	✓	✓	✓	✓	✓	✓	✓	7
Environmental, Social and Governance Risk Management, Performance Evaluation and Management	Management, executive or Board experience in evaluating and managing the variety of risks faced by an organization with respect to evolving environmental and corporate responsibility criteria, including capital markets considerations related thereto and measuring performance of corporate objectives.	✓	✓	✓	✓	✓	✓	✓	7

COMPENSATION DISCUSSION AND ANALYSIS

Letter of Introduction - Board Chair and Governance and Compensation Committee Chair

Dear Fellow Shareholders,

On behalf of the Board of Directors and the Governance and Compensation Committee, we are pleased to provide our Compensation Discussion and Analysis to you in the following pages of this information circular and proxy statement (the "**Circular**"). Your feedback is important to us, as is your vote, and we hope that you attend the Meeting in person or by proxy.

This introductory letter is a new addition to the Circular for the 2020 Meeting, and our hope is that it provides some useful context for reviewing and interpreting the more formal disclosures that follow. In particular, we want to highlight the difference between "reported target" and "realized" compensation, as well as several changes made to the compensation program for 2020 following engagement with shareholders.

Composition and Role of the Governance and Compensation Committee

The Committee is responsible for, among other things, overseeing compensation across the organization with a particular focus on the three executive officers. This includes regularly assessing salaries, annual bonus, long-term incentive awards, and measuring performance. This is an important function in any organization, and particularly at PrairieSky given its small group of executives. The Governance and Compensation Committee is comprised of Myron Stadnyk (Chair), Sheldon Steeves and James Estey.

Pay for Performance Philosophy

The foundation of PrairieSky's compensation program is "pay for performance", which rewards the executive for leadership and creation of long-term value. This means that a significant percentage of each executive's compensation is "at risk" if the value of the Common Shares decreases and individual and/or corporate performance is below measured criteria. The executives are fully aligned with shareholders through this overarching philosophy, as well as their significant personal investments in Common Shares of the Company.

"Say on Pay" Voting and Shareholder Engagement on Executive Compensation Matters

Since 2017 and on an annual basis, PrairieSky has voluntarily included an advisory resolution on executive compensation, or "Say on Pay" vote, at its annual shareholder meeting. The Governance and Compensation Committee and the Board believe it is essential for shareholders to be well informed of the Company's approach to executive compensation and considers the "Say on Pay" vote to be an important, but not exclusive, part of the shareholder engagement process. The Company has received support from an overwhelming majority of shareholders in past "Say on Pay" votes, with the 2019 vote receiving support from a significant majority of shareholders, albeit below prior years. Significant consideration has been given to the 2019 "Say on Pay" vote by the Board and the Governance and Compensation Committee, which in turn led to shareholder engagement over the past year including with shareholders who voted both in favor of and against the advisory resolution.

Differences Between "Reported Target Compensation" and "Actual Realized Compensation"

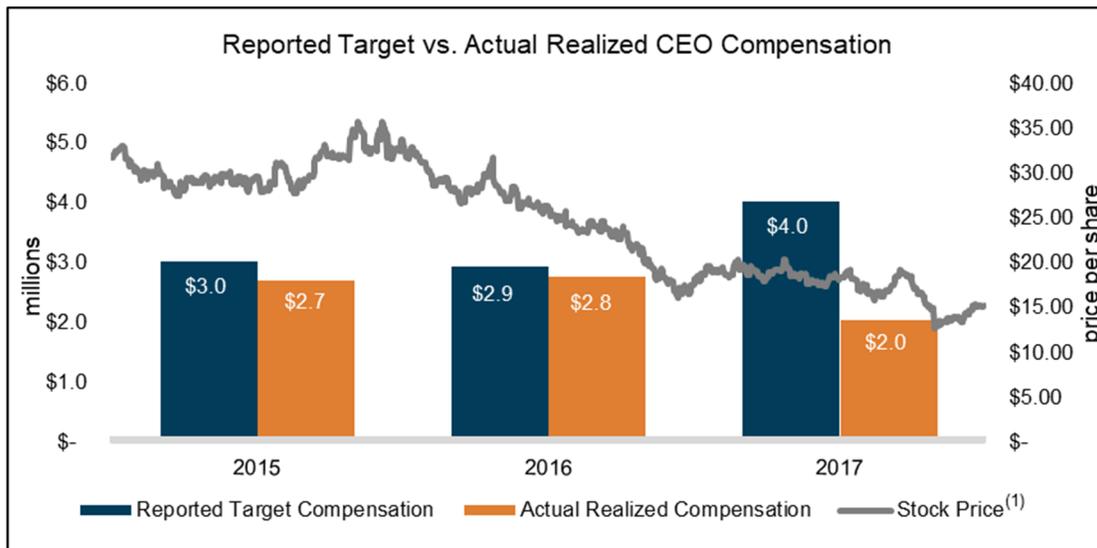
Disclosure standards require the Company to show annual compensation in a manner which is not necessarily reflective of what an Executive receives as "take-home" or "realized" compensation in the year, or in future years as long-term incentive awards and options vest.

The disclosures contained in the Summary Compensation Table on page 59 include amounts received by the executive in the current year, as well as "reported target" amounts that are deferred for many years and can fluctuate based on the price of the Common Shares and corporate performance.

Amounts disclosed and received in the 2019 calendar year include: (i) Salary earned in the year, (ii) Bonus/Annual Incentive Plan awards, and (iii) Pension Value (which is the employee savings plan). Bonus in any given year varies and depends on whether measurable performance goals are met or exceeded. The Company's savings plan is a non-dilutive "matched" savings program, where the employee and Company contribute cash to an account which is then used to purchase PrairieSky shares in the open market. This is described in further detail on page 46 under the heading "*Executive Compensation – Components of Compensation – Retirement Savings Plan*". The Company does not have any pension plan for its Executives or employees.

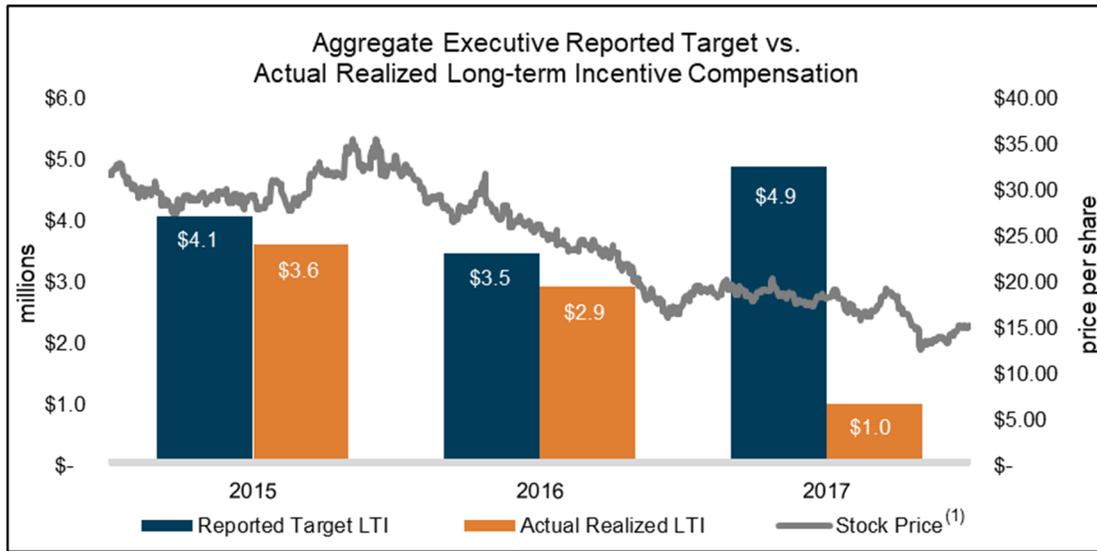
The disclosures contained in the Summary Compensation Table at page 59 also include deferred long-term incentives comprised of Share Based Awards and Option Based Awards, which represent the significant majority of an executive's "target" compensation (68% for the CEO in 2019). While these amounts are included in annual compensation because they are granted at an assumed value in the calendar year, they are subject to both time vesting and performance criteria, as well as stock price volatility, which in turn impacts their actual "realized" value three to five years in the future when the awards vest, are exercised, or are paid out. In recent years, with stock price underperformance, the impact has been negative and the "realized value" for each executive has been significantly lower than the granted amounts disclosed as "annual compensation" in prior years.

This difference is disclosed in several places throughout this circular, including at page 56 under the heading "*Compensation Discussion and Analysis - CEO Compensation*". The difference between "reported target" compensation for the CEO disclosed in the 2015, 2016 and 2017 compensation years as compared to the actual take home amount as awards have vested, typically 3 years following the grant year, was (-11%), (-5%), and (-49%), respectively. Expressed as a dollar amount, these negative differences for the CEO are (-\$321,700 for 2015 grants, -\$159,600 for 2016 grants, -\$1,979,500 for 2017 grants). Over the same period the return to a shareholder has been 2.8%, (-43.1%), and (-9.8%). This is reflected in the table below, and we have shown the Company's share price over a trailing three-year period (January 1, 2017 to December 31, 2019) to reflect the price of the Common Shares over the period during which the awards vested.



(1) Stock price is from January 1, 2017 to December 31, 2019

The chart below shows the difference between the "granted" long term incentive awards (PSUs, RSUs and Options) for the three executives in aggregate in 2015, 2016 and 2017, and the "realized" values when the awards vested in 2018, 2019 and 2020. Consistent with the chart above, we have shown the Company's share price over the trailing three-year period (January 1, 2017 to December 31, 2019) to reflect the share price over the period during which such awards vested.



(1) Stock price is from January 1, 2017 to December 31, 2019

During our 2019 engagement with shareholders, we found that the difference between "reported target" or "granted" compensation and "realized" compensation is a distinction that is important to explain, as we have attempted to do above and in greater detail throughout this Circular. This explanation is critical to understanding the Company's "pay for performance philosophy" and what the Company actually pays the executive, particularly when shareholder returns and stock price performance are below expectations.

Changes to Executive Compensation Over Time and in 2020

Over the past several years, the Governance and Compensation Committee and Board have made progressive changes to the compensation program, while maintaining alignment with the Company's core principles of attracting, retaining and appropriately rewarding qualified management. This includes changes in 2020. The primary changes over the past several years are discussed in further detail below.

(a) The Peer Group

In 2015 the Governance and Compensation Committee significantly altered the peer group against which the Governance and Compensation Committee and Board benchmark executive compensation and total shareholder return performance. The changes included diversifying the peer group by adding best in class precious metals royalty businesses and real estate trusts, and removing upstream oil and gas companies that have subsequently underperformed relative to the Company. The modified peer group is a stronger and more diversified group of companies against which the Board and the Governance and Compensation Committee measure relative performance.

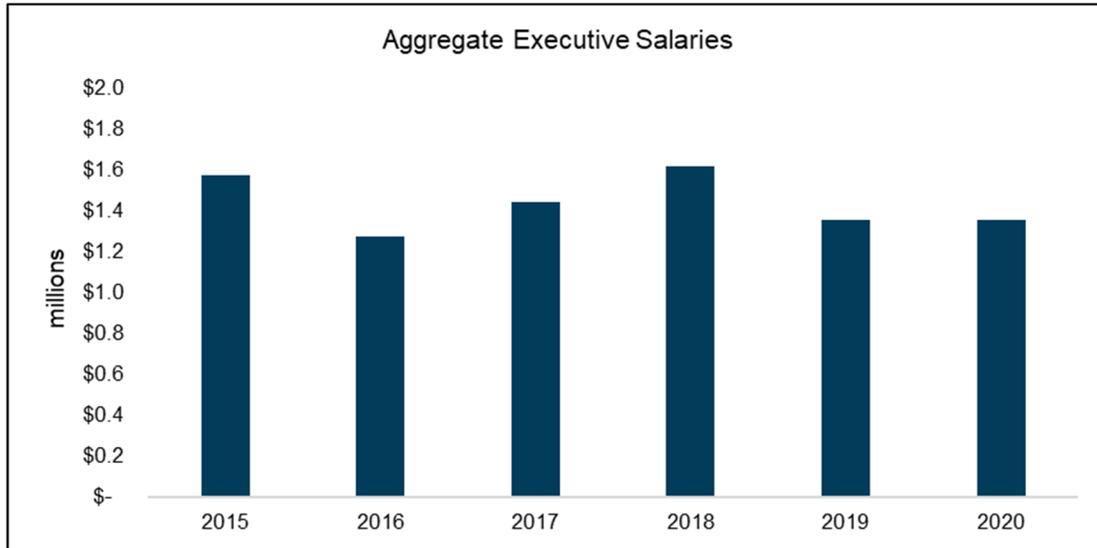
(b) Performance Measurement of Share Unit Awards

In 2019, the Governance and Compensation Committee and Board adopted a new methodology of evaluating performance for purposes of measuring the value of vesting Share Unit Awards, the first of which will vest in 2022. This new approach determines the ultimate value upon vesting (in 2022) using multiple criteria, including (i) share returns against the peer group for 50% of the calculation (compared to 100% for grants from 2014 to 2018), with (ii) the remaining 50% weighed against measurable corporate goals, including sustainability performance against environmental, social and governance objectives. See *"Incentive Award Programs - Incentive Plan"*.

(c) Salaries

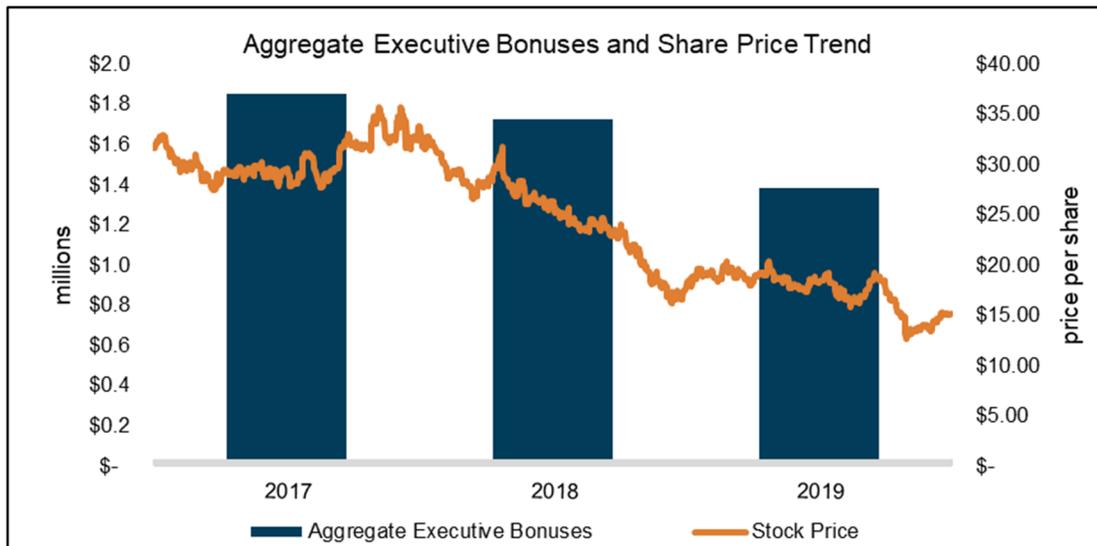
At different points in time over the Company's history, the organization has undergone significant growth through acquisitions and robust activity levels. During periods of lower activity, the executive have

successfully dedicated efforts towards improving efficiencies, implementing new technologies, managing risks and reducing costs. Over the last number of years, the executive headcount has been reduced by 40% from five (5) to three (3). The remaining three executives have assumed additional responsibility and workload, and in 2017 and 2018 received salary increases which are reflective of these expanded roles. This also increases annual bonus opportunity, which is typically determined as a percentage of salary. During the last two compensation cycles (2019 and 2020) the executives have not received salary increases.



(d) Annual Bonus

Annual bonus is meant to compensate the executive for achieving and surpassing annual corporate performance goals. The Governance and Compensation Committee maintains discretion to adjust those amounts based on additional factors, including share price performance and economic or industry conditions. During certain years when the executive have significantly outperformed, bonuses have been tempered due to challenging conditions in the oil and gas industry. In other years, the executive have been rewarded generously, fairly and consistent with the Company's pay for performance philosophy. During the last two years, the Company's share price performance has been poor on a relative basis, which has in turn impacted bonuses which are down sequentially over the past two years.



(e) Changes to 2020 Compensation Program

Following the 2019 Annual General Meeting and the results of our "Say on Pay" vote, the executive and the Board Chair engaged with shareholders and made adjustments to the executive compensation program, as follows:

i) Reduction of Share Based Awards and Option Based Awards for 2020

The Governance and Compensation Committee and Board reduced the 2020 long-term incentive grants to the three Executives by 13% (\$375,000) for the CEO, 14% (\$260,000) for the COO and 13% (\$120,000) for the CFO, for an aggregate reduction of \$755,000. Because the grant of these awards occurs on a calendar basis and took place in January 2020, they will be disclosed in the Summary Compensation Table as 2020 "reported target compensation" in the circular for the 2021 shareholder meeting.

ii) Adoption of the Officer DSU Plan

The Governance and Compensation Committee and the Board adopted the Officer DSU Plan (as defined herein). The Officer DSU Plan is described in detail at "*Incentive Award Programs – Officer Deferred Share Unit Plan*" and provides for grants of ODSUs (as defined herein) that vest over a three-year period but are not paid out to the executive until they retire or leave the Company, making the award very long term in nature. The value attributable to this grant was not additive to total compensation but was taken from the value of the annual Option grant.

iii) Reduction of Number of Options Granted

Since inception in 2014, the long-term incentive grants to the executive were allocated 25% to Options, and 75% to share unit awards. In addition to the reduction of overall long-term incentive values granted to the executive and described above under (i) "*Reduction of Share Based Awards and Option Based Awards for 2020*", the allocation to Options was reduced from 25% to 12.5%. The total number of shares reserved for granted Options and share unit awards represents less than 1.0% of the issued and outstanding Common Shares at December 31, 2019. For 2020, the reduced long-term incentive grants to the executive were allocated 12.5% to ODSUs, 12.5% to Options and 75% to PSUs.

No changes were made to the Board compensation approach over the last several years, except for the Board Chair taking a voluntary 15% compensation reduction in 2019 which remained the same in 2020. The Governance and Compensation Committee feels the above changes, including reduction of bonus awards for 2019 and holding salaries flat for the second consecutive year, address the feedback received during its shareholder engagement activities in 2019 and early 2020.

We hope you find the above information useful and look forward to engaging with you at the Meeting and throughout the upcoming year.

"James Estey"

James Estey
Chair of the Board

"Myron Stadnyk"

Myron Stadnyk
Chair of the
Governance and
Compensation
Committee

EXECUTIVE COMPENSATION

NAMED EXECUTIVE OFFICERS

The following discussion describes the significant elements of the Company's executive compensation program, with particular emphasis on the process for determining compensation payable to Andrew M. Phillips, as the CEO of the Company, Cameron M. Proctor, as the COO of the Company, Pamela P. Kazeil, as the CFO of the Company, Amber M. Vratovic, as Controller of the Company and Matthew J. P. McMahon as General Counsel of the Company (collectively, the "**Named Executive Officers**" or "**NEOs**"). The Controller and General Counsel are not considered executive officers of the Company, but information with respect thereto is included in accordance with the requirements of Form 51-102F6 – *Statement of Executive Compensation*.

COMPENSATION OBJECTIVES AND PRINCIPLES

The Board recognizes that the Company's success depends greatly on its ability to attract, retain and motivate employees at all levels, which can only occur if the Company has an appropriately structured and executed compensation program. The Company's compensation policies are founded on the principle that executive and employee compensation should be consistent with shareholders' interests and the Company's incentive programs are therefore intended to encourage decisions and actions that will result in the creation of long-term shareholder value, while specifically not rewarding excessive risk-taking by management or employees. In determining the compensation to be paid to management, the Governance and Compensation Committee considers various items including corporate achievements, comparative market data and information supplied by management or external consultants with expertise on such matters.

The principal objectives of the Company's executive compensation program are as follows:

- to attract and retain qualified management;
- to have a compensation package that is competitive within the marketplace;
- to align management's interests with those of the shareholders; and
- to reward both leadership and performance that creates long-term shareholder value.

The Governance and Compensation Committee's objective is to ensure the compensation of the Named Executive Officers provides a competitive package that reflects the above objectives, as well as provides a link between discretionary short and long-term incentives with short and long-term corporate goals. The compensation package has been designed to reward performance based on the achievement of performance goals and objectives and to be competitive with comparable companies in the market in which the Company competes for talent. See "*Benchmarking Executive Compensation*" and "*NEO Total Compensation Mix*" below.

In establishing the executive compensation programs the Governance and Compensation Committee also considers the implication of the risks associated with the executive compensation program, including: (i) the risk of executives taking inappropriate or excessive risks; (ii) the risk of inappropriate focus on achieving short-term goals at the expense of long-term returns to shareholders; (iii) the risk of encouraging aggressive accounting practices; and (iv) the risk of excessive focus on financial returns and operational goals.

While no program can fully mitigate these risks the Board believes that many of these risks are mitigated by: (i) weighting the Company's long-term incentives towards share ownership and vesting long-term incentives over a number of years; (ii) establishing a uniform incentive program for all executive officers and employees; (iii) avoiding narrowly focused performance goals which may encourage loss of focus on providing long-term shareholder return and retaining adequate discretion to ensure that the Governance and Compensation Committee and Board retain their business judgment in assessing actual performance; and (iv) establishing a strong commitment to accounting and regulatory compliance.

The Governance and Compensation Committee has the authority to retain and receive advice from compensation consultants to carry out its duties, but to date has not determined it necessary to do so. Specifically, since the financial year ended December 31, 2014, no compensation consultants or advisors were retained to assist in determining compensation for any of the Company's directors and officers, although the directors did continue to obtain guidance from experienced third parties, including through the Institute of Corporate Directors and conversations with proxy advisory firms, on various compensation-related matters. See "*Statement of Corporate Governance Practices – Shareholder Engagement - Changes Following Shareholder Engagement*".

Clawback Policy (Recoupment of Incentive Compensation)

The Company has adopted a policy regarding recoupment of any incentive payment (including cash payments, Options or Share Unit Awards (each as defined herein) granted under the Option Plan and amended and restated share unit incentive plan (the "**Incentive Plan**"), respectively, and the Common Shares issuable on exercise or vesting thereof, as the case may be), to an executive officer where:

- (i) the payment or grant was predicated upon achieving certain financial results that were subsequently the cause of a substantial restatement of the Company's financial statements;
- (ii) the Board determines the executive officer engaged in gross negligence, intentional misconduct or fraud that caused or substantially caused the need for substantial restatement of the Company's financial statements; and
- (iii) a lower incentive compensation payment or grant would have been made to the executive officer based upon the restated financial results.

In such circumstances, the Company will seek to recover from such executive officer, in the case of cash incentive payments, the amount by which that executive officer's incentive payments for the relevant period exceeded the lower payment that would have been made based on the restated financial results and in the case of equity incentive awards, the number of equity incentive awards by which the executive officer's grant for the relevant period exceeded the lower number of equity incentive awards that would have been granted based on the restated financial results. In addition, if an executive officer commits fraud, theft, embezzlement or serious misconduct, whether or not there is a substantial restatement of the Company's financial statements, the Board can, at its discretion, cancel some or all of the executive's vested or unvested incentive awards, and require repayment of all or a portion of the incentive awards that have already been paid.

Short Selling Restrictions

The Company's directors and officers are prohibited from knowingly selling, directly or indirectly, any of the Company's securities if such person selling such security does not own or has not fully paid for the security to be sold. Directors and officers are also not permitted to buy or sell a call or put in respect of any of the Company's securities. Notwithstanding these prohibitions, directors and officers may sell a Common Share which they do not own if they own another security convertible into Common Shares or an option or right to acquire Common Shares sold and, within 10 days after the sale, the director or officer: (i) exercises the conversion privilege, option or right and delivers the Common Share so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser. See also "*Statement of Corporate Governance Practices – Anti-Hedging Policy and Other Restrictions on Trading Activities*".

COMPONENTS OF COMPENSATION

The following components comprise the compensation package for the Named Executive Officers: (i) base salary; (ii) annual cash awards (bonus); and (iii) participation in the Company's long-term incentive program. All salary increases, cash bonuses and long-term incentive compensation for the Named Executive Officers are reviewed by the Governance and Compensation Committee and amended as deemed appropriate with the approval of the Board.

Base Salary

The base salary of each Named Executive Officer is, subject to a minimum amount established under the executive employment agreements described below, determined by the Governance and Compensation Committee. The base salary of each Named Executive Officer is based on the median of the Compensation Market, as defined below in "*Benchmarking Executive Compensation*", but may be adjusted upward or downward to reflect factors that include the relative complexity of the Named Executive Officer's role as compared to the Compensation Market. Salaries are reviewed annually and compared to the Compensation Market through publicly available documents and the broader market through analysis of industry compensation surveys as prepared by external compensation consultants. Consideration is also given to internal factors including the strategy and growth plans of the Company and the objective to attract and retain highly talented individuals from the industry. No salary increases were implemented for the Named Executive Officers for 2015 and 2016, but salary increases were granted to the Named Executive Officers in 2017 and 2018 to reflect the assumption of increased responsibilities by certain executives as well as changes to the nature and size of the Company's business from its initial public offering on May 29, 2014. No salary increases were granted to the CEO, COO and CFO for 2019. The Controller and the General Counsel were each given modest salary increases in 2019 to reflect the assumption of incremental roles and responsibilities as well as cost of living increases. In 2020, no salary increases were given to the CEO, COO and CFO.

Annual Cash Awards (Bonus)

Annual cash awards are intended to motivate and reward Named Executive Officers for achieving and surpassing corporate and individual goals but are not guaranteed year over year. The amount of the cash award or "bonus" is determined by reference to a target percentage of base salary. Bonuses for the Named Executive Officers, excluding the CEO and COO, are recommended by the CEO and reviewed and recommended by the Governance and Compensation Committee and approved by the Board. Bonuses for the CEO and COO are recommended by the Governance and Compensation Committee and approved by the Board. The 2019 targeted bonus percentage for the CEO was 150% of base salary, for the COO was 100% of base salary, for the CFO was 75% of base salary, for the Controller was 30% of base salary and for the General Counsel was 30% of base salary. For the executive officers, actual cash awards range from zero to two times the targeted bonus percentage, unless otherwise determined by the Board, in its sole discretion, where such discretion will be subject to a maximum of three times the targeted bonus percentage. With respect to the Controller and the General Counsel, the target percentage is a guideline only and subject to annual determination by the CEO, COO and CFO, with approval of the Board or Governance and Compensation Committee.

Long-Term Incentive Program

In 2019, the long-term incentive program of the Company for the Named Executive Officers (excluding the Controller and General Counsel) was comprised of 75% PSU granted under the Incentive Plan and 25% Options granted under the Option Plan. Each of the Controller and General Counsel's long-term incentive awards consist solely of RSUs with a small number of Options granted at the discretion of the CEO, COO and CFO and approved by the Board and the Governance and Compensation Committee. These awards are intended to encourage participants to focus on creating and improving the Company's long-term financial success and provide participants an opportunity to benefit from the share performance of the Company. The purpose of the long-term incentive program is to align the interests of shareholders and management. See "*Incentive Award Programs*".

In addition to the Option Plan and Incentive Plan, the Company adopted the deferred share unit plan for officers (the "**Officer DSU Plan**") in November 2019 pursuant to which officers and employees of the Company (including the Named Executive Officers) may be granted deferred share units ("**ODSUs**"); however, no ODSUs were granted during the year ended December 31, 2019. See "*Incentive Award Programs*" for a further description of the Officer DSU Plan. In 2020, only the CEO, COO and CFO received grants of ODSUs, representing 12.5% of their long-term incentive awards granted in 2020. See

"Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair" and "Incentive Award Programs – Officer Deferred Share Unit Plan".

In light of the recent proposed changes made by the Federal government to the tax treatment of stock options, the Governance and Compensation Committee and the Board does not expect to issue any Options as part of the long-term incentive program of the Company beyond April 2020. As a result, the long-term incentive program for the Named Executive Officers in 2021 is expected to be comprised of grants of share unit awards under the Incentive Plan and grants of ODSUs under the Officer DSU Plan. See *"Incentive Award Programs - Option Plan"*.

Retirement Savings Plan

The Company has adopted a plan to provide all employees of the Company, including the Named Executive Officers, the opportunity to save for retirement that is comparable to the Company's peers. This plan consists of a group registered savings plan and a group non-registered savings plan in which the Company matches a percentage of a participant's contributions up to a set maximum of 12%. The plan requires that all savings plan contributions be used by the external custodian and manager of the plan to purchase Common Shares through the facilities of the TSX. No Common Shares are issued from treasury as part of the retirement savings plan.

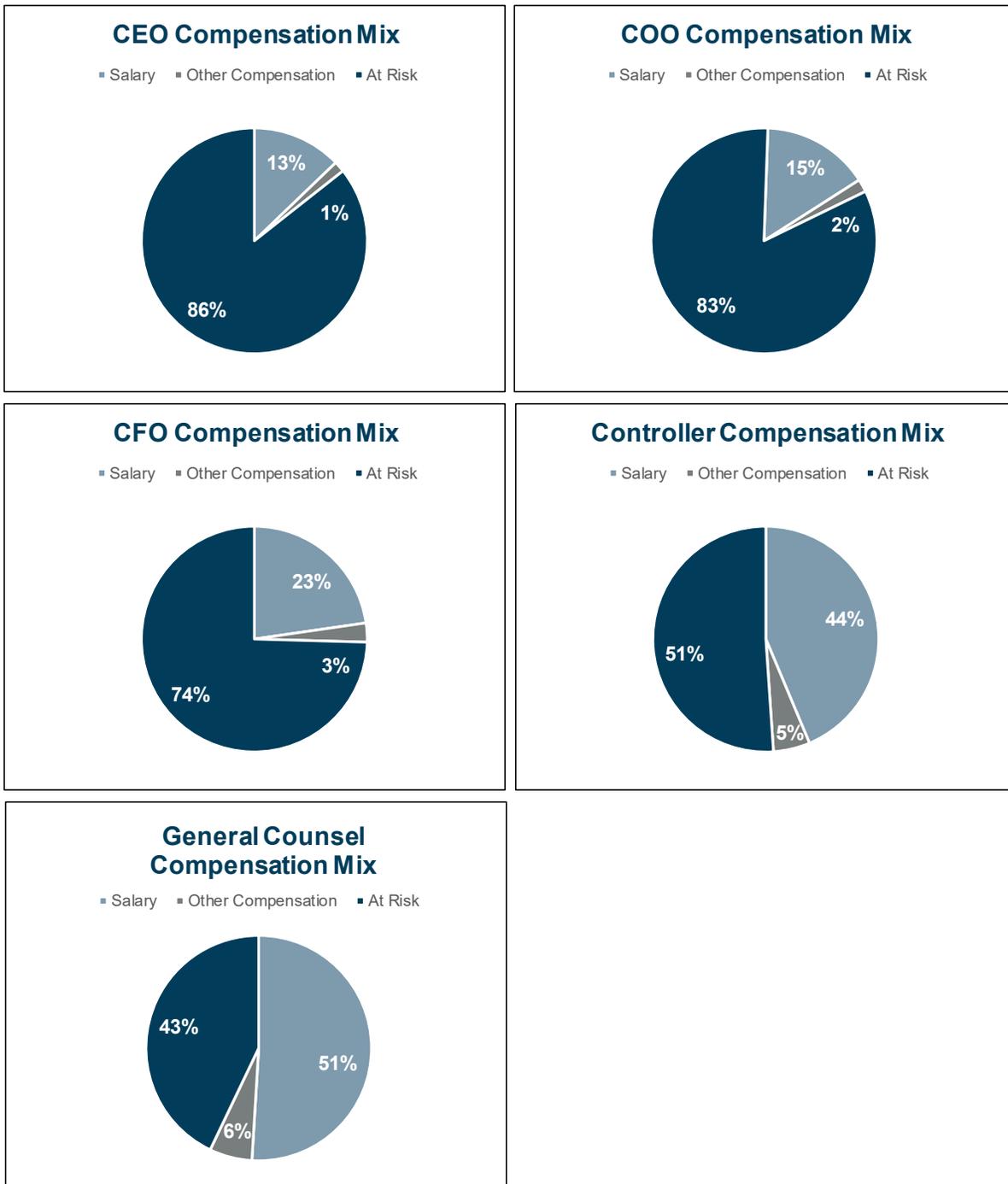
The plan is considered an automatic securities purchase plan and contains certain restrictions with respect to changing contribution levels, changing investment directions and also withdrawal of investments in the plan.

Other Compensation Elements

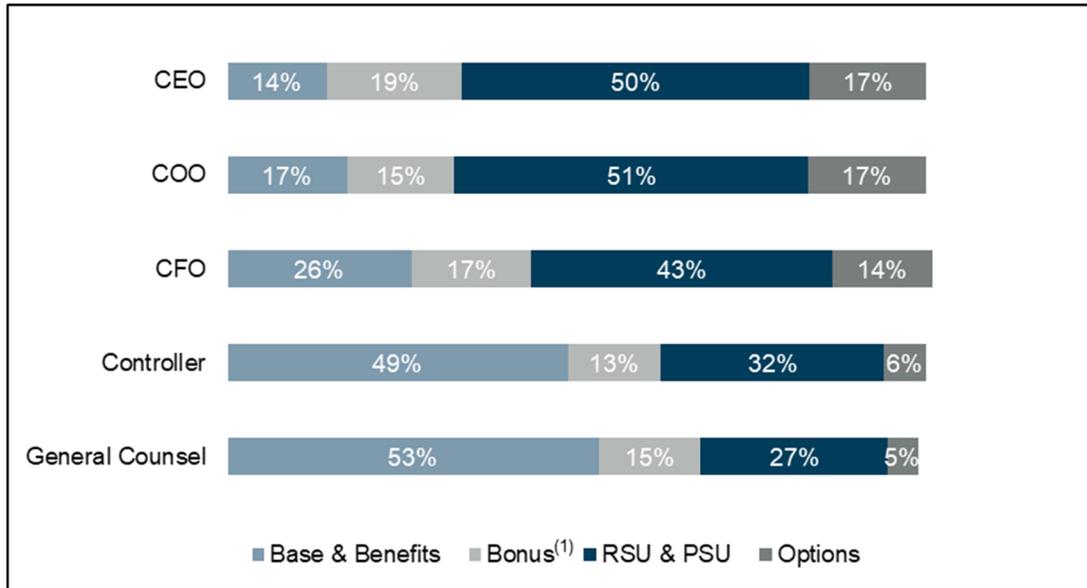
To ensure the Company's compensation packages remain competitive with those of its peers, the Named Executive Officers receive certain perquisites, including a modest annual allowance for personal benefits selected by the Named Executive Officer, company-provided parking and in the case of the CEO, COO and CFO, an executive health care package. In the case of the CEO, a company-paid business club membership is also provided. The Company has specific policies governing the use of perquisites by Named Executive Officers.

NEO TOTAL COMPENSATION MIX

PrairieSky's compensation philosophy is designed to align compensation with corporate performance and therefore the majority of executive compensation is performance based and "at risk". Compensation considered "at risk" includes Options, shares unit awards and 2019 target bonuses of 150% of CEO's base salary, 100% of COO's base salary, 75% of CFO's base salary, 30% of Controller's base salary and 30% of the General Counsel's base salary. The graphs below demonstrate the "at risk" pay for the CEO as well as the "at risk" pay for all other NEOs. Approximately 86% of the CEO's compensation and on average 63% of other NEO's compensation is "at risk", including 83% of the COO's compensation and 74% of the CFO's compensation.



Below is a further breakdown of CEO and NEO compensation by component on an annualized basis for 2019. Long-term incentives (RSUs, PSUs and Options) comprised on average approximately 67% for each of the CEO and COO, approximately 57% of the CFO's total compensation, approximately 38% of the Controller's total compensation and, approximately 32% of the General Counsel's total compensation.



Note:

(1) "Bonus" compensation includes 2019 target bonuses of 150% of the CEO's base salary, 100% of the COO's base salary, 75% of the CFO's base salary, 30% of the Controller's base salary and 30% of the General Counsel's base salary.

BENCHMARKING EXECUTIVE COMPENSATION

To benchmark the magnitude and mix of management's compensation arrangements, in forming the compensation market for the Company (the "**Compensation Market**"), the Board has considered the size, scope, stage of development and risk profile of the Company against a peer group of companies using the following parameters:

- companies in the crude oil and natural gas, mining and real estate industries with a royalty or dividend-focused business model;
- comparable market capitalization to the Company; and
- companies with producing properties and significant undeveloped acreage in the Western Canadian Sedimentary Basin.

Based on these parameters, the following are the peer group of companies used in determining the Compensation Market for 2019:

	Market Capitalization ⁽¹⁾ (\$ Billions)		Market Capitalization ⁽¹⁾ (\$ Billions)
Franco-Nevada Corporation	25.4		
Wheaton Precious Metals Corp.	17.3		
Canadian Apartment Properties Real Estate Investment Trust	9.0		
RioCan Real Estate Investment Trust	8.5		
Royal Gold Inc.	8.0	Average	6.8
H&R REIT	6.0	PrairieSky Royalty Ltd.	3.5
First Capital Realty Inc.	4.6	PrairieSky's Rank (out of 15)	11
SmartCentres Real Estate Investment Trust	4.5		
Tourmaline Oil Corp.	4.1		
Vermilion Energy Inc.	3.3	Statistical Distribution	
ARC Resources Ltd.	2.9	25 th Percentile	3.1
Osisko Gold Royalties	2.0	Median	4.5
Labrador Iron Ore Royalty Corporation	1.6	75 th Percentile	8.2
Freehold Royalties Ltd.	0.9	PrairieSky's Percentile Rank	38%

Note:

(1) Market Capitalization as at December 31, 2019.

The peer group of companies used in determining the Compensation Market for 2018 was consistent with 2019 and were as follows:

2018 and 2019 Peer Group of Companies		
ARC Resources Ltd.	H&R REIT	SmartCentres Real Estate Investment Trust
Canadian Apartment Properties Real Estate Investment Trust	Labrador Iron Ore Royalty Corporation	Tourmaline Oil Corp.
First Capital Realty Inc.	Osisko Gold Royalties	Vermilion Energy Inc.
Franco-Nevada Corporation	RioCan Real Estate Investment Trust	Wheaton Precious Metals Corp.
Freehold Royalties Ltd.	Royal Gold Inc.	

The peer group of companies used in determining the Compensation Market for 2017 were as follows:

2017 Peer Group of Companies		
ARC Resources Ltd.	Freehold Royalties Ltd.	Royal Gold Inc.
Boardwalk Real Estate Investment	H&R REIT	Wheaton Precious Metals Corp.
Canadian Apartment Properties Real Estate Investment Trust	Labrador Iron Ore Royalty Corporation	SmartCentres Real Estate Investment Trust
Enerplus Corporation	Osisko Gold Royalties	Tourmaline Oil Corp.
First Capital Realty Inc.	Peyto Exploration & Development Corp.	Vermilion Energy Inc.
Franco-Nevada Corporation	RioCan Real Estate Investment Trust	Whitecap Resources Inc.

The peer group of companies used in determining the Compensation Market for 2016 were as follows:

2016 Peer Group of Companies		
ARC Resources Ltd.	Freehold Royalties Ltd.	Wheaton Precious Metals Corp
Boardwalk Real Estate Investment	H&R REIT	SmartCentres Real Estate Investment Trust
Canadian Apartment Properties Real Estate Investment Trust	Labrador Iron Ore Royalty Corporation	Tourmaline Oil Corp.
Enerplus Corporation	Osisko Gold Royalties	Vermilion Energy Inc.
First Capital Realty Inc.	Peyto Exploration & Development Corp.	Whitecap Resources Inc.
Franco-Nevada Corporation	RioCan Real Estate Investment Trust	

The peer group of companies used in determining the Compensation Market for 2015 were as follows:

2015 Peer Group of Companies		
ARC Resources Ltd.	Franco-Nevada Corporation	RioCan Real Estate Investment Trust
Baytex Energy Corp.	Freehold Royalties Ltd.	Wheaton Precious Metals Corp
Boardwalk Real Estate Investment	H&R REIT	SmartCentres Real Estate Investment Trust
Canadian Apartment Properties Real Estate Investment Trust	Labrador Iron Ore Royalty Corporation	Tourmaline Oil Corp.
Enerplus Corporation	Osisko Gold Royalties	Vermilion Energy Inc.
First Capital Realty Inc.	Peyto Exploration & Development Corp.	Whitecap Resources Inc.

The composition of the peer group of companies is used by the Board to benchmark management's compensation arrangements and is reviewed periodically and may be adjusted in order to continue to align to the noted parameters and to reflect acquisition and/or divestiture activity within the group. Further, in determining performance metrics for granted PSUs under the Incentive Plan, the Board may consider a subset of the peer group of companies in measuring relative total shareholder return. The Board has never adjusted or considered a subset of the peer group in evaluating performance for the purposes of determining performance metrics or a payout multiplier for a granted or vested PSU.

2019 PERFORMANCE AND ACHIEVEMENTS

The Governance and Compensation Committee considers both subjective and objective measures in evaluating the achievement of corporate objectives. For 2019, corporate and individual goals included: (i) growing the Company and developing the asset base, with a focus on per share returns for shareholders, through organic leasing of the Company's land base and value-added acquisitions and royalty transactions; (ii) ensuring cost optimization through improving efficiencies, and efficiently managing relationships with third-party service providers and the costs associated therewith; (iii) integration of leasing transactions, acquisitions and new royalty arrangements into the Company's records management system; (iv) royalty compliance activities, including lease compliance and forensic accounting audits; (v) ensuring good governance through robust asset management processes, internal controls, adherence to good governance practices, and risk mitigation; (vi) building internal talent and expanding the leadership culture within the organization; and (vii) advancement of the Company's sustainability strategy and reporting initiatives. The Governance and Compensation Committee concluded that these corporate objectives were met or exceeded by the Company, as further described below.

The following chart outlines the primary objective of delivering strong risk-adjusted returns to shareholders, as well as specific objectives (which involved both subjective and objective considerations) for each Named Executive Officer (excluding the Controller and the General Counsel) and the weighting by importance of each objective to the respective role of each executive officer for each year:

Objective	Weighting for each Named Executive Officer		
	CEO ⁽¹⁾	COO ⁽¹⁾	CFO
Growth and Development	High	High	Medium
Cost Structure Optimization	High	High	High
Asset Integration	High	High	High
Royalty Compliance	High	High	High
Governance	High	High	High
Building Talent and Leadership Culture	High	High	High
Sustainability Strategy and Reporting	High	High	High

Note:

(1) For the CEO and COO, all corporate objectives are weighted as "High" and equally weighted.

Objective	Objective Measures Considered	Subjective Measures Considered	Conclusion
Deliver Strong Risk-Adjusted Returns to Shareholders	<ul style="list-style-type: none"> Delivered income to shareholders through a \$0.78 per Common Share dividend as well as the repurchase and cancellation of 1.1 million common shares for \$19.0 million under the Company's Normal Course Issuer Bid. Dividends and share buybacks were paid from 2019 funds from operations. Delivered on key financial measures with funds from operations of \$220.4 million or \$0.94 per share and net income of \$111.4 million or \$0.48 per share. Ensured financial flexibility by maintaining a strong balance sheet with a minor working capital deficiency of \$3.1 million⁽¹⁾ at December 31, 2019. We are disappointed with our trailing one-year annualized total return of -9.8%. 	<ul style="list-style-type: none"> Remained focused on core strategies of leasing lands, cost optimization, royalty compliance and pursuing acquisitions which match the quality and duration of PrairieSky's existing business. 	<ul style="list-style-type: none"> Objective Met
Strategically Manage Portfolio for Growth and Development	<ul style="list-style-type: none"> Collected \$12.1 million in lease issuance bonuses in 2019, which was in line with internal forecasts, but slightly below an aggressive budget set at the beginning of 2019. Completed 127 leasing arrangements with 80 different counterparties adding near and medium-term drilling commitments on the land base. Additional overriding royalties and seismic acquisitions completed during 2019 for an aggregate value of \$11.2 million, paid from funds from operations. Acquisitions included overriding royalty interests on emerging resource plays for \$8.0 million. Activity on PrairieSky's royalty properties focused on areas where 	<ul style="list-style-type: none"> Focused on organic growth through leasing lands, including incremental leasing of PrairieSky's East Shale Duvernay acreage and new, longer-term thermal oil and CO₂ sequestration projects. Numerous opportunities considered and evaluated; management demonstrated discipline in a volatile commodity price environment. Royalty interest asset acquisitions completed in 2019 provide development potential from drilling commitments in the near term and further upside potential over the medium to longer term, in each case consistent with the Company's stated strategy. Seismic data acquired is available to lessors to choose locations and improve drilling results and is used 	<ul style="list-style-type: none"> Objective Met

Objective	Objective Measures Considered	Subjective Measures Considered	Conclusion
	<p>PrairieSky has made strategic investments. During the year, third-party capital on PrairieSky lands replaced 121% of 2019 oil royalty production volumes and 151% of 2019 natural gas liquids royalty production volumes, increasing year-end proved plus probable oil reserves by 4% and natural gas liquids reserves by 8%.</p> <ul style="list-style-type: none"> Land assets grew through value add acquisitions; shareholders now own approximately 67,000 acres per million Common Shares owned. 	<p>internally to generate ready-to-drill plays for operators.</p> <ul style="list-style-type: none"> Emerging Clearwater resource play provides exposure to over 850,000 acres of land. Management ensured balance sheet strength with a minor working capital deficiency at December 31, 2019. 	
<p>Cost Structure Optimization</p>	<ul style="list-style-type: none"> Maintained high operating netback⁽²⁾ of 88%. Cash administrative expense decreased 19% year-over-year to \$21.3 million; cash G&A expense per BOE⁽³⁾ decreased by 14% to \$2.68 per BOE due to active management of PrairieSky's cost structure, implementation of technology, and impacts of lower long-term incentive payments for staff and executive in 2019 due to "pay for performance" philosophy and share price linkage. Optimized PrairieSky's employee talent. Headcount remained relatively flat with 64 full-time and part-time employees while decreasing overall cash administrative expenses. 	<ul style="list-style-type: none"> Administrative cost structure of the organization continued to improve year over year. Headcount turnover was kept relatively flat year over year, with voluntary turnover at 4.8%. The Company's land base has roughly tripled since IPO in May 2014 while costs on a per BOE basis have decreased. 	<ul style="list-style-type: none"> Objective Exceeded
<p>Asset Integration</p>	<ul style="list-style-type: none"> Integrated assets from 2019 acquisitions. Integrated seismic assets acquired through transactions. Completed additional software development to enhance the Company's records management and land and royalty compliance technology platform. Conducted initial scoping and planning exercises to move certain functions towards automation. 	<ul style="list-style-type: none"> Effective use of external resources and development of internal resources and expertise. Utilized acquired seismic assets to delineate and lease new play ideas and facilitate additional drilling activity on existing and new play ideas. 	<ul style="list-style-type: none"> Objective Met
<p>Actively Manage Land and Royalty Compliance</p>	<ul style="list-style-type: none"> Served 3,578 lease compliance notices, generating: (i) 156 sections returned to the Company's land inventory; (ii) an estimated \$33.9 million in additional third-party capital spend drilling offset wells (\$1.2 million net capital); and (iii) an estimated \$1.7 million in compensatory royalties. 	<ul style="list-style-type: none"> Pro-actively managed several producers with financial liquidity related issues, including continuing to take production volumes in-kind as appropriate. Maintained and enhanced processes to deal with receiverships and restructurings of lessees, including dealing with transfers of leases and royalty contracts to ensure proper payments and asset integrity following receivership sales. 	<ul style="list-style-type: none"> Objective Met

Objective	Objective Measures Considered	Subjective Measures Considered	Conclusion
	<ul style="list-style-type: none"> Over 1,090 lease assignments were processed as assets worked through bankruptcy processes and operators completed acquisition and divestiture activity. Lands returned to inventory are available for re-work by PrairieSky's technical team and/or leasing to new operators. Collected \$7.2 million in royalty compliance revenue. 		
Governance	<ul style="list-style-type: none"> Implemented Joint Work Site Health and Safety Committee initiatives which included employee training and education. Continued to enhance processes and disclosure, including updates to the enterprise risk management program. Received a Company high ranking for Governance in the Board Games publication (Globe and Mail) – scoring 88 out of 100 and achieving a ranking of #52 (top quartile). (This increased from 83 out of 100 in 2018 with a ranking of #68.) 	<ul style="list-style-type: none"> Improved investor relations materials and disclosure documents, including publishing the 2019 Royalty Playbook and hosting a 2019 Investor Day, and incorporating additional ESG disclosures in accordance with best practices. Improved governance scores in independent third-party surveys. Received a substantial negative vote (78.3% in favor) on the "say on pay" vote at the Company's 2019 annual general meeting of shareholders, following which undertook a shareholder engagement strategy and made several changes to the Executive Compensation program. See page 43. 	<ul style="list-style-type: none"> Objective Met
Build Talent and Leadership Culture	<ul style="list-style-type: none"> Implemented employee share ownership guidelines for certain non-executive personnel of the Company. Executed on formulated succession planning in the land compliance group. Undertook record number of employee engagement events and improved scoring on engagement survey, achieved 98% employee engagement score. 	<ul style="list-style-type: none"> Enhanced organizational efficiencies through succession planning restructuring. Demonstrated commitment to employee engagement through townhalls, lunch and learns, and training and development. Implemented educational development program for staff and record number of team/leadership building events, including two educational seminars for all staff by leading experts in energy. 	<ul style="list-style-type: none"> Objective Exceeded
Advancing Sustainability Strategy and Reporting	<ul style="list-style-type: none"> Improved MSCI-ESG Controversies ranking from "A" to "AA" Published second Responsibility Report to provide investors with information on the Company's performance and impact. Completed disclosure to the CDP, receiving a "B" ranking. 	<ul style="list-style-type: none"> Became a signatory to the United Nations Global Compact with respect to human rights, labour environment and anti-corruption. Achieved all short-term sustainability goals and key performance indicators, including establishing an Environmental and Climate Change, Health and Safety Policy and a Human Rights Policy. 	<ul style="list-style-type: none"> Objective Exceeded

Note:

- (1) The working capital deficiency includes \$2.7 million related to the liability for vested cash-settled DSUs which may or may not be paid in the next twelve months as amounts only become payable when a director is no longer a member of the Board.
- (2) Operating netback is a non-GAAP measure defined in the Company's Management Discussion and Analysis for the year ended December 31, 2019, which is available on SEDAR at www.sedar.com. Operating Netback is royalty production revenue less administrative expenses and production and mineral taxes.

- (3) BOE represents a barrel of oil equivalent as defined in Company's Management Discussion and Analysis for the year ended December 31, 2019, which is available on SEDAR at www.sedar.com.

2019 Performance of CEO

The CEO's personal objectives were the same as the corporate objectives. As noted in the chart above, for the CEO, each of the objectives was weighted as "High". Mr. Phillips met or exceeded all objectives set for him in 2019.

Mr. Phillips received a bonus that was below target for 2019 and down for the second consecutive year. Notwithstanding short-term objectives were largely met or exceeded in 2019, in making the decision to award below target short-term awards (bonus) for 2019, the Governance and Compensation Committee considered the overall challenges faced by the oil and gas industry in Canada during 2019, relative performance of the Company against its energy-focused peers, the corresponding impact on the Company's share price and returns to shareholders, the "Say on Pay" voting at the 2019 annual general meeting and the feedback received during the 2019 and early 2020 shareholder engagements.

2019 Performance of Other Executive Officers

Information regarding the Governance and Compensation Committee's assessment on the attainment of corporate objectives is set out above. For personal objectives, the Governance and Compensation Committee considered the CEO's performance reviews of each executive officer against his or her key responsibilities and objectives, as well as the relative contribution made by each of the executives towards the Company's objectives during the year. The Governance and Compensation Committee concluded that these objectives were met or exceeded by all of the Company's executive officers.

For 2020, corporate and personal objectives for executive officers (including the CEO) will continue to include those set out in the chart above, and other items that may be added throughout the year with the approval of the Governance and Compensation Committee. The CEO's and COO's objectives will continue to be the same as those for the Company and each of the objectives will be weighted as "High". The Governance and Compensation Committee will continue to use both subjective and objective measures for considering each of the corporate objectives set out in the chart above. For growth, the Governance and Compensation Committee will consider the number, nature and value of transactions evaluated and executed, as well as the level of lease issuance bonus and new leasing/commitments/drilling generated by management's efforts. For cost structure optimization, the Governance and Compensation Committee will consider management's efforts to manage the Company's general and administrative expenses against budget and within a framework of executing the Company's other objectives, including but not limited to growth and risk management. For asset integration, the Governance and Compensation Committee will consider management's efforts in integrating and optimizing records related to acquired assets, new leasing activity and royalty transactions, as well as continuous improvement efforts to enhance the Company's technology platform for records management and royalty compliance. For royalty compliance, the Governance and Compensation Committee will consider progress in auditing and collecting royalty revenue receipts, forensic accounting efforts, lease compliance efforts and managing counterparty credit risk. For governance, the Governance and Compensation Committee will consider external rating agency rankings and surveys, management performance with respect to internal controls and risk mitigation objectives, and accomplishments with respect to other governance best practices. For talent and leadership culture, the Governance and Compensation Committee will consider how well senior management is building an overall culture of excellence in the organization which in turn translates into organizational efficiency, high-end performance and bench strength across the Company. For 2020 sustainability criteria, the advancement of the Company's sustainability strategy and reporting initiatives will be paramount. The strategic ESG plan includes an aggressive education plan for the organization, enhanced shareholder engagement and marketing activities, improving third-party rankings, publishing a third version of the Company's Responsibility Report with enhanced disclosures, developing sustainability content directly on the

Company's website, and advancing the Company's alignment with Task Force on Climate-related Financial Disclosures. In addition to the foregoing, in determining annual bonus eligibility and the granting of awards, the Governance and Compensation Committee and the Board consider: (i) shareholder returns, in particular share price performance; and (ii) when goals are met, the extent to which factors outside management's control may have had an impact.

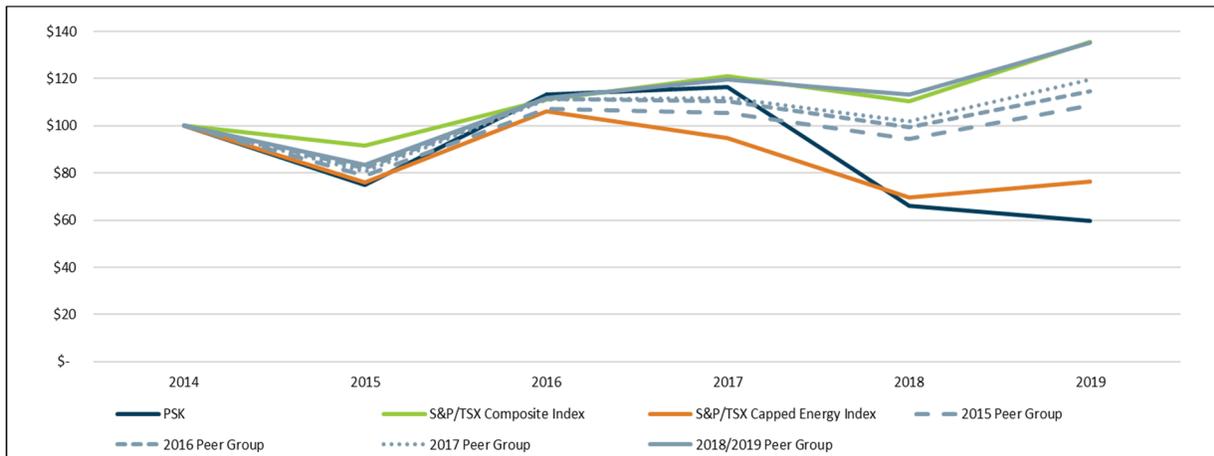
No changes were made to the Named Executive Officers' target bonuses for 2020.

PRAIRIESKY'S PERFORMANCE VERSUS PEERS AND INDICES

Through its governance process, the Board reviews the Company's peer group periodically and may adjust it to align with its parameters as noted above. Since IPO, the Board has refined the peer group to include industries with similar business models including mining royalty companies and real estate investment trusts, as well as adjusting it to reflect changing market capitalizations. These changes have resulted in a progressively more challenging peer group as demonstrated by the market performance outlined below.

Performance Graph

The graph below compares the performance of the Company since December 31, 2014 (with all dividends reinvested) to the S&P/TSX Composite Index, the S&P/TSX Capped Energy Index, and the average return for each peer group for the years of 2014 to 2019, each starting with an investment of \$100 on December 31 2014. See "Compensation Discussion and Analysis – Executive Compensation – Benchmarking Executive Compensation" for more information on our peer group.



	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019
PrairieSky Royalty Ltd.	\$ 100	\$ 75	\$ 113	\$ 116	\$ 66	\$ 60
S&P/TSX Composite Index	\$ 100	\$ 92	\$ 111	\$ 121	\$ 110	\$ 136
S&P/TSX Capped Energy Index	\$ 100	\$ 76	\$ 106	\$ 95	\$ 70	\$ 76
Peer Group Average 2019/2018	\$ 100	\$ 84	\$ 112	\$ 119	\$ 113	\$ 135
Peer Group Average 2017	\$ 100	\$ 81	\$ 111	\$ 112	\$ 102	\$ 120
Peer Group Average 2016	\$ 100	\$ 82	\$ 112	\$ 111	\$ 99	\$ 114
Peer Group Average 2015	\$ 100	\$ 79	\$ 107	\$ 105	\$ 95	\$ 109

PrairieSky's focus is on long-term shareholder value and providing returns to shareholders in an industry subject to commodity price cycles. Since December 31, 2014, the Company's return is below the S&P/TSX S&P/TSX Composite Index, Capped Energy Index, and each peer group which include more industry

diversification. In 2019, the Company's return was -9.8%, which was below both the S&P/TSX Composite and Capped Energy Indices as well as each peer group. Total direct compensation for our Named Executive Officers is aligned with shareholders as a substantial majority of total direct compensation is linked to PrairieSky's share price and overall performance.

The following table illustrates total shareholder returns for the aforementioned periods.

	1 year	Since December 31, 2014
PrairieSky Royalty Ltd.	-9.8%	-40.3%
S&P/TSX Composite Index	22.9%	35.6%
S&P/TSX Capped Energy Index	9.7%	-23.7%
2019 Peer Group Average	19.5%	35.2%
Average of 2015-2018 Peer Groups	15.8%	14.2%

2019 NEO COMPENSATION

Based on recommendations made by the Governance and Compensation Committee, the Board makes decisions regarding salaries, short-term incentives (in the form of annual cash awards or bonuses) and long-term incentive compensation for management and approves corporate goals and objectives relevant to the compensation of the CEO and the other members of management. The Board solicits input from the CEO and the Governance and Compensation Committee regarding the performance of the Company's other members of management. The Board also administers the incentive compensation and benefit plans with the assistance of the Governance and Compensation Committee.

CEO Compensation

The compensation of the CEO is reviewed annually and determined by the Board as a whole on the recommendation of the Governance and Compensation Committee. The level of CEO compensation is determined by the Board considering all factors which they deem appropriate, including Chief Executive Officer salaries for companies of comparable size, industry, geography and complexity. The grant of incentive awards is determined by the Board, upon recommendation of the Governance and Compensation Committee, based on consideration such as the Company's overall performance, relative shareholder returns and/or other relevant factors.

Mr. Phillips' annualized compensation for the years 2015 to 2019 by component is outlined below. Since December 31, 2014, Mr. Phillips' target compensation has seen both decreases and increases to reflect Company performance, industry conditions and the size and complexity of the business, with most of these changes impacting medium and long-term incentives.

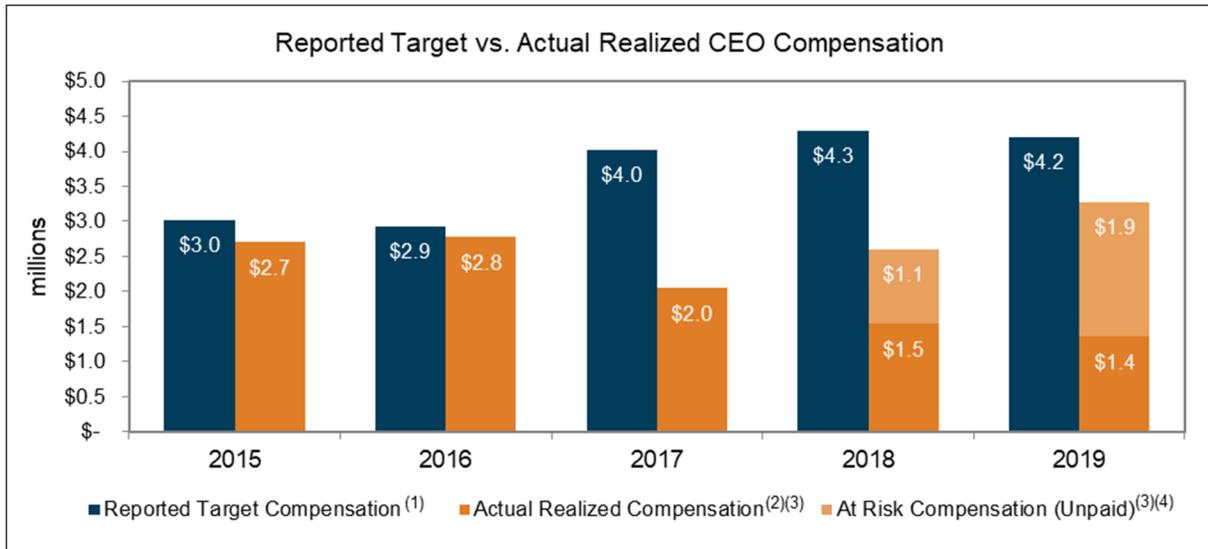
Compensation Components	2015	2016	2017	2018	2019
Base Salary	\$ 400,000	\$ 400,000	\$ 475,000	\$ 550,000	\$ 550,000
Other Compensation ⁽¹⁾	\$ 23,300	\$ 35,300	\$ 49,100	\$ 66,000	\$ 66,000
Bonus	\$ 600,000	\$ 800,000	\$ 1,000,000	\$ 925,000	\$ 740,000
RSU Grants	\$ 500,000	\$ 425,000	\$ -	\$ -	\$ -
PSU Grants	\$ 1,000,000	\$ 850,000	\$ 1,875,000	\$ 2,062,500	\$ 2,137,500
Option Grant	\$ 500,000	\$ 425,000	\$ 625,000	\$ 687,500	\$ 712,500
Total Compensation	\$ 3,023,300	\$ 2,935,300	\$ 4,024,100	\$ 4,291,000	\$ 4,206,000

Notes:

- (1) Base Salary, Other Compensation and Bonus reflect actual amounts paid in the period. RSU, PSU and Option Grants reflect target compensation that has been or will be paid in future periods as further described below.
- (2) "Other Compensation" includes savings plan contributions. See "*Compensation Discussion and Analysis – Executive Compensation – Components of Compensation – Retirement Savings Plan*".

The chart below compares Mr. Phillips' total Reported Target Compensation to Actual Realized Compensation over time. Actual Realized Compensation amounts in the table below are as at December 31, 2019 (unless otherwise noted), and are recognized in the year of grant and not in the year paid to compare target compensation with realized compensation (amounts actually paid and the fair market value of outstanding share unit awards and Options). All amounts shown are before taxes.

Annually, at least 85% of Mr. Phillips' annual total reported compensation has been considered "at risk" as actual amounts paid are, and will be, based on Company and personal performance results as compared to corporate performance objectives, PrairieSky's share price and total shareholder return. Mr. Phillips' compensation is allocated over one to three years, with share-based awards typically vesting over a three-year period. Mr. Phillips' historical long-term incentive awards for 2015 and 2016 have vested in full and been paid as of December 31, 2019, other than Options which currently have a \$nil value. Mr. Phillips' long-term incentive awards for 2017 vested and were paid in February 2020 and have been reflected in the below table as realized compensation. For Mr. Phillips' 2015, 2016 and 2017 compensation, his Actual Realized Compensation was 90%, 95%, and 51%, respectively, of what was granted or targeted and demonstrates PrairieSky's strong alignment between CEO compensation and Company performance. Actual Realized Compensation for the years 2015, 2016 and 2017 is based on actual amounts received for salary, bonus, vested PSUs and vested and exercised Options. A significant portion of Mr. Phillips' 2018-2019 compensation, shown in the table below as "At Risk Compensation (Unpaid)", will be determined in the future based on the Common Share price and total shareholder return. "At Risk Compensation (Unpaid)" values are based on the fair market value of share unit awards and Options at December 31, 2019. The actual compensation Mr. Phillips' receives may be more or less than the amounts included in "At Risk Compensation (Unpaid)" in the table below. Mr. Phillips' 2017 PSUs vested and were paid on February 26, 2020. The amount paid was \$520,500, including dividend equivalents but before income tax, versus the reported target value of \$1,875,000 included in 2017 PSU grants in the table above. Mr. Phillips' 2017 Option Grant of \$625,000 (\$32.03 exercise price) are currently valued at \$nil. Mr. Phillips' 2017 realized compensation was \$2,044,600, 49% below his reported compensation of \$4,024,100. See "*Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair*".



Notes:

- (1) Reported Target Compensation is disclosed by component in the table above.
- (2) Actual Realized Compensation includes actual salaries, other compensation, bonus and vested share-based compensation paid, including the value of exercised Options. The 2015 grant of PSUs vested in March 2018 at a PSU multiplier of 1.222x based on relative performance against the pre-determined peer group. The 2016 grant of PSUs vested in January 2019 at a PSU multiplier of 0.71x based on relative performance against the pre-determined peer group, which represented a payout of approximately 63%, including dividend equivalents, of the target value at the time of grant. The 2017 grant of PSUs vested in February 2020 at a PSU multiplier of 0.56x based on relative performance against the pre-determined peer group, which represented a payout of approximately 28% (\$520,500), including dividend equivalents, of the target value (\$1,875,000) at the time of grant.
- (3) Actual Realized Compensation and At Risk Compensation (Unpaid) are included in the table above in the year of grant, including for share-based compensation which vests and is paid in subsequent years.
- (4) At Risk Compensation (Unpaid) includes estimates for the market value of unvested PSUs and outstanding (vested and unvested) Options. The PSU value for 2017 is based on the actual share price and performance multiplier for the units vested in February 2020. The PSU value for 2018 and 2019 is based on the number of unvested PSUs multiplied by the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23 and an assumed payout multiplier of 1.0x. As at December 31, 2019, the performance multiplier for the 2018 and 2019 grant year PSUs were 0x and 0.5x, respectively, based on relative performance against the pre-determined peer group. The actual performance multiplier will be determined at the end of each performance period. For outstanding Options, the market value was calculated based on the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23, less the exercise price of the Options, multiplied by the number of outstanding Options. As at December 31, 2019, all of the Options granted had a \$nil value.

As of December 31, 2019, Mr. Phillips held the following number of Common Shares, PSUs and Options.

Share-based Component	Number of Common Shares/ Share Unit Awards/Options	Value
Common Shares Owned ⁽¹⁾	668,849	\$ 10,186,600
PSUs ⁽²⁾	260,102	\$ 3,961,400
Options ⁽³⁾	669,430	\$ -
Total	1,598,381	\$ 14,148,000

Notes:

- (1) Common Share value based on the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23.
- (2) PSU value based on the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23 and a payout multiplier assumed at 1.0x for the PSUs. The value of the PSUs includes dividend equivalents. If a payout multiplier at the maximum 2.0x is applied, such PSUs would be worth an incremental \$3,961,400 in the aggregate assuming a price of \$15.23 per Common Share as at December 31, 2019. The 2017 grant of PSUs vested in February 2020 at a PSU multiplier of 0.56x based on relative performance against the pre-determined peer group, which represented a payout of approximately 28%, including dividend equivalents, of the target value at the time of grant. As at December 31, 2019, the performance multiplier for the 2018 and 2019 grant year PSUs were 0x and 0.5x, respectively, based on relative performance against the pre-determined peer group. The actual performance multiplier will be determined at the end of each performance period.
- (3) Options are valued using the "in-the-money" amount of such Options using the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23. As at December 31, 2019, all of the Options granted had a \$nil value.

Summary Compensation Table

The following table sets out annualized compensation paid by the Company to the Named Executive Officers for the fiscal years ended December 31, 2017, 2018 and 2019 where total compensation was more than \$150,000. This table includes amounts paid in the year (salary, annual incentive plans (bonus)) as well as values of long-term incentive grants (option-based awards, share-based awards) which vest in future years.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation		Pension value (\$) ⁽⁴⁾	All other compensation ⁽⁵⁾	Total compensation (\$)
					Annual incentive plans (\$) ⁽³⁾	Long-term incentive plans (\$) ⁽³⁾			
Andrew M. Phillips, President & CEO ⁽⁶⁾	2019	550,000	2,137,500	712,500	740,000	-	66,000	-	4,206,000
	2018	550,000	2,062,500	687,500	925,000	-	66,000	-	4,291,000
	2017	475,000	1,875,000	625,000	1,000,000	-	49,100	-	4,024,100
Cameron M. Proctor, COO	2019	425,000	1,395,000	465,000	375,000	-	51,000	-	2,711,000
	2018	425,000	1,320,000	440,000	475,000	-	51,000	-	2,711,000
	2017	365,000	1,200,000	400,000	500,000	-	37,700	-	2,502,700
Pamela P. Kazeil, VP Finance & CFO	2019	375,000	712,500	237,500	265,000	-	45,000	-	1,635,000
	2018	375,000	675,000	225,000	325,000	-	45,000	-	1,645,000
	2017	335,000	600,000	200,000	350,000	-	34,600	-	1,519,600
Amber M. Vrataric, Controller	2019	212,200	156,000	28,600	60,000	-	25,500	-	482,300
	2018	208,000	150,000	36,900	67,400	-	25,000	-	487,300
	2017	200,000	130,000	29,800	70,000	-	20,700	-	450,500
Matthew J.P. McMahon, General Counsel	2019	200,300	110,000	18,600	55,000	-	24,000	-	407,900
	2018	189,000	60,000	30,800	50,000	-	22,700	-	352,500
	2017	180,000	48,600	29,800	70,000	-	18,600	-	347,000

Notes:

- (1) Represents the fair value of RSUs and PSUs awarded to the Named Executive Officer, under the Incentive Plan at the date of grant. The RSU and PSU compensation expenses are accounted for on a fair value basis in accordance with International Financial Reporting Standards ("IFRS") and may be allocated for accounting purposes. Ms. Vrataric and Mr. McMahon hold only RSUs and have not been granted any PSUs.
- (2) Represents the fair value of Options awarded to the Named Executive Officers under the Option Plan at the date of grant. The fair value of Options presented may be different from the valuation using a Black-Scholes model (or other model adopted by the Company in accordance with IFRS).
- (3) The Company has not awarded any non-equity based long-term incentive plan compensation for the 2017, 2018 and 2019 calendar years. See "Executive Compensation – Compensation Discussion and Analysis – Components of Compensation – Annual Cash Awards (Bonus)" for a description of annual bonuses under the annual incentive plan.
- (4) The amount of pension value compensation of the Named Executive Officers for the calendar year. See "Compensation Discussion and Analysis – Executive Compensation – Components of Compensation – Retirement Savings Plan".
- (5) No property or other personal benefits were provided to the NEOs that are not generally available to all employees and, that in aggregate, were worth \$50,000 or more, or were worth 10% or more of the NEO's total salary for the years ended December 31, 2017, 2018 and 2019.
- (6) All amounts paid to Mr. Phillips were in respect of his position as President and CEO. Mr. Phillips did not receive any compensation for his role as a director of the Company.

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth, for each Named Executive Officer, the value of all option-based and share-based awards that were outstanding as of December 31, 2019.

Name and principal position	Option-based awards					Share-based awards		
	Common Shares underlying unexercised Options	Exercise prices of Options	Option expiration dates	Value of unexercised in-the-money Options	Number of RSUs and PSUs that have not vested	Market or payout value of RSUs and PSUs that have not vested	Market or payout value of vested RSUs and PSUs not paid out or distributed	
	(#)	(\$)		(\$) ⁽¹⁾	(#) ⁽²⁾	(\$) ⁽³⁾	(\$) ⁽⁴⁾	
Andrew M. Phillips, President & CEO	2019	248,905	17.67	January 1, 2024	Nil	126,097	1,920,500	-
	2018	111,688	32.06	January 1, 2023	Nil	69,341	1,056,100	-
	2017	104,908	32.03	January 23, 2022	Nil	64,665	984,800	-
	2016	99,195	22.55	January 1, 2021	Nil	-	-	-
	2015	104,734	30.80	February 25, 2020 ⁽⁵⁾	Nil	-	-	-
	Total	669,430			-	260,102	3,961,400	-
Cameron M. Proctor, COO	2019	162,443	17.67	January 1, 2024	Nil	82,294	1,253,300	-
	2018	71,481	32.06	January 1, 2023	Nil	44,378	675,900	-
	2017	67,141	32.03	January 23, 2022	Nil	41,386	630,300	-
	2016	64,185	22.55	January 1, 2021	Nil	-	-	-
	2015	69,124	30.80	February 25, 2020 ⁽⁵⁾	Nil	-	-	-
	Total	434,374			-	168,058	2,559,500	-
Pamela P. Kazeil, VP Finance & CFO	2019	82,968	17.67	January 1, 2024	Nil	42,033	640,200	-
	2018	36,553	32.06	January 1, 2023	Nil	22,693	345,600	-
	2017	33,571	32.03	January 23, 2022	Nil	20,692	315,100	-
	2016	56,683	22.55	January 1, 2021	Nil	-	-	-
	2015	35,438	25.90	November 24, 2020	Nil	-	-	-
	Total	245,213			-	85,418	1,300,900	-
Amber M. Vrataric, Controller	2019	10,000	17.67	January 1, 2024	Nil	9,203	140,200	-
	2018	6,000	32.06	January 1, 2023	Nil	3,363	51,200	-
	2017	5,000	32.03	January 23, 2022	Nil	1,495	22,800	-
	2016	3,500	22.55	January 1, 2021	Nil	-	-	-
	2015	2,000	30.88	March 3, 2020 ⁽⁵⁾	Nil	-	-	-
	Total	26,500			-	14,061	214,200	-
Matthew J.P. McMahon, General Counsel	2019	6,500	17.67	January 1, 2024	Nil	6,489	98,800	-
	2018	5,000	32.06	January 1, 2023	Nil	1,345	20,500	-
	2017	5,000	32.03	January 23, 2022	Nil	559	8,500	-
	2016	-	-	January 1, 2021	Nil	-	-	-
	Total	16,500			-	8,393	127,800	-

Notes:

- (1) Calculated based on the difference between the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23, and the exercise price of the Options, if positive, multiplied by the number of Options. As at December 31, 2019, all of the Options granted had a \$nil value.
- (2) The number of the share-based awards includes dividend equivalents.
- (3) Represents the market value of the RSUs and PSUs calculated based on the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23. An assumed multiplier of 1.0x has been applied to the PSUs. If the maximum multiplier of 2.0x is applied to the PSUs, the market value of the PSUs not paid out would be \$7,922,600 for Mr. Phillips; \$5,119,000 for Mr. Proctor; and \$2,601,800 for Ms. Kazeil. Ms. Vrataric and Mr. McMahon do not hold any PSUs.
- (4) All RSUs and PSUs are paid out upon vesting.

(5) Mr. Phillips and Mr. Proctor's 2015 Option Grant of 104,734 and 69,124 Options, respectively, expired unexercised on February 25, 2020. Ms. Vrataric's 2015 Option Grant of 2,000 Options expired unexercised on March 3, 2020.

Option-Based Awards, Share-Based Awards and Non-Equity Compensation — Value Vested or Earned in 2019

The following table sets forth for each Named Executive Officer, the value of non-equity incentive plan compensation earned during the year ended December 31, 2019, Options which vested during the year ended December 31, 2019 and RSUs/PSUs which vested during the year ended December 31, 2019. RSUs typically vest evenly over a three-year period and PSUs vest three years from the date of grant. The Option grants vest in tranches on the first, second and third anniversary date of the grant, and have a five-year term.

Name	RSUs ⁽¹⁾			PSUs ⁽¹⁾⁽²⁾			Options ⁽³⁾			2019 Bonus ⁽⁴⁾
	Year of Award	Number of Awards Vested	Value (\$)	Year of Award	Number of Awards Vested	Value ⁽¹⁾ (\$)	Year of Award	Number of Awards Vested	Value ⁽³⁾ (\$)	(\$)
Andrew M. Phillips, President & CEO	2018	n/a	n/a	2016	41,254	539,200	2018	33,506	n/a	740,000
	2017	n/a	n/a				2017	31,473	n/a	
	2016	6,876	126,600				2016	56,683	n/a	
Cameron M. Proctor, COO	2018	n/a	n/a	2016	26,693	348,900	2018	21,444	n/a	375,000
	2017	n/a	n/a				2017	20,143	n/a	
	2016	4,449	81,900				2016	36,677	n/a	
Pamela P. Kazeil, VP Finance & CFO	2018	n/a	n/a	2016	16,502	215,700	2018	10,966	n/a	265,000
	2017	n/a	n/a				2017	10,072	n/a	
	2016	2,750	50,600				2016	22,674	n/a	
Amber M. Vrataric, Controller	2018	1,612	29,700	n/a	n/a	n/a	2018	1,800	n/a	60,000
	2017	1,434	26,400				2017	1,500	n/a	
	2016	2,129	39,200				2016	2,000	n/a	
Matthew J.P. McMahon, General Counsel	2018	644	11,900	n/a	n/a	n/a	2018	1,500	n/a	55,000
	2017	536	9,900				2017	1,500	n/a	
	2016	n/a	n/a				2016	n/a	n/a	

Notes:

- (1) The value of the RSUs and PSUs that vested in 2019 was calculated based on the weighted average trading price of the Common Shares for the five trading days ending immediately prior to the vesting date multiplied by the number of RSUs and PSUs on such date, adjusted to reflect reinvested cash dividends made on the underlying Common Shares for the period from the date of grant to the vesting date.
- (2) The 2016 grant of PSUs vested in January 2019 at a PSU multiplier of 0.71x based on relative performance against the pre-determined peer group.
- (3) The value of the Options that vested in 2019 was calculated based on the difference, if positive, between the closing trading price of the Common Shares on the vesting date and the exercise price of the Options multiplied by the number of Options. The closing price of the Common Shares on the TSX on vest date (or if the vesting date is not a trading day, the next trading day following the vesting date) were as follows: January 2, 2019 - \$18.29 and January 23, 2019 - \$18.97. Mr. Phillips and Mr. Proctor's 2015 Option Grants of 104,734 and 69,124 Options, respectively, expired unexercised on February 25, 2020. Ms. Vrataric's 2015 Option Grant of 2,000 Options expired unexercised on March 3, 2020.
- (4) Bonus amounts reflect amounts earned in the fiscal year.

Option Value Realized During the Year

The following table provides the number of Common Shares acquired upon the exercise of Options as well as the aggregate value realized upon the exercise of these Options during the year ended December 31, 2019 for all NEOs.

Name	Common Shares Acquired on Option Exercise	Aggregate Value Realized ⁽¹⁾ (\$)
Andrew M. Phillips, President & CEO	Nil	Nil
Cameron M. Proctor, COO	Nil	Nil
Pamela P. Kazeil, VP Finance & CFO	Nil	Nil
Amber M. Vrataric, Controller	Nil	Nil
Matthew J. P. McMahon, General Counsel	Nil	Nil

Note:

(1) The aggregate value realized equals the difference between the value of the Option and the market price of the Common Shares on the TSX at the time of exercise.

Termination and Change of Control Benefits

The Company has entered into executive employment agreements with the CEO, COO and CFO. The terms of such employment agreements are in accordance with current market standards for agreements of a similar nature and include provisions that provide for payment of severance in certain circumstances, which include the aggregate of: (i) the executive's annual base salary, plus (ii) the average annual bonus awarded to the executive over the prior three years, plus (iii) 15% of base salary for the loss of benefits. The severance payment will be calculated based on a notice period multiplier of two for the CEO and one and a half for the COO and CFO (the "**Termination Payment**"). For purposes of the executive employment agreements, termination may be by the Company (other than for cause) or at the election of the Named Executive Officer (within a six month period following a change of control) for any one or more of the following reasons which constitute "good reason": (i) the failure of the Company to agree to perform any material terms of the executive employment agreement; (ii) the Company requiring the executive, without the executive's consent, to be based or perform his employment duties elsewhere than the Company's principal offices in Calgary, Alberta, except for required travel or temporary projects in connection with the Company's business; or (iii) the Company failing to provide or failing to agree to provide the executive with the same or a materially similar or comparable position, responsibilities, duties, compensation and benefits, as described herein, as previously provided to the executive by the Company.

The Company is entitled to terminate the executive employment agreements at any time for just cause and is then obligated to pay such executive's salary (and accrued and unused vacation) through to the termination date. The Company is also entitled to terminate the executive employment agreements at any time for any reason other than just cause and is then obligated to pay to the executive the Termination Payment.

The following chart illustrates the payments that each of the CEO, COO and CFO would receive, in certain circumstances, in the event of their termination as at December 31, 2019. In all events below, subject to contractual agreements, the Board maintains ultimate discretion on all payouts.

Type	Termination Payment	RSUs/PSUs ⁽¹⁾	Options
Termination for Just Cause	None	All awards expire and are cancelled on the termination date.	All vested and unvested Options expire and are cancelled on the termination date.
Termination without Just Cause	(a) Annual base salary, plus (b) the average annual bonus awarded to the executive over the prior three years, plus (c) 15% of base salary for the loss of benefits, with a multiplier as follows: (i) CEO – 2.0x (ii) COO – 1.5x (iii) CFO – 1.5x	For all Executives, all awards expire and are cancelled on the termination date.	For all Executives, all vested Options may be exercised for 60 days following the termination date. Other than described above, all unvested Options are cancelled on the termination date.
Change of Control	None	In the event substitution or replacement securities are not provided, all awards vest.	In the event substitution or replacement securities are not provided all awards vest.
Termination for "Good Reason" following a Change of Control	(a) Annual base salary, plus (b) the average annual bonus awarded to the executive over the prior three years, plus (c) 15% of base salary for the loss of benefits, with a multiplier as follows: (i) CEO – 2.0x (ii) COO – 1.5x (iii) CFO – 1.5x	For all Executives, all awards expire and are cancelled on termination date.	For all Executives, all vested Options may be exercised for 60 days following the termination date Other than described above, all unvested Options are cancelled on the termination date.
Resignation	None	All awards are cancelled.	All vested and unvested Options are cancelled.

Note:

(1) Does not include ODSUs granted after the December 31, 2019 calendar year.

The chart below illustrates the payments that would have been made to each of the NEOs pursuant to their executive employment agreements or arrangements and the payments that would have been made to the NEOs pursuant to the share unit awards and Options held by them as a result of termination for just cause or resignation, termination without just cause, change of control, termination for "good reason" following a change of control, or death assuming such event occurred on December 31, 2019.

The maximum liability of the Company to the NEOs provided under all employment agreements and for all outstanding RSUs/PSUs and Options as of December 31, 2019 was approximately \$8.2 million.

Name	Triggering Event	Payment Pursuant to Employment Agreement (\$)	RSU/PSU Payments ⁽¹⁾⁽²⁾⁽³⁾	Option Value ⁽³⁾⁽⁴⁾	Total (\$)
Andrew M. Phillips, President & CEO	Termination for Just Cause or Resignation	-	-	-	-
	Termination without Just Cause	3,041,700	-	-	3,041,700
	Change of Control and subsequent Termination ⁽⁴⁾	-	3,961,400	-	3,961,400
	Change of Control and Termination for "Good Reason"	3,041,700	-	-	3,041,700
	Death ⁽⁴⁾	-	3,961,400	-	3,961,400
Cameron M. Proctor, COO	Termination for Just Cause or Resignation	-	-	-	-
	Termination without Just Cause	1,408,100	-	-	1,408,100
	Change of Control and subsequent Termination ⁽⁴⁾	-	2,559,500	-	2,559,500
	Change of Control and Termination for "Good Reason"	1,408,100	-	-	1,408,100
	Death ⁽⁴⁾	-	2,559,500	-	2,559,500
Pamela P. Kazeil, Vice President, Finance and CFO	Termination for Just Cause or Resignation	-	-	-	-
	Termination without Just Cause	1,116,900	-	-	1,116,900
	Change of Control and subsequent Termination ⁽⁴⁾	-	1,300,900	-	1,300,900
	Change of Control and Termination for "Good Reason"	1,116,900	-	-	1,116,900
	Death ⁽⁴⁾	-	1,300,900	-	1,300,900
Amber M. Vrataric, Controller	Termination for Just Cause or Resignation	-	-	-	-
	Termination without Just Cause	-	-	-	-
	Change of Control and subsequent Termination ⁽⁴⁾	-	214,200	-	214,200
	Change of Control and Termination for "Good Reason"	-	-	-	-
	Death ⁽⁴⁾	-	214,200	-	214,200
Matthew J.P. McMahon, General Counsel	Termination for Just Cause or Resignation	-	-	-	-
	Termination without Just Cause	-	-	-	-
	Change of Control and subsequent Termination ⁽⁴⁾	-	127,800	-	127,800
	Change of Control and Termination for "Good Reason"	-	-	-	-
	Death ⁽⁴⁾	-	127,800	-	127,800

Notes:

- (1) All RSUs/PSUs are valued using the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23, and include dividend equivalents at December 31, 2019.
- (2) PSUs have been valued using a payout multiplier of 1.0x.
- (3) Assumes replacement securities underlying the RSUs/PSUs and Options are not available. See "Incentive Award Programs" below.
- (4) Options have been valued using the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23.

REMUNERATION OF DIRECTORS

DIRECTORS COMPENSATION

COMPONENTS OF COMPENSATION

The directors (other than the Chair of the Board) receive an annual retainer of \$60,000 with no additional compensation provided for attending meetings of the Board or any meetings of a committee of the Board. The Chair of the Board received an annual retainer in 2019 of \$113,500. Since inception of the Company in 2014, the Chair of the Board has taken the entirety of his Board and committee fees in the form of DSUs. Since 2015, the Chair of the Audit Committee received additional compensation of \$15,000 per year and the Chairs of the Governance and Compensation Committee and Reserves Committee each received additional compensation of \$10,000 per year.

The Company has adopted a deferred share unit plan (the "**DSU Plan**") for its directors. Except as described below, directors are expected to receive an annual grant of DSUs with a grant date fair market value of \$100,000, with the Chair of the Board receiving an annual grant of DSUs with a grant date fair market value of \$150,000. This fair market value will be prorated for any partial year. Newly appointed or elected directors receive their initial grant of DSUs upon or after joining the Board, if the Company is under a trading blackout at such time. In cases where trading blackouts exist, the annual DSU grant (or initial DSU grant for newly appointed or elected directors) is postponed until after the trading blackout is lifted. Prior to the start of each year, the Company's directors are able to elect to take all or a portion of their annual retainer and any additional compensation in the form of DSUs. DSUs will vest once they are credited to the director's DSU account and may only be redeemed after the director ceases to be a director of the Company. When a dividend is paid on Common Shares, if any, each director's DSU account will be allocated additional DSUs equal in value to the dividend paid on an equivalent number of Common Shares. When a director ceases to be a director of the Company, by December 15 of the first calendar year following the year that the directorship ceased, a director will be entitled to request redemption of the DSUs following which the value of the redeemed DSUs will be paid to the director in cash on an after-tax basis. The value of the DSUs on any particular date will be calculated by multiplying the number of DSUs in the director's DSU account by the then market value of a Common Share.

The following table sets forth information concerning the annualized compensation paid to the directors during 2019. Mr. Phillips, the President and CEO, is not included in the following table as he did not receive any compensation (including any annual retainer or grant of DSUs) for serving as a director of the Company.

Name	Fees Earned (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
James M. Estey ⁽³⁾	113,500	150,000	-	-	263,500
P. Jane Gavan ⁽⁴⁾	36,500	60,800	-	-	97,300
Margaret A. McKenzie ⁽³⁾	75,000	100,000	-	-	175,000
Robert Robotti ⁽⁵⁾	14,600	24,400	-	-	39,000
Myron M. Stadnyk ⁽³⁾	60,000	100,000	-	-	160,000
Sheldon B. Steeves ⁽³⁾	70,000	100,000	-	-	170,000
Grant A. Zawalsky	60,000	100,000	-	-	160,000

Notes:

- (1) Other than otherwise indicated, represents the director's annualized retainer and chair fees for the 2019 calendar year. No additional compensation was provided for attending meetings of the Board or any meetings of a committee of the Board. Directors are able to elect to receive all or a portion of their annual retainer and chair fees in the form of DSUs.

- (2) Represents the fair market value of the DSUs awarded to the director under the DSU Plan at the time of grant (not including DSUs which a director elected to receive as part of his or her annual retainer and any additional cash compensation). DSUs vest entirely at the time of grant. The DSU compensation expense is accounted for on a fair value basis in accordance with IFRS.
- (3) Ms. McKenzie is the Chair of the Audit Committee, Mr. Steeves is the Chair of the Reserves Committee and up to July 22, 2019 Mr. Estey was Chair of the Governance and Compensation Committee (succeeded by Mr. Stadnyk).
- (4) Ms. P. Jane Gavan was appointed to the Board on May 23, 2019, and her amounts represent the pro-rated amount received for 2019.
- (5) Mr. Robert Robotti was appointed to the Board on October 3, 2019, and his amounts represent the pro-rated amount received for 2019.

Director Outstanding Share-Based Awards

The following table sets forth, for each director, except for Mr. Phillips, all share-based awards that were outstanding as of December 31, 2019. Mr. Phillips is not included in the following table as he did not receive any compensation for serving as a director of the Company. No option-based awards have been granted to any directors of the Company.

Name	Share-based awards		
	Number of DSUs that have not vested (#) ⁽¹⁾	Market value of DSUs that have not vested \$ ⁽¹⁾	Market value of vested DSUs not paid out \$ ⁽²⁾⁽³⁾
James M. Estey	-	-	1,061,100
P. Jane Gavan ⁽⁴⁾	-	-	81,900
Margaret A. McKenzie	-	-	329,700
Robert Robotti ⁽⁵⁾	-	-	43,900
Myron M. Stadnyk	-	-	196,800
Sheldon B. Steeves	-	-	508,800
Grant A. Zawalsky	-	-	426,000

Notes:

- (1) All DSUs awarded under the DSU Plan during 2019 and prior years vested immediately on grant.
- (2) Represents the market price of the Common Shares on the TSX on December 31, 2019 being \$15.23, multiplied by the number of DSUs, including dividend entitlements.
- (3) Mr. Estey, Mr. Stadnyk, Ms. Gavan and Mr. Robotti elected to receive the entirety of their 2019 annual Board and committee retainers in the form of DSUs. Mr. Steeves and Ms. McKenzie elected to receive the entirety of their Board and committee retainers of \$70,000 and \$75,000, respectively, in cash, and Mr. Zawalsky elected to receive 50% of his Board retainer (\$30,000) in cash.
- (4) Ms. P. Jane Gavan was appointed to the Board on May 23, 2019, and her amounts represent the pro-rated amount received for 2019.
- (5) Mr. Robert Robotti was appointed to the Board on October 3, 2019, and his amounts represent the pro-rated amount received for 2019.

Director Share-Based Awards — Value Vested or Earned

The following table sets forth for each director, except for Mr. Phillips as he did not receive any compensation for serving as a director of the Company, the value of share-based awards which vested during the year ended December 31, 2019. No option-based awards have been granted to the directors of the Company.

Name	Share-based awards – Value vested during the year ⁽¹⁾⁽²⁾ (\$)
James M. Estey	236,700
P. Jane Gavan ⁽³⁾	81,900
Margaret A. McKenzie	89,800
Robert Robotti ⁽⁴⁾	43,900
Myron M. Stadyk	143,800
Sheldon B. Steeves	89,800
Grant A. Zawalsky	116,800

Notes:

- (1) Represents the number of DSUs granted during 2019, including dividend entitlements, multiplied by the December 31, 2019 closing price of the Common Shares on the TSX of \$15.23.
- (2) Mr. Estey, Mr. Stadyk, Ms. Gavan and Mr. Robotti elected to receive the entirety of their 2019 annual Board and committee retainers in the form of DSUs. Mr. Steeves and Ms. McKenzie elected to receive the entirety of their Board and committee retainers of \$70,000 and \$75,000, respectively, in cash, and Mr. Zawalsky elected to receive 50% of his Board retainer (\$30,000) in cash.
- (3) Ms. P. Jane Gavan was appointed to the Board on May 23, 2019, and her amounts represent the pro-rated amount received for 2019.
- (4) Mr. Robert Robotti was appointed to the Board on October 3, 2019, and his amounts represent the pro-rated amount received for 2019.

DIRECTORS AND OFFICERS INSURANCE AND INDEMNIFICATION

The Company maintains liability insurance for its directors and officers with coverage and terms that are customary for a company of its size in the industry in which it operates. The policies provide coverage to the Company's directors and officers for any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty in discharging their duties, individually or collectively. The Company is also insured under the policies in the event it is permitted or required by law to indemnify individual directors and officers. The policies which provide coverage in the amount of \$60 million for the 12-month period ended May 29, 2020, are subject to certain exclusions. The deductible amount on the policies is \$250,000 and the total annual premium for the 2019/2020 policies is \$161,600.

In addition, the Company has entered into indemnification agreements with its directors and officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, if the indemnitees acted honestly and in good faith with a view to the best interests of the Company and, with respect to criminal or administrative actions or proceedings that are enforced by monetary penalty, if the indemnitee had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Company.

INCENTIVE AWARD PROGRAMS

OPTION PLAN

The Company has adopted the amended and restated Stock Option Plan (the "**Option Plan**") for its employees, including management, a copy of which is available under the Company's SEDAR profile at www.sedar.com and the Company's website at www.prairiesky.com/governance. **Directors are not eligible to participate in the Option Plan.** The Option Plan was amended and restated on February 27, 2017 to: (i) decrease the percentage of Common Shares issuable pursuant to the Option Plan from 10% to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance at such time pursuant to any other security-based compensation

arrangement of the Company (including the Incentive Plan); (ii) decrease the percentage of Common Shares issuable pursuant to insiders under the Option Plan from 10% to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance to insiders at such time pursuant to any other security-based compensation arrangement of the Company (including the Incentive Plan); and (iii) make some minor housekeeping amendments. The purpose of the Option Plan is to foster a proprietary interest in the Company and provide a long-term incentive element in the overall compensation of management and eligible employees. The Board has delegated its authority to administer the Option Plan to the Governance and Compensation Committee (comprised of independent directors), which has authority to interpret the Option Plan, including in respect of any options to purchase Common Shares ("**Options**") granted thereunder.

Options are granted under the Option Plan from time to time to eligible employees. Pursuant to the Option Plan, the maximum number of Common Shares that may be issued pursuant to the exercise of Options granted under the Option Plan is limited, in the aggregate, to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance at such time pursuant to any other security-based compensation arrangement of the Company (including the Incentive Plan). Provided that such maximum number of Common Shares is not exceeded, following the exercise, expiration, cancellation or other termination of any Options under the Option Plan, a number of Common Shares equal to the number of Options or rights so exercised, expired, cancelled or terminated shall automatically become available for issuance in respect of Options that may subsequently be granted under the Option Plan.

Pursuant to the Option Plan, the maximum number of Common Shares that may be issued to insiders of the Company under the Option Plan is 5% of the total issued and outstanding Common Shares (calculated on a non-diluted basis) at the date of grant, less the aggregate number of Common Shares reserved for issuance to insiders under any other security-based compensation arrangement of the Company (the "**Aggregate Insider Option Limit**"). The maximum number of Common Shares that may be issued to any individual holder under the Option Plan is 5% of the number of issued and outstanding Common Shares (calculated on a non-diluted basis) at the date of grant, less the aggregate number of Common Shares reserved for issuance to such holder under any other security-based compensation arrangement of the Company (the "**Individual Option Limit**"). In addition, the maximum number of Common Shares that may be issued to any one insider of the Company under the Option Plan within a one year period is the Individual Option Limit, excluding Common Shares issued to the insider under the Option Plan or any other security-based compensation arrangement during the preceding one year period, and the maximum number of Common Shares that may be issued to insiders of the Company under the Option Plan within a one year period is the Aggregate Insider Option Limit, excluding Common Shares issued to insiders of the Company under the Option Plan or any other security-based compensation arrangement during the preceding one year period.

Under the Option Plan, the Board has the power to determine the time or times when Options will be granted, vest and become exercisable (including in connection with any Transaction, as described below). The Option Plan provides that the expiry date of an Option will be no more than the date which is five years from the date of grant of such Option. However, if the original expiry date of an Option occurs during, or within 10 business days of the end of, a Company-imposed securities trading blackout applicable to a holder of Options, then the expiry date is extended to be the 10th business day after the expiry of the blackout period. Although not prescribed in the Option Plan, except in certain circumstances, the Board is expected to provide for gradual vesting periods for each grant of Options, in proportions determined by the Board, with the first portion vesting on the date that is one year after the date of grant, another portion vesting on the second anniversary of the date of grant and a final portion vesting on the third anniversary of the date of grant. The exercise price of an Option must be no less than the closing price of the Common Shares on the TSX on the last business day preceding the date on which the Option is approved by the Board (or where the approval occurs during a blackout period, the 10th business day after the expiry of the blackout period).

If the Company completes any merger, amalgamation, arrangement, business combination or sale of all or substantially all of its assets and undertaking, or is the subject of a take-over bid, or participates in any

similar transaction (any of the foregoing referred to as a "**Transaction**"), and as a result of such Transaction the holders of Common Shares receive securities of another issuer (the "**Continuing Entity**") in full substitution or replacement for the Common Shares ("**Replacement Securities**"), the Options will be adjusted so that the holder would receive such number of Replacement Securities as he or she would have received as a result of such Transaction if the holder had exercised his or her Options to purchase Common Shares prior to the completion of the Transaction and had held such Common Shares on the effective date of such Transaction. However, if: (i) the Continuing Entity does not (or, upon the occurrence of the Transaction, will not) substitute or replace, or the nature of the Transaction does not provide for the full substitution or replacement of, the securities issuable upon the exercise of Options outstanding under the Option Plan on the above described terms; (ii) the Board determines, acting reasonably, that such substitution or replacement is not practicable or impairs or does not substantially preserve the rights of the holders of Options; (iii) the Board determines, acting reasonably, that such substitution or replacement would give rise to adverse tax results to holders of Options; or (iv) the Replacement Securities are not (or, upon the occurrence of the Transaction, will not be) listed and posted for trading on a recognizable stock exchange; the outstanding Options will become fully vested and may be exercised by the holder prior to, but conditional upon the consummation of, the Transaction. Any Options that have not been exercised will be forfeited and cancelled without compensation to the holder thereof upon the consummation of such Transaction. If for any reason such Transaction is not consummated, any Common Shares purchased by the Option holder upon the exercise of an Option for the purposes of participating in the Transaction or whose vesting has been accelerated pursuant to these provisions will be cancelled and returned to the Company, will be added back to the number of Common Shares, if any, remaining unexercised under the Option, and the Company will refund to the Option holder all consideration paid by it to exercise those Options.

The Option Plan contains standard adjustment and anti-dilution provisions for changes in the capital structure of the Company.

Additionally, the Option Plan contains a "cashless exercise" feature, which provides that, unless the Board determines otherwise at any time, an Option holder may elect to exercise an Option by surrendering such Option in exchange for the issuance of Common Shares equal to the number determined by dividing (i) the difference between the market price on the date of exercise and the exercise price of such Option by (ii) the market price of the Common Shares at the date of exercise. If a holder utilizes this "cashless exercise" feature, the full number of Common Shares underlying the Options exercised will be deducted from the number of Common Shares reserved for issuance under the Option Plan.

An Option is personal to the holder and is non-transferable and non-assignable. The Option Plan does not provide for or contemplate the provision of financial assistance to facilitate the exercise of Options and the issuance of Common Shares. If the employment of an Option holder with the Company is terminated by either party for any reason (other than termination for just cause or, generally, the voluntary resignation of the holder, in which cases the Options expire immediately upon the holder ceasing to provide active services to the Company), the Options held by such individual must be exercised within 60 days of such termination, following which the Options will expire. Also, if the employment of an Option holder with the Company is terminated by reason of death, disability or retirement, unless determined by the Board otherwise, all outstanding Options held by such holder will become fully vested and may be exercised by the holder or his or her personal representative at any time after termination date but prior to the expiry date of such Option.

The Option Plan states that the Board may, at any time without the approval of the shareholders and the holders of any other voting securities of the Company, suspend, discontinue or amend the Option Plan or any Option. However, the Board may not, without the approval of a majority of the holders of Common Shares and the holders of other voting securities of the Company and the approval of the TSX, amend the Option Plan or an Option to: (i) increase the number of Common Shares, or the percentage of the issued and outstanding Common Shares, issuable pursuant to the Option Plan; (ii) make any amendment that would reduce the exercise price of an outstanding Option (including a cancellation and reissue of an Option that constitutes a reduction of the exercise price); (iii) extend the expiry date of any Option granted under the Option Plan beyond the expiry date of the Option determined at the date of grant, except as provided

for with respect to an expiry date that occurs during a blackout period, as described above; (iv) expand the categories of individuals who are eligible to participate in the Option Plan; (v) amend the Option Plan to permit the transfer or assignment of Options, except to permit a transfer to a family member, an entity controlled by the holder of the Options or a family member, a charity, or for estate planning or estate settlement purposes; or (vi) amend the amendment provisions of the Option Plan, in each case unless the change to the Option Plan or an Option results from the application of provisions in the Option Plan relating to mergers, business combinations, take-over bids or similar transactions or to the anti-dilution provisions.

The details of the Company's 2017, 2018 and 2019 Option grants are below.

Year	Options Granted	Grant Price	Common Shares Outstanding at Year End	Options Granted as a % of Common Shares Outstanding
2019	564,316	\$ 17.67	233,070,691	0.2%
2018	279,722	\$ 32.06	234,154,611	0.1%
2017	259,120	\$ 32.03	235,970,619	0.1%

As of December 31, 2019, the Company had outstanding Options representing less than one percent of the Company's total Common Shares outstanding and 13.4% of the approved Common Share reserve.

Common Shares Outstanding at Year End	Approved Common Share Reserve	Common Share Reserve as a % of Shares Outstanding	Options Outstanding at Year End	Options Outstanding as a % of Common Shares Outstanding	Options Outstanding as a % of Approved Reserve
233,070,691	11,653,535	5.0%	1,562,517	0.7%	13.4%

Options granted to the CEO, COO and CFO in 2019 represent approximately 25% of the grant date value of their annual long-term incentive grant. Options granted to the Controller and General Counsel in 2019 represent approximately 15% of the grant value of their annual long-term incentive grant. The grant date value of Options granted to the Named Executive Officers in the 2019 fiscal year is included under the "Option-Based Awards" column in the Summary Compensation Table.

Pursuant to the rules of the TSX, every three years all unallocated options, rights or other entitlements available under the Option Plan must be approved by a majority of the Company's directors and the Company's shareholders. When Options have been granted, Common Shares reserved for issuance under an outstanding Option are referred to as "allocated options"; whereas, additional Common Shares that may be issued pursuant to the Option Plan, but are not subject to current Option grants, are referred to herein as "unallocated options".

The unallocated options under the Option Plan were last approved by shareholders in the spring of 2017, however, as a result of recent proposed changes made by the Canadian Federal government to the tax treatment of stock options, the Governance and Compensation Committee does not expect to grant any further Options under the Option Plan and is therefore not seeking shareholder approval of the unallocated options at the Meeting. To the extent that any Options are granted following the Meeting, such Options would not be exercisable until such time as the Company obtained shareholder approval for such grants in accordance with the policies of the TSX.

INCENTIVE PLAN

The Company has adopted the Incentive Plan for its employees, including management, a copy of which is available under the Company's SEDAR profile at www.sedar.com and the Company's website at

www.prairiesky.com/governance. **Directors are not eligible to participate in the Incentive Plan.** The Incentive Plan was amended and restated effective April 27, 2015, following approval of the Company's shareholders, to allow the Company to settle restricted share units ("**RSUs**") and performance share units ("**PSUs**" and together, the "**share unit awards**") with Common Shares subject to certain exceptions. The Incentive Plan was further amended and restated effective February 27, 2017 to: (i) decrease the percentage of Common Shares issuable pursuant to the Incentive Plan from 10% to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance at such time pursuant to any other security-based compensation arrangement of the Company (including the Option Plan); (ii) decrease the percentage of Common Shares issuable pursuant to insiders under the Incentive Plan from 10% to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance to insiders at such time pursuant to any other security-based compensation arrangement of the Company (including the Option Plan); and (iii) make some minor housekeeping amendments. The purpose of the Incentive Plan is to align the interests of the employees with those of shareholders and to assist the Company in attracting and retaining the talent it requires. The Board has delegated its authority to administer the Incentive Plan to the Governance and Compensation Committee (comprised of independent directors), which has authority to interpret the Incentive Plan, including any questions in respect of any share unit awards granted thereunder. The Board has the authority to amend or terminate the Incentive Plan at any time, in whole or in part, subject to certain exceptions. The share unit awards granted thereunder are not assignable.

Share unit awards initially have a notional value equivalent to the value of a Common Share. RSUs vest and are paid out no more than three years from the date of the grant, provided the recipient remains employed with the Company on such date, and subject to certain other events described below. No payment may be made upon settlement of the RSUs on a date following the Outside Date (as described below). Upon vesting, each RSU will be paid out in cash or Common Shares at the election of the Governance and Compensation Committee and if paid in cash, will have a value equal to the five-day weighted average trading price for the Common Shares on the TSX immediately prior to the vesting date. If the Governance and Compensation Committee elects to pay out the RSUs in Common Shares, the Company will issue the number of fully paid and non-assessable Common Shares underlying such share unit awards subject to adjustments for dividends (as described below) and other corporate actions.

PSUs also vest and are paid out no more than three years after the date of the grant, provided the recipient remains employed with the Company on such date, and subject to certain other events described below. No payment may be made upon settlement of the PSUs on a date following the Outside Date. At the time of payout, the Board will apply a "payout multiplier" to the PSU grant which may increase or decrease the amount of the payout relative to the target award. The payout multiplier may range from zero to 2.0x and will be determined by the Board based on the Company's performance, relative to a performance target set at the time of grant, over the vesting period.

The PSUs granted to the Named Executive Officers (excluding the Controller and General Counsel, who does not hold any PSUs) in 2016 (which vested in January 2019) were applied a payout multiplier based on total shareholder return as compared against the applicable Compensation Market (see "*Compensation Discussion and Analysis – Executive Compensation – Benchmarking Executive Compensation*" above), as follows:

- i) Above P25 (or 25th percentile) but less than P50 (or 50th percentile) represents a payout multiplier that is greater than 0.5x but less than 1.0x;
- ii) Above P50 (or 50th percentile) but less than P75 (or 75th percentile) represents a payout multiplier that is greater than 1.0x but less than 1.5x;
- iii) Above P75 (or 75th percentile) but less than P90 (or 90th percentile) represents a payout multiplier that is greater than 1.5x but less than 2.0x;
- iv) Above P90 represents a payout multiplier of 2.0x.

The PSUs granted in 2016 and vested in January 2019 received a payout multiplier of 0.71x, which reflects relative underperformance measured against the 2016 Compensation Market. See "*Compensation Discussion and Analysis – Executive Compensation – 2018 Performance and Achievements*".

The PSUs granted to the Named Executive Officers (excluding the Controller and General Counsel, who do not hold any PSUs) in 2017 and 2018 will be applied a payout multiplier based on total shareholder return as compared against the applicable Compensation Market (see "*Compensation Discussion and Analysis – Executive Compensation – Benchmarking Executive Compensation*" above), as follows:

- i) Above P25 (or 25th percentile) but less than P50 (or 50th percentile) represents a payout multiplier that is greater than 0.5x but less than 1.0x;
- ii) Above P50 (or 50th percentile) but less than P75 (or 75th percentile) represents a payout multiplier that is greater than 1.0x but less than 2.0x;
- iii) Above P75 (or 75th percentile) represents a payout multiplier of 2.0x.

The PSUs granted in 2017 vested in February 2020 and received a payout multiplier of 0.56x, which reflects relative underperformance measured against the 2017 Compensation Market. See "*Executive Compensation – 2019 NEO Compensation – CEO Compensation*".

Under no instances will the payout multiplier exceed 2.0x. Upon vesting, each PSU will be paid out in cash or Common Shares and if paid in cash will have a value equal to the five-day weighted average trading price on the TSX for the Common Shares immediately prior to the vesting date, as adjusted for the payout multiplier. If the Governance and Compensation Committee elects to pay out the PSUs in Common Shares, the Company will issue the number of fully paid and non-assessable Common Shares underlying such share unit awards subject to adjustments for dividends and other corporate actions.

Payouts of vested share unit awards will also include consideration for dividends paid on the Common Shares over the vesting period by notionally reinvesting the dividends in the share unit awards. All share unit awards which do not vest will be forfeited and cancelled.

The PSUs granted to the CEO, COO and CFO under the Incentive Plan in 2019 and 2020 will be applied a payout multiplier, upon vesting in 2022 and 2023 respectively, following a three-year performance period, based: (i) 50% on total shareholder return as compared against the applicable Compensation Market; and (ii) 50% on a corporate scorecard including measurable performance compared to strategic plans approved by the Governance and Compensation Committee. The Company's strategic plan is designed to create value for shareholders over the long term. The Governance and Compensation Committee and the Board believe measurement of the Executives' achievements against these plans should form an integral component of long-term executive compensation. Calculation of performance will be done annually, along with rationale for each measure, and reported at the end of the three-year performance period given that the Company does not provide guidance or financial/operational forecasts.

The Incentive Plan contains limits on the number of Common Shares that may be issued to participants during specified periods of time. In particular: (i) the maximum number of Common Shares that may be issued to any one individual participant under the Incentive Plan may not exceed 5% of the issued and outstanding Common Shares as of the date of the grant of the share unit award, less the aggregate number of Common Shares reserved for issuance under any of the Company's other security-based compensation arrangements (the "**Individual Limit**"); and (ii) the maximum number of Common Shares that may be issued to "Insiders" (as defined in the *Securities Act* (Alberta)) as a whole may not exceed 5% of the issued and outstanding Common Shares as of the date of the grant of the share unit award, less the aggregate number of Common Shares reserved for issuance under any of the Company's other security-based compensation arrangements (the "**Aggregate Insider Limit**"). The maximum number of Common Shares that may be issued to Insiders as a whole under the Incentive Plan within a one-year period shall be the Aggregate Insider Limit, excluding Common Shares issued to Insiders as a whole under the Incentive Plan

or any other security-based compensation arrangement over the preceding one-year period. The maximum number of Common Shares that may be issued to any one Insider under the Incentive Plan and any other security-based compensation arrangement within a one-year period shall be the Individual Limit, excluding Common Shares issued to such Insider under the Incentive Plan or any other security-based compensation arrangement over the preceding one year period.

The Incentive Plan also provides that the aggregate number of Common Shares reserved for issuance under the Incentive Plan (together with any Common Shares reserved for issuance under the Company's other security-based compensation arrangements) shall not exceed 5% of the issued and outstanding Common Shares.

Further, the Incentive Plan provides for the extension of the payment date of a share unit award, where the payment date for such award occurs during, or within 10 business days of the end of a Company-imposed trading blackout applicable to the relevant participant. In such cases, the payment date shall be extended to the 10th business day after the expiry of the blackout period provided that in any case; such payment date cannot be later than December 31 in the third calendar year after which such share unit award was granted (the "**Outside Date**"). Where the Outside Date of share unit awards occurs during the trading blackout, payment of such awards will be made in cash.

Pursuant to the terms of the Incentive Plan, the Board may, at any time, without the approval of the shareholders suspend, discontinue or amend the Incentive Plan or a share unit award made thereunder, provided that the Board may not, without the approval of the holders of a majority of Common Shares and other voting securities of the Company present and voting in person or by proxy at a meeting of shareholders, amend the Incentive Plan or a share unit award to: (i) increase the number of Common Shares, or the percentage of the issued and outstanding Common Shares, issuable pursuant to the Incentive Plan; (ii) make any amendment that would remove or increase the Aggregate Insider Limit; (iii) make any amendment that would increase the number of Common Shares issuable pursuant to outstanding share unit awards (including a cancellation and reissue of a share unit award that constitutes an increase in the number of Common Shares underlying the share unit award); (iv) extend the payment date of any share unit award granted under the Incentive Plan beyond the payment date of the share unit award determined at the date of grant in accordance with the Incentive Plan, except with respect to a payment date that occurs during a blackout period; (v) expand the categories of individuals contained in the definition of "Eligible Person" who are eligible to participate in the Incentive Plan; (vi) amend the Incentive Plan to permit the transfer or assignment of share unit awards, except to permit a transfer to a family member, an entity controlled by the grantee or a family member, a charity or for estate planning or estate settlement purposes; or (vii) amend the amendment provision of the Incentive Plan.

As at March 3, 2020, Options to purchase 1,637,645 Common Shares were outstanding (approximately 0.7% of the issued and outstanding Common Shares) and 747,536 Common Shares were issuable pursuant to outstanding share unit awards (approximately 0.3% of the issued and outstanding Common Shares) assuming all PSUs vested and were applied a payout multiplier of 1.0x. In the event all PSUs vested and were applied a payout multiplier of the maximum of 2.0x, 1,355,880 Common Shares would be issuable pursuant to outstanding share unit awards (approximately 0.6% of the issued and outstanding Common Shares). See "*Securities Authorized for Issuance under Equity Compensation Plans*".

Under the Incentive Plan, in case of an employee's retirement, death or disability, the Company will make a payment to such employee or his or her legal representatives in respect of share unit awards held by the employee equal to the target amount of any such share unit awards at the date of grant. In addition, if an employee's employment is terminated by reason of voluntary resignation or for just cause, all awards granted to such employee under the Incentive Plan will be terminated and all rights to receive payments thereunder will be forfeited by the employee. If an employee's employment is terminated by the Company without just cause, the employee will only be entitled to payments in respect to such share unit awards for which the vesting date occurs prior to the termination date of employment. These provisions are subject to any alternative arrangements that may be contained in a separate grant agreement or employment agreement between the Company and a particular employee. See "*Compensation Discussion and Analysis – Executive Compensation – Termination and Change of Control Benefits*".

If the Company completes a Transaction, and as a result of such Transaction the holders of Common Shares receive Replacement Securities of a Continuing Entity in full substitution or replacement for the Common Shares, all share unit awards will remain outstanding with appropriate adjustments made to (i) the number of Replacement Securities notionally underlying the share unit awards held by each holder, and (ii) dividends paid on the Common Shares (as replaced by the Replacement Securities) during the term of such share unit awards, in each case to appropriately account for, and provide economic equivalence based on, the exchange ratio of Replacement Securities issued for Common Shares. In addition, following any Transaction where the share unit awards remain outstanding, the minimum payout multiplier applicable to those share unit awards upon vesting will be 1.0x. However, if: (i) the Continuing Entity does not (or, upon the occurrence of the Transaction, will not) substitute or replace, or the nature of the Transaction does not provide for the full substitution or replacement of, the Common Shares with Replacement Securities on the above described terms; (ii) the Board determines, acting reasonably, that such substitution or replacement is not practicable or does not substantially preserve the rights of the holders of share unit awards; (iii) the Board determines, acting reasonably, that such substitution or replacement would give rise to adverse tax results to holders of share unit awards; or (iv) the Replacement Securities are not (or, upon the occurrence of the Transaction, will not be) listed and posted for trading on a recognizable stock exchange; then the holder will receive a cash payment in respect of all outstanding share unit awards in respect of which payment has not been made (whether or not otherwise vested or payable), conditional upon the Transaction being completed. Such cash payment will be based on the market value of the Common Shares on the effective date of the Transaction and, in the case of PSUs, be adjusted for the payout multiplier factor based on the performance period ended on the effective date of the Transaction, and, in the case of PSUs and RSUs, taking into account dividends declared by the Company up to the effective date of the Transaction.

During the 2019 calendar year, PSUs and RSUs granted to the Named Executive Officers (excluding the Controller and the General Counsel, represented 75% and 0%, respectively, of the grant date value of their annual long-term incentives grant. The RSUs granted to the Controller and the General Counsel represented approximately 85% of the grant date value of their respective long-term incentive grant. The grant date value of PSUs and RSUs granted to the Named Executive Officers in fiscal 2019 is included under the "*Share-Based Awards*" column in the Summary Compensation Table.

OFFICER DEFERRED SHARE UNIT PLAN

The Company adopted the Officer DSU Plan effective November 29, 2019, a copy of which is available on the Company's website at www.prairiesky.com/governance. Pursuant to the Officer DSU Plan, the Board may grant ODSUs to officers from time to time and the Governance and Compensation Committee may determine the vesting schedule of the ODSUs (if any). The purposes of the Officer DSU Plan is to assist the Company in attracting and retaining individuals with experience and ability to act as officers and employees of the Company and to promote a proprietary interest in the Company and a greater alignment of interests between officers and the shareholders.

Upon a grant of ODSUs, an officer's account will be credited with notional ODSUs. When a cash dividend is paid on Common Shares, if any, each officer's ODSU account will be allocated additional ODSUs calculated by dividing: (i) the value of dividends that would have been paid to such officer if the ODSUs recorded in his or her account had been Common Shares; by (ii) the closing price of the Common Shares on the TSX on the date immediately prior to the date the cash dividend is paid. Where the date on which the dividends are deemed to be paid on the ODSU falls within a Blackout Period (as defined in the Officer DSU Plan), then the deemed dividend payment date shall automatically occur and be effective on the second Trading Day (as defined in the Officer DSU Plan) immediately following the end of such Blackout Period.

The ODSUs granted under the Officer DSU Plan may be redeemed by the officer for a lump sum cash payment following the later of: (i) the date the officer ceased to actively perform active day-to-day duties; and (ii) the end of the notice period applicable to the officer's termination of employment (the "**Officer's Termination Date**"). In the case of an officer whose employment ceases for any other reason than Just Cause (as defined in the Officer DSU Plan) or as a result of voluntary resignation (other than a bona fide retirement), all ODSUs will vest and the value of the ODSUs credited to the officer's account will be

redeemable by the officer (or his or her estate, if the officer has died) following the Officer's Termination Date. In the case of an officer whose employment has been terminated for Just Cause or who has voluntarily resigned (other than a bona fide retirement), the value of all vested ODSUs credited to the officer's account will be redeemable following the Officer's Termination Date, but no unvested ODSUs will be redeemable. Upon a Change of Control (as defined in the Officer DSU Plan), all ODSUs credited to an officer's account will vest.

Following an Officer's Termination Date, the former officer will be entitled to redeem his or her ODSUs for a lump sum cash payment equal to the value calculated by multiplying the closing price of the Common Shares on the TSX (or any such stock exchange on which the Common Shares are then listed) on the date immediately prior to the date on which the officer provides written notice of redemption to the Company by the number of ODSUs in the former officer's account, net of applicable withholdings. There is no ability for the Company to settle any redeemed ODSUs in Common Shares of the Company. If the former officer does not redeem his or her vested ODSUs within fifteen business days following the Officer's Termination Date, the ODSUs shall be automatically redeemed on the fifteenth business day following the Officer's Termination Date. The Corporation may defer the payment of the cash lump sum to a date no later than December 31 of the first calendar year following the Officer's Termination Date, notwithstanding any notice of redemption by the officer. The foregoing deferral payment option does not apply following a Change of Control.

No ODSUs were granted in 2019, however an aggregate of 40,258 ODSUs were granted on January 1, 2020, all of which were granted to the CEO, COO and CFO. This grant represents 12.5% of the CEO, COO and CFO's long-term incentive awards for 2020. See "*Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair*".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under PrairieSky's equity compensation plans as at December 31, 2019.

Plan Category	# of Common Shares to be issued upon exercise of outstanding rights ⁽¹⁾⁽²⁾	% of total Common Shares to be issued upon exercise of outstanding rights ⁽³⁾⁽⁴⁾	Weighted average exercise price of outstanding rights (\$) ⁽¹⁾	# of Common Shares available for future issuance under equity compensation plans	% of Common Shares available for future issuance under equity compensation plans ⁽³⁾
Equity compensation plans approved by securityholders	2,195,369	0.9%	25.08	9,458,166	81%
Equity compensation plans not approved by securityholders	n/a	n/a	n/a	n/a	n/a
Total	2,195,369	0.9%	25.08	9,458,166	81%

Notes:

- (1) As at December 31, 2019, there were Options to purchase 1,562,517 Common Shares granted under the Option Plan with an average exercise price of \$25.08 and a weighted average remaining life of 2.51 years. As at March 3, 2020, there were Options to purchase 1,637,645 Common Shares outstanding under the Option Plan with an average exercise price of \$22.77 and a weighted average remaining life of 3.20 years. **As approval for unallocated options under the Option Plan is not being sought at the Meeting, any future grants of Options will need to be ratified by shareholders prior to exercise in accordance with the policies of the TSX.**
- (2) As at December 31, 2019, there were 632,852 Common Shares issuable pursuant to outstanding share unit awards, including dividend entitlements, pursuant to the Incentive Plan, assuming in each case that all PSUs vested and were applied a payout multiplier of 1.0x. In the event all PSUs vested and were applied a payout multiplier of the maximum of 2.0x, 1,148,621 Common Shares would be issuable pursuant to outstanding share unit awards. As at March 3, 2020, there were 747,536 Common Shares issuable pursuant to outstanding share unit awards assuming a 1.0x payout multiplier and 1,355,880 Common Shares issuable pursuant to outstanding share unit awards assuming a maximum 2.0x payout multiplier.
- (3) At December 31, 2019, there were 233,070,691 Common Shares outstanding. The total dilution from our long-term incentive award plans is limited to 5% of the outstanding Common Shares.

- (4) The number of Common Shares issued from treasury pursuant to Option exercises and vesting of share unit awards during the year ended December 31, 2019 was nil, reflecting nil% of the issued and outstanding Common Shares at December 31, 2019. See "Option Value Realized During the Year" on page 61.

ANNUAL BURN RATE UNDER EQUITY COMPENSATION PLANS

The following sets forth the number of Options and share unit awards granted during the periods noted below and the potential dilutive effect of such Options and share unit awards.

Period	Share Unit Awards Granted ⁽¹⁾		Options Granted	Weighted average Common Shares outstanding	Burn Rate ⁽²⁾			
	RSUs	PSUs			0x	1x	1.5x	2x
2019	76,469	240,238	564,316	233,593,204	0.3%	0.4%	0.4%	0.5%
2018	46,850	126,560	279,722	235,122,239	0.1%	0.2%	0.2%	0.2%
2017	50,608	114,736	259,120	236,482,126	0.1%	0.2%	0.2%	0.2%

Notes:

- (1) Assumes that all share unit awards are paid out in Common Shares.
 (2) The burn rate for a given period is calculated by dividing the number of Options and share unit awards granted during such period by the weighted average number of Common Shares outstanding during such period. A payout multiplier of 0.0x-2.0x has been assigned to PSUs for each annual grant. At March 3, 2020, the annual burn rate, based on a 0x to 2x multiplier is 0.1% to 0.4%.

For further information regarding the outstanding Options and share unit awards held by the Named Executive Officers, see "Executive Compensation – Outstanding Option-Based and Share-Based Awards" and "Executive Compensation – Option-Based Awards, Share-Based Awards and Non-Equity Compensation – Value Vested or Earned in 2019".

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of any Informed Person of the Company (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or proposed director or any known associate or affiliate of such persons, in any transaction since the commencement of our last completed financial year or in any proposed transaction that has materially affected or would materially affect us or any of our subsidiaries.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Company is not aware of any material interest of any director or executive officer or anyone who has held office as such since the beginning of our last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the meeting, save as is disclosed herein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information contained in this information circular and proxy statement relate to matters that are not historical facts and may constitute forward-looking statements. These statements are identified by the use of words such as "could", "should", "anticipate", "expect", "will", "may" and similar expressions and statements. These statements are based on certain assumptions and analysis made by PrairieSky in light of its experience and its perception of historical trends and expected future developments as well as other factors it believes are appropriate in the circumstances. Whether actual results, performance or achievements will conform to PrairieSky's expectations is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from PrairieSky's expectations.

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, 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, and our ability to access sufficient capital from internal and external sources. The foregoing and other risks are described in more detail in PrairieSky's Management's Discussion and Analysis for the year ended December 31, 2019 and the AIF under the heading "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 information circular and proxy statement, and PrairieSky undertakes no obligation to update or revise any forward-looking statement 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 statements contained in this information circular and proxy statement are expressly qualified by this cautionary statement.

ADDITIONAL INFORMATION

PrairieSky undertakes to provide, upon request, a copy of the year end 2019 financial statements and Management's Discussion and Analysis, as well as a copy of the AIF, subsequent interim financial statements and this information circular and proxy statement. Our AIF also contains disclosure relating to our Audit Committee and the fees paid to KPMG LLP in 2018 and 2019. Copies of these documents may be obtained on request without charge from PrairieSky Royalty Ltd. at 1700, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9, telephone (587) 293-4000 or our website www.prairiesky.com or by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

OTHER MATTERS

Management of the Company knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the notice of annual meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this information circular and proxy statement have been approved by our directors.

Dated: March 3, 2020

APPENDIX "A"

PRAIRIESKY ROYALTY LTD.

BOARD OF DIRECTORS' MANDATE

The fundamental responsibility of the board of directors (the "**Board**") of PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") is to appoint a competent senior management team and to oversee the management of the business and affairs of the Company, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal controls.

In carrying out its mandate, the Board shall:

Senior Management Responsibility

- Appoint the President & Chief Executive Officer ("**CEO**") and members of senior management of the Company, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at benefitting all stakeholders and ensuring the long term sustainability of the Company.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of senior management's responsibilities.
- Ensure that a process is established that adequately provides for succession planning, including appointing, training and monitoring of senior management.
- Establish limits of authority delegated to senior management.

Operational Effectiveness and Reporting

- Annual review and adoption of a strategic planning process and approval of the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Company's business.
- Ensure that a system is in place to identify the principal risks to the Company and that the best practical procedures are implemented to monitor, manage and mitigate the risks.
- Ensure that processes are in place to address applicable regulatory, corporate, securities and other compliance matters.
- Ensure that processes are in place for the Company to monitor the effectiveness of the Company's governance practices, environmental policies, health and safety practices and social practices, and address impacts that may arise or result from the Company's activities.
- Ensure that an adequate system of internal controls and management information systems exists.
- Ensure that due diligence processes and appropriate controls are in place with respect to applicable certification requirements regarding the Company's financial, reserves and other disclosure.

- Upon recommendation of the audit committee of the Board, review and approve the Company's financial statements and oversee the Company's compliance with applicable audit, accounting and reporting requirements.
- Upon recommendation of the reserves committee of the Board, review and approve the content and filing of the annual disclosure of the Company's oil and gas activities, including reports and statements required under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (as implemented by the Canadian Securities Administrators and as amended from time to time).
- Approve annual budgets.
- Review and consider for approval all amendments or departures proposed by senior management from established strategy, budgets or matters of policy which diverge from the ordinary course of business of the Company.
- Review the financial performance results relative to established strategy, budgets and objectives.
- Review management reports with respect to the Company's principal risks, including but not limited to risks related to the environment, health and safety and social matters, including political and legal ramifications in addition to reputational consequences.

Integrity/Corporate Conduct

- Approve a communications policy or policies to ensure that a system for corporate communications to all stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders.
- Approve the Business Code of Conduct that is applicable to directors, officers, employees and contractors of the Company, monitor the Company's compliance with the Business Code of Conduct and approve any waivers of the Business Code of Conduct for officers and directors.
- Satisfy itself of the integrity of the CEO and the other members of senior management and that the CEO and other members of senior management create a culture of integrity throughout the organization.
- Oversee and monitor the effectiveness of the Company's strategies and policies pertaining to the environment, social practices, health and safety, sustainable business practices and other corporate responsibility performance.

Board Process/Effectiveness

- Ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to such meetings. Directors are expected to attend all meetings and to review Board materials in advance of each meeting.
- Engage in the process of determining Board member qualifications, with the assistance of the Governance and Compensation Committee, including setting reasonable and measurable targets to build a diverse Board, as contemplated by the Company's *Board Diversity Policy*, and ensuring that a majority of directors qualify as independent directors within the meaning attributed to such term in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (as implemented by the Canadian Securities Administrators and as amended from time to time).

- Approve the nomination of directors.
- Provide a comprehensive orientation to each new director.
- Establish an appropriate system of corporate governance, including practices to ensure the Board functions independently of management, as well as developing a set of corporate governance principles and guidelines.
- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.
- Establish committees and approve their respective mandates and the limits of authority delegated to each committee.
- Review and re-assess the adequacy of the Audit Committee Mandate on a regular basis, but not less frequently than on an annual basis.
- Review the adequacy and form of the directors' compensation to ensure it accurately reflects the responsibilities and risks involved in being a director.
- Each member of the Board is expected to understand the nature of the Company's business, and have an awareness of the political, economic and social trends prevailing in the areas in which the Company invests, or is contemplating potential investment, including but not limited to trends related to environmental, social and governance matters which are relevant to PrairieSky's shareholders.
- Independent directors shall meet regularly, and in no case less frequently than quarterly, without non-independent directors and management participation.
- In addition to the above, adhere to all other Board responsibilities as set forth in the Company's articles and by-laws, the Company's Business Code of Conduct and any related policies, practices and guidelines, as approved and implemented by the Board and senior management from time to time, and other statutory and regulatory obligations.

Miscellaneous

The Board may engage outside resources as deemed advisable.

The Board shall review this mandate on a periodic basis.

Effective: April 11, 2014, amended and restated February 10, 2020.