

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

**No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.** This short form prospectus constitutes a public offering of the securities only in those jurisdictions where such securities may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any of the securities laws of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This short form prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any of the securities offered hereby within the United States. See “*Plan of Distribution*” in this short form prospectus.

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of PrairieSky Royalty Ltd. at Suite 1700, 350 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N9 (telephone (587) 293-4000), and are also available electronically at [www.sedar.com](http://www.sedar.com).

**New Issue**

**December 3, 2021**

## **PRELIMINARY SHORT FORM PROSPECTUS**



**\$200,062,000**  
**14,930,000 Common Shares**

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**Price: \$13.40 per Common Share**

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This short form prospectus qualifies the distribution (the “**Offering**”) of 14,930,000 common shares (the “**Offered Shares**”) of PrairieSky Royalty Ltd. (the “**Company**” or “**PrairieSky**”) at a price of \$13.40 per Offered Share. See “*Plan of Distribution*” in this short form prospectus.

The outstanding common shares (the “**Common Shares**”) of the Company are listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**PSK**”. On November 29, 2021, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$13.95 per Common Share. On December 2, 2021, the last trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was \$13.51 per Common Share. The Company has applied to list the Offered Shares on the TSX. Such listing will be subject to the Company fulfilling all of the listing requirements of the TSX.

The Underwriters (as defined herein) have agreed to purchase the Offered Shares subject to the terms and conditions set forth in the Underwriting Agreement as defined and referred to under “*Plan of Distribution*”. The terms of the Offering, including the offering price, were determined by negotiation between the

Company and TD Securities Inc. (“**TD**”) and RBC Dominion Securities Inc. (“**RBC**”) on behalf of the Underwriters.

	<u>Price to the Public</u>	<u>Underwriters’ Fee<sup>(1)</sup></u>	<u>Net Proceeds to the Company<sup>(2)</sup></u>
Per Offered Share	<b>\$13.40</b>	<b>\$0.536</b>	<b>\$12.864</b>
Total <sup>(3)</sup>	<b>\$200,062,000</b>	<b>\$8,002,480</b>	<b>\$192,059,520</b>

Notes:

- (1) Upon closing of the Offering, the Company will pay the Underwriters a cash fee of 4.0% of the gross proceeds of the Offering (the “**Underwriters’ Fee**”). See “*Plan of Distribution*” and “*Use of Proceeds*” in this short form prospectus.
- (2) Before deducting the expenses of the Offering, estimated to be approximately \$650,000, which will be paid from the general funds of the Company.
- (3) The Company has also granted to the Underwriters an option (the “**Over-Allotment Option**”) to purchase up to an additional 2,239,500 Common Shares on the same terms and conditions as the Offering, exercisable in whole or in part at any time until 30 days following closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the Total Price to the Public, Underwriters’ Fee and Net Proceeds to the Company (before deducting expenses of the Offering) will be \$230,071,300, \$9,202,852 and \$220,868,448, respectively. This short form prospectus also qualifies the distribution of the Common Shares issuable pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those Common Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*” in this short form prospectus. Where the context requires, references to the “Offering” and “Offered Shares” include the Over-Allotment Option and Common Shares issuable upon exercise thereof.

The following table sets forth the number of Common Shares that may be issued by the Company pursuant to the Over-Allotment Option.

<u>Underwriters’ position</u>	<u>Maximum size or number of securities held</u>	<u>Exercise period</u>	<u>Exercise price</u>
Over-Allotment Option	2,239,500 Common Shares	At any time until 30 days following closing of the Offering	\$13.40 per Common Share

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters on behalf of the Company by McCarthy Tétrault LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions that stabilize, maintain or otherwise affect the market price of the Common Shares at levels other than those that otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Offered Shares at a price lower than that stated above. Any such reduction in price will not affect the proceeds received by the Company. See “*Plan of Distribution*” in this short form prospectus.**

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is anticipated that closing of the Offering will occur on December 15, 2021 or such later date as the Company and the Underwriters may agree, but in any event not later than December 31, 2021. The Offered Shares

(other than Offered Shares issuable pursuant to the exercise of the Over-Allotment Option) are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the (final) short form prospectus.

The Offering is anticipated to close on December 15, 2021, which is prior to the anticipated record date on or about December 31, 2021 for the dividend that the Company expects to declare on or about December 8, 2021 and pay to its shareholders on or about January 17, 2022. Accordingly, if closing of the Offering occurs on December 15, 2021 as anticipated, purchasers of Offered Shares will be eligible to receive the dividend that is expected to be declared on or about December 8, 2021 and paid by the Company on or about January 17, 2022 to shareholders of the Company of record on or about December 31, 2021, provided such purchasers continue to hold the Offered Shares on the record date. See “*Dividends*” in this short form prospectus.

No certificates representing the Offered Shares will be issued to purchasers in the Offering. Instead, upon closing of the Offering, the purchasers of the Offered Shares will have their securities registered in the name of CDS Clearing and Depository Services Inc. or its nominee (“**CDS**”) and electronically deposited with CDS. Purchasers of Offered Shares will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is acquired.

**An investment in the Offered Shares is subject to certain risks that should be considered by prospective purchasers. It is important for prospective investors to consider the particular risk factors that may affect the securities and the industry in which it is investing, including the stability of the dividends that may be paid on the Offered Shares. Prospective investors should carefully consider the risks described under the heading “*Risk Factors*” in this short form prospectus as well as the risks identified in the documents incorporated by reference herein prior to making an investment in the Offered Shares.**

A return on an investment in the Offered Shares is not comparable to the return on an investment in a fixed-income security. The recovery by shareholders of their initial investment is at risk, and the anticipated return on that investment is based on many performance assumptions. Although the Company intends to pay quarterly dividends to shareholders, those cash dividends may be reduced or suspended. The actual amount of cash distributed to shareholders will depend on numerous factors including: (i) the earnings of the Company; (ii) financial requirements for the Company's operations; (iii) the satisfaction by the Company of liquidity and insolvency tests described in the ABCA (as defined herein); and (iv) any agreements relating to the Company's indebtedness that restrict the declaration and payment of dividends. In addition, the market value of the Offered Shares may decline if the Company is unable to meet its target cash dividend in the future, which decline may be significant. See “*Dividends*” and “*Risk Factors*” in this short form prospectus and “*Risk Factors*” in the AIF (as defined herein).

**An affiliate of TD is the lender under the Term Loan (as defined herein). Each of TD, RBC, BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Scotia Capital Inc. are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks which are lenders under the Credit Facility (as defined herein). ATB Financial, an affiliate of ATB Capital Markets Inc., is also a lender under the Credit Facility. See “*Capitalization*” in this short form prospectus. BMO Nesbitt Burns Inc. is the financial advisor to the Vendors (as defined herein) in connection with the Acquisition (as defined herein) and will receive a fee on the completion thereof. The net proceeds of the Offering and draw downs under the Credit Facility and the Term Loan will be used to finance the Purchase Price (as defined herein) and consequently, PrairieSky may be considered a “connected issuer” of each of TD, RBC, BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc. and ATB Capital Markets Inc. within the meaning of applicable Canadian securities legislation. See “*Relationship between the Company and Certain Underwriters*” in this short form prospectus.**

Mr. Robert Robotti, a director of the Company, resides outside of Canada. Mr. Robert Robotti has appointed the following agent for service of process:

<b>Name</b>	<b>Name and Address of Agent</b>
Robert Robotti	Cartan Limited Box 48, Suite 5300, Toronto Dominion Bank Tower, Toronto, Ontario M5K 1E6

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside Canada, even if the person has appointed an agent for service of process.

The Company is incorporated under the ABCA and the head and registered office of the Company is located at Suite 1700, 350 - 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N9.

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## NOTICE TO INVESTORS

Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. In addition, prospective investors should not rely on some parts of the information contained or incorporated by reference in this short form prospectus to the exclusion of others. The Company and the Underwriters have not authorized anyone to provide investors with additional or different information. The Company and the Underwriters are not offering to sell the Offered Shares in any jurisdictions where an offer or sale is not permitted by law. Prospective investors should not assume that the information contained in or incorporated by reference in this short form prospectus is accurate as of any date other than the date of the applicable document or any earlier date expressly stated within the applicable document. Subject to the Company's obligations under applicable securities laws, the information contained in this short form prospectus is accurate only as of the date of this short form prospectus regardless of the time of delivery of this short form prospectus or of any sale of the Offered Shares.

**The information concerning the Acquired Assets (as defined herein) contained in this short form prospectus has been provided by the Vendors or obtained through public sources. Although the Company has no knowledge that would indicate that any such information is untrue or incomplete, PrairieSky does not assume any responsibility for the accuracy or completeness of such information or the failure by the Vendors to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to PrairieSky.**

## PRESENTATION OF FINANCIAL AND OIL AND GAS INFORMATION

Unless indicated otherwise, the financial information contained in or incorporated by reference in this short form prospectus has been prepared in accordance with generally accepted accounting principles (which are consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board).

Certain measures used by the Company in the documents incorporated or deemed incorporated by reference in this short form prospectus do not have any standardized meaning as prescribed by International Financial Reporting Standards and therefore, are considered "non-GAAP financial measures" within the meaning of applicable securities laws. These measures may not be comparable to similar measures presented by other issuers. While not a substitute for measures of performance prepared in accordance with International Financial Reporting Standards, these measures are commonly used in the crude oil and natural gas industry and by the Company to provide potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance operations. See "*Non-GAAP Measures*" in each of the Annual MD&A and the Interim MD&A.

All dollar amounts set forth in this short form prospectus and the documents incorporated by reference in this short form prospectus are in Canadian dollars, except where otherwise indicated.

Unless otherwise indicated or the context otherwise requires, information in this short form prospectus assumes that the Over-Allotment Option has not been exercised.

All references in this short form prospectus to management are to the persons who are identified in this short form prospectus as the executive officers of the Company. See "*Directors and Executive Officers*" in the AIF. All statements in this short form prospectus made by or on behalf of management are made in such persons' capacities as executive officers of the Company and not in their personal capacities.

All crude oil, natural gas and natural gas liquids ("NGL") reserves and other information incorporated by reference in this short form prospectus have been prepared and are presented in accordance with NI 51-101 (as defined herein). All references to "liquids" in this short form prospectus include light and medium crude oil, heavy oil, tight oil and bitumen (all together referred to as "crude oil") and NGL on a combined basis.

## OIL AND GAS EQUIVALENCY

The term “Boe” means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 Bbl of oil. The term “Mcf” means a thousand cubic feet of gas equivalent on the basis of 1 Bbl of oil to 6 Mcf of natural gas. Boes and Mcfes may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf: 1 Bbl or an Mcfe conversion ratio of 1 Bbl: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.

## ABBREVIATIONS

In this short form prospectus, the following abbreviations have the meanings set forth below consistent with Appendix B of the COGE Handbook (as defined herein), where applicable.

Bbl	barrel
Bbl/d	barrels per day
Boe/d	barrels of oil equivalent per day

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus and the documents incorporated by reference herein constitute forward-looking statements and forward-looking information (collectively, “**forward-looking statements**”). These forward-looking statements relate to future events or the Company’s future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will likely result”, “are expected to”, “expects”, “will continue”, “is anticipated”, “anticipates”, “believes”, “estimated”, “intends”, “plans”, “forecast”, “projection”, “strategy”, “objective” and “outlook”) are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included and incorporated by reference in this short form prospectus should not be unduly relied upon. These statements speak only as of the date of this short form prospectus or the date of the applicable document incorporated by reference herein, as the case may be. In addition, this short form prospectus and the documents incorporated by reference herein may contain forward-looking statements attributed to third party industry sources. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the information and factors discussed throughout this short form prospectus and the documents incorporated by reference herein.

Specific forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein include, among others, statements regarding:

- the anticipated timing of completion of the Offering;
- the expected use of proceeds of the Offering;
- the timing and completion of the Acquisition;
- the receipt of required regulatory and other approvals for the Acquisition;
- the anticipated benefits to the Company of the Acquisition;
- the ability to partially finance the Purchase Price with the Credit Facility and the Term Loan;
- the potential expansion of credit under the Credit Facility and the size, closing and timing of the Term Loan;

- the potential development of and production from the Acquired Royalty Lands (as defined herein) and the timing thereof;
- the effect of the Acquisition on PrairieSky's oil and liquids weighting;
- the expected royalty revenue and production in 2022;
- accretion levels;
- expected funds from operations;
- estimates with respect to future development, growth plans and production growth on the Marten Hills Acquisition (as defined herein) lands;
- the administrative synergies to be achieved pursuant to the Acquisition, including future and general administrative costs;
- future technological advancements and their effect on royalty production volumes;
- the potential growth, down spacing, secondary recovery and enhanced crude oil recovery upside potential associated with the Acquired Royalty Lands;
- the Company's dividend policy, the funding of such dividends, the amounts expected to be paid under that policy in the future and the anticipated timing of payment of such dividends;
- anticipated future commodity, crude oil, natural gas and NGL prices and currency, exchange and interest rates;
- supply and demand for crude oil and natural gas;
- the primary sources of costs to the Company;
- expected tax pools from the Acquisition by PrairieSky and use thereof;
- the taxability of the Company, its tax horizon and the effect of the Acquisition on its future cash taxes;
- the Company's business and growth strategy and potential business development and acquisition opportunities;
- treatment under governmental regulatory regimes, environmental legislation and tax laws; and
- the long-term impact of the COVID-19 pandemic on the Company's business, financial position and results of operations.

With respect to forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein, assumptions have been made regarding, among other things:

- the receipt of all required regulatory approvals and satisfaction of all conditions to closing of the Acquisition will be obtained in the manner and on the timeframes contemplated;
- obtaining the Term Loan and increasing the credit capacity under the Credit Facility on the terms and timeframes expected;
- the potential expansion of available credit under the Credit Facility and reduction in the size of the Term Loan;
- that the Acquisition will be completed within the expected timeframe or at all and PrairieSky will obtain the anticipated benefits of the Acquisition;
- that lessees and third-party operators will comply with, and PrairieSky will enforce terms and contractual provisions, as applicable in order to receive payments;
- that third-party operators will operate in a safe, efficient and effective manner;
- that the lessees have the willingness and financial capability to continue to develop and invest additional capital in the Acquired Royalty Lands;
- that lessees are able to obtain financing on acceptable terms to fund exploration and development capital expenditures;
- the production rates, decline rates and the well performance and characteristics of the Acquired Royalty Lands;
- the ability of the Company to obtain and retain qualified staff and services in a timely and cost efficient manner;
- the timing, cost and ability of third parties, to access, maintain or expand necessary facilities and/or secure adequate product transportation and storage;

- the ability of third-party operators to successfully market their respective petroleum products or, for royalty payments taken-in-kind by PrairieSky, if any, the ability of PrairieSky or a third party marketer to successfully market PrairieSky's in-kind petroleum products;
- the ability of third parties to maintain and improve operational performance in respect of the Acquired Royalty Lands;
- surface rights access being granted to third parties on the Royalty Properties (as defined herein);
- the absence of any material litigation or claims against the Company, the Vendors and the Acquired Assets;
- the general stability of the economic and political environment and the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company has an interest in oil and natural gas properties; and
- future crude oil, natural gas and NGL prices and currency, exchange and interest rates.

In addition, the 2022 revenue estimates contained in this short form prospectus are based on the following: a West Texas Intermediate price of US\$68/bbl, an AECO benchmark price of US\$4.25/Mcf and a USD/CDN exchange rate of 0.78.

The information in this short form prospectus and the documents incorporated by reference herein, including the Company's actual results, could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth below and included elsewhere in this short form prospectus and the documents incorporated by reference herein:

- failure to complete the Acquisition in all material respects in accordance with the Acquisition Agreement or at all;
- the failure to obtain the Term Loan or increased credit capacity under the Credit Facility on the terms and timeframes expected;
- the inability to obtain regulatory, TSX and other required approvals in connection with the Acquisition and the Offering, as applicable and within the timeframes contemplated;
- failure to realize the anticipated benefits of the Acquisition;
- failure of third parties to develop Royalty Properties in the manner anticipated by the Company;
- non-compliance with contractual royalty terms or payment or delivery delinquencies in respect of the Royalty Properties and associated production, including the credit risk associated with such third parties;
- volatility in the demand, supply and market prices for petroleum products;
- volatility in exchange rates;
- long-term reliance on third parties as lessees on the Fee Lands (as defined herein) and the operators and working interest owners on the Royalty Properties;
- liabilities inherent in petroleum and natural gas operations;
- uncertainties associated with estimating crude oil, natural gas and NGL reserves and future production levels;
- increased costs incurred by third-party operators on the Acquired Royalty Lands;
- competition for, among other things, third party capital and acquisitions of reserves, additional petroleum and natural gas assets and undeveloped lands;
- incorrect assessments of assets and acquisitions by PrairieSky;
- risks related to the environment and changing environmental laws in relation to the operations conducted on the assets, including carbon pricing;
- geological, technical, drilling and completions, processing and handling issues (including deductions from PrairieSky's royalty share of production) associated with petroleum and natural gas development activities by third parties;
- claims made or legal actions brought or realized against the Company, its properties or assets, or the Acquired Assets;
- a failure by the Company to hire or retain key personnel;
- a decrease or elimination of the payment of dividends by the Company as a result of a Board (as defined herein) determination or restrictions under applicable agreements or corporate laws;

- general economic, market and business conditions;
- changes in tax or environmental laws or royalty or incentive programs relating to the oil and natural gas industry;
- ongoing impacts of the COVID-19 pandemic and existing and future variants thereof, including but not limited to impacts on field activity levels, demand and supply of hydrocarbons, commodity prices, and health and safety considerations and restrictions which may impact the ability of the Company to carry on business as planned; and
- the other factors discussed under “*Risk Factors*” in this short form prospectus and in the AIF.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements made by or on behalf of the Company, investors should not place undue reliance on any such forward-looking statements. Statements relating to “reserves” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. Further, any forward-looking statement is made only as of the date of this short form prospectus or the date of the applicable document incorporated by reference herein, as the case may be, and neither the Company nor the Underwriters undertakes any 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 the Company to predict all of these factors or to assess in advance the impact of each such factor on the Company’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 statement.

**The forward-looking statements contained or incorporated by reference in this short form prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire short form prospectus and the documents incorporated by reference herein and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Offered Shares.**

Certain statements included in this short form prospectus may be considered “financial outlook” or “FOFI” for purposes of applicable securities laws, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. The actual results of operations of the Company and the resulting financial results will likely vary from the amounts set forth in this short form prospectus and such variation may be material. The Company and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management’s best estimates and judgements. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. FOFI contained in this short form prospectus was made as of the date of this short form prospectus and was provided for the purpose of providing further information about the Company’s anticipated future business operations. Readers are cautioned that the FOFI contained in this short form prospectus should not be used for purposes other than for which it is disclosed herein.

## GLOSSARY

In this short form prospectus, in addition to terms defined elsewhere in this short form prospectus and unless otherwise indicated or the context otherwise requires, the following terms and abbreviations shall have the indicated meanings.

“**2021 Information Circular**” has the meaning ascribed thereto under “*Documents Incorporated by Reference*” in this short form prospectus;

“**ABCA**” means the *Business Corporations Act* (Alberta) and the regulations thereunder, as amended from time to time;

**“Acquired Assets”** has the meaning ascribed thereto under *“The Company – Recent Developments – The Acquisition”* in this short form prospectus;

**“Acquired Royalty Lands”** has the meaning ascribed thereto under the *“The Company – Recent Developments - The Acquisition”* in this short form prospectus;

**“Acquired Seismic”** has the meaning ascribed thereto under the *“The Company – Recent Developments - The Acquisition”* in this short form prospectus;

**“Acquisition”** has the meaning ascribed thereto under *“The Company – Recent Developments – The Acquisition”* in this short form prospectus;

**“Acquisition Agreement”** means the asset sale agreement dated November 29, 2021 between the Company and the Vendors providing for the Acquisition;

**“AIF”** has the meaning ascribed thereto under *“Documents Incorporated by Reference”* in this short form prospectus;

**“Annual MD&A”** has the meaning ascribed thereto under *“Documents Incorporated by Reference”* in this short form prospectus;

**“Board”** means the board of directors of the Company;

**“COGE Handbook”** means the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary chapter) as amended from time to time;

**“Credit Facility”** has the meaning ascribed thereto under *“Capitalization”* in this short form prospectus;

**“Crown Interest Lands”** means certain lands in which the Company holds or has acquired a lessee interest in a Crown petroleum and/or natural gas lease or licence, as more particularly detailed in the AIF, which are undeveloped with no wells, tangibles or other similar liability, and which the Company intends to sell or otherwise exchange for consideration of a GORR Interest;

**“Deposit”** has the meaning ascribed thereto under *“The Company – Recent Developments – The Acquisition”* in this short form prospectus;

**“Encana”** means Ovintiv Inc. as of January 24, 2020 and formerly Encana Corporation;

**“Fee Lands”** means lands prospective for petroleum, natural gas and certain other mines and minerals in which the Company holds an undivided fee simple interest;

**“GORR Interests”** means royalty and similar non-working interests (other than GRT Interests and Lessor Interests), including overriding royalty interests, gross overriding royalty interests, net profit interests and production payments on lands;

**“GORR Lands”** means certain lands in respect of which the Company holds GORR Interests as more particularly detailed in the AIF;

**“GRT Interests”** means a trust or series of trusts settled by indenture or agreement which hold and collect, for the benefit of its unitholders, mineral interests and/or royalty payments in the form of lessor royalties;

**“GRT Lands”** means certain lands in which the Company holds GRT Interests as more particularly detailed in the AIF;

**“Interim MD&A”** has the meaning ascribed thereto under *“Documents Incorporated by Reference”* in this short form prospectus;

**“IPO”** means the initial public offering of the Company, pursuant to a secondary offering by Encana, completed on May 29, 2014 and resulting in the distribution by Encana of 52,000,000 Common Shares to the public, plus an additional 7,800,000 Common Shares on June 3, 2014 pursuant to the exercise of the over-allotment option granted by Encana to the underwriters of such offering;

**“Lessor Interests”** means lessor interests in and to leases that are currently issued in respect of certain Fee Lands;

**“Marten Hills Acquisition”** means the acquisition by the Company of all of the shares of Marten Hills Subco from Spur on July 19, 2021 for total cash consideration of \$155.0 million;

**“Marten Hills Subco”** means 2357320 Alberta Ltd., a wholly owned subsidiary of the Company;

**“NI 51-101”** means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

**“PSUs”** means performance share unit awards of the Company;

**“Purchase Price”** has the meaning ascribed thereto under the *“The Company – Recent Developments – The Acquisition”* in this short form prospectus;

**“Royalty Properties”** means, collectively, the Fee Lands, the GORR Lands and the GRT Lands;

**“RSUs”** means restricted share unit awards of the Company;

**“Spur”** means Spur Petroleum Ltd.;

**“Tax Act”** means the *Income Tax Act* (Canada);

**“Term Loan”** has the meaning ascribed thereto under *“The Company – Recent Developments – The Acquisition”* in this short form prospectus;

**“Underwriters”** means, collectively, TD, RBC, BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Peters & Co. Limited, Raymond James Ltd., Scotia Capital Inc., Stifel Nicolaus Canada Inc., Canaccord Genuity Corp., Eight Capital, iA Private Wealth Inc., ATB Capital Markets Inc. and Tudor, Pickering, Holt & Co. Securities – Canada, ULC; and

**“Vendors”** means, collectively, Heritage Resource Limited Partnership, Heritage Royalty Resource Corp. and Heritage Manitoba Holdings Inc.

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in the provinces and territories of Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Suite 1700, 350 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N9 (telephone (587) 293-4000). These documents are also available through the internet on the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”), which can be accessed at [www.sedar.com](http://www.sedar.com).

The following documents of the Company, filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (a) the annual information form of the Company dated February 8, 2021 for the year ended December 31, 2020 (the “**AIF**”);
- (b) the audited consolidated financial statements of the Company as at and for the years ended December 31, 2020 and 2019, together with the notes thereto and the auditor’s report thereon;
- (c) the unaudited interim condensed consolidated financial statements of the Company as at September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020, together with the notes thereto;
- (d) the management’s discussion and analysis of the Company for the year ended December 31, 2020 (the “**Annual MD&A**”);
- (e) the management’s discussion and analysis of the Company for the three and nine months ended September 30, 2021 (the “**Interim MD&A**”);
- (f) the information circular and proxy statement of the Company dated March 3, 2021 for the annual general meeting of shareholders of the Company held on April 20, 2021 (the “**2021 Information Circular**”);
- (g) the material change report of the Company dated July 23, 2021 with respect to the Marten Hills Acquisition; and
- (h) the template version (as such term is defined in National Instrument 41-101 - *General Prospectus Requirements*) of the term sheet for the Offering dated November 29, 2021.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), interim financial statements, annual financial statements and the auditors’ report thereon, management’s discussion and analysis, information circulars, annual information forms and business acquisition reports, filed by the Company with the securities commissions or similar authorities in the provinces and territories of Canada subsequent to the date of this short form prospectus and prior to the termination of the distribution of the Offered Shares are deemed to be incorporated by reference in this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.**

#### **MARKETING MATERIALS**

The “template version” of any “marketing materials” (as such terms are defined under applicable Canadian securities laws) that are utilized by the Underwriters in connection with the Offering are not part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in the (final) short form prospectus.

In addition, the template version of any marketing materials filed on SEDAR with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with the Offering after the date of this short form prospectus and before the termination of the distribution of the Offered Shares (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into the (final) short form prospectus. The marketing materials may be viewed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## THE COMPANY

### Overview

The Company was incorporated under the ABCA under the name "1786071 Alberta Ltd." on November 27, 2013, and on April 11, 2014 changed its name to "PrairieSky Royalty Ltd." Prior to the completion of the IPO, the Company was a wholly-owned subsidiary of Encana. On May 29, 2014, the Company completed the IPO, by way of a secondary offering by Encana, pursuant to which Encana distributed 52,000,000 Common Shares to the public at a price of \$28.00 per Common Share. On June 3, 2014, the over-allotment option granted to the underwriters of the IPO was exercised in full and an additional 7,800,000 Common Shares were sold by Encana at a price of \$28.00 per Common Share, bringing the aggregate gross proceeds to Encana from the IPO to approximately \$1.67 billion. On September 26, 2014, a secondary offering by Encana was completed, pursuant to a short form prospectus of the Company, which resulted in the distribution by Encana of 70,200,000 Common Shares to the public. Following such offering, Encana no longer held any Common Shares.

The Company has no material subsidiaries other than Marten Hills Subco. Marten Hills Subco is an Alberta corporation which holds a 5% GORR Interest on approximately 76,000 acres in the Marten Hills Clearwater area of Alberta, which was acquired pursuant to the Marten Hills Acquisition.

### Summary Description of the Business

The Company currently has one of the largest independently-owned portfolios of fee simple mineral title and oil and natural gas GORR Interests in Canada. The Company is focused on encouraging third parties to actively develop the Royalty Properties while strategically seeking additional crude oil and natural gas royalty assets that provide the Company with medium-term to long-term value enhancement potential, including the acquisition of Crown Interest Lands for purposes of complementing the Company's fee title land base and pursuing prospective farmout strategies. The Company does not directly conduct operations to explore for, develop or produce petroleum or natural gas; rather, third party development of the Royalty Properties provides the Company with royalty revenues as petroleum, natural gas and associated substances are produced from such properties. The Company's costs are primarily administrative expenses, corporate income taxes, and production and mineral taxes. Costs related to upstream drilling, equipment, production and asset retirement obligations are not incurred by the Company; instead, these costs are incurred by the third parties who conduct activities on the Royalty Properties.

See "*Business of the Company*" in the AIF.

### Recent Developments

#### *Royalty Acquisitions*

On July 19, 2021, the Company announced that it had completed the Marten Hills Acquisition. The Marten Hills Acquisition included a 5% royalty interest on Spur's existing production of approximately 10,000 Boe/d and all future production from the Marten Hills Acquisition lands. The Marten Hills Acquisition was funded using the Credit Facility.

#### *The Acquisition*

On November 29, 2021, PrairieSky entered into the Acquisition Agreement with the Vendors. Pursuant to

the terms of the Acquisition Agreement, the Company will acquire: (i) over 1.9 million acres of royalty lands throughout Alberta, Saskatchewan and Manitoba (the “**Acquired Royalty Lands**”) including over 1.7 million net acres of fee simple mineral title lands; and (ii) extensive seismic assets that are complementary to the Acquired Royalty Lands (the “**Acquired Seismic**” and together with the Acquired Royalty Lands, the “**Acquired Assets**”) for an aggregate purchase price of \$728 million (the “**Purchase Price**”) payable in cash (the “**Acquisition**”), subject to certain customary adjustments.

In connection with the execution of the Acquisition Agreement, PrairieSky deposited \$36.4 million (the “**Deposit**”) into escrow pending completion of the Acquisition. Upon closing of the Acquisition, the Deposit will be released from escrow to the Vendors and applied against the Purchase Price. The Deposit was funded by PrairieSky with a draw down under the Credit Facility. If closing of the Acquisition does not occur as a result of a failure by the Corporation to perform or observe in any material respect any of the covenants or agreements to be performed by the Corporation under the Acquisition Agreement, the Deposit shall be forfeited to the Vendors. If closing of the Acquisition does not occur for any other reason than those mentioned above and unless there is an order by a governmental authority restricting the Acquisition, the Deposit will be returned to PrairieSky, which return will be the exclusive remedy of the Company in such circumstances.

The Acquired Assets include estimated annual royalty production of 2,700 Boe/d (92% liquids), from which PrairieSky expects to generate approximately \$65 million of royalty revenue in 2022, excluding leasing and other revenues associated with the Acquired Royalty Lands. The Acquisition will consolidate a sizable fee simple mineral title asset across Alberta, Saskatchewan and western Manitoba with PrairieSky’s existing royalty portfolio of approximately 16.3 million acres.

PrairieSky intends to fund the Purchase Price with the net proceeds of the Offering and with draw downs under the Credit Facility and the Term Loan. On November 25, 2021, the Company entered into a binding agreement with The Toronto Dominion Bank to provide PrairieSky with a two-year, non-revolving \$500 million term loan (the “**Term Loan**”), to finance part of the Purchase Price. Closing of the Acquisition is expected to occur on or about December 15, 2021, with an effective date of December 31, 2021. The financial and other covenants and pricing contained in the Term Loan are identical to the Credit Facility, with the exception that the Term Loan does not have a pricing adjustment linked to sustainability performance and is required to be repaid in full within two years of the initial funding thereunder. Funding under the Term Loan will take place concurrently with closing of the Acquisition. To the extent the available credit under the Credit Facility is expanded beyond its current capacity prior to closing of the Acquisition, the amount of credit available under the Term Loan will be reduced in an equivalent amount. If the Acquisition closes in advance of the completion of the Offering, the net proceeds of the Offering will be used to reduce amounts outstanding under the Term Loan. If the Acquisition closes after completion of the Offering and available credit under the Credit Facility is expanded beyond its current capacity to fund a portion of the Purchase Price, the Term Loan will not be used and amounts available will be extinguished. See “*Capitalization*” in this short form prospectus.

The completion of the Offering is not conditional upon the completion of the Acquisition. If the Acquisition is not completed, the net proceeds of the Offering will be used to repay indebtedness, finance future acquisitions and for general corporate purposes. See “*Risk Factors*” in this short form prospectus.

Management of PrairieSky anticipates that the Acquisition will have the following benefits, among others:

- Increases PrairieSky’s crude oil and natural gas royalty acreage position by adding over 1.9 million acres of royalty interest lands, including 1.7 million net acres of fee simple mineral title lands, providing a vast undeveloped land position for future leasing and royalty generating opportunities and the perpetual optionality that exists only with fee simple mineral title.
- Adds 2,700 Boe/d of current royalty production volumes which are expected to generate approximately \$65 million of royalty production revenue in 2022. The Acquisition adds 2,400 Bbl/d of crude oil, increasing PrairieSky’s crude oil royalty production by over 30%. PrairieSky expects its total liquids royalty production weighting to be over 55% in 2022.

- Immediately accretive to funds from operations per share and expected to be approximately 17% accretive to funds from operations per share in 2022.
- Adds approximately 20% to crude oil royalty production per share.
- Adds multi-decade inventory with numerous original oil-in-place development opportunities with proven growth potential, down spacing, secondary recovery and enhanced crude oil recovery upside potential.
- Adds acreage in multiple areas that are expected to see implementation of multi-lateral drilling and other sustainable technologies pioneered in the Clearwater oil play.
- Adds \$728 million of tax pools which are expected to reduce PrairieSky's 2021 cash taxes by over \$20 million as well as reducing PrairieSky's future taxability.
- Further diversifies the geographical and geological nature of PrairieSky's royalty revenues, with high quality, well capitalized and capital efficient royalty payors.
- Achieves significant general and administrative cost synergies through economies of scale.

The Acquisition Agreement was negotiated at arm's length and contains customary covenants, representations and warranties of and from each of the Vendors and the Company and various conditions precedent with respect to the Vendors and the Company, including obtaining approval under the *Competition Act* (Canada). Unless all of such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the Acquisition will not proceed. In connection with the Acquisition, PrairieSky and the Vendors have also agreed to indemnify one another in certain circumstances.

## **DESCRIPTION OF SHARE CAPITAL**

### **Authorized Capital**

The authorized share capital of the Company includes an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. As of December 2, 2021, 221,633,200 Common Shares and nil preferred shares were issued and outstanding.

### **Common Shares**

The rights, privileges, restrictions and conditions attaching to the Common Shares are set forth below.

#### ***Voting Rights***

The holders of the Common Shares are entitled to one vote in respect of each Common Share held at all meetings of shareholders, except meetings at which only holders of a specified class of shares have the right to vote.

#### ***Dividends***

Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of the Company, holders of Common Shares are entitled to receive any dividend declared by the Company on the Common Shares.

### ***Rights Upon Dissolution***

Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of the Company, holders of Common Shares are entitled to receive the remaining property of the Company upon dissolution.

### **Preferred Shares**

The Board may issue preferred shares at any time and from time to time in one or more series, and shall determine the rights, privileges, restrictions and conditions attached to each series of preferred shares before the issue of such series.

### ***Dividends***

Preferred shares may be entitled to preference over the Common Shares and any other shares of the Company ranking junior to the preferred shares with respect to payment of dividends.

### ***Rights Upon Dissolution***

Preferred shares may be entitled to preference over the Common Shares and any other shares of the Company ranking junior to the preferred shares with respect to distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

## **DIVIDENDS**

The Board has established a dividend policy pursuant to which the Company pays a quarterly dividend, currently in the amount of \$0.09 per Common Share per three-month period or \$0.36 per Common Share on an annualized basis. Dividends are paid quarterly to shareholders of record as of the close of business on the last business day of each quarter, with the 15th day (or next business day) of the following month being the corresponding payment date. Dividend payments are not guaranteed and the amount of cash to be distributed as dividends in the future may change.

Any decision to pay dividends will be determined at the discretion of the Board after reviewing the overall dividend policy of the Company and after consideration of numerous factors including: (i) the earnings of the Company; (ii) financial requirements for the Company's operations; (iii) the satisfaction by the Company of liquidity and insolvency tests described in the ABCA; and (iv) any agreements relating to the Company's indebtedness that restrict the declaration and payment of dividends. The dividends paid on the Common Shares pursuant to the Company's dividend policy are designated as "eligible dividends" for Canadian income tax purposes, unless otherwise notified. See "*Risk Factors - Dividends*" in the AIF.

The cash dividends set forth in the table below have been paid by the Company to its shareholders in the months indicated.

<b>Month of Dividend Payment Date (2021)</b>	<b>Cash Dividend per Common Share</b>
January	\$0.06
April	\$0.065
July	\$0.065
October	\$0.09

**The historical cash dividend payments described above may not be reflective of future dividend payments, and future dividend payments are not assumed or guaranteed.**

The Company expects to declare a dividend of \$0.09 per Common Share payable on or about January 17, 2022 to shareholders of record on or about December 31, 2021. The Offering is anticipated to close on December 15, 2021, which is prior to the anticipated record date on or about December 31, 2021 for the dividend that the Company expects to declare on or about December 8, 2021 and pay to its shareholders on or about January 17, 2022. Accordingly, if closing of the Offering occurs on December 15, 2021 as anticipated, purchasers of Offered Shares will be eligible to receive the dividend that is expected to be declared on or about December 8, 2021 and paid on or about January 17, 2022 to shareholders of the Company of record on or about December 31, 2021, provided such purchasers continue to hold the Offered Shares on the record date. See “*Plan of Distribution*” in this short form prospectus.

## CAPITALIZATION

Other than described below, there have been no material changes in the consolidated capitalization of the Company since September 30, 2021. The following table sets forth the capitalization of the Company as at September 30, 2021, both before and after giving effect to the Offering and the Acquisition. This table should be read in conjunction with the Company’s financial statements which are incorporated by reference in this short form prospectus.

	As at September 30, 2021 (\$ millions, except share amounts)	As at September 30, 2021 after giving effect to the Acquisition <sup>(2)</sup> and the Offering <sup>(3)(4)</sup> (\$ millions, except share amounts)
Long-term debt <sup>(1)</sup>	179.9	717.1
Common Shares	3,181.5 (221,732,100 Common Shares)	3,375.0 (236,662,100 Common Shares)

Notes:

- (1) At September 30, 2021, the Company had a \$400 million extendible revolving credit facility (the “**Revolving Facility**”), with a permitted increase to \$475 million, subject to lender consent, and an unsecured \$25 million extendible operating credit facility (together with the Revolving Facility, the “**Credit Facility**”), which matures on February 28, 2025. On November 25, 2021, the Company entered into a binding agreement with The Toronto Dominion Bank for the Term Loan to finance part of the Purchase Price, conditional on entering into the Acquisition Agreement and available by way of a single advance. The Credit Facility includes borrowing options of Canadian prime rate-based advances, U.S. base rate advances, LIBOR loans, bankers’ acceptances and letters of credit, and bears interest on a variable grid based on certain financial ratios, over the prevailing applicable rate for the type of loan. The Credit Facility is unsecured and does not have a borrowing base restriction. The Credit Facility has three financial covenants, whereby the Company’s ratio of adjusted consolidated senior debt to EBITDA will not exceed 3.5:1.0, adjusted consolidated total debt to EBITDA will not exceed 4.0:1.0, and adjusted consolidated total debt to capitalization ratio will not exceed 55%. EBITDA for covenant calculation purposes is net earnings adjusted for non-cash items, interest expense and income taxes. The financial and other covenants and pricing contained in the Term Loan are identical to the Credit Facility, with the exception that the Term Loan does not have a pricing adjustment linked to sustainability performance and has to be repaid upon maturity two years after the initial funding thereunder with pre-payment allowed and the availability being eliminated. To the extent the available credit under the Credit Facility is expanded beyond its current capacity prior to closing of the Acquisition, the amount of credit available under the Term Loan will be reduced in an equivalent amount. If the Acquisition closes in advance of the completion of the Offering, the net proceeds of the Offering will be used to reduce amounts outstanding under the Term Loan. If the Acquisition closes after completion of the Offering and available credit under the Credit Facility is expanded beyond its current capacity to fund a portion of the Purchase Price, the Term Loan will not be used and amounts available will be extinguished.
- (2) Based on a Purchase Price of \$728 million and estimated fees and expenses of \$600,000. See “*The Company – Recent Developments – The Acquisition*” in this short form prospectus.
- (3) Based on the issuance of 14,930,000 Common Shares for aggregate gross proceeds of \$200,062,000 less the Underwriters’ Fee of \$8,002,480 and expenses of the Offering estimated to be \$650,000. The Common Share issuance costs are reflected net of tax. The net proceeds of the Offering are expected to be used to partially finance the Purchase Price.

- (4) If the Over-Allotment Option is exercised in full, the aggregate gross proceeds, Underwriters' Fee, estimated expenses of the Offering, net proceeds and long-term debt will be \$230,071,300, \$9,202,852, \$650,000, \$220,218,448 and \$688,281,552, respectively. See "Use of Proceeds" in this short form prospectus.

### TRADING HISTORY

The Common Shares are listed and posted for trading on the TSX under the symbol "PSK". The following table sets out information concerning the monthly price ranges and trading volumes of the Common Shares on the TSX for the periods indicated, as reported by the TSX.

	High (\$)	Low (\$)	Volume
<b>2020</b>			
December	11.49	9.96	9,324,037
<b>2021</b>			
January	11.60	10.06	9,793,453
February	13.52	10.57	12,641,566
March	14.68	12.73	17,038,184
April	14.38	12.51	10,062,783
May	14.19	13.00	8,370,770
June	15.73	13.16	15,352,893
July	15.19	13.04	7,291,888
August	14.45	12.98	7,697,659
September	14.34	12.82	8,770,564
October	16.48	13.47	8,589,521
November <sup>(1)</sup>	15.87	13.50	14,063,322
December (1 to 2) <sup>(2)</sup>	14.45	13.25	3,039,447

Notes:

- (1) On November 29, 2021, the last day on which the Common Shares traded prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$13.95 per Common Share.
- (2) On December 2, 2021, the last day on which the Common Shares traded prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was \$13.51 per Common Share.

### USE OF PROCEEDS

The net proceeds to the Company of the Offering are estimated to be \$191,409,520 after deducting the Underwriters' Fee of \$8,002,480 and the estimated expenses of the Offering of \$650,000. If the Over-Allotment Option is exercised in full, the net proceeds from the Offering are estimated to be \$220,218,448 after deducting the Underwriters' Fee of \$9,202,852 and the estimated expenses of the Offering of \$650,000. See "Plan of Distribution" in this short form prospectus.

The net proceeds of the Offering are expected to be used to partially finance the Purchase Price. See "The Company – Recent Developments - The Acquisition" in this short form prospectus. The following table sets forth the use of the funds that will be available to the Company upon the completion of the Offering.

	<u>Amount</u>	<u>Total</u>
<b>Acquisition</b>		
Purchase Price <sup>(1)</sup>	\$728,000,000	
Estimated fees and expenses of the Acquisition	\$600,000	
Deposit	\$(36,400,000)	
<b>Estimated net cash required to complete the Acquisition</b>		\$692,200,000
<b>Offering</b>		
Gross proceeds raised pursuant to the Offering <sup>(2)</sup>	\$200,062,000	
Underwriters' Fee <sup>(2)</sup>	(\$8,002,480)	
Estimated expenses in relation to the Offering	(\$650,000)	
<b>Total estimated net proceeds from the Offering<sup>(3)(4)</sup></b>		\$191,409,520

## Notes:

- (1) The Purchase Price is allocated as \$705 million in respect of the Acquired Royalty Lands and \$23 million in respect of the Acquired Seismic.
- (2) Assumes the Over-Allotment Option is not exercised. If the Over-Allotment Option is exercised in full, the gross proceeds raised pursuant to the Offering will be \$230,071,300 and the Underwriters' Fee will be \$9,202,852.
- (3) If the Over-Allotment Option is exercised in full, the total estimated net proceeds of the Offering will be \$220,868,448 (before deducting expenses of the Offering).
- (4) If the Acquisition is completed, the net proceeds from the Offering will be used to pay a portion of the Purchase Price and the remainder of the Purchase Price will be funded with draw down(s) under the Credit Facility and/or the Term Loan.

If the Acquisition is not completed, the net proceeds of the Offering will be used to repay indebtedness, fund future acquisitions and for general corporate purposes. PrairieSky continually reviews potential acquisitions and routinely makes offers on properties or entities that fit within its business model. See "Business of the Company - General" in the AIF and "Risk Factors - Use of Proceeds" in this short form prospectus.

While the Company intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in the Company's best interests.

### PLAN OF DISTRIBUTION

Pursuant to an agreement dated effective November 29, 2021 between the Company and the Underwriters (the "**Underwriting Agreement**"), the Company has agreed to issue and sell and the Underwriters have severally and not jointly nor jointly and severally, agreed to purchase on December 15, 2021 or on such other date as may be agreed upon by the Company and TD and RBC on behalf of the Underwriters, but in any event no later than December 31, 2021, 14,930,000 Offered Shares at a price of \$13.40 per Offered Share for total consideration of \$200,062,000, payable in cash to the Company against delivery of such Offered Shares. In consideration for their services in connection with the Offering, the Underwriters will be paid the Underwriters' Fee of \$8,002,480, payable on closing of the Offering. The terms of the Offering, including the offering price, were determined by negotiation between the Company and TD and RBC on behalf of the Underwriters.

The Company has also granted to the Underwriters the Over-Allotment Option to purchase up to an additional 2,239,500 Common Shares on the same terms and conditions as the Offering, exercisable in whole or in part at any time until 30 days following closing of the Offering, to cover over allotments, if any,

and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total Offering, Underwriters' Fee and net proceeds to the Company (before deducting expenses of the Offering) will be \$230,071,300, \$9,202,852 and \$220,868,448, respectively. This short form prospectus also qualifies the distribution of the Common Shares issuable pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Underwriters propose to offer the Offered Shares initially at the price specified on the cover page. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page. In the event that the offering price of the Offered Shares is reduced, the compensation received by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company for such Offered Shares. Any such reduction in price will not affect the proceeds received by the Company.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated upon the occurrence of certain stated events. Such events include, but are not limited to: (a) if there should occur or there should be announced or discovered any material change or any change in a material fact in relation to the Company, which, in either case, in the opinion of the Underwriter, acting reasonably, would be expected to have a significant adverse effect on the market price or value of the Offered Shares; (b) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, any law or regulation, or any other occurrence of any nature whatsoever (including, without limitation, matters caused by, or related to or resulting from, the COVID-19 pandemic, but only to the extent there are material adverse developments related thereto after the date hereof) which, in the opinion of the Underwriter, acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company; or (c) if there shall have occurred any outbreak or escalation of hostilities, declaration by Canada or the United States of a national emergency or war, or other calamity or crisis, which, in the opinion of the Underwriter, acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company.

If an Underwriter fails to purchase the Offered Shares which it has agreed to purchase, the remaining Underwriter(s) may terminate their obligation to purchase their allotment of Offered Shares, or may, but are not obligated to, purchase the Offered Shares not purchased by the Underwriter or Underwriters which fail to purchase on a pro rata basis; provided, however, that if the aggregate number of Offered Shares not so purchased is not more than 12% of the aggregate number of Offered Shares agreed to be purchased by the Underwriters, then each of the other Underwriters shall be obligated to purchase severally the Offered Shares not taken up, on a pro rata basis or in such other proportion as they may otherwise agree among themselves. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares (other than Offered Shares issuable pursuant to the exercise of the Over-Allotment Option) if any of the Offered Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Company will indemnify the Underwriters, their respective affiliates and each of their respective directors, officers, partners, employees, agents and each other person, if any, controlling an Underwriter, against certain liabilities, claims, losses, costs, damages and expenses.

The Offering is being made in each of the provinces and territories of Canada. The Offered Shares will be offered in each of the provinces and territories of Canada through those Underwriters or their affiliates who are registered to offer Offered Shares for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters or their affiliates may offer Offered Shares outside of Canada.

The Company has applied to list the Offered Shares on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX.

The Offered Shares have not been, and will not be, registered under the U.S. Securities Act, or any state securities laws, and may not be offered or sold within the United States absent registration or pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement and except for offers and sales made pursuant to an available exemption from the registration requirements of the U.S. Securities Act, the Offered Shares may not be offered or sold within the United States. Each Underwriter has agreed that it will not offer or sell Offered Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Offered Shares that they have acquired pursuant to the Underwriting Agreement in the United States to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters will offer and sell the Offered Shares outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the closing of the Offering, an offer or sale of Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

The Company has agreed that it will not, without the prior written consent of TD and RBC on behalf of the Underwriters, which consent shall not be unreasonably withheld, conditioned or delayed, issue, sell or offer, grant any option, warrant or other right to purchase or agree to issue or sell, or otherwise lend, transfer, assign, pledge or dispose of, in a public offering or by way of private placement or otherwise, any equity securities of the Company or other securities convertible into, exchangeable for, or exercisable into Common Shares or other equity securities of the Company, or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing (other than the Offered Shares and the issuance or payment of Common Shares pursuant to the exercise of options or the vesting of RSUs or PSUs which were granted under the Original Incentive Plan (as defined in the 2021 Information Circular)), for a period of 90 days from the date of closing of the Offering.

Because the Company has agreed that it will not offer or sell any equity securities of the Company (or other securities convertible into, or exchangeable or exercisable for, equity securities of the Company) for a period after closing of the Offering, the sale of a substantial amount of Common Shares in the public market after these restrictions lapse could adversely affect the prevailing market price of the Common Shares.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on December 15, 2021 or such later date as the Company and the Underwriters may agree, but in any event not later than December 31, 2021. The Offered Shares (other than Offered Shares issuable pursuant to the exercise of the Over-Allotment Option) are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the (final) short form prospectus. Offered Shares will be registered in the name of CDS and electronically deposited with CDS on the date of closing of the Offering. Purchasers of Offered Shares will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Common Shares is acquired.

In connection with the Offering, the Underwriters may affect transactions which stabilize or otherwise affect the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales" or "naked short sales". The Underwriters must close out any covered short position or any naked short position by purchasing Common Shares in the open market or as otherwise permitted by applicable law. A naked short position is more likely to be created if the Underwriters are concerned that

there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or as otherwise permitted by applicable law.

### **RELATIONSHIP BETWEEN THE COMPANY AND CERTAIN UNDERWRITERS**

An affiliate of TD is the lender to the Company under the Term Loan. Each of TD, RBC, BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Scotia Capital Inc. are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks which are lenders under the Credit Facility. ATB Financial, an affiliate of ATB Capital Markets Inc., is also a lender under the Credit Facility. As at November 30, 2021, \$201.6 million was drawn on the Credit Facility, which is inclusive of the Deposit, and the Term Loan was undrawn. The Company is in compliance with all material terms of the agreements governing the Credit Facility and the Term Loan and has not been in default or otherwise in breach of such agreements since their relevant execution date. See “*Capitalization*” in this short form prospectus.

BMO Nesbitt Burns Inc. is the financial advisor to the Vendors in connection with the Acquisition and will receive a fee on its completion. The net proceeds of the Offering and draw downs under the Credit Facility and the Term Loan will be used to finance the Purchase Price and consequently, PrairieSky may be considered a “connected issuer” of each of TD, RBC, BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc. and ATB Capital Markets Inc. within the meaning of applicable Canadian securities legislation.

The decision to distribute the Common Shares and the determination of the terms of the distribution were made through negotiations between PrairieSky and TD and RBC on their own behalf and on behalf of the other Underwriters. As a consequence of this issuance, TD, RBC, BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc. and ATB Capital Markets Inc. will each receive its respective share of the commission payable to it, and the net proceeds of the Offering and draw downs under the Credit Facility and the Term Loan will be used to pay the Purchase Price. See “*Use of Proceeds*” in this short form prospectus.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of McCarthy Tétrault LLP, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, and subject to the provisions of any particular plan, provided that: (i) the Offered Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the TSX); or (ii) the Company qualifies as a “public corporation” (other than a “mortgage investment corporation”) for purposes of the Tax Act, the Offered Shares will, at the time of closing of the Offering, be a “qualified investment” under the Tax Act for a trust governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”) and tax-free savings accounts (“**TFSAs**”).

Notwithstanding that the Offered Shares may be a qualified investment, the “controlling individual” of an RRSP, RRIF, RESP, RDSP or TFSA will be subject to a penalty tax in respect of an Offered Share held in the RRSP, RRIF, RESP, RDSP or TFSA, as applicable, if the Offered Share is a “prohibited investment” under the Tax Act. An Offered Share will generally not be a “prohibited investment” provided: (i) the controlling individual deals at arm’s length with the Company for purposes of the Tax Act; and (ii) the controlling individual does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, an Offered Share will generally not be a “prohibited investment” if the Offered Share is “excluded property” as defined in the Tax Act for the purposes of the prohibited investment rules.  **Holders who may wish to hold their Offered Shares in a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP are advised to consult their own tax advisors regarding the “prohibited investment” rules having regard to their own particular circumstances.**

## **RISK FACTORS**

An investment in the Offered Shares is subject to various risks, including those risks inherent in the oil and natural gas industry in which Company operates. If any of these risks occur, the Company’s revenues and financial condition could be materially harmed, with a resulting decrease in dividends paid on, and the market price of, the Common Shares. **Prospective investors should carefully review and consider all information contained and incorporated by reference in this short form prospectus and in particular, the risk factors set forth below and under the heading “Risk Factors” in the AIF.**

### **Possible Failure to Complete the Acquisition**

The Company currently expects that the Acquisition will close on or about December 15, 2021. Closing of the Acquisition is subject to a number of customary closing conditions. The Acquisition may not close for a variety of reasons, including if the conditions to the closing of the Acquisition are not satisfied or waived, some of which are not within the control of the Company. In addition, even if the Acquisition closes, the Acquisition may not close on the terms or the timing currently expected. If the Acquisition does not close or if completed but the terms or timing are different than expected, it could have an adverse effect on the Company’s future plans and the Company would not realize its expected benefits from the Acquisition, including those set forth in this short form prospectus.

### **Use of Proceeds**

As set out under “*Use of Proceeds*”, the net proceeds of the Offering will be used to partially finance the Purchase Price. If the Acquisition is not completed, the net proceeds will be allocated towards repaying indebtedness, future acquisitions and for general corporate purposes. Although this allocation is based on the current expectations of PrairieSky’s management, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the Company’s discretion and there can be no assurance as of the date of this short form prospectus as to how those funds may be reallocated.

### **Failure to Realize Anticipated Benefits of the Acquisition**

The Company is proposing to complete the Acquisition to increase and diversify its portfolio of Royalty Properties and to create the opportunity to realize certain benefits including increased opportunities associated with a larger royalty and fee simple mineral title position, increased oil weighting, commodity price upside exposure, a future diversified group of royalty payors, economies of scale and tax savings. In order to achieve the benefits of the Acquisition, the Company will be dependent upon the ability of various operators to successfully operate and develop the Acquired Royalty Lands. The operators may not successfully operate and/or develop such assets or the assets may not perform as expected. Such events could result in the royalty production and revenue that the Company receives from the Acquisition being lower than anticipated. In addition, disputes between the Company and third-party operators could arise with respect to the allocation of production or revenue. If any of the foregoing events were to occur they may adversely affect the Company’s ability to achieve the anticipated benefits of the Acquisition.

### **Potential Undisclosed Liabilities Associated with the Acquired Assets**

In connection with the Acquisition, there may be liabilities that the Company failed to discover or was unable to quantify in the due diligence that the Company conducted prior to the execution of the Acquisition Agreement. The representations, warranties and indemnities contained in the Acquisition Agreement are limited and the Company's ability to seek remedies for breach of such provisions following completion of the Acquisition will be limited.

### **Credit Facility and Term Loan Risk; Increased Indebtedness**

There can be no assurance that the Term Loan or an increase to the credit capacity under the Credit Facility will be obtained in connection with the Acquisition. In the event the Term Loan is not obtained or the syndicate of lenders do not increase the Company's borrowing base limit under the Credit Facility in connection with the Acquisition, the Company may need to find additional sources of financing to complete the Acquisition. There can be no guarantee that the Company will be able to secure such additional financing or obtain it on satisfactory terms. If the Company is unable to obtain the Term Loan, an increase in its borrowing base limit under the Credit Facility or other sources of financing on satisfactory terms in connection with the Acquisition, it may not be able to complete the Acquisition which could have a material adverse effect on the business and financial and operating results of the Company and the value of the Common Shares.

The additional indebtedness that the Company will incur pursuant to the Term Loan and the Credit Facility will increase the amount of interest payable by the Company from time to time until such indebtedness is repaid, which will represent an increase in the Company's interest costs and a potential reduction in the Company's net income. The Term Loan must be repaid in full within two years of the initial funding thereunder. The Company may need to find additional sources of financing to repay any such additional indebtedness when it becomes due. There can be no guarantee that the Company will be able to obtain financing on terms acceptable to it or at all at such time.

### **Evaluation of Acquisitions**

Acquisitions of oil and natural gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Company's control. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although title reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Company's title to certain assets.

### **Additional Capital Requirements on the Acquired Royalty Lands**

The exploration, development, construction of facilities and ancillary matters related to oil and gas operations, and those in respect of the Acquired Royalty Lands specifically, require substantial capital and the Company expects the third-party operators or their successors will require additional financing to maintain and expand the operations on the Acquired Royalty Lands. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any parts of or all of the Acquired Royalty Lands or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on satisfactory terms. See also "*No Control over Operations on the Acquired Royalty Lands*" in this short form prospectus.

### **No Control over Operations on the Acquired Royalty Lands**

The Company has agreed to purchase the Acquired Royalty Lands which are directly correlated to the operational results of the existing various operations and projects, and future activities, on the Acquired Royalty Lands and the hydrocarbons and other industrial minerals produced therefrom. The Company is not directly involved in the working interest ownership or operation of the projects on the Acquired Royalty Lands. The working interest owners and operators of oil and gas leases and licenses will generally have the power to determine the manner in which the relevant properties subject to a royalty interest are exploited and developed, including decisions to expand, advance, continue, reduce, suspend or discontinue production from a property. The interests of the Company and the third-party operators of the Acquired Royalty Lands may not always be aligned. As a result, the royalty share of production and associated cash flows of the Company are dependent upon the activities of third-party operators as they relate to the Acquired Royalty Lands, which creates the risk that at any time any of the third-party operators may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit the operator's ability to continue operations and further develop the Acquired Royalty Lands. A third-party operator may decide to suspend or discontinue operations at any time, including if the costs to operate exceed the revenues from operations. The Company may not be entitled to any compensation if such operations are shut down, suspended or discontinued on a temporary or permanent basis. There can be no assurance that the production from the Acquired Royalty Lands will ultimately meet forecasts or targets. In addition, payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues. The payments pursuant to the Acquired Royalty Lands are calculated by the third-party operators based on reported production and calculations of the Company's payments are subject to, and dependent upon, the adequacy and accuracy of the third-party operators' production and accounting functions. Failure to receive payments under the Acquired Royalty Lands to which the Company is entitled may have a material adverse effect on the Company and the dividends declared and paid by the Company. In addition, the Company must rely on the accuracy and timeliness of the public disclosure and other information it receives from third-party operators, and uses such information, including production estimates, in its analyses, forecasts and assessments relating to its own business. If the information provided by third-party operators to the Company contains material inaccuracies or omissions, the Company's ability to accurately forecast or achieve its stated objectives may be materially impaired.

### **Other Risks relating to the Acquired Assets**

The risk factors set forth in the AIF relating to the royalty business and the Company's operations apply equally in respect of the Acquired Assets. See "*Risk Factors*" in the AIF.

### **LEGAL MATTERS**

Certain legal matters in connection with the Offering will be passed upon by McCarthy Tétrault LLP, on behalf of the Company, and by Blake, Cassels & Graydon LLP, on behalf of the Underwriters.

### **INTEREST OF EXPERTS**

As at the date hereof, the partners and associates of each of McCarthy Tétrault LLP, as a group, and Blake, Cassels & Graydon LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares, and such groups respectively each beneficially own, directly or indirectly, less than 1% of the outstanding securities of any associate or affiliate of the Company.

As at the date hereof, the principals of GLJ Ltd., independent qualified reserves evaluator to the Company, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

The Company's independent auditors, KPMG LLP, have confirmed that they are independent with respect to PrairieSky within the meaning of the relevant rules and related interpretation prescribed in the relevant professional bodies in Canada and any applicable legislation or regulations.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE COMPANY**

Dated: December 3, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**PRAIRIESKY ROYALTY LTD.**

By: (Signed) "*Andrew M. Phillips*"

Andrew M. Phillips  
President & Chief Executive Officer

By: (Signed) "*Pamela P. Kazeil*"

Pamela P. Kazeil  
Vice-President, Finance & Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

By: (Signed) "*James M. Estey*"

James M. Estey  
Director

By: (Signed) "*Sheldon B. Steeves*"

Sheldon B. Steeves  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: December 3, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**TD SECURITIES INC.**

By: (Signed) "*Alec W.G. Clark*"

**RBC DOMINION SECURITIES INC.**

By: (Signed) "*Chris Redgate*"

**BMO NESBITT BURNS INC.**

By: (Signed) "*Gregory Stadnyk*"

**CIBC WORLD MARKETS INC.**

By: (Signed) "*Michael Freeborn*"

**NATIONAL BANK  
FINANCIAL INC.**

By: (Signed)  
"*Chris Muldoon*"

**PETERS & CO.  
LIMITED**

By: (Signed)  
"*Cameron Plewes*"

**RAYMOND JAMES  
LTD.**

By: (Signed)  
"*Dion Degrand*"

**SCOTIA CAPITAL  
INC.**

By: (Signed)  
"*David Baboneau*"

**STIFEL NICOLAUS  
CANADA INC.**

By: (Signed)  
"*Nicholas J.  
Johnson*"

**CANACCORD GENUITY  
CORP.**

By: (Signed)  
"*Andrew D. Birkby*"

**EIGHT CAPITAL**

By: (Signed) "*Tony P. Loria*"

**IA PRIVATE WEALTH INC.**

By: (Signed)  
"*David Anderson*"

**ATB CAPITAL MARKETS INC.**

By: (Signed) "*Patrick Stables*"

**TUDOR, PICKERING, HOLT & CO.  
SECURITIES – CANADA, ULC**

By: (Signed) "*Derek Wheatley*"