



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

*FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON TUESDAY, APRIL 19, 2022*

**HIGH MARGINS**  
**ZERO CAPITAL**  
**CARBON NEUTRAL**



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# Notice of Annual General Meeting

TO BE HELD ON TUESDAY, APRIL 19, 2022

The annual general meeting (the "Meeting") of the shareholders of PrairieSky Royalty Ltd. ("PrairieSky" or the "Company") will be held via live audio webcast online at <https://virtual-meetings.tsxtrust.com/1287>, password "**prairie2022**" (case sensitive), on Tuesday, April 19, 2022 at 9:30 a.m. (MDT) to:



- **Receive and consider the audited financial statements** of the Company for the year ended December 31, 2021, together with the report of the auditors;
- **Elect nine (9) directors** of the Company;
- **Appoint the auditors** and authorize the directors to fix their remuneration as such;
- **Vote on our approach** to executive compensation; and
- **Transact such other business** as may properly be brought before the Meeting or any adjournment thereof.

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

Due to the continued public health impact of the COVID-19 pandemic, PrairieSky is again hosting its meeting in a virtual only format. The virtual only format will help mitigate health and safety risks to the community, employees, shareholders and other stakeholders. PrairieSky encourages all shareholders to virtually attend the Meeting. Registered shareholders and duly appointed proxyholders will be able to listen to the Meeting, ask questions and vote online, all in real time, provided they are connected to the Internet and properly follow the instructions contained on the website. Non-registered (beneficial) shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote at the Meeting or ask questions.

**Registered shareholders who are unable to virtually attend the Meeting are requested to complete, date and sign the enclosed form of proxy and return it to TSX Trust Company, Attention: Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1, or deliver it by fax to 1-416-595-9593 at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment or postponement thereof.**



Registered shareholders may also vote via the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com).

Votes by internet must be received by 9:30 a.m. (MDT) on Thursday, April 14, 2022 or at least 48 hours prior to the time of any adjournment or postponement of the Meeting, excluding Saturdays, Sundays and holidays. See the information circular and proxy statement for further instructions on internet voting. If a shareholder receives more than one form of proxy because such shareholder owns common shares of the Company ("Common Shares") registered in different names or addresses, each proxy form should be completed and returned.

Only shareholders of record at the close of business on February 28, 2022 will be entitled to vote at the Meeting, unless a shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of such Common Shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the Meeting.

DATED at Calgary, Alberta this 28th day of February, 2022.

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

*(signed) "Cameron Proctor"*

**Cameron Proctor** | Corporate Secretary

2021

# Annual Highlights

## Operational Highlights

**Record Royalty Production**  
Revenues totalling  
**\$291.8 Million**

Generated Funds from Operations of  
**\$273.4 Million**

Improved Operating Margin<sup>(1)</sup> to  
**92%**

Completed  
**\$987.1 Million**

in Royalty Acquisitions  
adding ~3.0 Million Royalty Acres

Expanded and extended Credit Facility and  
created a Sustainability-Linked Loan

**Capital Allocation**  
**\$93.2 Million**

returned to shareholders in 2021  
through dividends and buybacks

Excess funds from operations used  
to make accretive acquisitions

## Top Tier ESG Performance



Sustainability Yearbook  
Member 2022  
S&P Global

### Net Zero Scope 1 & 2 Emissions

**Ranked #1** by Sustainalytics for Global Oil and Gas Producers and #68 (top 0.5%) in Global Universe (February 7, 2022).

S&P Global CSA  
**Ranked in the 83rd percentile** and included in The Sustainability Yearbook 2022 for corporate sustainability excellence.

### 2021 ESG Reporting included:

- Issued annual Responsibility Report since 2017
- Issued second annual TCFD Report
- Third-party verification of key performance indicators



**AA rated** by MSCI, achieving “**Leader**” status.



**A- score** for CDP Climate Change in 2021, which is the leadership level.



2021 recipient of **Women Lead Here** recognition.

## Gender Diversity



Total Workforce  
**71%**



Executive Officers  
**33%**



Managers  
**83%**



Independent Board Members  
**38%**



<sup>(1)</sup> Operating margin is a non-GAAP measure. See page 62.

# Our Message to Shareholders

2021 was a remarkable year for our business. We executed on our business strategy and have improved our business today and into the future.



**PrairieSky achieved several important milestones and saw fundamental improvement across its royalty portfolio.**

2021 was a remarkable year for our business. On the heels of 2020, one of the toughest for our industry and many of the communities where we and our partners live and work, PrairieSky achieved several important milestones and saw fundamental improvement across its royalty portfolio. In addition to organic growth in production and funds from operations, including two dividend increases totalling 50% dividend growth in 2021, PrairieSky successfully expanded its business by acquiring approximately \$1 billion of complementary and strategic royalty and fee mineral title assets across Western Canada. Cumulatively, these acquisitions provide over 2.0 million acres of fee simple mineral title, with all the optionality that perpetual ownership provides, as well as over 0.9 million acres of gross overriding royalty interests, including incremental exploration and development acreage in the Clearwater, the lowest cost and fastest growing oil play in Western Canada. We believe these acquisitions will enhance PrairieSky's production and funds from operations growth for years to come.

For the first time in PrairieSky's history, we made the strategic decision to use leverage to finance acquisitions. We took advantage of the opportunity to use low-cost bank debt rather than dilutive equity as we expect to be able to repay this amount in the near term (over 24 months) by allocating excess funds from operations over and above our increased quarterly dividend. Consistent with our approach of incorporating environmental, social and governance ("ESG") considerations into all aspects of our business, we used the opportunity to expand and extend our credit facility to a sustainability-linked loan ("SLL"). ESG performance under the SLL is measured by an internationally recognized third-party ratings agency, Sustainalytics. Subsequent to year-end, we received notice that PrairieSky was rated as "negligible risk" and would receive the full pricing reduction related to ESG under the SLL.

Beyond our accretive acquisitions, it was a strong year for PrairieSky executing the other pillars of our strategy. PrairieSky received the early benefits of the improving commodity price environment in 2021, with strong cash flow generation along with increased third-party activity and organic production growth on our lands starting in the second half of 2021. We believe this industry momentum and commodity prices at or near multi-year highs provides a tailwind for PrairieSky heading into 2022 and beyond.

From a cost perspective, PrairieSky has always been focused on managing controllable costs. In 2021, we continued to hold our administrative expenses to \$2.79 per BOE, in line with 2020, despite incremental costs related to our biennial investor day, additional ESG analysis to advance our disclosure and costs to integrate records from acquisitions, including fully digitizing files. In January 2021, executive long-term incentive plan performance share awards vested and expired with a nil value due to poor total shareholder returns over the trailing three-year period which demonstrates the alignment of our compensation principles with shareholder returns. We believe the positive inflection in our business during 2021 and into 2022 will lead to positive shareholder returns and future long-term incentive outcomes which more closely mirror original grant values.

In 2021, we continued to advance our ESG disclosure including third-party assurance over additional metrics and our first climate-change scenario analysis in line with Task Force on Climate-Related Financial Disclosure (TCFD) frameworks. These advancements have positioned us as an ESG leader both in the Canadian oil and gas industry as well as the global community. We will continue to enhance our disclosure with evolving reporting requirements always considering the needs of our stakeholders.

In a year that started quite unpredictably, we executed on our business strategy and have improved our business today and into the future. Our employees continued to demonstrate their commitment to our business, and we want to thank them for their efforts as well as our shareholders for their continued support.

*(signed) "James Estey"*

*(signed) "Andrew Phillips"*

**James Estey**  
Chairman of the Board

**Andrew Phillips**  
President & Chief Executive Officer

# INFORMATION CIRCULAR AND PROXY STATEMENT FOR THE ANNUAL GENERAL MEETING

TO BE HELD ON TUESDAY, APRIL 19, 2022

## Proxies

### SOLICITATION OF PROXIES

This information circular and proxy statement is furnished in connection with the solicitation of proxies for use at the annual general meeting (the "**Meeting**") of the shareholders of PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") to be held **via live audio webcast online at <https://virtual-meetings.tsxtrust.com/1287>, password "prairie2022" (case sensitive)**, on Tuesday, April 19, 2022 at 9:30 a.m. (MDT), and at any adjournment thereof.

Due to the continued public health impact of the COVID-19 pandemic, PrairieSky is again hosting its meeting in a virtual only format. The virtual only format will help mitigate health and safety risks to the community, employees, shareholders and other stakeholders. PrairieSky encourages all shareholders to virtually attend the Meeting. Registered shareholders and duly appointed proxyholders will be able to listen to the Meeting, ask questions and vote online, all in real time, provided they are connected to the Internet and properly follow the instructions contained on the website. Non-registered (beneficial) shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote at the Meeting or ask questions.

Forms of proxy must be addressed to and received by TSX Trust Company (the "**Transfer Agent**"), Attention: Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1 or by fax to 1-416-595-9593 at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement thereof. Registered shareholders may also use the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com) to vote their common shares of PrairieSky ("**Common Shares**"). Shareholders will be prompted to enter the control number which is located on the form of proxy. Votes by internet must be received by 9:30 a.m. (MDT) on Thursday, April 14, 2022 or at least 48 hours prior to the time of any adjournment or postponement of the Meeting, excluding Saturdays, Sundays and holidays. The website may also be used to appoint a proxyholder to attend and vote at the Meeting on the shareholder's behalf and to convey a shareholder's voting instructions.

Only shareholders of record at the close of business on February 28, 2022 will be entitled to vote at the Meeting, unless a shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of such Common Shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the Meeting.

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

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

## ATTENDING AND PARTICIPATING AT THE MEETING

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Registered holders of Common Shares ("**Registered Shareholders**") and duly appointed proxyholders will be able to listen to the Meeting, ask questions and vote online, all in real time, provided they are connected to the Internet and comply with all of the requirements set out herein.

Beneficial Shareholders (as defined herein) who have not duly appointed themselves as proxyholders may still attend the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote at the Meeting.

- Go to <https://virtual-meetings.tsxtrust.com/1287> in your web browser. For details, refer to the "**Virtual Meeting Guide**" that was provided with the enclosed form of proxy or voting instruction form ("**VIF**").
- If you have voting rights (Registered Shareholders and duly appointed proxyholders), select "I have a Control Number" and follow the instructions.
- If you do not have voting rights (Beneficial Shareholders and guests), select "I am a Guest" and fill in the form. See "*Registration of a Proxyholder for Online Meeting Participation*" below if you are a Beneficial Shareholder who wishes to vote at the Meeting.

See "*Participating and Voting at the Meeting*" below for additional instructions on voting. The Company recommends that shareholders log in to the site at least thirty (30) minutes before the time of the Meeting. Shareholders will be able to log in to the site one hour before the time of the Meeting.

## LOGGING IN TO THE MEETING TO VOTE – REGISTERED SHAREHOLDERS AND DULY APPOINTED PROXYHOLDERS

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Registered Shareholders and duly appointed proxyholders, including Beneficial Shareholders who have duly appointed themselves as proxyholder, can participate, ask questions and vote, all in real time, during the Meeting by:

- Logging in online at <https://virtual-meetings.tsxtrust.com/1287>.  
**The Company recommends that shareholders log in at least thirty (30) minutes before the time of the Meeting. Shareholders will be able to log in to the site one hour before the time of the Meeting.**
- Clicking "I have a control number" and then entering your Control Number (see below) and Password "**prairie2022**" (case sensitive).

For more detailed instructions or if you have questions about the Meeting, refer to the "**Virtual Meeting Guide**" that was provided with the enclosed form of proxy or VIF.

For Registered Shareholders, the Control Number is located on the enclosed form of proxy or in the email notification received from the Transfer Agent. For duly appointed proxyholders, provided that the instructions provided in this information circular and proxy statement have been followed, the Transfer Agent will provide a Meeting-specific control number by e-mail after the proxy deposit deadline has passed.

## PARTICIPATING AND VOTING AT THE MEETING

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Attending the Meeting online gives shareholders an opportunity to hear directly from management and the board of directors of PrairieSky (the "**Board**"). Registered Shareholders and duly appointed proxyholders can participate, ask questions and vote online by following the instructions herein and in the "**Virtual Meeting Guide**" that was provided with the enclosed form of proxy or VIF.

Registered Shareholders who wish to participate and vote at the Meeting do not need to complete or return the enclosed form of proxy. A Control Number is located on the enclosed form of proxy and it may be used to login to the Meeting and vote at the Meeting by completing a ballot online during the Meeting. If a Registered Shareholder submits a form of proxy, they do not need to vote again at the Meeting as their vote will already be recorded. Registered Shareholders who submit proxies in advance of the Meeting can still attend the Meeting and not vote. If they do vote at the Meeting again, the online vote will revoke their previously submitted proxy. See "*Revocability of Proxy*" below.

Beneficial Shareholders who wish to attend the Meeting and vote by completing a ballot online during the Meeting must appoint themselves as their own proxyholders by following the instructions herein. See "*Registration of a Proxyholder for Online Meeting Participation*" and "*Advice to Beneficial Holders of Common Shares*" below.

## REGISTRATION OF A PROXYHOLDER FOR ONLINE MEETING PARTICIPATION

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The following applies to shareholders who wish to appoint someone as their proxyholder other than the management designees named in the form of proxy or VIF to attend the Meeting and vote on their behalf. This includes Beneficial Shareholders who wish to appoint themselves as proxyholder to attend and participate in the Meeting. Shareholders who wish to appoint someone other than the management designees as their proxyholder to attend and participate at the Meeting as their proxy and vote their Common Shares MUST submit their form of proxy or VIF, as applicable, appointing that person as proxyholder (see "*Solicitation of Proxies*" above and "*Advice to Beneficial Holders of Common Shares*" below) AND must register that proxyholder, as described below. **Registering a shareholder's proxyholder is an additional step to be completed AFTER such shareholder has submitted their form of proxy or VIF. Failure to register the proxyholder will result in the proxyholder not receiving the Meeting-specific control number from the Transfer Agent that is required in order to participate and vote at the Meeting.** If you are a Beneficial Shareholder and you wish to participate or vote at the Meeting, you must appoint yourself as proxyholder by inserting your own name in the space provided on the form of proxy or VIF sent to you by your broker or their nominee, and follow all of the applicable instructions provided by your intermediary AND you must also register yourself as your proxyholder, as described below. By doing so, you are instructing your broker or their nominee to appoint you as proxyholder. Beneficial Shareholders who have not appointed themselves as proxyholder (and registered as instructed below) cannot vote online during the Meeting as the Company and the Transfer Agent do not maintain the records for Beneficial Shareholders and we have no knowledge of your shareholdings or entitlement to vote unless you appoint yourself as proxyholder.

**Shareholders must register their proxyholder in advance of the Meeting. Before registering, you must first appoint your proxyholder (see above). To register a proxyholder, shareholders MUST contact [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) by no later than 9:30 a.m. (MDT) on Thursday, April 14, 2022 and provide the Transfer Agent with the required proxyholder contact information, so that the Transfer Agent may provide the proxyholder with a Meeting-specific control number via email. Without a Meeting-specific control number, proxyholders will not be able to attend and vote online at the Meeting.**

## ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

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

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

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you may virtually attend the Meeting as a proxyholder for the Registered Shareholder and vote your Common Shares in that capacity. If you wish to vote your Common Shares at the Meeting, you must do so as proxyholder for the Registered Shareholder. To do this, you should enter your own name in the blank space on the form of proxy or VIF provided to you and return the document to your broker or the agent of such broker in accordance with the instructions provided by such broker well in advance of the Meeting. It is important that the VIF or form of proxy be received by your broker or the agent sufficiently in advance of the Meeting to enable your broker or the agent to provide voting instructions on your behalf. See "*Registration of a Proxyholder for Online Meeting Participation*" above.

## NOTICE-AND-ACCESS

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

The Company has also elected to use procedures known as 'stratification' in relation to its use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access

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

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

## REVOCABILITY OF PROXY

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

## PERSONS MAKING THE SOLICITATION

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

## EXERCISE OF DISCRETION BY PROXY

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

## QUORUM FOR MEETING AND APPROVAL REQUIREMENTS

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

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

## **Request for Materials**

Beneficial Shareholders who wish to receive a paper copy of this information circular and proxy statement and/or the Financial Information should contact the Transfer Agent at the toll-free number 1-866-600-5869 or by email at [tsxtis@tmx.com](mailto:tsxtis@tmx.com) at any time up to and including the date of the Meeting or any adjournment thereof. In order to allow Beneficial Shareholders a reasonable time to receive paper copies of this information circular and proxy statement and related materials and to vote their Common Shares, any Beneficial Shareholders wishing to request paper copies as described above should ensure that such request is received by April 7, 2022. A Beneficial Shareholder may also use the toll-free number noted above to obtain additional information about the Notice-and-Access Provisions.

## **Voting Shares and Principal Holders Thereof**

PrairieSky is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at February 28, 2022, there were 238,802,700 Common Shares and no preferred shares issued and outstanding. As a holder of Common Shares, you are entitled to one vote for each Common Share owned.

Other than as set forth below, to the knowledge of the Company's directors and officers, as at February 28, 2022, no person or company beneficially owned or controlled, directly or indirectly, Common Shares entitled to more than 10% of the votes which may be cast at the Meeting.

<b>Registered Holder</b>	<b>Number of Common Shares<sup>(1)</sup></b>	<b>Percentage of Issued and Outstanding<sup>(2)</sup></b>
EdgePoint Investment Group Inc.	44,834,168	18.8%
RBC Global Asset Management Inc.	24,468,076	10.2%

Notes:

- (1) Information on the number of Common Shares beneficially owned or controlled, directly or indirectly, is based solely on filings on the Company's profiles at [www.sedar.com](http://www.sedar.com) or on the System for Electronic Disclosure by Insiders (SEDI) at [www.sedi.ca](http://www.sedi.ca).
- (2) The percentage of issued and outstanding Common Shares owned has been calculated as at February 28, 2022.

As at February 28, 2022, PrairieSky's directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control over 2,833,650 Common Shares or approximately 1.2% of the issued and outstanding Common Shares.

## Matters to be Acted Upon at the Meeting

### ELECTION OF DIRECTORS

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The Board has fixed the number of directors at nine (9) members. Management is soliciting proxies, in the enclosed form of proxy, for an ordinary resolution in favour of the election as directors of the nine (9) nominees set forth below:

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

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

### Voting for Election of Directors

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The election of the directors will be conducted by voting on each director individually. The individual voting results will be published by news release and available on [SEDAR](#) after the Meeting.

The Board has adopted a Policy on Directors' Voting Procedures (the "**majority voting policy**"), which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at an uncontested meeting of the shareholders, such nominee shall offer his or her resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Governance and Compensation Committee, a sub-committee of the Board as detailed below, will consider such offer and make a recommendation to the Board whether to accept it or not. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any Governance and Compensation Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days. See "*Nomination and Election of Directors – Majority Voting Policy*" at page 38 hereof.

### Biographies of the Directors

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The following information relating to the director nominees is based partly on the Company's records and partly on information received by PrairieSky from the nominees and sets forth the names, ages and cities of residence of the proposed nominees, their committee memberships, the date on which each became a director of the Company, the present occupations and brief biographies of such persons and the number of Common Shares owned, controlled or directed by each and the number of deferred share units ("**DSUs**") granted under the DSU Plan (as defined herein) for directors held as at February 28, 2022.

## James M. Estey

## Chair / Independent Director



Age: **69**  
Calgary, Alberta, Canada  
Director since: **April 11, 2014**

**Board & Committee Attendance in 2021**  
Board 5 of 5 meetings (100%)  
Governance & Compensation 3 of 3 meetings (100%)

### Common Shares Owned, Controlled or Directed<sup>(1)</sup>

- **1,260,577**
- DSUs**
- **131,076**

### Results 2021 of Annual Meeting of Shareholders

Votes in Favour: **192,407,208** (99.54%)  
Votes Against: **891,218** (0.46%)

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

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

### Public Company Directorships

- Gibson Energy Inc.

## Leanne Bellegarde, QC

## Independent Director



Age: **54**  
Saskatoon, Saskatchewan, Canada  
Director since: **June 9, 2021**

**Board & Committee Attendance in 2021**  
Board 3 of 3 meetings (100%)<sup>(2)</sup>

### Common Shares Owned, Controlled or Directed<sup>(1)</sup>

- -
- DSUs**
- **14,750**

### Results 2021 of Annual Meeting of Shareholders

Votes in Favour: **N/A**  
Votes Against: **N/A**

Ms. Bellegarde is currently the President of Akawe Technologies Inc., a technology company focused on supporting Canadian entrepreneurs and indigenous groups, and a member of the Board of Governors at the University of Regina. Ms. Bellegarde has extensive business and executive experience in senior roles with Potash Corp., Nutrien Ltd. and the Saskatchewan Indian Gaming Authority. Ms. Bellegarde is also the former General Counsel to the Federation of Saskatchewan Indian Nations, and a former director of SaskEnergy, Sustainable Development Technologies Canada as well as several other private businesses and not-for-profit and community organizations. Ms. Bellegarde holds a Bachelor of Laws degree from the University of Saskatchewan, was appointed Queen's Counsel in 2017 and was the recipient of the Diamond Jubilee Medal in 2012.

Ms. Bellegarde currently sits on the board of directors of the Saskatchewan Research Council and several private business enterprises. Ms. Bellegarde is also a member of the Indigenous Advisory Council for Canadian National Railway Company. Ms. Bellegarde is from Treaty 4 Territory in south Saskatchewan and is a proud member of the Peepeekisis Cree Nation.

### Public Company Directorships

- N/A

## P. Jane Gavan

## Independent Director



Age: **62**  
Toronto, Ontario, Canada  
Director since: **May 18, 2019**

Common Shares Owned, Controlled or Directed<sup>(1)</sup>

- **9,700**

DSUs

- **43,179**

**Board & Committee Attendance in 2021**  
Board 5 of 5 meetings (100%)  
Audit 4 of 4 meetings (100%)

**Results of 2021 Annual Meeting of Shareholders**  
Votes in Favour: **185,617,053** (96.03%)  
Votes Against: **7,681,373** (3.97%)

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

Ms. Gavan currently sits on the board of directors of Colliers International, Dream Unlimited Corp. and Dream Office REIT, all of which are listed on the TSX. Ms. Gavan is also on the Patron's Council for Community Living Toronto.

### Public Company Directorships

- Colliers International
- Dream Unlimited Corp.
- Dream Office REIT

## Margaret A. McKenzie

## Independent Director



Age: **60**  
Calgary, Alberta, Canada  
Director since: **December 19, 2014**

Common Shares Owned, Controlled or Directed<sup>(1)</sup>

- **262,720**

DSUs

- **43,299**

**Board & Committee Attendance in 2021**  
Board 5 of 5 meetings (100%)  
Audit 4 of 4 meetings (100%)

**Results 2021 of Annual Meeting of Shareholders**  
Votes in Favour: **193,096,956** (99.90%)  
Votes Against: **201,470** (0.10%)

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

Ms. McKenzie is a director of Canadian National Railway Company (a TSX and New York Stock Exchange ("NYSE") listed North American transportation and logistics company) and Spur Petroleum Ltd., a private oil and natural gas company.

### Public Company Directorships

- Canadian National Railway Company

## Andrew M. Phillips

## President & Chief Executive Officer / Non-Independent Director



Age: **44**  
Calgary, Alberta, Canada  
Director since: **April 11, 2014**

Common Shares Owned, Controlled or Directed<sup>(1)</sup>

- **764,965**

DSUs<sup>(3)</sup>

- -

**Board & Committee Attendance in 2021**  
Board 5 of 5 meetings (100%)<sup>(4)</sup>

**Results of 2021 Annual Meeting of Shareholders**  
Votes in Favour: **193,268,138** (99.98%)  
Votes Against: **30,288** (0.02%)

Mr. Phillips is the President and Chief Executive Officer of the Company ("CEO") and has over 20 years of experience in the oil and natural gas industry in the areas of exploration, geology, business development, asset evaluation and executive management. Prior to his appointment as President and CEO of the Company, Mr. Phillips was the President and Chief Executive Officer and a director of Home Quarter Resources Ltd., a private oil and natural gas company founded by Mr. Phillips in 2010 with producing properties and royalty interests in southwest Saskatchewan and Alberta. Home Quarter Resources Ltd. was successfully divested to a public oil and natural gas company in 2014. Prior thereto, Mr. Phillips was the Vice President, Exploration at Evolve Exploration Ltd., a private junior oil and natural gas company with assets in Western Canada, and an Exploration Geologist at Profico Energy Management Ltd. and at Renaissance Energy Ltd., both of which were Canadian oil and natural gas exploration companies. Mr. Phillips holds a Bachelor of Science, Geology degree from the University of Calgary and is a member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Phillips is a member of the board of directors of the Alberta Children's Hospital Foundation.

### Public Company Directorships

- N/A

## Robert E. Robotti

## Independent Director



Age: **68**  
New York, New York, USA  
Director since: **October 3, 2019**

Common Shares Owned, Controlled or Directed<sup>(1)</sup>

- **170,808**

DSUs

- **40,820**

**Board & Committee Attendance in 2021**  
Board 5 of 5 meetings (100%)  
Reserves 2 of 2 meetings (100%)

**Results of 2021 Annual Meeting of Shareholders**  
Votes in Favour: **192,016,990** (99.34%)  
Votes Against: **1,281,436** (0.66%)

Mr. Robotti is the founder and Chief Investment Officer of Robotti & Company Advisors, LLC, a U.S. registered investment adviser. Mr. Robotti is also currently Chair of Pulse Seismic Inc., a TSX-listed issuer which provides the leading seismic data library to the Western Canadian energy industry. Mr. Robotti is also a director of AMREP Corporation, a NYSE-listed real estate business focused in New Mexico and Tidewater Inc., a NYSE-listed owner and operator of offshore support vessels which provide offshore energy transportation services. Mr. Robotti received his Bachelor of Science in Business Administration from Bucknell University (Pennsylvania) in 1975 followed by an MBA in Accounting from Pace University (New York). Mr. Robotti is a member of the CFA Society New York.

### Public Company Directorships

- AMREP Corporation
- Pulse Seismic Inc.
- Tidewater Inc.

## Myron M. Stadnyk

## Independent Director



Age: **59**  
Calgary, Alberta, Canada  
Director since: **June 18, 2018**

**Board & Committee Attendance in 2021**  
Board 5 of 5 meetings (100%)  
Governance and Compensation 3 of 3 meetings (100%)  
Reserves 2 of 2 meetings (100%)

**Common Shares Owned, Controlled or Directed<sup>(1)</sup>**  
• **25,000**  
**DSUs**  
• **52,639**

**Results of 2021 Annual Meeting of Shareholders**  
Votes in Favour: **186,573,658** (96.52%)  
Votes Against: **6,724,768** (3.48%)

Mr. Stadnyk's principal occupation is as a Corporate Director. Mr. Stadnyk has over 35 years of domestic and international oil and gas experience and is the former President and Chief Executive Officer and a Director of ARC Resources Ltd., a position Mr. Stadnyk held from 2013 until his retirement in 2020. Mr. Stadnyk holds a Bachelor of Science in Mechanical Engineering from the University of Saskatchewan and is a graduate of the Harvard Business School Advanced Management Program. He is a professional engineer and a member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Stadnyk currently serves on the Board of Directors of Crescent Point Energy Corp., a TSX-listed oil and natural gas company, is the Chair of the University of Saskatchewan Engineering Advancement Trust and is a former Governor of the Canadian Association of Petroleum Producers.

### Public Company Directorships

- Crescent Point Energy Corp.

## Sheldon B. Steeves

## Independent Director



Age: **68**  
Calgary, Alberta, Canada  
Director since: **April 11, 2014**

**Board & Committee Attendance in 2021**  
Board 5 of 5 meetings (100%)  
Audit 4 of 4 meetings (100%)  
Governance and Compensation 3 of 3 meetings (100%)  
Reserves 2 of 2 meetings (100%)

**Common Shares Owned, Controlled or Directed<sup>(1)</sup>**  
• **28,000**  
**DSUs**  
• **53,243**

**Results of 2021 Annual Meeting of Shareholders**  
Votes in Favour: **192,431,705** (99.55%)  
Votes Against: **866,721** (0.45%)

Mr. Steeves' principal occupation is as a Corporate Director. Mr. Steeves is a director of Enerplus Corporation and NuVista Energy Ltd., each of which is an oil and natural gas company listed on the TSX. From January 2001 until April 2012, Mr. Steeves was Chairman and Chief Executive Officer of Echoex Ltd., a private junior oil and natural gas company, and spent over 15 years at Renaissance Energy Ltd., a Canadian oil and natural gas exploration company, where he was appointed Chief Operating Officer & Executive Vice President in 1997. Mr. Steeves holds a Bachelor of Science degree in Geology from the University of Calgary and is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Canadian Society of Petroleum Geologists and the American Association of Petroleum Geologists.

### Public Company Directorships

- Enerplus Corporation
- NuVista Energy Ltd.

## Grant A. Zawalsky

## Independent Director



Age: **62**  
Calgary, Alberta, Canada  
Director since: **December 19, 2014**

**Board & Committee Attendance in 2021**  
Board 5 of 5 meetings (100%)  
Reserves 2 of 2 meetings (100%)

**Common Shares Owned, Controlled or Directed<sup>(1)</sup>**  
• **104,172**  
**DSUs**  
• **58,334**

**Results of 2021 Annual Meeting of Shareholders**  
Votes in Favour: **168,222,662** (87.03%)  
Votes Against: **25,075,764** (12.97%)

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

Mr. Zawalsky is an experienced director and currently sits on the board of directors of NuVista Energy Ltd. and Whitecap Resources Inc., each of which is a TSX-listed oil and natural gas company, as well as Spur Petroleum Ltd., a private oil and natural gas company.

### Public Company Directorships

- NuVista Energy Ltd.
- Whitecap Resources Inc.

### Notes:

- (1) The information as to Common Shares beneficially owned, directly or indirectly, is based upon information furnished to PrairieSky by the nominees.
- (2) Ms. Bellegarde was appointed to the Board on June 9, 2021 and attended 3/3 (100%) of the Board meetings since that time and prior to December 31, 2021.
- (3) As at February 28, 2022, Mr. Phillips holds an aggregate of 460,868 PSUs, 496,925 Options and 133,309 ODSUs (each as defined herein) which have been granted to him in his capacity as an officer of the Company. See "*Compensation Discussion and Analysis - Executive Compensation*" herein.
- (4) Mr. Phillips was invited to and attended all Audit Committee, Reserves Committee and Governance and Compensation Committee meetings during 2021.

### Additional Disclosure Relating to Proposed Directors

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

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

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

May 30, 2016. Ms. McKenzie resigned as a director of Endurance on March 31, 2016 and Mr. Zawalsky resigned as a director on November 1, 2016.

Mr. Grant Zawalsky was a director of Zargon Oil and Gas Ltd. ("**Zargon**"), a corporation engaged in the exploration and production of oil and natural gas. Zargon filed for creditor protection under the *Bankruptcy and Insolvency Act* ("**BIA**") on September 8, 2020. Mr. Zawalsky resigned as a director on September 8, 2020 concurrent with Zargon filing the Notice of Intention to make a Proposal under the BIA.

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

The term of office of each director nominee will be from the date of the Meeting until the next annual meeting of shareholders or until his or her successor is elected or appointed. **At the 2021 annual general meeting of shareholders, each of the directors (other than Ms. Bellegarde who was appointed to the Board following the 2021 annual general meeting) were elected with votes in favour ranging from 87.03% to 99.98% of Common Shares voted.**

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

#### APPOINTMENT OF AUDITORS

Management is soliciting proxies, in the enclosed form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Professional Accountants, as auditors of the Company, to hold office until the next annual meeting of shareholders and to authorize the Board to fix their remuneration as such. KPMG LLP has been the Company's auditor since November 2014. **At the 2021 annual general meeting of shareholders, this resolution passed with 194,193,261 Common Shares voted in favour (99.98% of Common Shares voted at the meeting).**

See the Company's annual information form for the year ended December 31, 2021 and dated February 7, 2022 (the "**AIF**") on page 95 for additional information regarding the fees paid to our external auditors in 2021 and 2020.

On February 7, 2022 the Audit Committee conducted an annual review of the auditor, which was subsequently reviewed with the Board. Following this review, each of the Board and the Audit Committee unanimously resolved to reconfirm KPMG LLP as auditors of PrairieSky and recommend their appointment to shareholders. The Audit Committee last completed a comprehensive five-year audit quality review in February 2019.

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

#### ADVISORY VOTE ON EXECUTIVE COMPENSATION

The underlying principle for executive pay at the Company is "pay-for-performance". We believe that this philosophy achieves the goal of attracting, retaining and motivating employees at all levels, while encouraging behavior that results in the Company's growth and creation of long-term shareholder value. A detailed discussion of our executive compensation program is provided in the "*Compensation Discussion*

*and Analysis*" section of this information circular and proxy statement. Throughout 2019 and in early 2020, the Board (through the Board Chair) and management engaged with shareholders regarding the Company's executive compensation program, and specifically with reference to the 2019 "Say on Pay" vote, which engagement culminated in several changes to the executive compensation program for 2020 and resulted in a significant improvement in the 2020 "Say on Pay" vote (98.55% of Common Shares voted in favour at the meeting in 2020 compared to 78.29% in 2019). In 2021, the votes in favour of the "Say on Pay" vote remained high at 93.25% of the Common Shares voted in favour. See "*Compensation Discussion and Analysis - Letter of Introduction - Board Chair and Governance and Compensation Committee Chair*" for a further description of changes to the executive compensation program over the last several years and other relevant information.

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

**"Be it resolved that on an advisory basis and not to diminish the role and responsibilities of the board of directors of PrairieSky Royalty Ltd., that the shareholders accept the approach to executive compensation disclosed in the information circular and proxy statement delivered in advance of the 2022 annual general meeting of shareholders of PrairieSky Royalty Ltd."**

As this is an advisory vote, the results will not be binding upon the Board. However, the Board will consider the outcome of the vote as part of its ongoing review of executive compensation. The Board believes that it is essential for the shareholders to be well informed of the Company's approach to executive compensation and considers this advisory vote to be an important part of the ongoing process of engagement between the shareholders and the Board. **At the 2021 annual general meeting of shareholders, this resolution passed with 180,247,489 Common Shares voted in favour (93.25% of Common Shares voted at the meeting).**

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

## **Statement of Corporate Governance Practices**

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

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

## THE BOARD

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

Our Board mandate requires that the Board must hold in-camera meetings regularly, without non-independent directors, officers or other management team members present. Both the Board, as well as all Board committees, meet in-camera and independent of management at every meeting, generally immediately following regularly scheduled Board meetings and committee meetings or prior to passing resolutions proposed at such meetings. The chairs of the Board and the Board committees follow up with the CEO as necessary with respect to matters requiring management action that are raised at these in-camera meetings. The Board also excuses members of management and any non-independent directors from portions of any meeting at which a potential conflict arises or where otherwise appropriate. In 2021, five (5) Board meetings were called and the independent directors met in camera at or following each meeting. The Board also held several update calls and meetings with management which were not formally constituted as Board meetings.

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

The Board, through review and approval by the Board Chair and the Governance and Compensation Committee, limits the number of other director positions a PrairieSky director may hold. These limits align with the limits prescribed by leading proxy voting advisory organizations and may vary depending on whether the PrairieSky director is also an executive of a reporting issuer. The limits on the number of reporting issuer director positions is lower for a director who is also an executive of a reporting issuer. The directors of the Company who are also directors of other reporting issuers (or the equivalent) are as follows:

Director	Other Directorships	Stock Exchange Listing
James M. Estey	Gibson Energy Inc.	TSX
P. Jane Gavan	Colliers International Dream Unlimited Corp. Dream Office REIT	TSX TSX TSX
Margaret A. McKenzie	Canadian National Railway Company	TSX, NYSE
Robert E. Robotti	AMREP Corporation Pulse Seismic Inc. Tidewater Inc.	NYSE TSX NYSE
Myron M. Stadnyk	Crescent Point Energy Corp.	TSX, NYSE
Sheldon B. Steeves	Enerplus Corporation NuVista Energy Ltd.	TSX, NYSE TSX
Grant A. Zawalsky	NuVista Energy Ltd. Whitecap Resources Inc.	TSX TSX

## MEETING ATTENDANCE

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

During 2021, Board and committee meetings attendance was 100% for non-management directors as outlined below. Mr. Phillips is a management director and is not a member of any committees; however, he was invited to and attended all such committee meetings during 2021.

Director <sup>(1)</sup>	Board Meeting Attendance	Audit Committee Attendance	Governance & Compensation Committee Attendance	Reserves Committee Attendance	Total Board and Committee Meeting Attendance
James M. Estey	5 of 5	-( <sup>2</sup> )	3 of 3	-( <sup>2</sup> )	8 of 8
Leanne Bellegarde, QC <sup>(3)</sup>	3 of 3	-( <sup>2</sup> )	-( <sup>4</sup> )	-( <sup>2</sup> )	3 of 3
P. Jane Gavan	5 of 5	4 of 4	-( <sup>4</sup> )	-( <sup>2</sup> )	9 of 9
Margaret A. McKenzie	5 of 5	4 of 4	-( <sup>4</sup> )	-( <sup>2</sup> )	9 of 9
Robert E. Robotti	5 of 5	-( <sup>2</sup> )	-( <sup>4</sup> )	2 of 2	7 of 7
Myron M. Stadnyk	5 of 5	-( <sup>2</sup> )	3 of 3	2 of 2	10 of 10
Sheldon B. Steeves	5 of 5	4 of 4	3 of 3	2 of 2	14 of 14
Grant A. Zawalsky	5 of 5	-( <sup>2</sup> )	-( <sup>4</sup> )	2 of 2	7 of 7

Notes:

- (1) Does not include Mr. Phillips who is a management director. Mr. Phillips was invited to and attended all Board, Audit Committee, Reserves Committee and Governance and Compensation Committee meetings during 2021.
- (2) Mr. Estey was invited to and attended 2 of 2 (100%) Reserves Committee meetings and 4 of 4 (100%) Audit Committee meetings held during 2021. Ms. Bellegarde was invited to and attended 1 of 1 (100%) Reserves Committee meetings and 2 of 2 (100%) Audit Committee meetings held during 2021 and after her appointment on June 9, 2021. Ms. Gavan was invited to and attended 2 of 2 (100%) Reserves Committee meetings held during 2021. Mr. Robotti was invited to and attended 4 of 4 (100%) Audit Committee meetings held during 2021. Mr. Stadnyk was invited to and attended 4 of 4 (100%) Audit Committee meetings held during 2021. Mr. Zawalsky was invited to and attended 4 of 4 (100%) Audit Committee meetings held during 2021. All PrairieSky directors are financially literate within the meaning of NI 52-110.
- (3) Ms. Bellegarde was appointed to the Board on June 9, 2021 and attended all meetings from that date to December 31, 2021.
- (4) The Governance and Compensation Committee meetings are typically held independently from the balance of the Board, with the Chair of the committee providing the materials and a comprehensive report to the balance of the Board following each meeting.

## INTERLOCKING BOARDS

The Board's mandate does not specifically prohibit interlocking board positions. The Board prefers to examine each situation on its own merits with a view to examine material relationships which may affect independence. The interlocking board memberships among our directors as at February 28, 2022 are outlined below.

Company		
NuVista Energy Ltd.	Grant A. Zawalsky	Director
	Sheldon B. Steeves	Director

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

## BOARD MANDATE

PrairieSky's governance practices are designed to align the interests of the Board and management with those of our shareholders, to promote a culture of responsible and ethical behaviour and to facilitate effective risk management. The primary responsibility of the Board is to appoint competent management and to oversee the management of the business and affairs of the Company with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal controls. The Board is also responsible for monitoring the effectiveness of corporate objectives directed at benefitting all stakeholders and ensuring the long-term sustainability of the Company, which specifically includes overseeing and monitoring the Company's

environmental, social, governance and health and safety matters as well as corporate social responsibility initiatives. The Board has exclusive power, control and authority over the property and affairs of the Company. Subject to the provisions of the *Business Corporations Act* (Alberta), the Board may delegate certain of those powers and authority that the directors of the Company, or independent directors, as applicable, deem necessary or desirable to affect the actual administration of the duties of the Board. The directors of the Company have certain responsibilities as more particularly described in the Board of Directors' Mandate, a copy of which is attached as Appendix "A" to this information circular and proxy statement.

## POSITION DESCRIPTIONS

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

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

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

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

## ORIENTATION AND CONTINUING EDUCATION

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The orientation and continuing education of the directors of the Company is the responsibility of the Governance and Compensation Committee. The details of the orientation of new directors is tailored to the needs and areas of expertise of the applicable director and include the delivery of written materials and participation in meetings with management and directors. The focus of the orientation program is on providing new directors with: (i) information about the duties and obligations of directors; (ii) information about the Company's strategy and business, including capital allocation and corporate responsibility; (iii) the expectations of directors; (iv) opportunities to meet with management and any other senior employees or consultants designated for this purpose; (v) details on the Company's commitment to sustainability and its environmental, social and governance initiatives and reporting; and (vi) access to documents from recent meetings of the Board as well as the resource centre within the Board information portal. Ms. Bellegarde was onboarded during 2021.

The current directors of the Company were chosen for their specific level of knowledge, perspective and expertise. All directors are provided with materials relating to their duties, roles and responsibilities. To date, all Board members have been provided with a copy of the written mandate and guidelines for the Board and each of its committees, respectively, and a copy of the Board's approved policies relating to, among other things, the business conduct and ethics of directors, diversity and fair dealing, conflict management

and approval levels, officers and employees, auditor independence, employee complaint procedures for accounting controls and auditing matters and confidentiality, fair disclosure and trading in securities. Board members have also been provided with a copy of each committee's planning schedules/work plans, as applicable. New Board members are provided with these materials as part of their orientation.

The Board receives, on a regular basis, materials of interest including analyst and industry reports from the Chair of the Board and the Named Executive Officers (as defined herein under "*Compensation Discussion and Analysis – Executive Compensation*"). In addition, directors are kept informed as to matters impacting, or which may impact, the business of the Company through reports and presentations by internal and external presenters at meetings of the Board and during periodic strategy sessions held by the Board.

The Board typically schedules quarterly dinners at which various topics are discussed, such as industry trends, technical updates, strategic opportunities, corporate goals and strategies, board composition and diversity, corporate, social and environmental responsibility, capital allocation, executive compensation, and succession planning matters. Employees of the Company are often invited and attend the Board dinners to encourage sharing of information and ideas, as well as to foster the Company's focus on a corporate culture of inclusiveness. From time to time, the Board invites an external expert to present on topics of interest at such dinners or at Board or committee meetings. During 2021, Board get togethers and engagement sessions were primarily held in virtual formats due to the ongoing COVID-19 pandemic while keeping the same concept.

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

During 2021, in addition to management presentations on such matters as enterprise risk management, compensation policies and strategies, climate change and low carbon transition opportunities, government and industry support programs related to COVID-19, the Company's operations and, performance and management thereof, sustainability, evolving energy markets, capital markets, analyst and other reports, corporate performance reviews and acquisition strategies, presentations from management and outside advisors/experts/third parties were provided to directors at the following events:

Topic by Category	Date	Location	Host
<b>Conferences</b>			
Peters & Co Ltd. 2021 Winter Energy Conference	2021-01	Virtual	Peters & Co. Ltd.
ATB Annual Institutional Investor Conference	2021-01	Virtual	ATB
CIBC Western Institutional Investor Conference	2021-01	Virtual	CIBC
Royalty Panel Discussion	2021-04	Virtual	Scotiabank CAPP Energy Symposium
Global Energy, Power & Infrastructure Conference	2021-06	Virtual	RBC Capital Markets
TD Securities 2021 Energy Conference	2021-07	Virtual	TD Securities
Peters & Co. Limited 2021 Energy Conference	2021-09	Virtual	Peters & Co. Ltd.
Tudor, Pickering, Holt & Co. 2021 Spraberry to Mayberry: Natural Gas Virtual Conference	2021-09	Virtual	Tudor, Pickering, Holt & Co.
CIBC Sustainability Conference	2021-09	Virtual	CIBC

NBF Hydrogen and CCUS Conference	2021-12	Virtual	National Bank
<b>Environmental, Social and Governance</b>			
Renewables/Sustainability/ ESG Economics	2021-01	Virtual	ATB
ESG 101	2021-02	Virtual	Judy Cotte/Gibson Energy
Global Environmental, Social and Governance Conference	2021-02	Virtual	RBC Capital Markets
Carbon Capture	2021-02	Virtual	CIBC
ESG Amid a Pandemic	2021-03	Virtual	Scotiabank
Technological Innovation; Lowering GHG intensity and Improving Sustainability – Panel Discussion	2021-04	Virtual	Scotiabank CAPP Energy Symposium
Scotiabank ESG Conference and Sustainability Summit	2021-05	Virtual	Scotiabank
ESG Update	2021-06	Virtual	Scotiabank
On the Road to COP 26	2021-09	Virtual	CIBC Sustainability Conference
JP Morgan Sustainability Investment Summit	2021-10	Virtual	JPMorgan
ESG Lunch and Learn	2021-12	Virtual	Modern West
<b>Industry Updates and Energy Transition</b>			
Perspectives on Energy Transition	2021-01	Virtual	JPMorgan
Industry Discussion	2021-03	Virtual	RBC Capital Markets
Hydrogen Deep Dive	2021-03	Virtual	Goldman Sachs
US Shale	2021-03	Virtual	JPMorgan
Electric Vehicles	2021-03	Virtual	Tudor, Pickering, Holt & Co.
Carbon Capture and Hydrogen	2021-03	Virtual	CIBC
Hydrogen Fuels	2021-03	Virtual	Tudor, Pickering, Holt & Co. Board Series
Canadian Regulatory System	2021-04	Virtual	Osler LLP
LNG/Gas Outlook to 2030	2021-04	Virtual	JP Morgan/Oxford Institute Energy Studies
Hydrogen Perspectives	2021-05	Virtual	McKinsey
Carbon Capture Technology	2021-05	Virtual	ATB
Banking on Carbon Capture and Sequestration	2021-06 to 2021-10	Virtual	Tudor, Pickering, Holt & Co. Board Series
Potential Challenges to the Renewable Diesel Boom	2021-08	Virtual	Scotiabank
Leading Edge Technologies for Offshore Drilling, Exploration, Production and Environmental Protection	2021-08	Houston	AAPG, SEG, SPE, et al
Oil & Gas 101 Fundamentals & Markets	2021-08 to 2021-09 (3 sessions)	Virtual	Don Di Benedetto
Central Alberta Field Operations Tour	2021-10	Field tour	PrairieSky Royalty Ltd.
European Oil and Gas	2021-11	Virtual	JPMorgan
Renewable Fuels	2021-11	Virtual	Tudor, Pickering, Holt & Co. Board Series
<b>Global Markets</b>			
Vanguard Asset Management Fireside Chat	2021-03	Virtual	Vanguard Asset Management
Markets and Investment Strategy	2021-03	Virtual	JPMorgan
Rise of Sustainable Investing	2021-06	Virtual	CIBC
Market Update – Avery Shenfield	2021-06	Virtual	CIBC
<b>Board Education</b>			
Respect in Workplace	2021-01	Virtual	Respect Group
Directors' Workshop	2021-05	Virtual	Safety and Risk Management, Pilko and Associates

DEI Leadership Training	2021-05 to 2021-11 (5 sessions)	Virtual	Kathleen B. Nalty
Hugessen 2021 Proxy Season Review	2021-06	Virtual	Hugessen Consulting
Cyberattacks	2021-07	Virtual	McKinsey
Governance Forum	2021-09	Virtual	Safety and Risk Management, Pilko and Associates
What Election Results Mean for Your Business	2021-09	Virtual	KPMG with Navigator
Atlantic 2030 – Future Economy	2021-09	Virtual	ICD
Women on the Move Leadership Day	2021-10	Virtual	JPMorgan
Intellectual Property Seminars	2021-10	Virtual	VentureLabs
Directors' Workshop	2021-10	Virtual	Safety and Risk Management, Pilko and Associates
Virtual Trade Mission to Australia & New Zealand – various sessions on trade relations, business protocols, procurement, financing, export and import regulations and officials	2021-11 to 2021-12	Virtual	Asia Pacific Foundation
The Macro, Metric and Money in Food to Fuel	2021-11	Virtual	Tudor, Pickering, Holt & Co. Board Series
Cybersecurity Overview	2021-11	Virtual	Tudor Pickering, Holt & Co.
Strategic Planning Approaches	2021-12	Virtual	University of Regina Board of Governors

The foregoing list is not exhaustive. During widespread restrictions on travel, gatherings and also work from home protocols, directors engaged in multiple on-line conferences, seminars, podcasts and other educational venues which, due to the extensive nature thereof, are not listed in their entirety. The foregoing list is a subset meant to cover certain events and topics which the directors emphasized given their educational value or the current importance of the topics that were discussed.

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

## DIRECTOR TERM LIMITS

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

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

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

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

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

## DIVERSITY AND INCLUSION

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The Company maintains an inclusive work environment and diverse workforce that is focused on respect, integrity and inclusion. PrairieSky is committed to maintaining an inclusive work environment that is focused on providing advancement opportunities to persons of all genders, ethnicities and orientations, based on merit and recognizes the value of a diverse and inclusive environment, as it enables broader exchanges of perspectives and enriches discussions at all levels of the business.

The Company currently has three female directors (38% of the independent directors) and one female executive officer (33% of the executive officers). Of the Company's Named Executive Officers for 2021, 40% are women. Of the Company's employees, 71% are women and of the Company's managers, 83% are women including our Controller who is also included as a Named Executive Officer.

### Board Diversity

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The Board has adopted the Board Diversity Policy that recognizes the beneficial impact of diversity on decision-making and overall Board performance. The Board Diversity Policy formally recognizes that the nomination and appointment of candidates with multiple perspectives, knowledge, skills, expertise, education, industry experience and personal characteristics such as age, gender, ethnicity and other distinctions will contribute to the continued success of the Company. The Board Diversity Policy sets out the framework for PrairieSky's approach to Board diversity and outlines the key criteria for the composition of the Board to promote the Company's commitment to diversity and inclusion. Initially, the Board Diversity Policy included an aspirational target to have a Board composition in which at least twenty-five percent (25%) of its directors are women by 2022. The Company achieved this target following the appointment of Ms. Gavan in May 2019. In early 2021, the Governance and Compensation Committee and the Board approved certain amendments to the Board Diversity Policy including committing to a "Board Gender Diversity Target" to increase the Board composition to achieve at least thirty percent (30%) women directors by 2025. The Company achieved this target following the appointment of Ms. Bellegarde in June 2021. There is currently no plan to increase the size of the Board beyond the existing eight (8) independent directors. However, in line with the Board Diversity Policy, the Board will give significant consideration to fulfilling its diversity targets, and specifically adding female candidates who otherwise bring complementary skills to the Board, in the event of an earlier planned or unplanned retirement.

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

In considering suitable candidates for appointment or re-election to the Board, or whether to accept the deemed resignation of a director pursuant to the Board Renewal Policy, the Governance and Compensation Committee shall: (i) consider all aspects of diversity including, but not limited to, those described above, in order to enable the Governance and Compensation Committee to discharge its duties and responsibilities effectively; (ii) assess the skills and backgrounds collectively represented on the Board to ensure that they

reflect the diverse nature of the business environment in which PrairieSky operates; (iii) consider candidates on merit against objective criteria having due regard to the benefits of diversity on the Board; and (iv) engage, as deemed necessary, qualified independent external advisors to identify and assess candidates that meet the Board's skills and diversity criteria.

In addition, when identifying potential candidates for appointment to the Board in order to achieve the Board diversity target, the Governance and Compensation Committee shall: consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board; maintain an "evergreen" list of potential candidates for election to the Board, which list would include parity between men and women candidates from a broad range of organizations; periodically assess the effectiveness of the nomination process designed to achieve the Company's diversity objectives outlined in the Board Diversity Policy; and consider the level of representation of women on the Board and ensure that women are included in the short list of candidates being considered for a Board position.

The Governance and Compensation Committee and the Board will give significant consideration to fulfilling its diversity targets, and specifically female candidates who otherwise bring an additive skill set to the Board, in the event of an earlier planned or unplanned retirement. The Board Diversity Policy also includes a mandate to foster inclusivity across the organization, including at the Board level, for persons who identify as ethnic, racial or Indigenous.

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

The Board Diversity Policy is available on the Company's website under *Corporate Governance Policies and Related Documents* at [www.prairiesky.com/governance](http://www.prairiesky.com/governance).

#### Representation of Women in Executive Positions

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The Board believes that the appointment of executive officers should be made based on each candidate's experience, knowledge, education, management capabilities and competency, as well as the effect of the appointment on the diversity of the Company's executive officers as a whole. Our Vice President, Finance and Chief Financial Officer ("**CFO**") is a woman (33% of the executive officers) and of the Company's employees, 71% are women and of the Company's managers, 83% are women including our Controller who is also included as a Named Executive Officer. Given the Company's large female contingent and its focus on the identification, assessment and development of internal candidates to build leadership capability and strengthen overall succession, the Company believes it is poised to ensure it has strong internal female candidates to drive both short and long-term performance. The Company's philosophy of development and promotion from within will strengthen its values and culture, aid in retention of talent and provide a diversity of options for succession.

In 2020 and 2021, PrairieSky was honored as a recipient of the *2020 Report on Business – Women Lead Here* award, which recognizes companies at the forefront of women in leadership positions and providing a benchmark for gender diversity in corporate Canada.

#### BUSINESS CODE OF CONDUCT

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The Board has adopted a written Business Code of Conduct that encourages and promotes a culture of sound, ethical and responsible business conduct and the highest levels of personal conduct and ethical standards that is applicable to directors, management, employees and consultants of the Company. The Company has filed a copy of its Business Code of Conduct on [SEDAR](#) under the Company's profile and on

the Company's website under *Corporate Governance Policies and Related Documents* at [www.prairiesky.com/governance](http://www.prairiesky.com/governance).

The Business Code of Conduct reflects PrairieSky's core values of honesty, integrity and fairness and was developed in alignment with key principles from the United Nations Global Compact, the Universal Declaration of Human Rights, the United Nation's Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. The principles in the Business Code of Conduct shape the Company's activities and address the following matters relating to four main categories of (A) Ethics and Integrity, (B) Labour Practices and Standards, (C) Environment, and (D) Compliance: compliance with laws, rules and regulations; commitments to anti-corruption, anti-bribery; prohibitions on inducements, accepting gifts and any facilitation payments; avoiding conflicts of interest; promoting fair dealing and no improper advantages; avoiding unfair competition; prohibition on corporate opportunities; imposing anti-fraud measures and mandatory reporting; respecting confidentiality; securities trading and insider reporting; trading in restricted securities; disclosure procedures; maintaining accurate books and records; data privacy and information security; protection and acceptable use of systems and assets; restrictions on political involvement and lobbying activities; statements respecting fundamental human rights; expressly prohibiting discrimination, harassment in the workplace and promoting diversity and equal opportunity; commitment to health and safety; commitment to respecting Indigenous community rights and the environment; recognizing the benefits of community investment; outlining the responsibilities of covered persons; detailing non-compliance with the Business Code of Conduct; mandatory reporting of illegal or unethical behaviour; monitoring and enforcement actions by the Company; and waivers and amendments of the Business Code of Conduct. No waiver of the Business Code of Conduct may be made where the conduct subject to the waiver contravenes any applicable law, rule, regulation or stock exchange requirement. Waivers of the Business Code of Conduct for officers or directors may only be made by the Board and will be promptly disclosed to the extent required by law, rule, regulation or stock exchange requirement. No waivers were requested, considered or granted in 2021.

The Business Code of Conduct applies to all directors, officers, employees, suppliers and contractors. All employees (including executive officers) and directors are required to certify compliance with the Business Code of Conduct annually, along with other Company policies that are congruent with the Business Code of Conduct and provide more detailed information and requirements on specific topics. New directors, officers, employees and contractors are required to receive an orientation about the Company's Business Code of Conduct and other Company policies when they commence their engagement with PrairieSky. In addition, the Board has the responsibility to monitor compliance with the Business Code of Conduct and to recommend improvements as deemed necessary or appropriate. The Company monitors compliance with the Business Code of Conduct, and the Board and management of the Company encourage and promote a culture of ethical business conduct in the following ways: (i) annual review and certification; (ii) Business Code of Conduct training program; (iii) fraud response plan; (iv) Business Code of Conduct violation reporting; and (v) internal audit functions.

The Governance and Compensation Committee and the Board review and update the Company's Business Code of Conduct regularly to ensure that it is consistent with current industry trends and standards, clearly communicates PrairieSky's organizational mission, values, and principles, and, most importantly, serves as a reference guide for directors, management, employees, suppliers and consultants of the Company to support everyday decision making. The Business Code of Conduct was last reviewed and amended by the Governance and Compensation Committee, and ratified by the Board in 2021.

## INVESTIGATIONS PRACTICE POLICY

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In addition to the Business Code of Conduct, the Board has adopted an investigations practice policy which includes procedures to address the confidential, anonymous submission by employees of concerns regarding accounting, internal accounting controls or auditing matters, or to address the receipt, retention and treatment of concerns regarding accounting, internal accounting controls or auditing matters. The

Board believes that providing a forum for employees to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct. See the Company's website at [www.prairiesky.com/governance](http://www.prairiesky.com/governance) under *Corporate Governance Policies and Related Documents* and the headings "Investigations Practice Policy" and "Whistleblower Process" for further information regarding the investigations practice and the independent anonymous whistleblower hotline ([www.prairiesky.confidenceline.net/](http://www.prairiesky.confidenceline.net/)).

## SUPPLIER CODE OF CONDUCT

The Company adopted the Supplier Code of Conduct (the "**Supplier Code**") in late 2020 and has implemented it across its supply chain which consists almost exclusively of professional service providers, information technology services and applications, and other service providers that support the Company's office and work from home environments. PrairieSky is committed to conducting its business ethically and legally, with honesty, integrity, and fairness. PrairieSky's high standard of responsible business practices not only applies to the Business Code of Conduct, but also extends to our suppliers through the Supplier Code which was developed in alignment with principles from the United Nations Global Compact, the Universal Declaration of Human Rights, and the International Labor Organization (ILO). The Supplier Code applies to all of PrairieSky's suppliers including all entities that provide goods or services, whether to or on behalf of PrairieSky. This includes consultants, contractors, advisors and other business partners through which PrairieSky procures goods and services, as well as their full-time and part-time employees, sub-contractors and sub-suppliers. The Supplier Code requires adherence to recognized labour practices, standards and conventions, including fundamental freedom of association and human rights, non-discrimination, freedom of association and collective bargaining, Indigenous and community rights, and health and safety. The Supplier Code also includes PrairieSky's standards as they relate to the environment, pollution prevention and reduction, waste, energy consumption and emissions reduction, as well as ethics and integrity requirements including anti-bribery and corruption provisions. PrairieSky has set forth and is monitoring and enforcing requirements in order to ensure adherence to the Supplier Code. For a complete description of the Supplier Code please refer to our website at [www.prairiesky.com/governance](http://www.prairiesky.com/governance) under *Corporate Governance Policies and Related Documents*.

## HUMAN RIGHTS, HEALTH AND SAFETY, DISCRIMINATION, HARASSMENT AND EQUAL OPPORTUNITY

The Company has adopted: (i) a Human Rights Policy; (ii) a Respectful Workplace Policy; (iii) an Environment, Climate Change, Health and Safety Policy; and (iv) a Joint Worksite Health and Safety Committee Policy which, collectively, in addition to the Company's Business Code of Conduct, provide the framework for the Company to maintain a safe working environment, free of discrimination and harassment, in which all individuals are treated with respect and dignity, are able to contribute fully and have equal opportunities.

At PrairieSky, respect for human rights is fundamental to the way we do business and is part of the Company's core values across all of its business activities. Consistent with that commitment, the Human Rights Policy was updated in 2021 to articulate PrairieSky's responsibility to respect all applicable employment, labour and human rights laws and regulations as well as internationally proclaimed human rights principles. Specifically, the Human Rights Policy was developed based on the principles of the United Nations Global Compact (of which the Company is a signatory), the United Nations Universal Declaration of Human Rights and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work to confirm PrairieSky's alignment with respect to human rights and to ensure its compliance with all legislation (including, but not limited to, employment standards codes, human rights acts, the personal information protection acts and occupational health and safety codes) and recognized standards.

The foregoing policies also deal with harassment and workplace violence, for which the Company has zero tolerance. Such policies articulate the Company's position with respect to: (i) diversity, equal opportunity,

discrimination, harassment and threats or acts of violence; (ii) ensuring a safe work environment for its employees; (iii) its commitment to the protection of the environment; (iv) reporting inappropriate conduct, harassment and workplace violence; (v) disciplinary measures; and (vi) the development of procedures to prevent and address human rights issues as PrairieSky supports the Ten Principles of the United Nations Global Compact with respect to human rights, labour, environment and anti-corruption.

More details on PrairieSky's commitment to the Ten Principles of the United Nations Global Compact can be found at [www.unglobalcompact.org/what-is-gc/participants/138331-PrairieSky-Royalty-Ltd](http://www.unglobalcompact.org/what-is-gc/participants/138331-PrairieSky-Royalty-Ltd). PrairieSky's progress report in relation to its commitment to the principles set forth in the United Nations Global Compact can be found in our Responsibility Report on PrairieSky's website at [www.prairiesky.com/responsibility/our-approach](http://www.prairiesky.com/responsibility/our-approach).

## ENVIRONMENTAL, SOCIAL, GOVERNANCE AND CORPORATE RESPONSIBILITY

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

A detailed description of PrairieSky's comprehensive environmental, social and governance ("ESG") disclosures is included in our annual Responsibility Report which includes our Global Reporting Initiative ("GRI"), Sustainability Accounting Standards Board ("SASB") and World Economic Forum ("WEF") Reference Index, as well as our progress report on the principles set forth in the United Nations Global Compact. Our Responsibility Report can be found on our website at <https://www.prairiesky.com/responsibility/our-approach/> along with our Task Force on Climate-Related Financial Disclosures ("TCFD") Report and independent assurance statements verifying key environmental data, greenhouse gas emissions and other key performance indicators. PrairieSky intends to continually update its website and reporting documents to provide new and additional information to stakeholders, including a 2021 Responsibility Report by mid-year 2022 and additional TCFD disclosures in 2022.

The Company's Environment, Climate Change, Health and Safety Policy was updated in 2021 to further address PrairieSky's commitment to being environmentally and socially responsible in its business, including supporting and participating in leading environmental initiatives, meeting and where possible exceeding compliance with environmental, climate change and occupational health and safety laws, providing regular, objective reporting on environmental, climate change and health and safety performance (through PrairieSky's annual Responsibility Report, discussed above), and through consultation and engagement with employees and stakeholders to share perspectives on environmental, health and safety issues. For a complete description of the Environment, Climate Change, Health and Safety Policy, please refer to our website at [www.prairiesky.com/governance](http://www.prairiesky.com/governance) under "*Corporate Governance Policies and Related Documents*".

In 2021, PrairieSky was awarded an A- rating in the 2021 CDP Climate Change survey results. A detailed and independent methodology is used by CDP, a recognized global leader in environmental reporting. An A- rating denotes global leadership and top quartile performance in our industry group as measured by CDP. Within the CDP ratings, PrairieSky maintained net zero Scope 1 and 2 emissions and improved our already leading ratings/rankings with multiple independent ESG research agencies as we demonstrate our

commitment to environmental ESG and carbon neutral status. For further information, please refer to the [CDP website](#).

PrairieSky is recognized as a leader across all industries by Sustainalytics ESG Risk Ratings, ranking 68 out of 14,521 global companies across all industries (as reported on February 7, 2022), moving to the top 0.5% of all companies and we were awarded "Negligible Risk" ESG Risk Rating. We also maintained our top overall leadership, ranking 1 out of 251 among global oil and gas producers. The Sustainalytics Company ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. Company specific information and ratings by Sustainalytics Company, including information regarding PrairieSky, are available at [www.sustainalytics.com](http://www.sustainalytics.com).

PrairieSky improved its score on the 2021 S&P Global Corporate Sustainability Assessment by being rated at the 83rd percentile, up from the 71st percentile in 2020. In May 2021, PrairieSky was added to the S&P/TSX 60 ESG Index and in February 2022 PrairieSky was included in S&P Global's The Sustainability Yearbook 2022 in recognition of corporate sustainability excellence.

On an annual basis, PrairieSky engages with ISS (Institutional Shareholder Services) through a comprehensive submission in line with ISS' ESG research questionnaire. Following review by ISS, PrairieSky maintained a 1 rating on Environmental since 2020 and achieved a 1 rating on Social during 2021, being the highest rating under ISS' Quality Score ratings framework. ISS' ESG ratings platform is designed to provide corporate and country ESG research and ratings to enable its clients to identify material social and environmental risks and opportunities.

To further demonstrate our commitment to ESG, we incorporated a sustainability-linked performance criteria to our credit facility to establish a sustainability-linked loan credit facility in 2021. Sustainability performance criteria is measured by Sustainalytics. The improved rankings by Sustainalytics as noted above will reduce PrairieSky's borrowing costs in 2022 in accordance with the credit agreement.

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

## LOBBYING

The Business Code of Conduct sets out our approach to lobbying in circumstances where PrairieSky may have contact with public officials who play a role in developing legislation, regulations or other government actions. Where such contact occurs, the Business Code of Conduct requires that appropriate processes and controls be put in place to ensure that these contacts comply with applicable rules, regulations and internal requirements. The Company may, from time to time, participate in public policy discussions on a wide range of issues relevant to its business, including through its participation in and support of industry organizations. All PrairieSky lobbying activities with public office holders are planned, coordinated, recorded and must be conducted by senior management of the Company. In 2021, PrairieSky did not conduct any direct lobbying activities.

PrairieSky is committed to disclosing expenditures made in connection with lobbying activities on an annual basis. In 2021, no such expenditures were incurred. The Company's past or future participation in any industry association does not signify comprehensive support for all positions undertaken by it.

## RISK MANAGEMENT

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

The ERM Program provides a detailed identification, assessment and reporting of risks to PrairieSky's business, and a related risk analysis to address risk, which is monitored and overseen by the Board. Also included in the ERM Program are the roles of management and the Board relating to risk. The Board is responsible for strategic aspects and the enforcement of an appropriate risk culture throughout the organization, including through the Governance and Compensation Committee relating to compensation aspects and through the Audit Committee as it relates to financial matters. The Board is charged with the supervision of the risk analysis and senior management conducts a periodic (at least annual) detailed analysis of risks, recommends mitigation plans, where appropriate, and is responsible for the implementation and review of effectiveness of such mitigation plans.

Detailed information with respect to the material risks applicable to PrairieSky, including principal risks and climate change risks (physical and transition), are included in the "*Risk Factors*" section of the AIF filed on [SEDAR](#) and available on PrairieSky's website at [www.prairiesky.com](http://www.prairiesky.com).

## SHAREHOLDER ENGAGEMENT

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

Event	Who engages	Who we engage with, when and what we talk about
Non-deal roadshows, meetings, calls and discussion	Senior Management; Board Chair	With institutional investors throughout the year to provide public information on our business, operations, capital allocation and sustainability initiatives and, from time to time, involving our Board Chair to engage in dialogue on our governance processes, initiatives and executive compensation.
Quarterly conference call	Senior Management	With the investment and analyst community to review our most recently released financial and operating results.
News releases	Senior Management	Released to the media throughout the year to report on any material changes with respect to the Company.
Broker and industry sponsored conferences	Senior Management	Speaking at industry investor conferences about public information on our business and financial results, as well as corporate strategy and sustainability.
Investor Day	Senior Management; Directors	Investors and analysts are invited to attend in May every two years in conjunction with the release of our Royalty Playbook which is available at <a href="http://www.prairiesky.com/investors">www.prairiesky.com/investors</a> . A live webcast and presentations are made available on our website. Board members are in attendance and available to meet with participants.

Meetings, calls and discussions	Senior Management	With portfolio managers, investment professionals and engagement with retail shareholders to address any shareholder-related questions concerns and to provide public information on the Company.
Regular meetings	Chair of the Board & Corporate Secretary	With shareholder advocacy groups, such as the Canadian Coalition for Good Governance, Glass Lewis, ISS and certain interested shareholders to discuss governance practices.
Regular meetings	Senior Management	With institutional investors and advisory groups regarding corporate, environmental and social responsibility matters, including in relation to the Company's initiatives, continuous improvement programs, and annual corporate and social Responsibility Report which is available on our website at <a href="http://www.prairiesky.com/responsibility">www.prairiesky.com/responsibility</a> .

The Shareholder Engagement Policy is available under *Corporate Governance Policies and Related Documents* on the Company's website at [www.prairiesky.com/governance](http://www.prairiesky.com/governance). We also post frequently asked questions on our website at [www.prairiesky.com/investors](http://www.prairiesky.com/investors).

### Communicating with Us

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

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

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

### Communicating with the Board and Senior Management

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

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

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

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

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

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Shareholders will be asked again this year to consider and approve an advisory resolution on our approach to executive compensation. See "*Matters to be Acted Upon at the Meeting – Advisory Vote on Executive Compensation*" on page 18.

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

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

## Changes Following Shareholder Engagement

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

We believe the changes in conjunction with shareholder engagement efforts are key to receiving voter support for our executive compensation program at our annual meeting of shareholders in April 2017 (98.03%), 2018 (95.43%), 2019 (78.29%), 2020 (98.55%) and 2021 (93.25%), as well as improved scores in governance rankings by proxy advisory firms and like publications. Given the drop in shareholder support in 2019, the Board Chair (on behalf of the Board) and executive officers engaged with shareholders in 2019 and early 2020 regarding the Company's executive compensation program which resulted in significantly improved shareholder support in 2020. The Company continued to engage with shareholders on governance and compensation topics throughout 2020, 2021 and 2022. This engagement process, as well as the changes, are described below and commencing on page 45 under "*Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair*".

Stakeholder Concerns	How We Have Improved	Reference
<p>Reduce dilution under the Option Plan and Original Incentive Plan (each as defined herein).</p> <p>Phase out dilutive instruments over time.</p>	<p>The Board pro-actively amended the Option Plan and Original Incentive Plan on February 27, 2017 to decrease the percentage of Common Shares issuable pursuant to the plans from 10% to 5% of the issued and outstanding Common Shares. As of January 1, 2021, the Board stopped making grants under the Original Incentive Plan and the Option Plan. As a result, the average annual burn rate is nil (see page 91). Any future grants of dilutive instruments would require shareholder approval.</p> <p>In 2021, the Board adopted the 2021 Incentive Plan (as defined herein) which is similar to the Original Incentive Plan but: (i) provides that RSUs (as defined herein) and PSUs may only be settled in cash; and (ii) limiting the number of Common Shares notionally represented by share unit awards to 2% of the issued and outstanding Common Shares less the amount outstanding under any other security-based compensation arrangement.</p>	<p>See pages 81 and 86.</p>
<p>Implement multiple performance measures for PSUs.</p>	<p>For grants of PSUs to the executive officers in each of the 2019, 2020, 2021 and 2022 calendar years, the Board has adopted multiple performance measures for PSU payout multiplier calculations, while maintaining total shareholder return with a 50% weighting. The first of these grants (2019) vested in Q1 2022 following the three-year performance period.</p>	<p>See page 81.</p>
<p>Improve disclosure of ESG programs, policies and impacts.</p>	<p>In 2018, we published our inaugural Responsibility Report for the 2017 calendar year, and we have issued a report in each subsequent year since. In 2018, we retained the services of a leading advisory firm to assist the Company in enhancing its ESG programs and disclosure, as well as implementing short, medium and long-term goals into its strategic plan.</p> <p>In 2021, we received an A- ranking from CDP, an AA ranking from MSCI ESG Risk Ratings (2020 - A ranking), were ranked in the 83<sup>rd</sup> percentile (2020 – 71<sup>st</sup> percentile) by S&amp;P Global and were included in The Sustainability Yearbook 2022, received a 1 ISS Environmental Quality Score, a 1 ISS Social Quality Score and were ranked in the top 0.5% globally in Sustainalytics ESG Risk</p>	<p>See page 30 under "<i>Environmental, Social, Governance and Corporate Responsibility</i>".</p>

Stakeholder Concerns	How We Have Improved	Reference
	Rating for all industries and maintained #1 overall rating for oil and gas producers with a "negligible risk" rating.	
Adopt certain governance policies in line with best practices.	<p>In 2019, the Company developed and adopted the following governance policies aligned with best practices: Board Renewal Policy, Board Diversity Policy, and a Shareholder Engagement Policy. The Board also made adjustments to management's approval and authorization levels to ensure increased scrutiny on certain types of transactions by independent directors where there may be a perceived conflict of interest.</p> <p>In 2020, the Company developed and adopted an Environment, Climate Change, Health and Safety Policy and Human Rights Policy, which are aligned with best practices.</p> <p>In 2020, the Company adopted the Supplier Code of Conduct. In Q1 2021, the Board ratified certain amendments to the Business Code of Conduct, Board Diversity Policy, Environment, Climate Change, Health and Safety Policy and the Human Rights Policy to align with evolving best practices.</p> <p>In 2021, we were in the top quartile of the Globe and Mail Governance Rankings assessing quality of governance practices for companies in the S&amp;P/TSX Composite Index.</p>	See our website under <i>Corporate Governance Policies and Related Documents</i> at <a href="http://www.prairiesky.com/governance">www.prairiesky.com/governance</a> . See information starting on page 19.

Given the lower than expected approval of the unallocated awards under the Original Incentive Plan at the 2018 annual meeting of shareholders (75.61%), the Board and the Governance and Compensation Committee reviewed and considered amendments to the Original Incentive Plan to address concerns raised by shareholders or proxy advisory firms that recommended voting against the foregoing resolution. Following such consideration, the Board approved the 2021 Incentive Plan which replaces the Original Incentive Plan such that all future share unit award grants will only be made under the 2021 Incentive Plan. The Company does not intend to grant PSUs and RSUs pursuant to the Original Incentive Plan in the future or seek approval of shareholders to do so.

The Company has also adopted the Officer DSU Plan (as defined herein) to, over time and in conjunction with the 2021 Incentive Plan, replace the Option Plan (as defined herein). The Company has not issued any Options since 2020 and to the extent any Options are granted in the future, such Options would not be exercisable until such time as the Company obtains shareholder approval for such grants in accordance with the policies of the TSX. The Officer DSU Plan is described under the heading "*Incentive Award Programs*".

## MATERIAL INTERESTS

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

It is acknowledged that directors of the Company may be directors or officers of other entities engaged in the crude oil and natural gas business, and that such entities may compete directly or indirectly with the Company. Any director of the Company who is a director or officer of any entity engaged in the crude oil and natural gas business is required to disclose such occurrence to the Board. Any director or officer of the Company who is actively engaged in the management of, or who owns: (i) an investment of 1% or more of the outstanding voting shares; or (ii) an investment that represents greater than 5% of his or her personal net worth, in public or private entities engaged in the crude oil and natural gas business is required to disclose such holdings to the Board. In the event that any circumstance should arise as a result of such positions or investments being held or otherwise which in the opinion of the Board constitutes a conflict of interest which may reasonably affect such person's ability to act with a view to the best interests of the Company, the Board will take such actions as are reasonably required to resolve such matters with a view to the best interests of the Company. Such actions, without limitation, may include excluding such directors from certain information or activities of the Company.

## ANTI-HEDGING POLICY AND OTHER RESTRICTIONS ON TRADING ACTIVITIES

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

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

including termination of employment or contract, as applicable. The Company may refer violations of the Restricted Securities Trading Policy or relevant laws to the appropriate regulatory authorities. Actions that violate or appear to violate the Restricted Securities Trading Policy must be reported in accordance with the Company's investigations practice.

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

## NOMINATION AND ELECTION OF DIRECTORS

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

The Board and Governance and Compensation Committee regularly discuss and evaluate the experience, qualification and skills of our directors with a view to ensuring the appropriate skill and experience profile is represented at the Board and committee level. See "*Statement of Corporate Governance Practices – Director Skills and Experience*". Some of the key competencies that the Company believes directors should have are: corporate executive experience, capital markets experience, crude oil and natural gas operational experience, crude oil and natural gas contracts and land experience, financial acumen and expertise, sustainability experience or an appetite to learn and expand their skillset in this area and knowledge in the areas of compensation, governance and health, safety and environment. Character and behavioral qualities including credibility, integrity, professionalism and communication skills are also important attributes taken into account when recruiting new directors. In conjunction with this exercise, the Board keeps an "evergreen" list of potential candidates for consideration as future Board members and regularly discusses the same. The Chair of the Board and CEO from time to time arrange meetings with such candidates to determine interest and availability with a view to making recommendations to the Board if and when appropriate. When necessary, the Governance and Compensation Committee may engage the services of a search firm to assist them in the identification of director candidates with the necessary skills or experience the Board requires.

### Majority Voting Policy

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

### Advance Notice Nominations

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The Company's by-laws include "advance notice provisions" designed to: (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensure that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. As a whole, these provisions are intended to provide shareholders, directors and management of the Company with a clear framework for nominating directors. In particular, these provisions of the by-laws fix a deadline (being not less than 30 days before the date of an annual meeting of shareholders and, in the case of a special meeting, the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting of shareholders was made) by which shareholders of

record must submit director nominations to the Company prior to any annual or special meeting of shareholders, and also set forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders. The Company's by-laws are available on [SEDAR](#) and the Company's website at [www.prairiesky.com](http://www.prairiesky.com) and were confirmed by the Company's shareholders on April 11, 2014.

## SUCCESSION PLANNING

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The Governance and Compensation Committee is accountable for reviewing management's ongoing succession, leadership and talent strategy programs and plans. Management, on a regular basis, provides the Chair of the Governance and Compensation Committee and Board Chair with a detailed succession plan for each significant position and identifies possible succession gaps in the current staff. Further, the Governance and Compensation Committee, CEO and COO conduct a detailed review of current employees who are potential successors for all senior positions, with a focus on senior management roles. The review includes an assessment of each individual's strengths and development requirements, an estimate as to when such individuals may be prepared to accept such a role change, and any current plans for such individual's career and educational development. The potential for the Company to recruit an external candidate as CEO is also regularly discussed and is considered a viable option that does not require implementation at this stage. The succession and leadership plans are reviewed regularly with the Chair of the Governance and Compensation Committee. All meetings of the Governance and Compensation Committee and meetings of the Board in 2021 included an in-camera session with and without the CEO at which human resource issues and succession were periodically discussed. In the event of an emergency, the Board and Governance and Compensation Committee have temporary succession plans that can be implemented. The Company is confident that appropriate succession strategies are being implemented to ensure the Company's business will continue to be strongly managed in the future.

## COMPENSATION OF DIRECTORS AND OFFICERS

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

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

## SHARE OWNERSHIP GUIDELINES

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

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

below is based on the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63, unless otherwise noted.

## Director Ownership

Director Name	Equity Ownership Guideline		Shareholdings			Guideline Met or Investment Required to Meet Guideline <sup>(2)</sup>
	Multiple of Annual Compensation	Amount of Annual Compensation Retainer (\$)	Common Shares and DSUs <sup>(1)</sup> (#)	Holdings as a Multiple of Retainer	Value of Holdings (\$)	
James M. Estey	3x	300,000	1,369,643	62x	18,668,200	Guideline Met
Leanne Bellegarde, QC <sup>(3)</sup>	3x	160,000	4,067	0.3x	55,400	Investment of \$279,600 <sup>(4)</sup> required
P. Jane Gavan	3x	160,000	41,140	4x	560,700	Guideline Met
Margaret A. McKenzie	3x	175,000	298,682	23x	4,071,000	Guideline Met
Robert E. Robotti	3x	160,000	199,889	17x	2,724,500	Guideline Met
Myron M. Stadnyk	3x	160,000	65,167	6x	888,200	Guideline Met
Sheldon B. Steeves	3x	170,000	73,906	6x	1,007,300	Guideline Met
Grant A. Zawalsky	3x	160,000	150,767	13x	2,055,000	Guideline Met

Notes:

- (1) Common shares and DSUs held at December 31, 2021 unless otherwise noted. DSUs do not include dividend entitlements.
- (2) Directors have three years from their appointment to meet the target Common Share ownership.
- (3) Ms. Bellegarde was appointed to the Board on June 9, 2021 and, as such, has until June 9, 2024 to meet the target Common Share ownership. Ms. Bellegarde's 2021 annual compensation retainer was pro-rated to \$89,900 based on her start date.
- (4) Investment required is at February 28, 2022 and is calculated including Ms. Bellegarde's 2022 grant of 10,638 DSUs (2022 Board DSU grant and 75% of Annual Compensation Retainer) valued at the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63.

## Executive Ownership

Management Name	Equity Ownership Guideline		Shareholdings			Guideline Met or Investment Required to Meet Guideline <sup>(2)</sup>
	Multiple of Salary	Amount of Salary (\$) <sup>(1)</sup>	Common Shares (#)	Holdings as a Multiple of Salary	Value of Holdings (\$)	
Andrew M. Phillips <sup>(3)</sup> <i>President &amp; CEO</i>	5x	550,000	764,965	19x	10,453,100	Guideline Met
Cameron M. Proctor <i>COO</i>	4x	425,000	136,884	4x	1,865,700	Guideline Met
Pamela P. Kazeil <i>VP Finance &amp; CFO</i>	4x	375,000	80,824	5x <sup>(4)</sup>	1,101,600	Guideline Met <sup>(4)</sup>

Notes:

- (1) Pursuant to the amended and restated executive employment agreements entered into with Messrs. Phillips, Proctor and Ms. Kazeil on December 8, 2021 (the "**Amended Executive Employment Agreements**"), their annual salaries increased to \$580,000, \$450,000 and \$395,000, respectively, on January 1, 2022.
- (2) Executive officers have three years from their appointment to meet the target Common Share ownership.
- (3) Subsequent to year-end, Mr. Phillips purchased an additional 10,000 Common Shares which are included in the table above at a purchase price of \$16.29.
- (4) Guideline met for Ms. Kazeil based on the value on the date of purchase of the Common Shares of \$1,943,900.

## Other Ownership Guidelines (Staff)

The Company has also adopted share ownership guidelines for managers and certain other personnel to encourage alignment with the interests of shareholders. Certain non-executive personnel of the Company are required, within three years of their appointment, to accumulate a multiple of their annual salary in the

form of Common Shares, as follows: Controller and former General Counsel (1.5 times); Managers (1.0 times); and other select employees (1.0 times). No share-based compensation (RSUs, Options or ODSUs) are counted towards achieving such targets, and there are some restrictions on selling Common Shares, whether purchased through the Retirement Savings Plan (which is described below), in the open market, or received upon vesting or exercise of a RSU, Option or ODSUs, as applicable, until such time as the target ownership is achieved. All full-time employees are shareholders of the Company.

## BOARD COMMITTEES

There are three committees of the Board, all of which are comprised entirely of independent directors. The following table outlines the composition of the Board committees as at December 31, 2021.

Director	Year Appointed	Independent	Committee Composition as at December 31, 2021		
			Audit <sup>(1)</sup>	Governance & Compensation	Reserves
<b>Independent Directors:</b>					
James M. Estey	2014	✓		✓	
Leanne Bellegarde, QC <sup>(2)</sup>	2021	✓			
P. Jane Gavan	2019	✓	✓		
Margaret A. McKenzie	2014	✓	Chair		
Robert E. Robotti	2019	✓			✓
Myron M. Stadnyk	2018	✓		Chair	✓
Sheldon B. Steeves	2014	✓	✓	✓	Chair
Grant A. Zawalsky	2014	✓			✓
<b>Management Director:</b>					
Andrew M. Phillips <sup>(3)</sup>	2014				

Notes:

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

## Audit Committee

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

The Audit Committee's role also involves the review of any related party transactions that occurred during the year between the Company and any officers or directors, including affiliations of any officers or directors as the Committee considers appropriate, in accordance with applicable legislation to ensure that the terms and conditions of such transactions are at fair market value or at least as favourable as prevailing market

terms and conditions, or fair value if fair market value references do not exist. In 2021, no related party transactions occurred.

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

### Governance and Compensation Committee

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The Governance and Compensation Committee is comprised of Myron M. Stadnyk, as Chair, Sheldon B. Steeves and James M. Estey, all of whom are independent for the purposes of NI 58-101. The primary role of the Governance and Compensation Committee is to: (i) develop, implement and monitor governance standards and best practices; (ii) review the mandates of the Board and its committees; (iii) regularly assess the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors; (iv) oversee the preparation of the annual "*Statement of Corporate Governance Practices*"; (v) identify and recommend individuals for nomination as members of the Board and its committees and for appointment as officers; and (vi) review and recommend to the Board all matters pertaining to the compensation of directors and management. The specific responsibilities of the Governance and Compensation Committee are set out in the Governance and Compensation Committee Mandate, a copy of which available on the Company's website under *Board Committees* at [www.prairiesky.com/governance](http://www.prairiesky.com/governance).

### Reserves Committee

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The Reserves Committee is comprised of Sheldon B. Steeves, as Chair, Robert E. Robotti, Myron M. Stadnyk and Grant A. Zawalsky, each of whom are independent for purposes of NI 51-101. The primary role of the Reserves Committee is to: (i) act in an advisory capacity to the Board; (ii) review the Company's procedures relating to disclosure of information with respect to crude oil, natural gas and natural gas liquids reserves and resources data; (iii) annually review the selection of the qualified reserves evaluators or auditors chosen to report to the Board on the Company's crude oil, natural gas and natural gas liquids reserves data; and (iv) review the Company's annual reserves estimates prior to public disclosure. The specific responsibilities of the Reserves Committee are set out in the Reserves Committee Mandate, a copy of which available on the Company's website under *Board Committees* at [www.prairiesky.com/governance](http://www.prairiesky.com/governance).

### BOARD AND COMMITTEE MEETINGS WITHOUT MANAGEMENT

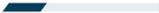
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The non-management directors meet without members of management present at every meeting of the Board and at every meeting of all committees of the Board. Each regularly scheduled Board and committee meeting's agenda includes an in-camera session at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

### ASSESSMENT OF DIRECTORS, THE BOARD AND BOARD COMMITTEES

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The members of the Board collectively assess the performance of the Board as a whole, the committees of the Board and all directors. Such assessment occurs annually with an emphasis on the overall



effectiveness and contributions made by the Board as a whole, the committees of the Board and all directors individually. Such assessment process involves a confidential director questionnaire and discussions among the Chair of the Board, the chairs of the committees and individual directors relating to overall Board assessment, individual committee assessments, Chair of the Board assessment, individual committee chair assessments, individual director self-assessments and peer assessments. The Chair of the Board meets with each individual director to discuss the above matters and any key items raised in the confidential director questionnaire. The Chair of the Board, with the assistance of the Corporate Secretary, is responsible for drafting, collecting and assessing questionnaires, and facilitating discussions. The Chair of the Board reports on the results of this process to the Board. The Governance and Compensation Committee is also permitted to retain external advisors to assist with the assessment process. The assessment for 2021 was conducted in the first quarter of 2022.

## DIRECTOR SKILLS AND EXPERIENCE

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

The Board identifies and evaluates the competencies and skills of the members based on the individual experience and background of each director. This exercise is performed both on an ad-hoc basis and at least annually based on self-assessment by each director whereby each director is asked to rate their experience and background in a variety of key subject areas. This data is compiled into a matrix representing the broad Board skills for current directors. This matrix is maintained to identify areas for strengthening the Board, if any, and address them through the recruitment of new members.

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

<b>Board of Directors Skills Matrix</b>		<b>Estey</b>	<b>Bellegarde</b>	<b>Gavan</b>	<b>McKenzie</b>	<b>Robotti</b>	<b>Stadnyk</b>	<b>Steeves</b>	<b>Zawalsky</b>	<b>Total</b>
<b>Enterprise Management</b>	Experience as a President or CEO leading an organization or major business line.	✓	✓	✓		✓	✓	✓	✓	7
<b>Business Development</b>	Management or executive experience with responsibility for identifying value creation opportunities.	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Financial Literacy</b>	Ability to critically read and analyze financial statements.	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Corporate Governance</b>	Understanding the requirements of good corporate governance usually gained through experience as a senior executive officer or a Board member of a public organization.	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Change Management</b>	Experience leading a major organizational change or managing a significant merger.	✓		✓	✓	✓	✓	✓	✓	7
<b>Operations</b>	Management or executive experience with oil and gas operations.				✓		✓	✓		3
<b>Financial Experience</b>	Senior executive experience in financial accounting and reporting and corporate finance.	✓		✓	✓	✓				4
<b>Human Resources</b>	Management or executive experience with responsibility for human resources.	✓	✓	✓	✓	✓	✓		✓	7
<b>Reserves Evaluation</b>	General experience with or executive responsibility for oil and gas reserves evaluation.				✓	✓	✓	✓	✓	5
<b>Capital Allocation</b>	General experience with or executive responsibility for evaluating allocation of capital resources, including for business development activities, dividends, share repurchases and the capital markets and capital structure implications of the foregoing.	✓		✓	✓	✓	✓	✓	✓	7
<b>Risk Evaluation</b>	Management, executive or Board experience in evaluating and managing the variety of risks faced by an organization, including internal controls and enterprise risk management processes and measurement.	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Compensation</b>	Management, executive or Board experience in establishing, managing and measuring executive compensation programs, including capital markets considerations and evolving proxy advisory firm considerations and engagements.	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Environmental, Social and Governance Risk Management, Performance Evaluation and Management</b>	Management, executive or Board experience in evaluating and managing the variety of risks faced by an organization with respect to evolving environmental and corporate responsibility criteria, including capital markets considerations related thereto, and measuring performance of corporate objectives.	✓	✓	✓	✓	✓	✓	✓	✓	8

# Compensation Discussion and Analysis Letter of Introduction

BOARD CHAIR AND GOVERNANCE AND COMPENSATION COMMITTEE CHAIR

Dear Fellow Shareholders,

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

The purpose of this introductory letter is to provide some useful context for reviewing and interpreting the more formal disclosures that follow. We want to highlight the difference between "reported target" and "actual realized" compensation, as well as several changes made to the compensation program in 2021 and 2022 following engagement with shareholders, including entering into the Amended Executive Employment Agreements with each of the three executive officers of the Company.

## **Composition and Role of the Governance and Compensation Committee**

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

## **Pay for Performance Philosophy**

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

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

Since 2017 and on an annual basis, PrairieSky has voluntarily included an advisory resolution on executive compensation, or "Say on Pay" vote, at its annual shareholder meeting. The Governance and Compensation Committee and the Board believe it is essential for shareholders to be well informed of the Company's approach to executive compensation and considers the "Say on Pay" vote to be an important, but not exclusive, part of the shareholder engagement process. The Company has received support from an overwhelming majority of shareholders in past "Say on Pay" votes, with the 2019 vote receiving support from a significant majority of shareholders, albeit below prior years. Significant consideration was given to the 2019 "Say on Pay" vote by the Board and the Governance and Compensation Committee, which in turn led to subsequent shareholder engagement in 2019 and early 2020 including with shareholders who voted both in favor of and against the advisory resolution. As a result of such engagement, certain changes have been made to our executive compensation which resulted in a significant improvement in our 2020 and 2021 "Say on Pay" votes from 2019.

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

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

The disclosures contained in the Summary Compensation Table starting on page [66] include amounts received by the executive officer in the current year, as well as "reported target" amounts that are deferred for many years and can fluctuate both up and down based on the price of the Common Shares and corporate performance.

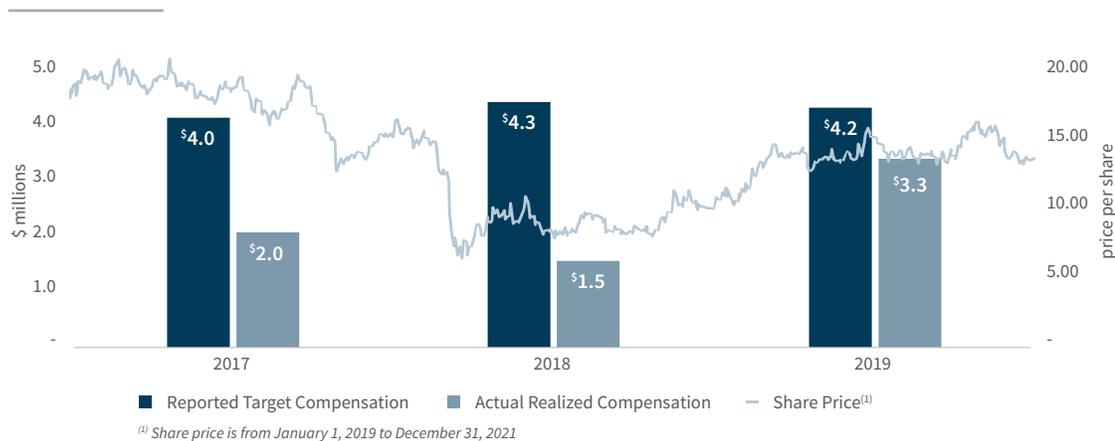
Amounts disclosed and received in the 2021 calendar year include: (i) salary earned in the year, (ii) bonus/annual share unit awards (as defined herein), and (iii) pension value (which is the employee savings plan). Bonus in any given year varies and depends on whether measurable performance goals are met or exceeded. The Company's savings plan is a non-dilutive "matched" savings program, where the employee and

Company contribute cash to an account which is then used to purchase Common Shares in the open market. This is described in further detail on page [53] under the heading "Executive Compensation – Components of Compensation – Retirement Savings Plan". The Company does not have any pension plan for its executive officers or employees.

The disclosures contained in the Summary Compensation Table starting on page [66] also include deferred long-term incentives comprised of share-based awards and option-based awards, which represent the significant majority of an executive officer's "target" compensation (63% for the CEO in 2021). While these amounts are included in annual compensation because they are granted at an assumed value in the calendar year, they are subject to both time vesting and performance vesting criteria, as well as stock price volatility, which in turn impacts their actual "realized" value three or more years in the future when the awards vest, are exercised, or are paid out. In recent years, with stock price underperformance, the impact has been negative and the "realized value" for each executive officer has been significantly lower than the granted amounts disclosed as "annual compensation" in prior years.

This difference is disclosed in several places throughout this information circular and proxy statement, including on page [64] under the heading "Compensation Discussion and Analysis – CEO Compensation". The difference between "reported target" compensation for the CEO disclosed in the 2017, 2018 and 2019 compensation years as compared to the "actual realized" or "take-home" amount as awards have vested, typically 3 years following the grant year, was -49%, -64% and -22%, respectively. Expressed as a dollar amount, the CEO realized -\$1,979,500 less than target for 2017 grants, -\$2,750,000 less than target for 2018 grants and -\$912,900 less than target for 2019 grants. Over the same period, the return to a shareholder has been -10%, -31% and 38%, respectively. This is reflected in the table below, and we have shown the Company's share price over a trailing three-year period (January 1, 2019 to December 31, 2021) to reflect the price of the Common Shares over the period during which the awards vested.

## Reported Target vs. Actual Realized CEO Compensation



The chart below shows the difference between the "granted" long-term incentive awards (PSUs, RSUs and Options) for the three executive officers in aggregate in 2017, 2018 and 2019, and the "realized" values when the awards vested in 2020, 2021 and January 2022. Consistent with the chart

above, we have shown the Company's share price over the trailing three-year period (January 1, 2019 to December 31, 2021) to reflect the share price over the comparable period during which such awards vested.

## Aggregate Executive Reported Target vs. Actual Realized long-term Incentive Compensation



Notes:

(1) Share price is from January 1, 2019 to December 31, 2021.

(2) Actual realized value for the 2018 PSU and Option grant is \$nil. The 2018 PSUs were ascribed a value of \$nil given that they were not eligible to vest and were terminated in January 2021 due to bottom quartile performance against the pre-determined peer group. The executive officers hold 219,722 Options granted in 2018 which expire on January 1, 2023 which have an exercise price of \$32.06 and a current value of \$nil.

(3) Actual realized value for the 2019 PSU grant which vested on January 15, 2022 is \$3.8 million. Executive officers hold 494,316 Options granted in 2019 which expire on January 1, 2024 and have an exercise price of \$17.67 and a current value of \$nil.

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

### Changes to Executive Compensation Over Time and in 2021

Over the past several years, the Governance and Compensation Committee and the Board have made progressive changes to the compensation program, while maintaining alignment with the Company's core principles of attracting, retaining and appropriately rewarding qualified management. This includes changes in 2020 and 2021. The primary changes over the past several years are discussed in further detail below.

#### (a) Performance Measurement of Share Unit Awards

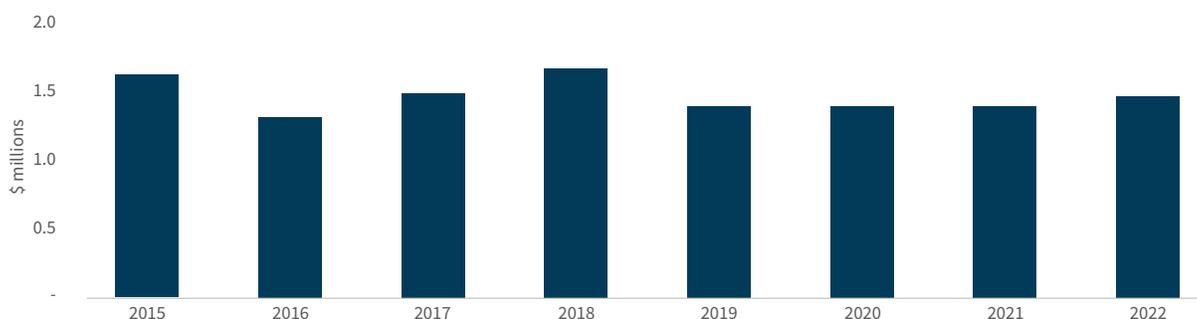
In 2019, the Governance and Compensation Committee and the Board adopted a new methodology of evaluating performance for purposes of measuring the value of vesting share unit awards, the first of which vested on January 15, 2022. This new approach determines the ultimate value upon vesting using multiple criteria, including (i) share returns against the peer group for 50% of the calculation (compared to 100% for

grants from 2014 to 2018), with (ii) the remaining 50% weighed against measurable corporate goals, including sustainability performance against environmental, social and governance objectives. See "Compensation Discussion and Analysis – Other Compensation Elements – 2019 PSU Grants - LTIP Scorecard - Three-Year Period Ending December 31, 2021 (Vested January 2022)" and "Incentive Award Programs – Incentive Plans".

#### (b) Salaries

At different points in time over the Company's history, the organization has undergone significant growth through acquisitions and robust activity levels. During periods of lower activity, the executive officers have successfully dedicated efforts towards improving efficiencies, implementing new technologies, managing risks and reducing costs. Over the last number of years, the executive officer headcount has been reduced by 40% from five to three and the remaining three executive officers have assumed additional responsibility and workload, and received salary increases which are reflective of these expanded roles. This also increases annual bonus opportunity, which is typically determined as a percentage of salary. During the last four compensation cycles (2018, 2019, 2020 and 2021) the executive officers did not receive salary increases; however, in December 2021, the executive officers entered into the Amended Executive Employment Agreements whereby they each received salary increases effective as of January 1, 2022 in line with inflation (~5% salary increase). See "Executive Compensation – Components of Compensation – Base Salary".

## Aggregate Executive Salaries

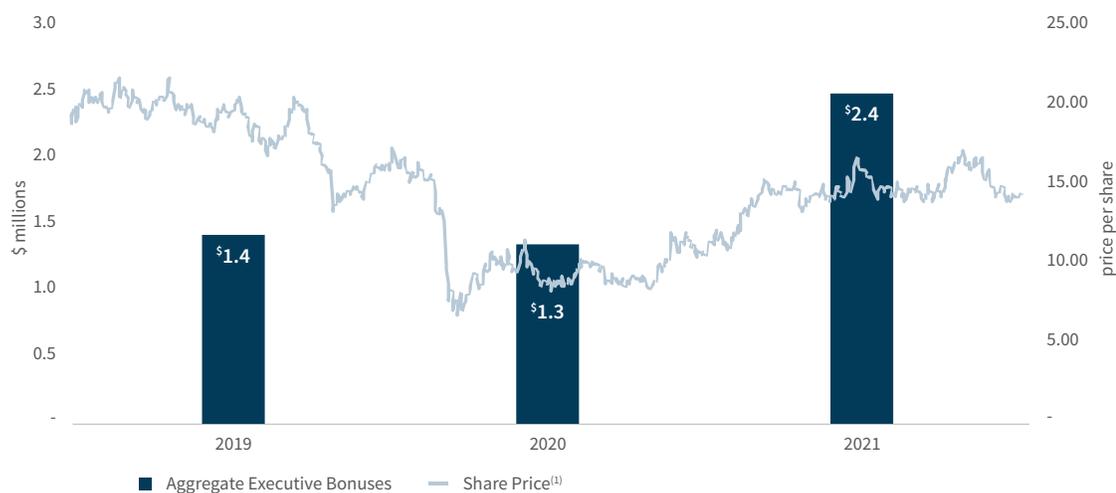


### (c) Annual Bonus

Annual bonus is meant to compensate the executive officer for achieving and surpassing annual corporate performance goals. The Governance and Compensation Committee maintains discretion to adjust those amounts based on additional factors, including share price performance and economic or industry conditions. During certain years when the executive officer has significantly outperformed, bonuses have been tempered due to challenging conditions in the oil and natural gas industry. In other years, the executive have been

rewarded generously, fairly and consistent with the Company's pay for performance philosophy. During the 2019-2020 period, the Company's share price performance was poor on a relative basis, which in turn impacted bonuses which in aggregate were down sequentially over those years. In 2021, the executive officers were awarded above target bonuses, given strong share price performance, increased returns to shareholders and outperformance relative to measurable criteria assessed by the Governance and Compensation Committee for the 2021 calendar year. See "*Executive Compensation – 2021 Performance and Achievements*".

## Aggregate Executive Bonuses and Share Price Trend



<sup>(1)</sup> Share price is from January 1, 2019 to December 31, 2021

#### *(d) Changes to 2020, 2021 and 2022 Compensation Program*

Over the past several years, the Governance and Compensation Committee has made adjustments to the executive compensation program, as follows:

##### *i) Reduction of Share-Based Awards and Option-Based Awards for 2020; Flat for 2021; Increase in 2022*

The Governance and Compensation Committee and the Board reduced the 2020 long-term incentive grants to the three executive officers by 13% (\$375,000) for the CEO, 14% (\$260,000) for the COO and 13% (\$120,000) for the CFO, for an aggregate reduction of \$755,000. Because the grant of these awards occurs on a calendar basis and took place in January 2020, they are disclosed in the Summary Compensation Table as 2020 "reported target" compensation in this information circular and proxy statement. The quantum of long-term incentive award grants for the three executive officers in 2021 was held flat with the amounts granted in 2020 and is included in the Summary Compensation Table. The 2022 long-term incentive grants to the three executive officers were brought back on par with 2019 levels, an increase of 15% (\$375,000) for the CEO, 16% (\$260,000) for the COO and 14% (\$120,000) for the CFO, for an aggregate increase of \$755,000. The Governance and Compensation Committee and the Board considered a number of factors in granting this return to prior long-term incentive levels, including the importance of retaining management, the size and complexity of the business and management's execution of strategy during 2021. The 2022 grant of long-term incentives will be further disclosed in the Summary Compensation Table in next year's information circular and proxy statement.

##### *ii) Adoption of the Officer DSU Plan in 2020 and Increased Use in 2021 and 2022*

The Governance and Compensation Committee and the Board adopted the Officer DSU Plan in 2020. The Officer DSU Plan is described in detail at "*Incentive Award Programs – Officer Deferred Share Unit Plan*" and provides for grants of ODSUs that vest over a three-year period but are not paid out to the executive officer until they retire or leave the Company, making the award very long-term in nature. The value attributable to this grant was not additive to total compensation but was taken from the value of the annual Option grant. In 2022, ODSU grants to the three executive officers accounted for 25% of the long-term incentive award grant (2021: 25%), which continues to fully replace Options, as further described below.

##### *iii) Elimination of Option Plan*

Since inception in 2014 and up to and including 2019, the long-term incentive grants to the executive officers were allocated 25% to Options, and 75% to share unit awards. In addition to the reduction of overall long-term incentive values granted to the executive officers and described above under (i) "*Reduction of Share-Based Awards and Option-Based Awards for 2020; Flat for 2021; Increase in 2022*", the allocation to Options was reduced from 25% to 12.5% in 2020. In 2021, the allocation to Options was reduced to nil and was replaced fully with ODSUs.

The total number of Common Shares reserved for granted Options and share unit awards represents less than 1.0% of the issued and outstanding Common Shares at December 31, 2021. For 2021 and 2022, the long-term incentive grants to the executive officers were allocated 25% to ODSUs and 75% to PSUs. No grant of Options has been made by the Company since January 1, 2020 and the Governance and Compensation Committee does not expect to grant any further Options under the Option Plan. To the extent that any Options are granted in the future, such Options would not be exercisable until such time as the Company obtained shareholder approval for such grants in accordance with the policies of the TSX.

##### *iv) Introduction of Non-Dilutive 2021 Share Unit Incentive Plan; Cap at 2%*

In late 2020, the Board adopted the 2021 Incentive Plan which is similar to the Original Incentive Plan but: (i) provides that RSUs and PSUs may only be settled in cash; and (ii) limits the number of Common Shares notionally represented by share unit awards to 2% of the issued and outstanding Common Shares, less the amount outstanding under any security-based compensation arrangement. This represents a 60% reduction of the total number of notional Common Shares that can be granted, from 5% under the historical plans to 2% under the 2021 Incentive Plan. Starting in 2021, all new long-term incentive awards granted by the Company were in non-dilutive instruments, and over time as historical Options, RSUs and PSUs vest, expire or are cancelled, the Company is expected to have nil dilutive instruments.

##### *v) Amended Executive Employment Agreements*

In December 2021, the Company entered into the Amended Executive Employment Agreements with each of Messrs. Phillips, Proctor and Ms. Kazeil pursuant to which their annual salaries increased to \$580,000, \$450,000 and \$395,000, respectively, on January 1, 2022, the Officer DSU Plan and concept of ODSUs as long term incentives for the executive officers was inserted and certain updates were made to the severance payments to executive officers in the event of termination in certain circumstances. See "*2021 NEO Compensation – Termination and Change of Control Benefits*".

No changes were made to the Board compensation approach over the last several years, except for the Board Chair requesting and taking a voluntary 15% compensation reduction in each of 2019 and 2020. The Governance and Compensation Committee feels the above changes address the feedback received during its shareholder engagement activities and align with best practices.

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

*(signed) "James Estey"*

*(signed) "Myron Stadnyk"*

**James Estey**  
Chair of the Board

**Myron Stadnyk**  
Chair of the Governance and  
Compensation Committee

## EXECUTIVE COMPENSATION

### NAMED EXECUTIVE OFFICERS

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The following discussion describes the significant elements of the Company's executive compensation program, with particular emphasis on the process for determining compensation payable to Andrew M. Phillips, as the CEO of the Company, Cameron M. Proctor, as the COO of the Company, Pamela P. Kazeil, as the CFO of the Company, Amber M. Vrataric, as Controller of the Company and Matthew J. P. McMahon as former General Counsel of the Company (collectively, the "**Named Executive Officers**" or "**NEOs**"). The Controller and former General Counsel are not considered executive officers of the Company, but information with respect thereto is included in accordance with the requirements of Form 51-102F6 – *Statement of Executive Compensation*. Mr. McMahon ceased to be General Counsel of the Company on April 23, 2021 and is no longer employed by PrairieSky; however, given he was a NEO during the year ended December 31, 2021, his compensation has been included herein.

### COMPENSATION OBJECTIVES AND PRINCIPLES

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

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

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

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

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

While no program can fully mitigate these risks, the Board believes that many of these risks are mitigated by: (i) weighting the Company's long-term incentives towards share ownership and vesting long-term incentives over a number of years; (ii) establishing a uniform incentive program for all executive officers and employees; (iii) avoiding narrowly focused performance goals which may encourage loss of focus on

providing long-term shareholder returns and retaining adequate discretion to ensure that the Governance and Compensation Committee and the Board retain their business judgment in assessing actual performance; and (iv) establishing a strong commitment to accounting and regulatory compliance.

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

#### Clawback Policy (Recoupment of Incentive Compensation)

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The Company has adopted a policy regarding recoupment of any incentive payment (including cash payments, ODSUs granted under the Officer DSU Plan, Options granted under the Option Plan or share unit awards granted under the amended and restated share unit incentive plan (the "**Original Incentive Plan**") and the 2021 share unit incentive plan (the "**2021 Incentive Plan**") and the Common Shares issuable on exercise or vesting thereof, as the case may be), to an executive officer where:

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

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

#### Short Selling Restrictions

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

## COMPONENTS OF COMPENSATION

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

### Base Salary

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The base salary of each Named Executive Officer is, subject to a minimum amount established under the executive employment agreements described below, determined by the Governance and Compensation Committee. The base salary of each Named Executive Officer is based on the median of the Compensation Market, as defined below in "*Benchmarking Executive Compensation*", but may be adjusted upward or downward to reflect factors that include the relative complexity of the Named Executive Officer's role as compared to the Compensation Market. Salaries are reviewed annually and compared to the Compensation Market through publicly available documents and the broader market through analysis of industry compensation surveys as prepared by external compensation consultants. Consideration is also given to internal factors including the strategy and growth plans of the Company and the objective to attract and retain highly talented individuals from the industry. The Controller was given a modest salary increase in both 2019 and 2020, and the former General Counsel was given a modest salary increase in 2019. These increases reflect the assumption of incremental roles and responsibilities as well as cost of living increases. No salary increases were granted to the CEO, COO and CFO in 2019, 2020 or 2021. In December 2021, the Company entered into the Amended Executive Employment Agreements with each of Messrs. Phillips, Proctor and Ms. Kazeil pursuant to which their annual salaries increased to \$580,000, \$450,000 and \$395,000, respectively, on January 1, 2022. The Controller's salary increased to \$225,000 on January 1, 2022.

### Annual Cash Awards (Bonus)

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Annual cash awards are intended to motivate and reward Named Executive Officers for achieving and surpassing corporate and individual goals but are not guaranteed year over year. The amount of the cash award or "bonus" is determined by reference to a target percentage of base salary. Bonuses for the Named Executive Officers, excluding the CEO and COO, are recommended by the CEO and reviewed and recommended by the Governance and Compensation Committee and approved by the Board. Bonuses for the CEO and COO are recommended by the Governance and Compensation Committee and approved by the Board. The 2021 targeted bonus percentage for the CEO was 150% of base salary, for the COO was 100% of base salary, for the CFO was 75% of base salary, for the Controller was 30% of base salary and for the former General Counsel was 30% of base salary. For the executive officers, actual cash awards range from zero to two times the targeted bonus percentage, unless otherwise determined by the Board, in its sole discretion, where such discretion will be subject to a maximum of three times the targeted bonus percentage. With respect to the Controller and the former General Counsel, the target percentage is a guideline only and subject to annual determination by the CEO, COO and CFO, with approval of the Board or Governance and Compensation Committee. Pursuant to the Amended Executive Employment Agreements, the 2022 targeted bonus percentage for the CEO is 150% of base salary, for the COO is 125% of base salary, and for the CFO is 100% of base salary.

### Long-Term Incentive Program

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In 2021, the long-term incentive program of the Company for the Named Executive Officers (excluding the Controller and former General Counsel) was comprised of 75% PSUs granted under the 2021 Incentive Plan and 25% ODSUs granted under the Officer DSU Plan. Each of the Controller and former General Counsel's long-term incentive awards consist solely of RSUs granted under the 2021 Incentive Plan. These

awards are intended to encourage participants to focus on creating and improving the Company's long-term financial success and provide participants an opportunity to benefit from the share performance of the Company. The purpose of the long-term incentive program is to align the interests of shareholders and management. See *"Incentive Award Programs"*.

The Company adopted the deferred share unit plan for officers (the "**Officer DSU Plan**") in November 2019 pursuant to which officers and employees of the Company (including the Named Executive Officers) may be granted deferred share units ("**ODSUs**"). The first grant of ODSUs took place in January 2020 to partially replace Options as the Option Plan was phased out in 2020. See *"Incentive Award Programs"* for a further description of the Officer DSU Plan. In 2021, only the CEO, COO and CFO received grants of ODSUs, representing 25% of their long-term incentive awards granted. See *"Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair"* and *"Incentive Award Programs – Officer Deferred Share Unit Plan"*.

In 2021, the Company adopted the 2021 Incentive Plan which is intended to replace the Original Incentive Plan. Once all outstanding PSUs and RSUs granted under the Original Incentive Plan vest, the Original Incentive Plan will no longer operate and the Company will not make any further grants under the Original Incentive Plan. The only material changes between the Original Incentive Plan and the 2021 Incentive Plan are that the 2021 Incentive Plan: (i) provides that RSUs and PSUs may only be settled in cash; and (ii) limits the number of Common Shares notionally represented by share unit awards to 2% of the issued and outstanding Common Shares, less the amount outstanding under any security-based compensation arrangement. See *"Incentive Awards Programs"* for a further description of the Original Incentive Plan and the 2021 Incentive Plan.

The Governance and Compensation Committee and the Board do not expect to issue any Options as part of the long-term incentive program of the Company going forward. As a result, the long-term incentive program for the Named Executive Officers as of January 2021 is now comprised of grants of share unit awards under the 2021 Incentive Plan and grants of ODSUs under the Officer DSU Plan. See *"Incentive Award Programs – Option Plan"*.

### Retirement Savings Plan

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

The retirement savings plan is considered an automatic securities purchase plan and contains certain restrictions with respect to changing contribution levels, changing investment directions and also withdrawal of investments in the plan. Changes to investment levels and directions can only be made twice per year, with the written approval of the COO, and only become effective 60 days after the approval is granted. No changes may be made during a blackout period imposed by the Company.

The portion of retirement savings plan contributions made by the Company is escrowed and restricted for a two-year period, meaning that the employee cannot sell or withdraw any portion of such funds during such escrow without approval of the Company, which is only granted in exceptional circumstances. The portion of savings plan contributions made by an employee are escrowed for a one-year period. In accordance with Company policies, no transactions involving Common Shares may be made by a savings plan participant without prior approval, other than automatic and ordinary course purchases of Common Shares under the savings plan made by the external custodian and manager of the plan. The savings plan does not have an automatic-disposition feature.

## Other Compensation Elements

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

## NEO TOTAL COMPENSATION MIX

PrairieSky's compensation philosophy is designed to align compensation with corporate performance and therefore the majority of executive compensation is performance based and "at risk". Compensation considered "at risk" includes RSUs, PSUs, ODSUs, Options and 2021 target bonuses of 150% of the CEO's base salary, 100% of the COO's base salary, 75% of the CFO's base salary, 30% of the Controller's base salary and 30% of the former General Counsel's base salary. The graphs below demonstrate the "at risk" pay for the CEO as well as the "at risk" pay for all other NEOs. Approximately 84% of the CEO's compensation and on average 61% of other NEO's compensation is "at risk", including 81% of the COO's compensation and 73% of the CFO's compensation.

### CEO Compensation Mix



### COO Compensation Mix



### CFO Compensation Mix



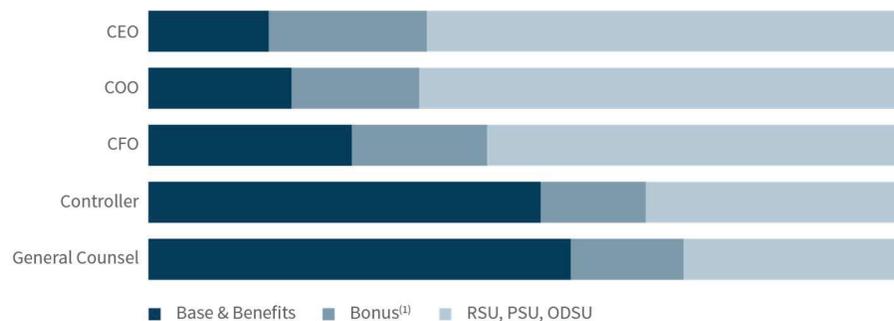
### Controller Compensation Mix



### General Counsel Compensation Mix



Below is a further breakdown of CEO and NEO compensation by component on an annualized basis for 2021. Long-term incentives (RSUs, PSUs, ODSUs and Options) comprised approximately 63% of the CEO's total compensation, approximately 64% of the COO's total compensation, approximately 55% of the CFO's total compensation, approximately 33% of the Controller's total compensation, and approximately 29% of the former General Counsel's total compensation.



Note:

(1) "Bonus" compensation includes 2021 target bonuses of 150% of the CEO's base salary, 100% of the COO's base salary, 75% of the CFO's base salary, 30% of the Controller's base salary and 30% of the former General Counsel's base salary.

## BENCHMARKING EXECUTIVE COMPENSATION

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

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

Based on these parameters, the following are the peer group of companies used in determining the Compensation Market for 2021:

	Market Capitalization <sup>(1)</sup> (\$ Billions)		Market Capitalization <sup>(1)</sup> (\$ Billions)
Franco-Nevada Corporation	33.4		
Wheaton Precious Metals Corp.	24.5		
Tourmaline Oil Corp.	13.5		
Canadian Apartment Properties Real Estate Investment Trust	10.4	<b>Average</b>	<b>8.7</b>
ARC Resources Ltd.	8.0	PrairieSky Royalty Ltd.	3.3
RioCan Real Estate Investment Trust	7.1	<b>PrairieSky's Rank (out of 15)</b>	<b>11</b>
Royal Gold Inc.	6.9	<b>Statistical Distribution</b>	
SmartCentres Real Estate Investment Trust	5.5	25 <sup>th</sup> Percentile	2.9
H&R REIT	4.7	Median	5.5
First Capital Real Estate Investment Trust	4.1	75 <sup>th</sup> Percentile	9.2
Vermilion Energy Inc.	2.6	<b>PrairieSky's Percentile Rank</b>	<b>31%</b>
Osisko Gold Royalties Ltd.	2.6		
Labrador Iron Ore Royalty Corporation	2.4		
Freehold Royalties Ltd.	1.8		

Note:

(1) Market Capitalization as at December 31, 2021.

The peer group of companies used in determining the Compensation Market for 2021 was consistent with 2018, 2019 and 2020 and is as follows:

2018-2021 Peer Group of Companies		
ARC Resources Ltd.	H&R REIT	SmartCentres Real Estate Investment Trust
Canadian Apartment Properties Real Estate Investment Trust	Labrador Iron Ore Royalty Corporation	Tourmaline Oil Corp.
First Capital Real Estate Investment Trust	Osisko Gold Royalties Ltd.	Vermilion Energy Inc.
Franco-Nevada Corporation	RioCan Real Estate Investment Trust	Wheaton Precious Metals Corp.
Freehold Royalties Ltd.	Royal Gold Inc.	

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

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

The composition of the peer group of companies is used by the Board to benchmark management's compensation arrangements and is reviewed periodically and may be adjusted in order to continue to align to the noted parameters and to reflect acquisition and/or divestiture activity within the group. Further, in determining performance metrics for granted PSUs under the Original Incentive Plan or 2021 Incentive Plan, as applicable, the Board may consider a subset of the peer group of companies in measuring relative total shareholder return. The Board has never adjusted or considered a subset of the peer group in evaluating performance for the purposes of determining performance metrics or a payout multiplier for a granted or vested PSU.

## 2021 PERFORMANCE AND ACHIEVEMENTS

The Governance and Compensation Committee considers both subjective and objective measures in evaluating the achievement of corporate objectives. For 2021, corporate and individual goals included: (i) advancing the strategic growth prospects of the Company, with a focus on per share returns for shareholders through organic leasing of the Company's land base and value-added acquisitions and royalty transactions; (ii) ensuring cost optimization through improving efficiencies, and efficiently managing the Company's supply chain and service providers and the costs associated therewith; (iii) royalty compliance activities, including lease compliance and forensic accounting audits, and integrating leasing transactions, acquisitions and new royalty arrangements into the Company's records management system; (iv) ensuring good governance through robust asset management processes, internal controls, adherence to good governance practices, and risk mitigation; (v) advancement of the Company's sustainability strategy and reporting initiatives; and (vi) focusing on our people by effectively building and managing talent and expanding the leadership culture within the organization. The Governance and Compensation Committee concluded that these corporate objectives were met or exceeded by the Company, as further described below.

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

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

Note:

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

## Overall Execution of Corporate Strategy

The Governance and Compensation Committee, with input from the Board, assessed management's overall execution of the corporate strategy, including financial results, shareholder returns and capital allocation.

Objective Measures Considered	Subjective Measures Considered	Evaluation	Weighting	Multiplier	Total Weighting
<ul style="list-style-type: none"> <li>Generated annual total return of 38%.</li> <li>Executed on our core strategies of leasing lands, cost optimization, royalty compliance and pursuing acquisitions which match the quality and duration of PrairieSky's existing business as discussed further below.</li> <li>Completed acquisitions totalling \$987.1 million adding over 2.0 acres of fee lands and over 0.9 million acres of gross overriding royalty interests. Acquisitions include a best-in-class asset at Marten Hills with material growth potential in the near and medium term.</li> <li>Delivered income to shareholders through initial quarterly dividend of \$0.065 per Common Share and further increase to \$0.09 per Common Share in July 2021. Provided incremental return of capital through our Normal Course Issuer Bid ("NCIB") repurchasing 1,666,800 Common Shares for \$22.7 million at an average price of \$13.60 per Common Share, 20.7% below the closing price on the TSX on February 28, 2022.</li> <li>Delivered on key financial measures with funds from operations of \$273.4</li> </ul>	<ul style="list-style-type: none"> <li>Remained disciplined with a focus on core strategies.</li> </ul>	Objective exceeded	14.3%	1.5	21.4%

<p>million or \$1.22 per Common Share, 87% above 2020 (91% increase on a per share basis). Net income of \$123.3 million or \$0.55 per Common Share.</p> <ul style="list-style-type: none"> <li>Maintained a strong balance sheet with low debt to 12-month trailing EBITDA<sup>(1)</sup> ratio of 1.9x at December 31, 2021.</li> </ul> <p>Ensured financial flexibility expanding our credit facility to \$725 million, with a permitted increase to \$800 million, and extending the maturity to February 28, 2025. Reconstituted credit facility to create a sustainability-linked loan.</p>					
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### Asset Development & Optimization

The Governance and Compensation Committee, with input from the Board, assessed management's execution of business development strategies, including identifying and evaluating acquisition opportunities as well as the optimization of existing royalty assets.

Objective Measures Considered	Subjective Measures Considered	Evaluation	Weighting	Multiplier	Total Weighting
<ul style="list-style-type: none"> <li>Integrated assets from approximately 25 transactions<sup>(2)</sup> completed in 2021, including over 250 separate fee leases, over 1,170 fee titles and over 675 gross overriding royalty contracts.</li> <li>Growth in acreage per share through value added acquisitions and share repurchases; shareholders now own royalty interests in over 76,000 acres per million Common Shares, up 92% from our initial public offering in May 2014.</li> <li>Completed 139 leasing arrangements with 85 different counterparties adding short-term drilling commitments on the land base.</li> <li>Collected \$8.3 million in lease issuance bonus in 2021, which was in the mid-range of our internal budget and included \$0.7 million in helium leasing.</li> <li>Advanced our internal procedures by rolling out automated process for key land functions.</li> <li>Additional work completed to advance organic low carbon opportunities and leasing of other minerals, including with respect to helium, lithium, hydrogen, geothermal and carbon capture, utilisation and storage projects.</li> </ul>	<ul style="list-style-type: none"> <li>Royalty interest asset acquisitions completed in 2021 provide near-term and longer-term upside potential, including additional Clearwater acreage which increases our exposure to the Clearwater to well over 1.1 million acres of land and adding over 2.0 million acres of incremental fee lands which provide perpetual optionality.</li> <li>Continued organic growth through leasing lands, including incremental leasing across our fee land acreage in Alberta and Saskatchewan, as well as leasing for helium.</li> <li>Numerous acquisition opportunities considered and evaluated with management remaining disciplined.</li> <li>Effective use of external resources and development of internal resources and expertise.</li> <li>Seismic acquired is available to lessors to choose locations and improve drilling results and is used internally to generate ready-to-drill plays for operators.</li> </ul>	Objective exceeded	14.3%	1.5	21.4%

## Cost Structure Optimization

The Governance and Compensation Committee, with input from the Board, assessed management's development and execution of cost control strategies and optimization.

Objective Measures Considered	Subjective Measures Considered	Evaluation	Weighting	Multiplier	Total Weighting
<ul style="list-style-type: none"> <li>Maintained high operating margin<sup>(3)</sup> of 92% (2020 - 87%).</li> <li>Cash administrative expense<sup>(4)</sup> remained relatively flat at \$20.2 million (\$2.79/BOE) versus \$19.6 million (\$2.72/BOE) in 2020, excluding 2020 government wage subsidies related to COVID-19. Cash administrative charges in 2021 remained relatively flat while adding approximately 3.0 million acres of land, expanding our ESG initiatives, publishing our Royalty Playbook and holding our biennial investor day.</li> <li>PrairieSky's "pay for performance" compensation structure aligned to equity markets and resulted in executive PSUs vesting and expiring at \$nil value in January 2021.</li> <li>Continued to optimize headcount with 56 full-time and part-time employees (59 full-time and part-time employees in 2020) while adding incremental acreage through \$987.1 million in accretive acquisitions.</li> </ul>	<ul style="list-style-type: none"> <li>Administrative cost structure of the organization continued to improve year over year.</li> <li>Continued advancement of automating processes to ensure efficient and effective data management.</li> <li>The Company's land base has more than tripled since the Company's initial public offering in May 2014 while cash administrative costs on a per BOE basis improved and have remained relatively flat since 2019.</li> </ul>	Objective exceeded	14.3%	1.5	21.4%

## Royalty Compliance and Asset Integrity

The Governance and Compensation Committee, with input from the Board, assessed management's development and execution of audit and compliance initiatives to ensure royalty asset integrity.

Objective Measures Considered	Subjective Measures Considered	Evaluation	Weighting	Multiplier	Total Weighting
<ul style="list-style-type: none"> <li>Served 2,473 lease compliance notices, generating: (i) 157 sections returned to the Company's land inventory; (ii) an estimated \$4.4 million in additional third-party capital spent drilling offset wells (\$0.4 million net capital); and (iii) an estimated \$1.1 million in compensatory royalties.</li> <li>Over 1,180 lease assignments were processed primarily related to operators completing acquisition and divestiture activity. Lands returned to inventory are available for re-work by PrairieSky's technical team and/or leasing to new operators.</li> </ul>	<ul style="list-style-type: none"> <li>Effective use of external resources and development of internal resources and expertise.</li> <li>Utilized acquired seismic assets to delineate and lease new play ideas and facilitate additional drilling activity on existing and new play ideas.</li> </ul>	Objective exceeded	14.3%	1.5	21.4%

<ul style="list-style-type: none"> <li>Collected \$4.2 million in royalty compliance revenue related to the identification of missed and incorrect royalty payments which met the mid-range of our internal budget.</li> <li>Completed additional software development to enhance the Company's records management and land and royalty compliance technology platform.</li> </ul>					
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## Governance and Risk Management

The Governance and Compensation Committee, with input from the Board, assessed management's development and execution of governance and risk management strategies.

Objective Measures Considered	Subjective Measures Considered	Evaluation	Weighting	Multiplier	Total Weighting
<ul style="list-style-type: none"> <li>Strong shareholder engagement with participation in industry conferences, investor meetings and enhanced communications, including additional sustainability disclosure.</li> <li>Improved scoring and maintained Top Quartile Performance in annual Globe and Mail "Board Games" governance rankings of Canadian public companies.</li> <li>Continued to enhance processes, policies and disclosure, including updates to the enterprise risk management program. Published our Royalty Playbook and hosted an investor day to provide a detailed review of PrairieSky's royalty assets to investors.</li> </ul>	<ul style="list-style-type: none"> <li>Received a 93.25% vote in favour on the "say on pay" vote at the Company's 2021 annual general meeting of shareholders.</li> <li>Improved governance scores in independent third-party ESG surveys.</li> <li>Successfully prioritized health and safety during COVID-19 without business interruption, including adapting to changing government health protocols.</li> </ul>	Objective exceeded	14.3%	1.5	21.4%

## ESG and Sustainability

The Governance and Compensation Committee, with input from the Board, assessed management's development and execution of ESG and sustainability initiatives, programs, and reporting.

Objective Measures Considered	Subjective Measures Considered	Evaluation	Weighting	Multiplier	Total Weighting
<ul style="list-style-type: none"> <li>Established a sustainability-linked credit facility by incorporating sustainability-linked performance criteria which will be measured by Sustainalytics, an independent ESG research, ratings and analytics firm.</li> <li>Published our fourth annual Responsibility Report including third-party verification of additional key performance indicators (including "net zero" Scope 1 and 2 greenhouse gas emissions, and Scope 3 emissions related to business travel and employee commuting).</li> </ul>	<ul style="list-style-type: none"> <li>Achieved all 2021 ESG goals and key performance indicators, including offsetting all Scope 1 and Scope 2 greenhouse gas emissions through green energy purchases.</li> <li>Conducted comprehensive quarterly reporting to the Board on ESG matters and incorporated the same in strategy communications to employees.</li> <li>Conducted several internal education events related to sustainability, including staff</li> </ul>	Objective exceeded	14.3%	1.5	21.4%

<ul style="list-style-type: none"> <li>Enhanced our ESG reporting, including initiating climate change scenario analysis included in our Responsibility Report.</li> <li>Assessed by Sustainalytics as #1 out of 251 global oil and gas producers and #68 out of 14,521 global companies (February 7, 2022).</li> <li>Completed disclosure to the CDP Climate Change survey, maintaining an A- ranking and our CDP Water survey, maintaining a B ranking.</li> <li>Improved MSCI ranking to AA from A.</li> <li>Improved to 83<sup>rd</sup> percentile in the S&amp;P Corporate Sustainability Assessment, included in The Sustainability Yearbook 2022 for corporate sustainability excellence. Added to the S&amp;P/TSX 60 ESG Index in May 2021.</li> <li>Improved ESG rankings with ISS to a 1 (out of 10) in Environmental rankings and achieved a 1 (out of 10) in Social rankings in 2021.</li> <li>Advanced low-carbon initiatives including leasing and joint venture transactions for carbon capture, utilisation and storage, hydrogen, and resource gasification projects, as well as developing and executing PrairieSky's first carbon-credit royalty structure.</li> </ul>	<p>training on diversity, equity and inclusion.</p>				
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### Talent Management and Corporate Culture

The Governance and Compensation Committee, with input from the Board, assessed management's execution of its talent management strategy and the overall corporate culture management has cultivated through its corporate programs and processes and engagement initiatives.

Objective Measures Considered	Subjective Measures Considered	Evaluation	Weighting	Multiplier	Total Weighting
<ul style="list-style-type: none"> <li>Focused on development and progression of internal talent, as well as longer-term succession planning.</li> <li>Maintained strong scoring on engagement survey, achieved 93% employee engagement score (2020 - 92%).</li> <li>Developed formal training programs for ethics, diversity and inclusion, in the workplace.</li> <li>Delivered health and safety and cyber-security training for all staff.</li> <li>Supported our community through approximately \$0.4 million in community investment and volunteering with local charities.</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrated commitment to employee engagement through training and development.</li> <li>Conducted internal training on diversity and inclusion in the workplace, health and safety and cyber-security.</li> </ul>	Objective exceeded	14.3%	1.5	21.4%
<b>Total Corporate Scorecard</b>					<b>149.8%</b>

Notes:

- (1) EBITDA is defined in the Company's credit agreement.
- (2) The Heritage Royalty acquisition for cash consideration of \$728 million was effective December 31, 2021. Assets from this transaction will be integrated in 2022.
- (3) Operating margin is a non-GAAP measure which is defined in the Company's management's discussion and analysis as operating margin for the years ended December 31, 2021 and 2020 (under the section "Financial Results – Operating Results" at page 8 and "Non-GAAP Measures and Ratios" starting at page 27), each of which sections are incorporated by reference in this Information Circular and Proxy Statement. The Company's management's discussion and analysis for each of the periods noted above are available on SEDAR at [www.sedar.com](http://www.sedar.com) under PrairieSky's company profile.
- (4) Cash administrative expense and cash administrative expense per BOE are non-GAAP measures both of which are defined in the Company's management's discussion and analysis for the years ended December 31, 2021 and 2020 (under the section "Non-GAAP Measures and Ratios" starting at page 27), which section is incorporated by reference in this Information Circular and Proxy Statement. The Company's management's discussion and analysis for each of the periods noted above are available on SEDAR at [www.sedar.com](http://www.sedar.com) under PrairieSky's company profile.

## 2021 Performance of CEO

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The CEO's personal objectives were the same as the corporate objectives. As noted in the chart above, for the CEO, each of the objectives was weighted as "High". Mr. Phillips met or exceeded all objectives set for him in 2021.

Mr. Phillips received a bonus that was above target for 2021 for the first time in two years. All short-term objectives were either met or exceeded in 2021, including executing several strategic acquisitions and novel financing structures. In making the decision to award above target short-term awards (bonus) for 2021, the Governance and Compensation Committee considered the relative performance of the Company against its peer group, the corresponding impact on the Company's share price, overall execution of strategy and returns to shareholders. See also "COVID-19 Factors" below.

## 2021 Performance of Other Executive Officers

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Information regarding the Governance and Compensation Committee's assessment on the attainment of corporate objectives is set out above. For personal objectives, the Governance and Compensation Committee considered the CEO's performance reviews of each executive officer against his or her key responsibilities and objectives, as well as the relative contribution made by each of the executive officers towards the Company's objectives during the year. The Governance and Compensation Committee concluded that these objectives were met or exceeded by all of the Company's executive officers. See also "COVID-19 Factors" below.

## COVID-19 Factors

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2021 was another challenging year for many businesses due to the COVID-19 global pandemic and the resulting impacts on the broader economy despite a material increase in crude oil benchmark pricing which positively impacted PrairieSky's realized prices for oil and natural gas liquids. These are factors over which the Company, and in particular management of the Company, does not necessarily have control. The Board determined that management of the Company strategically took advantage of acquisition opportunities throughout the year as conditions in the oil and gas industry improved, and also had in place exceptional risk management processes and business continuity plans that were sufficient to ensure stability across the business during a significantly volatile time, while continuing to prioritize the health and safety of our employees and broader communities. During 2021, our workforce continued to work from home for the significant majority of the fiscal year. Management of the Company continued to execute on its strategic plan without business interruption.

While the Board did not make any adjustments to either short-term incentive award (bonus) measurement targets for 2021 or unvested long-term incentive plan awards granted in prior years, the Board did consider the exemplary job of the executive officers in communicating with stakeholders, managing a remote workforce while expanding the Company's asset base through several strategic acquisitions and executing the overall business plan in an otherwise volatile environment. Additional weight was given to these factors in determining 2021 bonus levels for the three executive officers.

## 2022 Performance Objectives

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For 2022, corporate and personal objectives for executive officers (including the CEO) will continue to include those set out in the chart above, and other items that may be added throughout the year with the approval of the Governance and Compensation Committee. The CEO's and COO's objectives will continue to be the same as those for the Company and each of the objectives will be weighted as "High". The Governance and Compensation Committee will continue to use both subjective and objective measures in considering each of the corporate objectives set out in the chart above. For Asset Development & Optimization, the Governance and Compensation Committee will consider the number, nature and value of transactions evaluated and executed, as well as the level of lease issuance bonus and new leasing/commitments/drilling generated by management's efforts. For Cost Structure Optimization, the Governance and Compensation Committee will consider the effectiveness of management's efforts to manage the Company's general and administrative expenses against budget and within a framework of executing the Company's other objectives, including but not limited to asset development, growth and risk management. For Royalty Compliance and Asset Integrity, the Governance and Compensation Committee will consider progress in auditing and collecting royalty revenue receipts, forensic accounting efforts, lease compliance efforts and managing counterparty credit risk, management's efforts in integrating and optimizing records related to acquired assets, as well as continuous improvement projects to enhance the Company's technology and automation platform for records management and royalty compliance. For Governance and Risk Management, the Governance and Compensation Committee will consider external rating agency rankings and surveys, management performance with respect to internal controls and risk mitigation objectives, and accomplishments with respect to advancing governance best practices. For ESG and Sustainability, the Governance and Compensation Committee will consider the advancement of the Company's sustainability strategy and reporting initiatives. The strategic environment, social and governance plan includes an aggressive education plan for the organization, enhanced shareholder engagement and marketing activities, improving third-party rankings, publishing a fifth version of the Company's Responsibility Report with enhanced disclosures, continued development of sustainability content directly on the Company's website, and advancing the Company's alignment with Task Force on Climate-related Financial Disclosures. In addition, the Governance and Compensation Committee will examine management's efforts to identify transition risks and execute on energy transition opportunities. For Talent Management and Corporate Culture, the Governance and Compensation Committee will consider how well management is building an overall culture of excellence in the organization which in turn translates into organizational efficiency, high-end performance and bench strength across the Company. In addition to the foregoing, in determining annual bonus eligibility and the granting of awards, the Governance and Compensation Committee and the Board consider: (i) shareholder returns, in particular share price performance; and (ii) when goals are met, the extent to which factors outside management's control may have had an impact.

No changes were made to target bonuses of the CEO or the Controller for 2022. Pursuant to the Amended Executive Employment Agreements, the target bonuses for the COO and the CFO increased to 125% and 100% of base salary, respectively.

## 2019 PSU GRANTS – LTIP SCORECARD – THREE-YEAR PERIOD ENDING DECEMBER 31, 2021 (VESTED JANUARY 2022)

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The LTIP scorecard measures our corporate performance over a three-year period, from January 1, 2019 to December 31, 2021. Achievements on the key elements of our LTIP scorecard determined the performance multiplier/factor for the vesting of PSUs granted on January 1, 2019 which vested on January 15, 2022. The LTIP scorecard utilizes a weighting of 50% for total shareholder return against a peer group over a three-year period from January 1, 2019 to December 31, 2021, with the other 50% based on performance against the Company's Strategy and Business Plan over the same period. The Governance and Compensation Committee believes the three-year relative TSR provides an objective assessment of our market performance over a longer period of time. This is aligned with the long-term nature of our

corporate strategy and also serves to reduce the impact of short-term volatility that may influence one-year relative total shareholder return (or TSR) performance. The Strategy and Business Plan is measured by the Governance and Compensation Committee annually, with the three-year cumulative total being utilized to calculate the actual contribution towards the performance factor/multiplier at vesting. Achievement of the goals within the components of our Strategy and Business Plan include: (1) Business Development; (2) Operational Excellence (Cost Control, Compliance, Asset Integration); (3) People Management; and (4) Governance and Sustainability. PrairieSky's strategy is designed to create value for shareholders over the long term.

The 2019 PSU grants to the executive officers were the first grants to use multiple measurement criteria to calculate the ultimate performance factor/multiplier, whereas PSU grants prior to January 1, 2019 used only TSR against a pre-determined peer group over a three year performance period to measure the performance factor/multiplier. See "*Components of Compensation – Other Compensation Elements – Benchmarking Executive Compensation and Incentive Award Programs – Incentive Plans.*"

		2019-2021 Three-Year Performance				Corporate Performance Score Calculation January 1, 2019-December 31, 2021			
Category	Measure					Weighting	Result by Measure	Score by Measure	Weighted Score by Measure
<b>Market<sup>1</sup></b>	Three-year Relative Total Shareholder Return ("TSR") Jan. 1, 2019-Dec. 31, 2021	1 <sup>st</sup> Quartile in Comparator Group	2 <sup>nd</sup> Quartile in Comparator Group	3 <sup>rd</sup> Quartile in Comparator Group	4 <sup>th</sup> Quartile in Comparator Group	50%	In Bottom Quartile (7 <sup>th</sup> Percentile of 2019 Peer Group)	0.00x	50% (1.0 towards PSU Multiplier)
<b>Strategy and Business Plan<sup>2</sup></b>	Execution of Business Plan	Described Below	Described Below	Described Below	Described Below	50%	Business Development (10/10) Operational Excellence (10/10) People Management (10/10) Governance and Sustainability (10/10)	1.00x	50% (1.0 towards PSU Multiplier)
<b>Overall</b>							<b>Total Weighted Average Corporate Performance Score for Three Year Period (January 1, 2019-December 31, 2021)</b>		<b>1.000</b>
									<b>*1.000*</b>

Notes:

- (1) "Market" full credit for top quartile would be 1.0x of 1.0 credits in the score, declining on a linear basis to the bottom quartile which would be zero (0.0x), which is consistent with how the TSR has been applied in years prior to 2021 and grants of LTIP (PSUs) prior to January 1, 2019. The actual result is measured at the end of the performance period, which is December 31, 2021 for 2019 LTI Grants. **For the 2019 LTI Grant the "market" performance for the period from January 1, 2021 to December 31, 2021 is zero (0.0x) given bottom quartile performance.**
- (2) Measure for Strategy and Business Plan calculated at end of each year, and a cumulative three-year score for the performance period is applied. The Strategy and Business Plan total possible score is 1.0 credits maximum, with each of the applicable three years credit scores contributing a maximum of 0.3332 points. Performance on each category of the Strategy and Business Plan is weighted on a 1 to 10-point scale, with anything below 2.5/10 (<P25) given nil (0) credit.

## 2019-2021 - Three Year Performance Measurement

To determine the ultimate value and payout multiplier applicable to PSUs granted to the CEO, CFO and COO for the PSUs granted in 2019 the Governance and Compensation Committee considered achievements during the 2019, 2020, and 2021 fiscal years as compared to the long-term strategic plan. The following disclosure table highlights certain achievements over the three-year period from January 1, 2019 to December 31, 2021.

Category	Achievements	Score
Business Development	<ul style="list-style-type: none"> <li>Completed over 350 leasing arrangements with 121 different counterparties.</li> <li>Additional fee, gross overriding royalty and seismic acquisitions completed during the three-year period for an aggregate value over \$1 billion (2021: \$987.1 million; 2020: \$9.4 million; 2019: \$11.2 million). Acquisitions included the largest fee simple mineral title package available through the Heritage Royalty acquisition, best in class Clearwater acreage as well as low-cost entry points in the Montney.</li> <li>Shareholders now own over 76,000 acres per million Common Shares owned (2019: 67,000 acres per million Common Shares; 2020: 69,000 per million Common Shares).</li> <li>Collected over \$26 million in lease issuance bonuses which was in line with internal forecasts, partially impacted (negatively) by lower activity due to COVID-19 and volatility in commodity prices.</li> <li>Completed acquisitions were funded predominantly through free cash flow, while utilizing expanded debt capacity (sustainability-linked loan) and equity financing for larger Heritage Royalty acquisition in Q4 2021.</li> <li>Completed acquisitions of proprietary seismic which can be used for future technical evaluations and promotion of additional organic leasing opportunities.</li> <li>Third-party activity on PrairieSky's royalty properties focused on areas where PrairieSky has made strategic investments, including the Clearwater oil play.</li> <li>Opportunistically purchased over 12.5 million Common Shares at an average price per Common Share of \$10.59.</li> <li>During the three-year period from January 1, 2019 to December 31, 2021, increased year-end proved plus probable reserves by 40% through strategic acquisitions and third-party capital on PrairieSky lands which replaced 121% of royalty production volumes.</li> <li>Completed 2019 and 2021 Royalty Playbooks and hosted two Investor Days with significant updates to plays, materials and ESG themes.</li> </ul>	10/10
Operational Excellence	<ul style="list-style-type: none"> <li>Continued to employ exceptional risk management strategies and avoiding unnecessary business risks, including employing financial risk management through taking physical delivery of royalty volumes and limiting potential credit risk by taking financial instruments (letters of credit) and other security for select producers.</li> <li>Continued to work with provincial regulators and producers to dismantle historical leasing arrangements and force abandonment and reclamation of wells which were at or near end of life or not being continuously produced by operators, in turn bringing undeveloped land back to inventory or forcing transactions to well capitalized operators.</li> <li>Continued to employ prudent fiscal management and implemented novel sustainability-linked financing capacity when available.</li> <li>Advanced the Company's technology platform, adding different modules to enhance efficiencies of compliance processes.</li> <li>Increased operating margin<sup>(1)</sup> over the three-year period (2021: 92%; 2020: 87%; 2019: 89%).</li> <li>Managed conservative payout ratio which was 26% in 2021 (2020: 59%; 2019: 83%), increasing dividend 2 times in 2021 (50% increase) while continuing to opportunistically buy back Common Shares pursuant to the NCIB and executing on acquisition opportunities.</li> <li>Maintained low cash administrative expenses per BOE<sup>(2)</sup> of \$2.79 (2020: \$2.72 excluding Canada Emergency Wage Subsidy; 2019: \$2.68), with cash G&amp;A expenses<sup>(1)</sup> remaining low due to active management of cost structure combined with the impact of lower than target executive compensation, including \$nil payouts (January 2021) under the long-term incentive plan due to decline in share price and relative underperformance against pre-determined peers.</li> <li>Concluded a record number of lease and royalty compliance actions, including significant lease assignments and restructurings given ongoing solvency issues of several oil and gas producers in Western Canada as well as increased mergers and acquisition activity.</li> <li>Served over 10,000 lease compliance notices (2021: 2,437; 2020: 4,254; 2019: 3,578), generating over: (i) 500 sections returned to the Company's land inventory; (ii) over an estimated \$60 million in additional third-party capital spend drilling offset wells; and (iii) over \$4.0 million in compensatory royalties.</li> <li>Over 4,350 lease assignments were processed as assets worked through bankruptcy procedures and operators completed acquisition and divestiture activity. Lands returned to inventory are available for re-work by PrairieSky's technical team and/or leasing to new operators.</li> <li>Collected over \$17 million in royalty compliance revenue.</li> </ul>	10/10
People Management	<ul style="list-style-type: none"> <li>Voluntary turnover rate of less than 5% (average, excluding planned retirements) improved every year during the three-year performance period.</li> <li>Executed on formulated succession plan in technical group with promotion of internal candidate to Manager, Geosciences.</li> </ul>	10/10

	<ul style="list-style-type: none"> <li>• Achieved a 90% satisfaction score (over the three-year period in our annual employee engagement survey).</li> <li>• Proactively enhanced availability of mental health and other benefits during COVID-19.</li> <li>• Implemented and enhanced community giving and "match" program during COVID-19, predominantly supported (financially) by management.</li> <li>• Managed Business Continuity Plan and work from home for staff for 2020 and 2021 with no business interruption.</li> <li>• Pro-actively managed headcount across organization to 55 full time employees at year-end December 31, 2021, a decrease of 5% from January 1, 2019, while increasing our royalty acreage by 17%.</li> </ul>	
Governance and Sustainability	<ul style="list-style-type: none"> <li>• Improved performance in annual Globe and Mail "Board Games" governance rankings of Canadian public companies over the three-year period, achieving status in the top ~20% of ranked companies.</li> <li>• Included in the 2021 and 2020 Globe and Mail "Women Lead Here" rankings, as one of ~70 honorees.</li> <li>• Continued to enhance processes, policies and disclosure, including updates to the enterprise risk management program, implementation of a Supplier Code of Conduct and supplier questionnaire; updates to the Human Rights Policy and Business Code of Conduct, adopting Retirement Policy and applicable COVID-19 Policies, including a vaccination policy).</li> <li>• Received a 93.25% and 98.55% vote in favor on the "say on pay" vote at the Company's 2021 and 2020 annual general meeting of shareholders.</li> <li>• Successfully prioritized health and safety during COVID-19 without business interruption, including continuing execution of our Business Continuity Plan in response to COVID-19 which successfully kept staff in a work from home environment for 2020 and 2021, other than those who were required to be in the office for "operational effectiveness".</li> <li>• Published three annual Responsibility Reports including third-party verification of increased number of key performance indicators (including "net zero" Scope 1 and 2 greenhouse gas emissions, and published Scope 3 emissions related to business travel and employee commuting).</li> <li>• Provided enhanced Environmental, Social and Governance reporting through GRI, SASB and WEF disclosures in line with PrairieSky's long term plan, including Climate Scenario Analysis; published separate TCFD reports in 2020 and 2021.</li> <li>• Assessed by Sustainalytics as "Negligible Risk" and ranked #1 out of all global oil and gas producers and #68 of all 14,500+ global companies evaluated by Sustainalytics (as of February 7, 2022).</li> <li>• Upgraded to an "AA" rating in MSCI (previously "A" in 2020 and "AA" in 2019).</li> <li>• Completed disclosure to the CDP Climate Change survey, receiving an "A-" ranking in 2021 (2020: "A-"; 2019: "B").</li> <li>• Improved S&amp;P Global Corporate Sustainability Assessment score to 83<sup>rd</sup> percentile and included in The Sustainability Yearbook 2022 which recognizes sustainability excellence.</li> <li>• Improved ESG rankings with ISS to a 1 (out of 10) in Environmental rankings, also achieved a 1 (out of 10) in Social ranking in 2021.</li> <li>• Achieved all short-term sustainability goals and key performance indicators, including net zero Scope 1 and 2 greenhouse gas emissions through purchasing green energy offsets.</li> <li>• Implemented and subsequently expanded a sustainability-linked loan credit facility.</li> <li>• Included in the S&amp;P/TSX Composite ESG Index (Effective May 3, 2021).</li> <li>• CFO completed SASB Fundamentals of Sustainability Accounting (FSA) Credential.</li> <li>• Conducted comprehensive quarterly reporting to the Board on ESG matters and incorporated the same in strategy communications to employees.</li> </ul>	10/10

Notes:

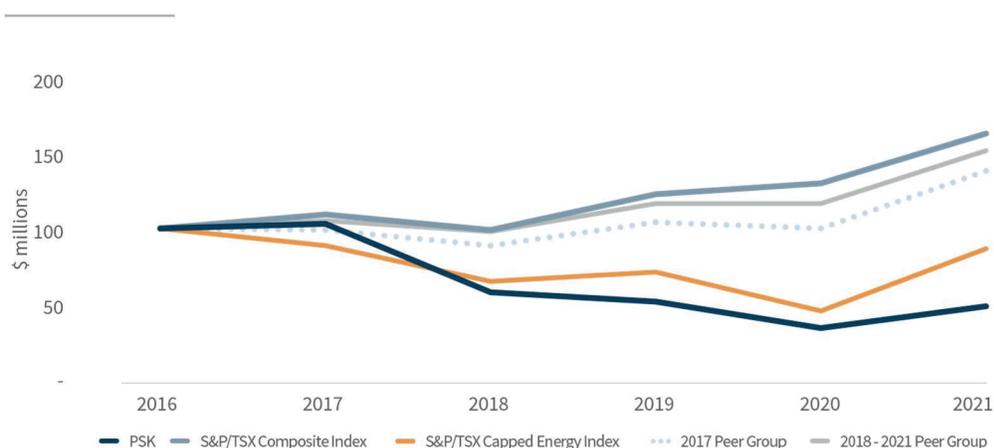
- (1) Operating margin is a non-GAAP measure which is defined in the Company's management's discussion and analysis for the years ended December 31, 2021 and 2020 under the sections "Financial Results – Operating Results" at page 8 and "Non-GAAP Measures and Ratios" starting at page 27. For the year ended December 31, 2019, please see the Company's management's discussion and analysis for the years ended December 31, 2020 and 2019 under the sections "Financial Results – Operating Results" at page 7 and "Non-GAAP Measures" starting at page 25. Each of these sections is incorporated by reference in this Information Circular and Proxy Statement. The Company's management's discussion and analysis for each of the periods noted above are available on SEDAR at [www.sedar.com](http://www.sedar.com) under PrairieSky's company profile.
- (2) Cash administrative expense per BOE are non-GAAP measures both of which are defined in the Company's management's discussion and analysis for the years ended December 31, 2021 and 2020 (under the section "Non-GAAP Measures and Ratios" starting at page 27). For the year ended December 31, 2019, please see the Company's management's discussion and analysis for the years ended December 31, 2020 and 2019 under the section "Non-GAAP Measures" starting at page 24. Each of these sections is incorporated by reference in this Information Circular and Proxy Statement. The Company's management's discussion and analysis for each of the periods noted above are available on SEDAR at [www.sedar.com](http://www.sedar.com) under PrairieSky's company profile.

## PRAIRIESKY'S PERFORMANCE VERSUS PEERS AND INDICES

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

### Performance Graph

The graph below compares the performance of the Company since December 31, 2016 (with all dividends reinvested) to the S&P/TSX Composite Index, the S&P/TSX Capped Energy Index, and the average return for each peer group for the years 2017 to 2021, each starting with an investment of \$100 on December 31, 2016. See "Compensation Discussion and Analysis – Executive Compensation – Benchmarking Executive Compensation" for more information on our peer group.



	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
PrairieSky Royalty Ltd.	\$ 100	\$ 103	\$ 59	\$ 53	\$ 36	\$ 50
S&P/TSX Composite Index	\$ 100	\$ 109	\$ 99	\$ 122	\$ 129	\$ 161
S&P/TSX Capped Energy Index	\$ 100	\$ 89	\$ 66	\$ 72	\$ 47	\$ 87
Peer Group Average 2018-2021	\$ 100	\$ 105	\$ 98	\$ 116	\$ 116	\$ 150
Peer Group Average 2017	\$ 100	\$ 99	\$ 89	\$ 104	\$ 100	\$ 137

PrairieSky's focus is on long-term shareholder value and providing returns to shareholders in an industry subject to commodity price cycles. From December 31, 2016 to December 31, 2021, the Company's return was below the S&P/TSX Composite Index, S&P/TSX Capped Energy Index, and peer groups which include more industry diversification (energy, mining, real estate investment trusts). Over this time period, granted NEO compensation has been adjusted to reflect changes in responsibilities with realized pay for the NEOs decreasing, as further discussed below, consistent with our "pay for performance" philosophy.

In 2021, the Company's return was 38%, which was above the S&P/TSX Composite Index as well as the 2017 and 2018-2021 Peer Group averages. The Company's return is below the S&P/TSX Capped Energy Index which reflects the improved macro environment for energy in 2021. Total direct compensation for our Named Executive Officers is aligned with shareholders as a substantial majority of total direct compensation

is linked to PrairieSky's share price and overall performance. The following table illustrates total shareholder returns for 2021.

	2021
PrairieSky Royalty Ltd.	38%
S&P/TSX Composite Index	25%
S&P/TSX Capped Energy Index	85%
2018-2021 Peer Group Average	30%
2017 Peer Group Average	37%

## 2021 NEO COMPENSATION

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

### CEO Compensation

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

Mr. Phillips' annualized compensation for the years 2017 to 2021 by component is outlined below. Since December 31, 2016, Mr. Phillips' target compensation has seen both decreases and increases to reflect Company performance, industry conditions and the size and complexity of the business, with most of these changes impacting medium and long-term incentives.

Compensation Components <sup>(1)</sup>	2017	2018	2019	2020	2021
Base Salary	\$ 475,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000
Other Compensation <sup>(2)</sup>	49,100	66,000	66,000	66,000	66,000
Bonus	1,000,000	925,000	740,000	600,000	1,200,000
PSU Grants	1,875,000	2,062,500	2,137,500	1,856,250	1,856,250
ODSU Grant	-	-	-	309,375	618,750
Option Grant	625,000	687,500	712,500	309,375	-
<b>Total Compensation</b>	<b>\$ 4,024,100</b>	<b>\$ 4,291,000</b>	<b>\$ 4,206,000</b>	<b>\$ 3,691,000</b>	<b>\$ 4,291,000</b>

Notes:

- (1) Base Salary, Other Compensation and Bonus reflect actual amounts paid in the period. PSU, ODSU and Option grants reflect target compensation that may (or may not) be paid in future periods as further described below.
- (2) "Other Compensation" includes retirement savings plan contributions. See "Compensation Discussion and Analysis – Executive Compensation – Components of Compensation – Retirement Savings Plan".

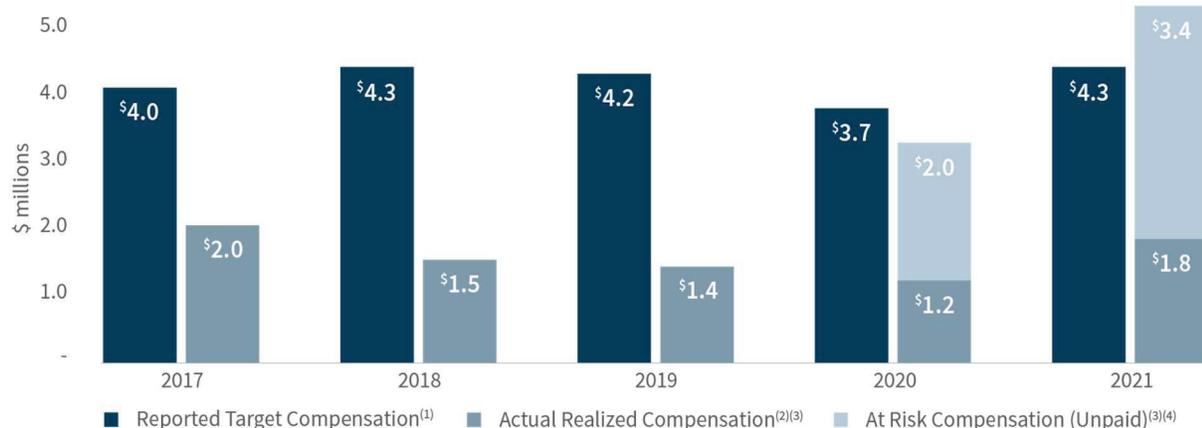
The chart below compares Mr. Phillips' total "reported target" compensation to "actual realized" compensation over time. "Actual realized" compensation amounts in the table below are as at December 31, 2021 (unless otherwise noted), and are recognized in the year of grant and not in the year paid to compare target compensation with realized compensation (amounts actually paid and the fair market value of outstanding share unit awards and Options). All amounts shown are before taxes.

Actual Realized Compensation for the 2017, 2018 and 2019 years is based on actual amounts received for salary, bonus, vested PSUs and vested and exercised Options. Annually, over 80% of Mr. Phillips' annual total reported compensation has been considered "at risk" (84% in 2021) as actual amounts paid are, and will be, based on Company and personal performance results as compared to corporate performance objectives, PrairieSky's share price and total shareholder return. Mr. Phillips' compensation is allocated over one to three years, with share-based awards typically vesting over a three-year period.

- Mr. Phillips' long-term incentive awards for 2017 vested and were paid in February 2020 and have been reflected in the table below as realized compensation. Mr. Phillips' 2017 Options expired, unexercised in January 2022 (\$32.03 exercise price).
- Mr. Phillips' long-term incentive awards for 2018 (\$2,062,500 grant target value) were not eligible to vest and were terminated on January 4, 2021 due to bottom quartile performance against the pre-determined peer group, which has been reflected in the table below as realized compensation (\$nil). Mr. Phillips' 2018 Option grant of \$687,500 currently has a \$nil value (\$32.06 exercise price). Mr. Phillips' 2018 realized compensation was \$1,541,000, 64% below his reported compensation of \$4,291,000.
- Mr. Phillips' long-term incentive awards for 2019 vested at a multiplier of 1.0x which equaled a payment (before tax) in January 2022 of \$1,937,100, which was 9% below the \$2,137,500 grant value, the difference being between the grant price of \$17.67 and the vesting price of \$14.40, partially positively offset by a dividend reinvestment adjustment.

For Mr. Phillips' 2017, 2018 and 2019 compensation his Actual Realized Compensation was 51%, 36% and 78%, respectively, below granted or targeted compensation and demonstrates PrairieSky's strong alignment between CEO compensation and Company performance. A significant portion of Mr. Phillips' 2020 to 2021 compensation, shown in the table below as "At Risk Compensation (Unpaid)", will be determined in the future based on the Common Share price, total shareholder return and performance measured by the Governance and Compensation Committee. "At Risk Compensation (Unpaid)" values are based on the fair market value of share unit awards and Options at December 31, 2021. The actual compensation Mr. Phillips' receives may be more or less than the amounts included in "At Risk Compensation (Unpaid)" in the table below. See "*Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair*".

## Reported Target vs. Actual Realized CEO Compensation



### Notes:

- (1) Reported Target Compensation is disclosed by component in the table above in the year granted.
- (2) Actual Realized Compensation includes actual salaries, other compensation, bonus and vested share-based compensation paid, including the value of exercised Options and is shown above in the year granted. The 2017 grant of PSUs vested in February 2020 at a PSU multiplier of 0.56x based on relative performance against the pre-determined peer group, which represented a payout of approximately 28% (\$520,500), including dividend equivalents, of the target value (\$1,875,000) at the time of grant. The 2018 grant of PSUs was not eligible to vest in January 2021 based on bottom quartile relative performance against the pre-determined peer group, resulting in a payout of 0% versus a target value (\$2,062,500) at the time of grant. The 2019 grant of PSUs vested in January 2022 at a PSU multiplier of 1.0x based on the 2019-2021 - Three Year Performance Measurement as determined by the Governance and Compensation Committee (see page 64). This resulted in a payout of approximately 91% (\$1,937,100) including dividend reinvestment equivalents, as compared to the target value of \$2,137,500 at the time of grant.
- (3) Actual Realized Compensation and At Risk Compensation (Unpaid) are included in the table above in the year of grant, including for share-based compensation which vests and is paid in subsequent years.
- (4) At Risk Compensation (Unpaid) includes estimates for the market value of unvested PSUs and outstanding (vested and unvested) Options. The PSU value for 2017, 2018 and 2019 is based on the actual share price and performance multiplier for the units vested (or not) in February 2020, January 2021 and January 2022, respectively. The PSU value for 2020 and 2021 is based on the number of unvested PSUs multiplied by the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63 and an assumed payout multiplier of 1.0x. As at December 31, 2021, the performance multiplier for the 2020 and 2021 grant year PSUs were 1.0x and 1.5x, respectively, based on relative performance against the pre-determined peer group and including an estimate of 1.0x for the three-year performance measurement. The actual performance multiplier will be determined at the end of each performance period. For outstanding Options, the market value was calculated based on the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63, less the exercise price of the Options, multiplied by the number of outstanding Options. As at December 31, 2021, all of the Options granted had a \$nil value. All 2017 Options expired, unexercised, on January 23, 2022.

As of December 31, 2021, Mr. Phillips held the following number of Common Shares, PSUs, ODSUs and Options.

Share-based Component	Number of Common Shares/ Share Unit Awards/Options	Value
Common Shares Owned <sup>(1)</sup>	754,965	\$ 10,290,200
PSUs <sup>(2)</sup>	450,115	\$ 6,135,100
ODSUs <sup>(3)</sup>	83,591	\$ 1,139,300
Options <sup>(4)</sup>	601,833	\$ -
<b>Total</b>	<b>1,890,504</b>	<b>\$ 17,564,600</b>

### Notes:

- (1) Common Share value based on the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63.
- (2) PSU value is based on the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63 and a payout multiplier assumed at 1.0x for the PSUs. The value of the PSUs includes dividend equivalents. If a payout multiplier at the maximum 2.0x is applied, such PSUs would be worth an incremental \$6,135,100 in the aggregate assuming a price of \$13.63 per Common Share as at December 31, 2021. As at December 31, 2021, the performance multiplier for the 2020 and 2021 grant year PSUs 1.0x and 1.5x, respectively, based on relative performance against the pre-determined peer group and including an estimate of 1.0x for the three-year performance measurement. The actual performance multiplier will be determined at the end of each performance period.
- (3) ODSU value is based on the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63. The value of the ODSUs includes dividend equivalents.
- (4) Options are valued using the "in-the-money" amount of such Options using the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63. As at December 31, 2021, all outstanding Options had a \$nil value. Dividends are not paid on outstanding Options.

## Summary Compensation Table

The following table sets out annualized compensation paid by the Company to the Named Executive Officers for the fiscal years ended December 31, 2019, 2020 and 2021 where total compensation was more than \$150,000. This table includes amounts paid in the year (salary, annual incentive plans (bonus)) as well as values of long-term incentive grants (option-based awards, share-based awards) which vest in future years.

Name and principal position	Year	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation		Pension value <sup>(4)</sup> (\$)	All other compensation <sup>(5)</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>(3)</sup> (\$)	Long-term incentive plans <sup>(3)</sup> (\$)			
Andrew M. Phillips, President & CEO <sup>(6)</sup>	2021	550,000	2,475,000	-	1,200,000	-	66,000	-	4,291,000
	2020	550,000	2,165,625	309,375	600,000	-	66,000	-	3,691,000
	2019	550,000	2,137,500	712,500	740,000	-	66,000	-	4,206,000
Cameron M. Proctor, COO	2021	425,000	1,600,000	-	750,000	-	51,000	-	2,826,000
	2020	425,000	1,400,000	200,000	425,000	-	51,000	-	2,501,000
	2019	425,000	1,395,000	465,000	375,000	-	51,000	-	2,711,000
Pamela P. Kazell, VP Finance & CFO	2021	375,000	830,000	-	425,000	-	45,000	-	1,675,000
	2020	375,000	726,250	103,750	250,000	-	45,000	-	1,500,000
	2019	375,000	712,500	237,500	265,000	-	45,000	-	1,635,000
Amber M. Vrataric, Controller	2021	216,400	155,000	-	75,000	-	26,000	-	472,400
	2020	216,400	160,000	-	60,000	-	26,000	-	462,400
	2019	212,200	156,000	28,600	60,000	-	25,500	-	482,300
Matthew J.P. McMahon, former General Counsel <sup>(7)</sup>	2021	62,900	115,000	-	-	-	7,500	-	185,400
	2020	200,300	105,000	-	60,000	-	24,000	-	389,300
	2019	200,300	110,000	18,600	55,000	-	24,000	-	407,900

### Notes:

- (1) Represents the fair value of RSUs and PSUs awarded to the Named Executive Officer under the 2021 Incentive Plan at the date of grant and the fair value of ODSUs awarded to the Named Executive Officer under the Officer DSU Plan. The RSU, PSU and ODSU compensation expenses are accounted for on a fair value basis in accordance with International Financial Reporting Standards ("IFRS") and may be allocated for accounting purposes. Ms. Vrataric and Mr. McMahon hold only RSUs and have not been granted any PSUs or ODSUs.
- (2) Represents the fair value of Options awarded to the Named Executive Officers under the Option Plan at the date of grant. The fair value of Options presented may be different from the valuation using a Black-Scholes model (or other model adopted by the Company in accordance with IFRS). No Options were granted in 2021 and the Governance and Compensation Committee and the Board do not expect to grant any further Options under the Option Plan.
- (3) The Company has not awarded any non-equity based long-term incentive plan compensation for the 2019, 2020 and 2021 calendar years. See "Executive Compensation – Compensation Discussion and Analysis – Components of Compensation – Annual Cash Awards (Bonus)" for a description of annual bonuses under the annual incentive plan.
- (4) The amount of pension value compensation of the Named Executive Officers for the calendar year. See "Compensation Discussion and Analysis – Executive Compensation – Components of Compensation – Retirement Savings Plan".
- (5) No property or other personal benefits were provided to the NEOs that are not generally available to all employees and, that in aggregate, were worth \$50,000 or more, or were worth 10% or more of the NEO's total salary for the years ended December 31, 2019, 2020 and 2021.
- (6) All amounts paid to Mr. Phillips were in respect of his position as President and CEO. Mr. Phillips did not receive any compensation for his role as a director of the Company.
- (7) Mr. McMahon ceased to be General Counsel of the Company on April 23, 2021 and is no longer employed by the Company.

## Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth, for each Named Executive Officer, the value of all option-based and share-based awards that were outstanding as of December 31, 2021.

Name and principal position	Option-based awards <sup>(1)</sup>				Share-based awards			
	Common Shares underlying unexercised Options	Exercise prices of Options	Option expiration dates	Value of unexercised in-the-money Options <sup>(2)</sup>	Number of RSUs, PSUs and ODSUs that have not vested <sup>(3)</sup>	Market or payout value of RSUs, PSUs and ODSUs that have not vested <sup>(4)</sup>	Market or payout value of vested RSUs, PSUs and ODSUs not paid out or distributed <sup>(5)</sup>	
	(#)	(\$)		(\$)	(#)	(\$)	(\$)	
Andrew M. Phillips, President & CEO	2021	-	-	-	Nil	248,131	3,382,000	-
	2020	136,332	15.23	January 1, 2025	Nil	143,909	1,961,500	97,400
	2019	248,905	17.67	January 1, 2024	Nil	134,518	1,833,500	-
	2018	111,688	32.06	January 1, 2023	Nil	-	-	-
	2017	104,908	32.03	January 23, 2022 <sup>(6)</sup>	Nil	-	-	-
	<b>Total</b>	<b>601,833</b>			<b>-</b>	<b>526,557</b>	<b>7,177,400</b>	<b>97,400</b>
Cameron M. Proctor, COO	2021	-	-	-	Nil	160,408	2,186,400	-
	2020	88,134	15.23	January 1, 2025	Nil	93,032	1,268,000	63,000
	2019	162,443	17.67	January 1, 2024	Nil	87,790	1,196,600	-
	2018	71,481	32.06	January 1, 2023	Nil	-	-	-
	2017	67,141	32.03	January 23, 2022 <sup>(6)</sup>	Nil	-	-	-
	<b>Total</b>	<b>389,199</b>			<b>-</b>	<b>341,230</b>	<b>4,651,000</b>	<b>63,000</b>
Pamela P. Kazeil, VP Finance & CFO	2021	-	-	-	Nil	83,211	1,134,200	-
	2020	45,720	15.23	January 1, 2025	Nil	48,261	657,800	32,700
	2019	82,968	17.67	January 1, 2024	Nil	44,840	611,200	-
	2018	36,553	32.06	January 1, 2023	Nil	-	-	-
	2017	33,571	32.03	January 23, 2022 <sup>(6)</sup>	Nil	-	-	-
	<b>Total</b>	<b>198,812</b>			<b>-</b>	<b>176,311</b>	<b>2,403,200</b>	<b>32,700</b>
Amber M. Vrataric, Controller	2021	-	-	-	Nil	15,541	211,800	-
	2020	-	-	-	Nil	7,441	101,400	-
	2019	10,000	17.67	January 1, 2024	Nil	3,273	44,600	-
	2018	6,000	32.06	January 1, 2023	Nil	-	-	-
	2017	5,000	32.03	January 23, 2022 <sup>(6)</sup>	Nil	-	-	-
	<b>Total</b>	<b>21,000</b>			<b>-</b>	<b>26,255</b>	<b>357,800</b>	<b>-</b>
Matthew J.P. McMahon, former General Counsel <sup>(7)</sup>	2021	-	-	-	Nil	-	-	-
	2020	-	-	-	Nil	-	-	-
	2019	-	-	-	Nil	-	-	-
	2018	-	-	-	Nil	-	-	-
	2017	-	-	-	Nil	-	-	-
	<b>Total</b>	<b>-</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes:

(1) No Options were granted in 2021 and the Governance and Compensation Committee and the Board do not expect to grant any further Options under the Option Plan.

- (2) Calculated based on the difference between the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63, and the exercise price of the Options, if positive, multiplied by the number of Options. As at December 31, 2021, all of the Options granted had a \$nil value.
- (3) The number of share-based awards includes dividend equivalents.
- (4) Represents the market value of the RSUs, PSUs and ODSUs calculated based on the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63. An assumed multiplier of 1.0x has been applied to the PSUs. If the maximum multiplier of 2.0x is applied to the PSUs, the market value of the PSUs not paid out would be \$12,270,100 for Mr. Phillips; \$7,954,800 for Mr. Proctor; and \$4,107,400 for Ms. Kazeil. Ms. Vrataric and Mr. McMahon do not hold any PSUs.
- (5) All RSUs and PSUs are paid out upon vesting. ODSUs are paid out on the Officer's Termination Date (as defined herein), subject to certain exceptions as set forth in the Officer DSU Plan.
- (6) Mr. Phillips, Mr. Proctor, Ms. Kazeil and Ms. Vrataric's 2017 Option grants of 104,908, 67,141, 33,571 and 5,000 Options, respectively, expired unexercised on January 23, 2022.
- (7) Mr. McMahon ceased to be General Counsel of the Company on April 23, 2021 and is no longer employed by the Company. As a result, all Options and RSUs held by Mr. McMahon were forfeited or cancelled in accordance with their terms.

## Option-Based Awards, Share-Based Awards and Non-Equity Compensation — Value Vested or Earned in 2021

The following table sets forth for each Named Executive Officer, the value of non-equity incentive plan compensation earned during the year ended December 31, 2021, Options which vested during the year ended December 31, 2021 and RSUs/PSUs which vested during the year ended December 31, 2021. RSUs typically vest evenly over a three-year period and PSUs vest three years from the date of grant. Option grants vest in tranches on the first, second and third anniversary date of the grant, and have a five-year term. ODSUs typically vest evenly over a three-year period but are not paid out until after the Officer's Termination Date.

Name	Year of Award	RSUs <sup>(1)</sup>		Year of Award	PSUs <sup>(1)(2)</sup>		Year of Award	ODSUs		Year of Award	Options <sup>(3)</sup>		2020 Bonus <sup>(5)</sup>
		Number of Awards Vested	Value (\$)		Number of Awards Vested	Value <sup>(1)</sup> (\$)		Number of Awards Vested	Value <sup>(3)</sup> (\$)		Number of Awards Vested	Value <sup>(4)</sup> (\$)	(\$)
Andrew M. Phillips, President & CEO	2020	-	-	2018	64,333	-	2020	7,149	97,400	2020	40,900	-	1,200,000
	2019	-	-								74,671	-	
	2018	-	-								44,675	-	
Cameron M. Proctor, COO	2020	-	-	2018	41,173	-	2020	4,621	63,000	2020	26,440	-	750,000
	2019	-	-								48,733	-	
	2018	-	-								28,592	-	
Pamela P. Kazeil, VP Finance & CFO	2020	-	-	2018	21,054	-	2020	2,397	32,700	2020	13,716	-	425,000
	2019	-	-								24,891	-	
	2018	-	-								14,621	-	
Amber M. Vrataric, Controller	2020	3,640	40,100	n/a	n/a	n/a	n/a	n/a	n/a	2020	-	-	75,000
	2019	3,203	35,300								3,000	-	
	2018	1,756	19,300								2,400	-	
Matthew J.P. McMahon, former General Counsel <sup>(6)</sup>	2020	2,389	26,300	n/a	n/a	n/a	n/a	n/a	n/a	2020	-	-	-
	2019	2,258	24,900								1,950	-	
	2018	702	7,700								1,500	-	

### Notes:

- (1) The value of the RSUs and PSUs that vested in 2021 was calculated based on the weighted average trading price of the Common Shares for the five trading days ending immediately prior to the vesting date multiplied by the number of RSUs and PSUs on such date, adjusted to reflect reinvested cash dividends made on the underlying Common Shares for the period from the date of grant to the vesting date. The Original Incentive Plan is considered an equity incentive plan as the share unit awards granted thereunder may be settled in cash or Common Shares, at the election of the Governance and Compensation Committee, in accordance with the Original Incentive Plan. The 2021 Incentive Plan is a non-equity incentive plan as the share unit awards granted thereunder may only be settled in cash in accordance with the 2021 Incentive Plan.
- (2) The 2018 grant of PSUs was not eligible to vest and was terminated in January 2021 given bottom quartile relative performance against the pre-determined peer group.
- (3) The ODSUs typically vest evenly over a three-year period but are not paid out until after the Officer's Termination Date. The ODSU value is based on the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63 and includes reinvested cash dividends made on the underlying Common Shares from the date of grant to December 31, 2021.
- (4) The value of the Options that vested in 2021 was calculated based on the difference, if positive, between the closing trading price of the Common Shares on the vesting date and the exercise price of the Options multiplied by the number of Options. The closing price of the Common Shares on the TSX on vest date (or if the vesting date is not a trading day, the next trading day following the vesting date) were as follows: January 1, 2021 - \$10.09 for Options granted in 2018 and January 23, 2021 - \$10.59 for Options granted in 2019 and 2020. Mr. Phillips, Mr. Proctor, Ms. Kazeil and Ms. Vrataric's 2017 Option grants of 104,908, 67,141, 33,571, and 5,000 Options, respectively, expired unexercised on January 23, 2022.
- (5) Bonus amounts reflect amounts earned in the fiscal year.

- (6) Mr. McMahon ceased to be General Counsel of the Company on April 23, 2021 and is no longer employed by the Company. As a result, all Options and RSUs held by Mr. McMahon were forfeited or cancelled in accordance with their terms.

## Option Value Realized During the Year

The following table provides the number of Common Shares acquired upon the exercise of Options as well as the aggregate value realized upon the exercise of these Options during the year ended December 31, 2021 for all NEOs.

Name	Common Shares Acquired on Option Exercise	Aggregate Value Realized <sup>(1)</sup> (\$)
Andrew M. Phillips, President & CEO	Nil	Nil
Cameron M. Proctor, COO	Nil	Nil
Pamela P. Kazeil, VP Finance & CFO	Nil	Nil
Amber M. Vrataric, Controller	Nil	Nil
Matthew J. P. McMahon, former General Counsel <sup>(2)</sup>	Nil	Nil

Notes:

- (1) The aggregate value realized equals the difference between the value of the Option and the market price of the Common Shares on the TSX at the time of exercise.
- (2) Mr. McMahon ceased to be General Counsel of the Company on April 23, 2021 and is no longer employed by the Company. As a result, all Options held by Mr. McMahon were cancelled in accordance with their terms.

## Termination and Change of Control Benefits

The Company has entered into the Amended Executive Employment Agreements with the CEO, COO and CFO. The terms of such employment agreements are in accordance with current market standards for agreements of a similar nature and include provisions that provide for payment of severance in certain circumstances, which include the aggregate of: (i) the executive officer's annual base salary, plus (ii) the average annual bonus awarded to the executive officer over the prior three years, plus (iii) 25% of base salary for the loss of benefits. The severance payment will be calculated based on a notice period multiplier of two for the CEO and one and a half for the COO and CFO (the "**Termination Payment**"). For purposes of the executive employment agreements, termination may be by the Company (other than for cause) or at the election of the Named Executive Officer (within a six month period following a change of control) for any one or more of the following reasons which constitute "good reason": (i) the failure of the Company to agree to perform any material terms of the executive employment agreement; (ii) the Company requiring the executive officer, without the executive officer's consent, to be based or perform his or her employment duties elsewhere than the Company's principal offices in Calgary, Alberta, except for required travel or temporary projects in connection with the Company's business; or (iii) the Company failing to provide or failing to agree to provide the executive officer with the same or a materially similar or comparable position, responsibilities, duties, compensation and benefits, as described herein, as previously provided to the executive officer by the Company.

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

The Board has also adopted a Retirement Policy that applies to employees and executive officers of the Company. The Amended Executive Employment Agreements, the 2021 Incentive Plan, the Original Incentive Plan, the Officer DSU Plan, the Option Plan and the grant agreements in respect of awards thereunder each refer to "Retirement" or the retirement of such person from employment with the Company



in accordance with the normal retirement policy of the Company. Such references are to the Retirement Policy, as amended from time to time.

An employee or executive officer of the Company shall be considered eligible for "Retirement" from employment with the Company (including, for greater certainty, any subsidiary of the Company) if they meet both the following criteria: (a) reaching an age of 55; and (b) having no less than 10 years of continuous service as an employee or officer of the Company. For the purposes of determining no less than 10 years of continuous service as an employee or officer of the Company under the Retirement Policy, certain exceptions apply including but not limited to certain events which are deemed to lead to a cessation of continuous service as an employee. Given the Company commenced active business operations on May 27, 2014, no employee or executive officer is currently eligible for retirement given that no person has more than 10 years of continuous service with the Company.

The following chart illustrates the payments that each of the CEO, COO and CFO would receive, in certain circumstances, in the event of their termination as at December 31, 2021. In all events below, subject to contractual agreements, the Board maintains ultimate discretion on all payouts.

Type	Termination Payment	RSUs/PSUs/ODSUs	Options
Termination for Just Cause	None.	All RSUs/PSUs expire and are cancelled on the termination date.  All vested ODSUs are redeemable and unvested ODSUs are forfeited.	All vested and unvested Options expire and are cancelled on the termination date.
Termination without Just Cause	(a) Annual base salary, plus (b) the average annual bonus awarded to the executive over the prior three years, plus (c) 25% of base salary for the loss of benefits, with a multiplier as follows: (i) CEO – 2.0x (ii) COO – 1.5x (iii) CFO – 1.5x	For the CEO, all PSUs which may vest within 24 months of the termination date are paid out at a multiplier of 1.0x and the Fair Market Value (as defined in the applicable plan document). For the COO and the CFO, the applicable time period is 18 months.  All ODSUs vest and are redeemable.	For all executive officers, all vested Options may be exercised for 60 days following the termination date.  All unvested Options are cancelled on the termination date.
Change of Control	None.	In the event substitution or replacement securities are not provided, all RSUs/PSUs vest.  All ODSUs vest and are redeemable.	In the event substitution or replacement securities are not provided all Options vest.
Termination for "Good Reason" following a Change of Control	(a) Annual base salary, plus (b) the average annual bonus awarded to the executive over the prior three years, plus (c) 25% of base salary for the loss of benefits, with a multiplier as follows: (i) CEO – 2.0x (ii) COO – 1.5x (iii) CFO – 1.5x	For the CEO, all PSUs which may vest within 24 months of the termination date are paid out at a multiplier of 1.0x and the Fair Market Value (as defined in the applicable plan document). For the COO and the CFO, the applicable time period is 18 months.  All ODSUs vest and are redeemable.	For all executive officers, all vested Options may be exercised for 60 days following the termination date.  All unvested Options are cancelled on the termination date.
Resignation	None.	All RSUs/PSUs are cancelled.  All vested ODSUs are redeemable and unvested ODSUs are forfeited.	All vested and unvested Options are cancelled on the resignation date.
Retirement	None.	All PSUs/RSUs are terminated for a cash payment equal to the target amount at the grant date.  All ODSUs vest and are redeemable.	Options fully vest and can be exercised.

The chart below illustrates the payments that would have been made to each of the NEOs pursuant to their executive employment agreements or arrangements and the payments that would have been made to the NEOs pursuant to the share unit awards and Options held by them as a result of termination for just cause or resignation, termination without just cause, change of control, termination for "good reason" following a change of control, retirement or death assuming such event occurred on December 31, 2021.

The maximum liability of the Company to the NEOs provided under all employment agreements and for all outstanding RSUs/PSUs, ODSUs and Options as of December 31, 2021 was approximately \$15.6 million.

Name	Triggering Event	Payment Pursuant to Employment Agreement (\$)	RSU/PSU Payments <sup>(1)(2)(3)</sup>	ODSU Payments <sup>(1)(3)</sup>	Option Value <sup>(3)(4)</sup>	Total (\$)
Andrew M. Phillips, President & CEO	Termination for Just Cause or Resignation	-	-	97,400	-	97,400
	Termination without Just Cause	3,068,300	3,598,300	1,139,300	-	7,805,900
	Change of Control and subsequent Termination	-	6,135,100	1,139,300	-	7,274,400
	Change of Control and Termination for "Good Reason"	3,068,300	3,598,300	1,139,300	-	7,805,900
	Retirement <sup>(5)</sup>	-	5,850,000	1,139,300	-	6,989,300
	Death	-	6,135,100	1,139,300	-	7,274,400
Cameron M. Proctor, COO	Termination for Just Cause or Resignation	-	-	63,000	-	63,000
	Termination without Just Cause	1,571,900	2,337,500	736,500	-	4,645,900
	Change of Control and subsequent Termination	-	3,977,500	736,500	-	4,714,000
	Change of Control and Termination for "Good Reason"	1,571,900	2,337,500	736,500	-	4,645,900
	Retirement <sup>(5)</sup>	-	3,795,000	736,500	-	4,531,500
	Death	-	3,977,500	736,500	-	4,714,000
Pamela P. Kazeil, Vice President, Finance and CFO	Termination for Just Cause or Resignation	-	-	32,700	-	32,700
	Termination without Just Cause	1,173,100	1,203,000	382,100	-	2,758,200
	Change of Control and subsequent Termination	-	2,053,800	382,100	-	2,435,900
	Change of Control and Termination for "Good Reason"	1,173,100	1,203,000	382,100	-	2,758,200
	Retirement <sup>(5)</sup>	-	1,957,500	382,100	-	2,339,600
	Death	-	2,053,800	382,100	-	2,435,900
Amber M. Vratavic, Controller	Termination for Just Cause or Resignation	-	-	-	-	-
	Termination without Just Cause	-	-	-	-	-
	Change of Control and subsequent Termination	-	357,800	-	-	357,800
	Change of Control and Termination for "Good Reason"	-	-	-	-	-
	Retirement <sup>(5)</sup>	-	313,700	-	-	313,700
	Death	-	357,800	-	-	357,800
Matthew J.P. McMahon, former General Counsel <sup>(6)</sup>	Termination for Just Cause or Resignation	-	-	-	-	-
	Termination without Just Cause	-	-	-	-	-
	Change of Control and subsequent Termination	-	-	-	-	-
	Change of Control and Termination for "Good Reason"	-	-	-	-	-
	Retirement <sup>(5)</sup>	-	-	-	-	-
	Death	-	-	-	-	-

Notes:

- (1) All RSUs/PSUs and ODSUs are valued using the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63, and include dividend equivalents at December 31, 2021.
- (2) PSUs have been valued using a payout multiplier of 1.0x other than the 2018 PSUs which were ascribed a value of \$nil given they were not eligible to vest and were terminated in January 2021 given bottom quartile performance against the pre-determined peer group.
- (3) Assumes replacement securities underlying the RSUs/PSUs, ODSUs and Options are not available. See "*Incentive Award Programs*" below.
- (4) Options have been valued using the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63.
- (5) An officer or employee of the Company is eligible for "Retirement" if they achieve both the following criteria: (a) reach an age of 55; and (b) have no less than 10 years of continuous service as an employee or officer of the Company. Based on the foregoing criteria, the NEOs would not be eligible for retirement until the following dates: Phillips – April 2032; Proctor – April 2031; Kazeil – June 2025; Vrataric – January 2034; and McMahon – (not applicable; see note 6 below).
- (6) Mr. McMahon ceased to be General Counsel of the Company on April 23, 2021 and is no longer employed by the Company. No termination payments were paid to Mr. McMahon in the year ended December 31, 2021.

## Remuneration of Directors

### DIRECTORS COMPENSATION

#### COMPONENTS OF COMPENSATION

The directors (other than the Chair of the Board) receive an annual retainer of \$60,000 with no additional compensation provided for attending meetings of the Board or any meetings of a committee of the Board. The Chair of the Board received an annual retainer in 2021 of \$150,000. Since inception of the Company in 2014, the Chair of the Board has taken the entirety of his Board and committee fees in the form of DSUs. Since 2015, the Chair of the Audit Committee received additional compensation of \$15,000 per year and the Chairs of the Governance and Compensation Committee and Reserves Committee each received additional compensation of \$10,000 per year.

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

The following table sets forth information concerning the annualized compensation paid to the directors during 2021. Mr. Phillips, the President and CEO, is not included in the following table as he did not receive any compensation (including any annual retainer or grant of DSUs) for serving as a director of the Company.

Name	Fees Earned (\$) <sup>(1)</sup>	Share-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
James M. Estey	150,000	150,000	-	-	300,000
Leanne Bellegarde, QC <sup>(3)</sup>	33,700	56,200	-	-	89,900
P. Jane Gavan	60,000	100,000	-	-	160,000
Margaret A. McKenzie <sup>(4)</sup>	75,000	100,000	-	-	175,000
Robert E. Robotti	60,000	100,000	-	-	160,000
Myron M. Stadnyk <sup>(4)</sup>	70,000	100,000	-	-	170,000
Sheldon B. Steeves <sup>(4)</sup>	70,000	100,000	-	-	170,000
Grant A. Zawalsky	60,000	100,000	-	-	160,000

Notes:

- (1) Other than otherwise indicated, represents the director's annualized retainer and Chair fees for the 2021 calendar year. No additional compensation was provided for attending meetings of the Board or any meetings of a committee of the Board. Directors are able to elect to receive all or a portion of their annual retainer and Chair fees in the form of DSUs.
- (2) Represents the fair market value of the DSUs awarded to the director under the DSU Plan at the time of grant (not including DSUs which a director elected to receive as part of his or her annual retainer or any additional cash compensation). DSUs vest entirely at the time of grant. The DSU compensation expense is accounted for on a fair value basis in accordance with IFRS.
- (3) Ms. Bellegarde was appointed to the Board on June 9, 2021 and, as such, the compensation reported has been prorated to reflect the partial year.
- (4) Ms. McKenzie is the Chair of the Audit Committee, Mr. Steeves is the Chair of the Reserves Committee and Mr. Stadnyk is the Chair of the Governance and Compensation Committee.

## Director Outstanding Share-Based Awards

The following table sets forth, for each director, except for Mr. Phillips, all share-based awards that were outstanding as of December 31, 2021. Mr. Phillips is not included in the following table as he did not receive any compensation for serving as a director of the Company. No option-based awards have been granted to any directors of the Company.

Name	Share-based awards		
	Number of DSUs that have not vested <sup>(1)</sup> (#)	Market value of DSUs that have not vested <sup>(1)</sup> (\$)	Market value of vested DSUs not paid out <sup>(2)(3)</sup> (\$)
James M. Estey	-	-	1,673,300
Leanne Bellegarde, QC <sup>(4)</sup>	-	-	56,400
P. Jane Gavan	-	-	448,900
Margaret A. McKenzie	-	-	546,400
Robert E. Robotti	-	-	412,600
Myron M. Stadnyk	-	-	581,700
Sheldon B. Steeves	-	-	717,500
Grant A. Zawalsky	-	-	707,900

Notes:

- (1) All DSUs awarded under the DSU Plan during 2021 and prior years vested immediately on grant.
- (2) Represents the market price of the Common Shares on the TSX on December 31, 2021 being \$13.63, multiplied by the number of DSUs, including dividend entitlements.
- (3) Mr. Estey, Ms. Gavan, Mr. Robotti and Mr. Stadnyk elected to receive the entirety of their 2021 annual Board and committee retainers in the form of DSUs. Mr. Steeves, Ms. McKenzie and Ms. Bellegarde elected to receive the entirety of their Board and committee retainers of \$70,000, \$75,000 and \$33,700 (pro-rated), respectively, in cash, and Mr. Zawalsky elected to receive 50% of his Board retainer (\$30,000) in cash.
- (4) Ms. Bellegarde was appointed to the Board on June 9, 2021.

## Director Share-Based Awards — Value Vested or Earned

The following table sets forth for each director, except for Mr. Phillips as he did not receive any compensation for serving as a director of the Company, the value of share-based awards which vested during the year ended December 31, 2021. No option-based awards have been granted to the directors of the Company.

Name	Share-based awards – Value vested during the year <sup>(1)(2)</sup> (\$)
James M. Estey	409,800
Leanne Bellegarde, QC <sup>(3)</sup>	56,400
P. Jane Gavan	218,600
Margaret A. McKenzie	136,600
Robert E. Robotti	218,600
Myron M. Stadnyk	232,200
Sheldon B. Steeves	136,600
Grant A. Zawalsky	177,600

Notes:

- (1) Represents the number of DSUs granted during 2021, including dividend entitlements, multiplied by the December 31, 2021 closing price of the Common Shares on the TSX of \$13.63.
- (2) Mr. Estey, Ms. Gavan, Mr. Robotti and Mr. Stadnyk elected to receive the entirety of their 2021 annual Board and committee retainers in the form of DSUs. Mr. Steeves, Ms. McKenzie and Ms. Bellegarde elected to receive the entirety of their Board and committee retainers of \$70,000, \$75,000 and \$33,700 (pro-rated), respectively, in cash, and Mr. Zawalsky elected to receive 50% of his Board retainer (\$30,000) in cash.
- (3) Ms. Bellegarde was appointed to the Board on June 9, 2021.

## DIRECTORS AND OFFICERS INSURANCE AND INDEMNIFICATION

The Company maintains liability insurance for its directors and officers with coverage and terms that are customary for a company of its size in the industry in which it operates. The policies provide coverage to the Company's directors and officers for any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission, or act in discharging their duties, individually or collectively. The Company is also insured under the policies in the event it is permitted or required by law to indemnify individual directors and officers. The policies which provide coverage in the amount of \$60 million for the 12-month period ended May 29, 2022, are subject to certain exclusions. The deductible amount on the policies is \$500,000 and the total annual premium for the 2021/2022 policies is \$231,000.

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

## Incentive Award Programs

### INCENTIVE PLANS

The Company has adopted the Original Incentive Plan and 2021 Incentive Plan (collectively, the "**Incentive Plans**") for its employees, including management, copies of which are available under the Company's SEDAR profile and the Company's website at [www.prairiesky.com/governance](http://www.prairiesky.com/governance). **Directors are not eligible to participate in the Incentive Plans.**

Pursuant to the rules of the TSX, every three years all unallocated share unit awards, rights or other entitlements available under the Original Incentive Plan must be approved by a majority of the Company's directors and the Company's shareholders. When share unit awards (as defined herein) have been granted, Common Shares reserved for issuance under an outstanding RSU or PSU are referred to as "allocated awards"; whereas, additional Common Shares that may be issued pursuant to the Original Incentive Plan, but are not subject to current share unit award grants, are referred to herein as "unallocated awards". **The unallocated awards under the Original Incentive Plan were last approved by shareholders in the spring of 2018; however, as a result of review and consideration by the Governance and Compensation Committee, the Governance and Compensation Committee and the Board do not expect to grant any further share unit awards under the Original Incentive Plan and have not sought further shareholder approval for any unallocated awards.**

**The 2021 Incentive Plan was adopted in January 2021 and is intended to replace the Original Incentive Plan for all future grants of share unit awards. Any share unit awards granted prior to 2021 were granted under the Original Incentive Plan while all share unit awards (as defined herein) granted in 2021 and 2022 were granted pursuant to the 2021 Incentive Plan. The 2021 Incentive Plan only allows for settlement of vesting share unit awards in cash (as opposed to Common Shares) and therefore is not considered a "security-based compensation arrangement" or an "equity compensation plan". No common shares are issuable under share unit awards granted under the 2021 Incentive Plan.**

The Original Incentive Plan was amended and restated effective April 27, 2015, following approval of the Company's shareholders, to allow the Company to settle restricted share units ("**RSUs**") and performance share units ("**PSUs**" and together, the "**share unit awards**") with Common Shares subject to certain exceptions. The Original Incentive Plan was further amended and restated effective February 27, 2017 to: (i) decrease the percentage of Common Shares issuable pursuant to the Original Incentive Plan from 10% to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance at such time pursuant to any other security-based compensation arrangement of the Company (including the Option Plan); (ii) decrease the percentage of Common Shares issuable pursuant to insiders under the Original Incentive Plan from 10% to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance to insiders at such time pursuant to any other security-based compensation arrangement of the Company (including the Option Plan); and (iii) make some minor housekeeping amendments.

The purpose of the Incentive Plans is to align the interests of the employees with those of shareholders and to assist the Company in attracting and retaining the talent it requires. The Board has delegated its authority to administer the Incentive Plans to the Governance and Compensation Committee (comprised of independent directors), which has authority to interpret the Incentive Plans, including any questions in respect of any share unit awards granted thereunder. The Board has the authority to amend or terminate the Incentive Plans at any time, in whole or in part, subject to certain exceptions. The share unit awards granted thereunder are not assignable.

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

Each RSU granted under the 2021 Incentive Plan will, upon vesting, be paid out in cash and will have a value equal to the five-day weighted average trading price for the Common Shares on the TSX immediately prior to the vesting date.

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

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

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

The PSUs granted in 2018 were not eligible to vest and were terminated in January 2021, given bottom quartile performance measured against the 2018 Compensation Market. See "*Executive Compensation – 2021 NEO Compensation – CEO Compensation*".

For grants of PSUs to the executive officers in each of the 2019, 2020, 2021 and 2022 calendar years, the Board has adopted multiple performance measures for PSU payout multiplier calculations, while maintaining total shareholder return with a 50% weighting. The first of these grants (2019) vested in Q1 2022 following the three-year performance period. The PSUs granted to the Named Executive Officers in 2019 (excluding the Controller and former General Counsel, who do not hold any PSUs) were applied a payout multiplier based on total shareholder return as compared against the applicable Compensation Market (see "*Compensation Discussion and Analysis – Executive Compensation – Benchmarking Executive Compensation*" above), as follows:

- i) Above P25 (or 25th percentile) but less than P50 (or 50th percentile) represents a payout multiplier that is greater than 0.5x but less than 1.0x;

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

The PSUs granted in 2019 vested in January 2022 and received a payout multiplier of 1.0x, which reflects relative underperformance measured against the 2019 Compensation Market but outperformance against other measured Company targets and objectives contained in the Corporate Scorecard. See "*Executive Compensation – 2021 NEO Compensation – CEO Compensation*" and "*2019 PSU Grants - LTIP Scorecard - Three-Year Period Ending December 31, 2021 (Vested January 2022)*".

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

Each PSU granted under the 2021 Incentive Plan will be paid out in cash with a value equal to the five-day weighted average trading price on the TSX for the Common Shares immediately prior to the vesting date, as adjusted for the payout multiplier.

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

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

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

one-year period shall be the Individual Limit, excluding Common Shares issued to such Insider under the Original Incentive Plan or any other security-based compensation arrangement over the preceding one year period.

The Original Incentive Plan also provides that the aggregate number of Common Shares reserved for issuance under the Original Incentive Plan (together with any Common Shares reserved for issuance under the Company's other security-based compensation arrangements) shall not exceed 5% of the issued and outstanding Common Shares. **The 2021 Incentive Plan provides that the aggregate number of notional Common Shares represented by granted incentive awards (together with any Common Shares reserved for issuance under any security-based compensation arrangements adopted by the Company) shall not exceed 2% of the issued and outstanding Common Shares.**

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

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

Pursuant to the terms of the 2021 Incentive Plan, the Board may, at any time, without the approval of the shareholders suspend discontinue or amend the 2021 Incentive Plan or a share unit award made thereunder, provided that, unless a holder of share unit awards agrees, the Board may not suspend, discontinue or amend the 2021 Incentive Plan or amend any outstanding share unit award in a manner that would adversely alter or impair any share unit award previously granted to a grantee under the 2021 Incentive Plan, and any such suspension, discontinuance or amendment of the 2021 Incentive Plan or amendment to a share unit award shall apply only in respect of share unit awards granted on or after the date of such suspension, discontinuance or amendment.

As at February 28, 2022, Options to purchase 1,077,724 Common Shares were outstanding (approximately 0.45% of the issued and outstanding Common Shares) and 281,059 Common Shares were issuable pursuant to outstanding share unit awards (approximately 0.12% of the issued and outstanding Common Shares) assuming all PSUs granted under the Original Incentive Plan vested and were applied a payout multiplier of 1.0x. In the event all PSUs granted under the Original Incentive Plan vested and were applied

a payout multiplier of the maximum of 2.0x, 537,663 Common Shares would be issuable pursuant to outstanding share unit awards (approximately 0.23% of the issued and outstanding Common Shares). See "Securities Authorized for Issuance Under Equity Compensation Plans".

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

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

During the 2021 calendar year, PSUs and RSUs granted to the Named Executive Officers (excluding the Controller and the former General Counsel, represented 75% and 0%, respectively, of the grant date value of their annual long-term incentives grant. The RSUs granted to the Controller and the former General Counsel represented 100% of the grant date value of their respective long-term incentive grant. The grant date value of PSUs and RSUs granted to the Named Executive Officers in fiscal 2021 is included under the "Share-Based Awards" column in the Summary Compensation Table starting on page 71.

## OFFICER DEFERRED SHARE UNIT PLAN

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

employees of the Company and to promote a proprietary interest in the Company and a greater alignment of interests between officers and the shareholders.

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

The ODSUs granted under the Officer DSU Plan may be redeemed by the officer for a lump sum cash payment following the later of: (i) the date the officer ceased to actively perform active day-to-day duties; and (ii) the end of the notice period applicable to the officer's termination of employment (the "**Officer's Termination Date**"). In the case of an officer whose employment ceases for any other reason than Just Cause (as defined in the Officer DSU Plan) or as a result of voluntary resignation (other than a bona fide retirement), all ODSUs will vest and the value of the ODSUs credited to the officer's account will be redeemable by the officer (or his or her estate, if the officer has died) following the Officer's Termination Date. In the case of an officer whose employment has been terminated for Just Cause or who has voluntarily resigned (other than a bona fide retirement), the value of all vested ODSUs credited to the officer's account will be redeemable following the Officer's Termination Date, but no unvested ODSUs will be redeemable. Upon a Change of Control (as defined in the Officer DSU Plan), all ODSUs credited to an officer's account will vest.

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

An aggregate of 40,258 ODSUs were granted on January 1, 2020, all of which were granted to the CEO, COO and CFO. This grant represents 12.5% of the CEO, COO and CFO's long-term incentive awards for 2020. An aggregate of 120,338 ODSUs were granted on January 1, 2021, all of which were granted to the CEO, COO and CFO. This grant represents 25% of the CEO, COO and CFO's long-term incentive awards for 2021. An aggregate of 103,815 ODSUs were granted on January 1, 2022, all of which were granted to the CEO, COO and CFO. This grant represents 25% of the CEO, COO and CFO's long-term incentive awards for 2022. See "*Compensation Discussion and Analysis – Letter of Introduction – Board Chair and Governance and Compensation Committee Chair*".

## OPTION PLAN

The Company has adopted the amended and restated Stock Option Plan (the "**Option Plan**") for its employees, including management, a copy of which is available under the Company's SEDAR profile and the Company's website at <http://www.prairiesky.com/governance>. **Directors are not eligible to participate**

**in the Option Plan.** The Option Plan was amended and restated on February 27, 2017 to: (i) decrease the percentage of Common Shares issuable pursuant to the Option Plan from 10% to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance at such time pursuant to any other security-based compensation arrangement of the Company (including the Original Incentive Plan); (ii) decrease the percentage of Common Shares issuable pursuant to insiders under the Option Plan from 10% to 5% of the issued and outstanding Common Shares (on a non-diluted basis) at any time, less the number of Common Shares reserved for issuance to insiders at such time pursuant to any other security-based compensation arrangement of the Company (including the Original Incentive Plan); and (iii) make some minor housekeeping amendments. The purpose of the Option Plan is to foster a proprietary interest in the Company and provide a long-term incentive element in the overall compensation of management and eligible employees. The Board has delegated its authority to administer the Option Plan to the Governance and Compensation Committee (comprised of independent directors), which has authority to interpret the Option Plan, including in respect of any options to purchase Common Shares ("**Options**") granted thereunder.

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

**The unallocated options under the Option Plan were last approved by shareholders in the spring of 2017; however, as a result of review and consideration by the Governance and Compensation Committee, the Governance and Compensation Committee and the Board do not expect to grant any further Options under the Option Plan. To the extent that any Options are granted in the future, such Options would not be exercisable until such time as the Company obtained shareholder approval for such grants in accordance with the policies of the TSX.**

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

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

under the Option Plan or any other security-based compensation arrangement during the preceding one year period.

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

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

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

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

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

The Option Plan states that the Board may, at any time without the approval of the shareholders and the holders of any other voting securities of the Company, suspend, discontinue or amend the Option Plan or any Option. However, the Board may not, without the approval of a majority of the holders of Common Shares and the holders of other voting securities of the Company and the approval of the TSX, amend the Option Plan or an Option to: (i) increase the number of Common Shares, or the percentage of the issued and outstanding Common Shares, issuable pursuant to the Option Plan; (ii) make any amendment that would reduce the exercise price of an outstanding Option (including a cancellation and reissue of an Option that constitutes a reduction of the exercise price); (iii) extend the expiry date of any Option granted under the Option Plan beyond the expiry date of the Option determined at the date of grant, except as provided for with respect to an expiry date that occurs during a blackout period, as described above; (iv) expand the categories of individuals who are eligible to participate in the Option Plan; (v) amend the Option Plan to permit the transfer or assignment of Options, except to permit a transfer to a family member, an entity controlled by the holder of the Options or a family member, a charity, or for estate planning or estate settlement purposes; or (vi) amend the amendment provisions of the Option Plan, in each case unless the change to the Option Plan or an Option results from the application of provisions in the Option Plan relating to mergers, business combinations, take-over bids or similar transactions or to the anti-dilution provisions.

The details of the Company's 2019 and 2020 Option grants are below. The Company did not grant any Options in 2021 and the Governance and Compensation Committee and the Board do not expect to grant any further Options under the Option Plan.

Year	Options Granted	Grant Price	Common Shares Outstanding at Year End	Options Granted as a % of Common Shares Outstanding
2020	270,186	\$ 15.23	223,300,000	0.1%
2019	564,316	\$ 17.67	233,070,691	0.2%

As of December 31, 2021, the Company had outstanding Options representing less than one percent of the Company's total Common Shares outstanding.

Common Shares Outstanding at Year End	Approved Common Share Reserve	Common Share Reserve as a % of Shares Outstanding	Options Outstanding at Year End	Options Outstanding as a % of Common Shares Outstanding	Options Outstanding as a % of Approved Reserve <sup>(1)</sup>
238,802,700	1,311,844	0.5%	1,311,844	0.5%	n/a

Note:

- (1) As approval for unallocated options and unallocated share unit awards under the Option Plan and Original Incentive Plan was not sought at the 2020 and 2021 annual general meetings, held on April 21, 2020 and April 20, 2021 respectively, any future grants of Options or share unit awards under the Option Plan and Original Incentive Plan will need to be ratified by shareholders prior to exercise or vesting, as applicable, in accordance with the policies of the TSX. The Governance and Compensation Committee and the Board currently have no intention of granting Options under the Option Plan or share unit awards under the Original Incentive Plan in the future.

## Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under PrairieSky's equity compensation plans as at December 31, 2021.

Plan Category	# of Common Shares to be issued upon exercise of outstanding rights <sup>(1)(2)</sup>	% of total Common Shares to be issued upon exercise of outstanding rights <sup>(3)(4)</sup>	Weighted average exercise price of outstanding rights <sup>(1)</sup> (\$)	# of Common Shares available for future issuance under equity compensation plans <sup>(2)(3)</sup>	% of Common Shares available for future issuance under equity compensation plans <sup>(2)(3)</sup>
Equity compensation plans approved by securityholders	1,904,409	0.8%	22.59	n/a	n/a
Equity compensation plans not approved by securityholders	n/a	n/a	n/a	n/a	n/a
Total	1,904,409	0.8%	22.59	n/a	n/a

Notes:

- (1) As at December 31, 2021, there were Options to purchase 1,311,844 Common Shares granted under the Option Plan with an average exercise price of \$22.59 and a weighted average remaining life of 1.66 years. As at February 28, 2022, there were Options to purchase 1,077,724 Common Shares outstanding under the Option Plan with an average exercise price of \$20.54 and a weighted average remaining life of 1.85 years. As approval for unallocated options under the Option Plan was not sought at the 2020 annual general meeting held on April 21, 2020, any future grants of Options will need to be ratified by shareholders prior to exercise in accordance with the policies of the TSX. The Governance and Compensation Committee and the Board currently have no intention of granting Options in the future.
- (2) As at December 31, 2021, there were 592,458 Common Shares issuable pursuant to outstanding share unit awards, including dividend entitlements, pursuant to the Original Incentive Plan, assuming in each case that all PSUs vested and were applied a payout multiplier of 1.0x. In the event all PSUs vested and were applied a payout multiplier of the maximum of 2.0x, 1,116,209 Common Shares would be issuable pursuant to outstanding share unit awards. As at February 28, 2022, there were 281,059 Common Shares issuable pursuant to outstanding share unit awards, including dividend entitlements, assuming a 1.0x payout multiplier, and 537,663 Common Shares issuable pursuant to outstanding share unit awards assuming a maximum 2.0x payout multiplier. As approval for unallocated share unit awards under the Original Incentive Plan was not sought at the 2021 annual general meeting held on April 20, 2021, any future grants of share unit awards under the Original Incentive Plan would need to be ratified by shareholders prior to vesting in accordance with the policies of the TSX. **The Governance and Compensation Committee and the Board currently have no intention of granting share unit awards under the Original Incentive Plan in the future. No Common Shares are issuable pursuant to share unit awards granted under the 2021 Incentive Plan.**
- (3) At December 31, 2021, there were 238,802,700 Common Shares outstanding. The Company no longer has any Common Shares authorized for issuance under the Option Plan or the Original Incentive Plan. The Company did not seek approval of any unallocated Options or share unit awards under the Option Plan and Original Incentive Plan in 2020 and 2021, respectively, in accordance with the policies of the TSX. **The Governance and Compensation Committee and the Board currently have no intention of granting Options under the Option Plan or share unit awards under the Original Incentive Plan in the future.**
- (4) The number of Common Shares issued from treasury pursuant to Option exercises and vesting of share unit awards during the year ended December 31, 2021 was \$nil, reflecting 0% of the issued and outstanding Common Shares at December 31, 2021. See "Option Value Realized During the Year" on page 74.

## ANNUAL BURN RATE UNDER EQUITY COMPENSATION PLANS

The following sets forth the number of Options and share unit awards granted during the periods noted below and the potential dilutive effect of such Options and share unit awards. Starting in 2021, all new long-term incentive awards granted by the Company were in non-dilutive instruments, and over time as historical Options, RSUs and PSUs vest, expire or are cancelled, the Company is expected to have nil dilutive instruments.

Period	Share Unit Awards Granted <sup>(1)</sup>		Options Granted	Weighted average Common Shares outstanding	Burn Rate <sup>(2)</sup>			
	RSUs	PSUs			0x	1x	1.5x	2x
2021	-	-	-	223,266,171	0.0%	0.0%	0.0%	0.0%
2020	80,491	241,546	270,186	229,603,738	0.2%	0.3%	0.3%	0.4%
2019	76,469	240,238	564,316	233,593,204	0.3%	0.4%	0.4%	0.5%

Notes:

- (1) Assumes that all share unit awards are paid out in Common Shares.
- (2) The burn rate for a given period is calculated by dividing the number of Options and share unit awards granted during such period by the weighted average number of Common Shares outstanding during such period. A payout multiplier of 0.0x-2.0x has been assigned to PSUs for each annual grant. Since January 1, 2021, no further dilutive instruments have been issued.

For further information regarding the outstanding Options and share unit awards held by the Named Executive Officers, see "*Executive Compensation – Outstanding Option-Based and Share-Based Awards*" and "*Executive Compensation – Option-Based Awards, Share-Based Awards and Non-Equity Compensation – Value Vested or Earned in 2020*".

## Interest of Informed Persons in Material Transactions

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

## Interest of Certain Persons and Companies in Matters to be Acted Upon

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

## Cautionary Statement Regarding Forward-Looking Statements

Certain statements and information contained in this information circular and proxy statement relate to matters that are not historical facts and may constitute forward-looking statements. These statements are identified by the use of words such as "could", "should", "anticipate", "expect", "will", "may" and similar expressions and statements, and includes, but is not limited to, statements relating to the Company's anticipated compensation strategy and objectives, as well as statements contained in the message to shareholders on page 5 of this information circular and proxy statement. These statements are based on certain assumptions and analysis made by PrairieSky in light of its experience and its perception of

historical trends and expected future developments as well as other factors it believes are appropriate in the circumstances. Whether actual results, performance or achievements will conform to PrairieSky's expectations is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from PrairieSky's expectations.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions, the COVID-19 pandemic, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, royalties, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, and our ability to access sufficient capital from internal and external sources. The foregoing and other risks are described in more detail in PrairieSky's management's Discussion and analysis for the year ended December 31, 2021 and the AIF under the heading "*Risk Management*" and "*Risk Factors*", respectively, each of which is available under the Company's SEDAR profile.

**Further, any forward-looking statement is made only as of the date of this information circular and proxy statement, and PrairieSky undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for PrairieSky to predict all of these factors or to assess in advance the impact of each such factor on PrairieSky's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.**

**The forward-looking statements contained in this information circular and proxy statement are expressly qualified by this cautionary statement.**

## ***Additional Information***

PrairieSky undertakes to provide, upon request, a copy of the year end 2021 audited annual consolidated financial statements and management's discussion and analysis, as well as a copy of the AIF, subsequent interim financial statements and this information circular and proxy statement. The AIF also contains disclosure relating to our Audit Committee and the fees paid to KPMG LLP in 2021 and 2020. Copies of these documents may be obtained on request without charge from PrairieSky Royalty Ltd. at 1700, 350 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N9, telephone (587) 293-4000 or our website [www.prairiesky.com](http://www.prairiesky.com) or by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website.

Information contained in or otherwise accessible through the Company's website at [www.prairiesky.com](http://www.prairiesky.com) does not form a part of this information circular and proxy statement and is not incorporated into this information circular and proxy statement by reference, including, for certainty and without limitation, PrairieSky's Responsibility Reports, Task Force on Climate-Related Financial Disclosures Reports, as well as the 2019 reference index for Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) sustainability disclosures and PrairieSky's 2019 Communication on Progress in relation to the UN Global Compact which are available on the Company's website at [www.prairiesky.com](http://www.prairiesky.com), each of which are referred to in this information circular and proxy statement.

Reference is made in this information circular and proxy statement to certain third-party industry sources and their websites. Information contained in or otherwise accessible through such websites does not form a part of this information circular and proxy statement and is not incorporated by reference into this information circular and proxy statement by reference.



## ***Other Matters***

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

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

Dated: February 28, 2022

# Appendix "A"

## PrairieSky Royalty Ltd.

### Board of Directors' Mandate

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

In carrying out its mandate, the Board shall:

### Senior Management Responsibility

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

### Operational Effectiveness and Reporting

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

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

#### Integrity/Corporate Conduct

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

#### Board Process/Effectiveness

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- Ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to such meetings. Directors are expected to attend all meetings and to review Board materials in advance of each meeting.
- Engage in the process of determining Board member qualifications, with the assistance of the Governance and Compensation Committee, including setting reasonable and measurable targets

to build a diverse Board, as contemplated by the Company's *Board Diversity Policy*, and ensuring that a majority of directors qualify as independent directors within the meaning attributed to such term in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (as implemented by the Canadian Securities Administrators and as amended from time to time).

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

#### Miscellaneous

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The Board may engage outside resources as deemed advisable.

The Board shall review this mandate on a periodic basis.

Effective: April 11, 2014, amended and restated April 19, 2021.



PrairieSky Royalty Ltd.  
1700, 350 7th Avenue SW  
Calgary, Alberta T2P 3N9