



INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE MONTHS ENDED
MARCH 31, 2025 AND 2024

SIMPLIFIED
ENERGY
INVESTING

TSX | PSK





Condensed Consolidated Statements of Financial Position (unaudited)

(\$ millions)	Notes	As at March 31, 2025	As at December 31, 2024
Assets			
Current assets			
Accounts receivable and accrued royalty revenue	3, 14	\$ 102.5	\$ 69.0
Prepays		0.6	0.9
		103.1	69.9
Royalty assets, net	4	1,005.0	989.8
Exploration and evaluation assets	5	1,527.1	1,517.7
Goodwill		631.0	631.0
Total Assets		\$ 3,266.2	\$ 3,208.4
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	6	75.2	44.2
Income tax payable		6.6	6.5
Dividend payable	8	61.2	59.9
		143.0	110.6
Bank debt	7, 14	218.9	94.2
Lease obligation		1.3	1.3
Share-based compensation payable	9	10.9	16.4
Deferred income taxes		244.0	243.2
Total Liabilities		618.1	465.7
Shareholders' Equity			
Shareholders' capital	8	3,355.5	3,404.2
Paid in surplus		6.0	6.0
Deficit		(713.4)	(667.5)
Total Shareholders' Equity		2,648.1	2,742.7
Total Liabilities and Shareholders' Equity		\$ 3,266.2	\$ 3,208.4

See accompanying Notes to the Interim Condensed Consolidated Financial Statements.



Condensed Consolidated Statements of Earnings and Comprehensive Income (unaudited)

(\$ millions, except per share amounts)	Notes	Three months ended March 31	
		2025	2024
Revenues			
Royalty production revenue	10	\$ 119.9	\$ 113.2
Other revenue	10	8.2	7.5
Revenues		128.1	120.7
Expenses			
Administrative	11	8.4	15.4
Production and mineral taxes		1.3	1.3
Depletion, depreciation and amortization	4	36.8	37.6
Exploration and evaluation	5	2.2	0.4
Earnings before finance items and income taxes		79.4	66.0
Finance Items			
Finance expense		2.9	3.7
Earnings before income taxes		76.5	62.3
Income tax expense	12	18.1	14.8
Net Earnings and Comprehensive Income		\$ 58.4	\$ 47.5
Net Earnings per Common Share			
Basic and diluted	8	\$ 0.25	\$ 0.20

See accompanying Notes to the Interim Condensed Consolidated Financial Statements.



Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(\$ millions)	Notes	Shareholders' Capital	Paid In Surplus	Deficit	Total Shareholders' Equity
Balance at December 31, 2024		\$ 3,404.2	\$ 6.0	\$ (667.5)	\$ 2,742.7
Net earnings		-	-	58.4	58.4
Common shares repurchased and cancelled, inclusive of all costs	8	(48.7)	-	(43.1)	(91.8)
Dividends on common shares	8	-	-	(61.2)	(61.2)
Balance at March 31, 2025		\$ 3,355.5	\$ 6.0	\$ (713.4)	\$ 2,648.1

(\$ millions)	Notes	Shareholders' Capital	Paid In Surplus	Deficit	Total Shareholders' Equity
Balance at December 31, 2023		\$ 3,404.2	\$ 6.0	\$ (643.8)	\$ 2,766.4
Net earnings		-	-	47.5	47.5
Dividends on common shares	8	-	-	(59.7)	(59.7)
Balance at March 31, 2024		\$ 3,404.2	\$ 6.0	\$ (656.0)	\$ 2,754.2

See accompanying Notes to the Interim Condensed Consolidated Financial Statements.



Condensed Consolidated Statements of Cash Flows
(unaudited)

(\$ millions)	Notes	Three months ended March 31	
		2025	2024
Operating Activities			
Net earnings		\$ 58.4	\$ 47.5
Depletion, depreciation and amortization	4	36.8	37.6
Exploration and evaluation	5	2.2	0.4
Deferred tax expense	12	0.8	0.1
Share-based compensation, net of cash settlements	9	(12.5)	(2.7)
Amortization of debt issuance costs	7	0.1	0.1
Funds from operations		85.8	83.0
Net change in non-cash working capital	15	4.9	(3.3)
Cash From Operating Activities		90.7	79.7
Investing Activities			
Royalty asset acquisitions	4	(32.4)	(0.6)
Exploration and evaluation acquisitions	5	(31.2)	(8.2)
Cash Used in Investing Activities		(63.6)	(8.8)
Financing Activities			
Bank debt draws (repayments)	7	124.6	(13.5)
Dividends paid on common shares	8	(59.9)	(57.3)
Common shares repurchased, inclusive of all costs	8	(91.8)	-
Payments on lease obligation		-	(0.1)
Cash Used in Financing Activities		(27.1)	(70.9)
Change in Cash and Cash Equivalents		-	-
Cash and Cash Equivalents, Beginning of Period		-	-
Cash and Cash Equivalents, End of Period		\$ -	\$ -
The following are included in cash flow from operating activities:			
Income taxes paid in cash		\$ 19.0	\$ 17.7
Interest paid in cash		2.6	3.6
Interest received in cash		0.2	-

See accompanying Notes to the Interim Condensed Consolidated Financial Statements.



NOTES TO THE MARCH 31, 2025 AND 2024 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(TABULAR AMOUNTS IN \$ MILLIONS UNLESS NOTED OTHERWISE)

1. Nature of Operations

PrairieSky Royalty Ltd. ("PrairieSky" or the "Company") has a geologically and geographically diverse portfolio of fee simple mineral title ("Fee Lands"), lessor interests in and to leases that are currently issued in respect of certain Fee Lands ("Lessor Interests"), oil and natural gas overriding royalty interests, gross overriding royalty interests, net profit interests and production payments on lands (collectively, "GORR Interests") and other acreage spanning Alberta, Saskatchewan, British Columbia and Manitoba (collectively, the "Royalty Properties"). The Company is focused on encouraging third parties to actively develop the Royalty Properties, while strategically seeking additional oil and natural gas royalty assets that provide the Company with short, medium and long-term value enhancement potential. The Company does not directly conduct operations to explore for, develop or produce oil or natural gas; rather, third-party development of the titled Royalty Properties provides the Company with royalty revenue as oil and natural gas are produced from such properties.

The Company's shares are publicly traded on the Toronto Stock Exchange ("TSX") under the stock symbol "PSK". The location of the head and registered office of the Company is Suite 1700, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9.

2. Basis of Presentation

A) STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2024. They do not include all of the information required for a complete set of IFRS financial statements; however, select explanatory notes are included to explain events and transactions that are significant to an understanding of the changes to the Company's financial position and performance since the last annual financial statements.

These financial statements have been prepared on a historical cost basis, except for share-based payment transactions. The financial statements have been prepared on a going concern basis and amounts are in millions of Canadian dollars unless otherwise stated.

These financial statements were approved and authorized for issuance by the Company's board of directors (the "Board") on April 14, 2025.

B) ACCOUNTING POLICIES AND USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

Accounting policies, estimates, judgments and assumptions used in these financial statements are consistent with those described in Note 3 of the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2024 with the exception of the following policy note with respect to the accounting treatment of the repurchase of common shares which was not included in the audited annual financial statements as no share repurchases were made in either 2024 or 2023.



Share Capital

Common shares are classified as equity. Costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of tax. When PrairieSky repurchases its own common shares, share capital is reduced by the average carrying value of the shares repurchased. To the extent that the purchase price exceeds the average carrying cost, including any fees and taxes, the difference is recognized as a reduction to retained earnings. Shares are cancelled upon repurchase.

3. Accounts Receivable and Accrued Royalty Revenue

(\$ millions)	As at March 31, 2025	As at December 31, 2024
Trade receivables and accrued royalty revenue	67.7	69.0
Production and mineral taxes receivable	34.8	-
	102.5	69.0

Trade receivables and accrued royalty revenue relate to lease and royalty production payments receivable. Production and mineral taxes are billed annually in March for the province of Alberta and are recorded in accounts payable (refer to Note 6). The amount to be recovered from third-party lessees is recorded in accounts receivable.

In determining the recoverability of trade receivables that are past due but not impaired, the Company considers the age of the outstanding receivables and the credit worthiness of the counterparties (refer to Note 14). Of the Company's outstanding receivables at March 31, 2025, none are aged over 90 days (December 31, 2024 - \$nil) and the Company is satisfied its accounts receivable and accrued royalty revenue amounts are collectible.

4. Royalty Assets, Net

(\$ millions)	Notes	
Cost		
Balance, December 31, 2023		2,219.2
Asset acquisitions		15.0
Transfers from exploration and evaluation assets	5	108.1
Increase in right-of-use asset		1.3
Balance, December 31, 2024		2,343.6
Asset acquisitions		32.4
Transfers from exploration and evaluation assets	5	19.6
Balance, March 31, 2025		2,395.6
Accumulated Depletion, Depreciation and Amortization		
Balance, December 31, 2023		(1,206.8)
Depletion, depreciation and amortization		(147.0)
Balance, December 31, 2024		(1,353.8)
Depletion, depreciation and amortization		(36.8)
Balance, March 31, 2025		(1,390.6)
Carrying Amounts		
Balance, December 31, 2024		989.8
Balance, March 31, 2025		1,005.0



For the three months ended March 31, 2025, the Company recorded \$32.4 million in royalty asset acquisitions and included producing oil and natural gas Lessor Interests and GORR Interests (three months ended March 31, 2024 - \$0.6 million). Acquisitions include the previously announced acquisition of Fee Lands, Lessor Interests and GORR Interests primarily in Central Alberta and Southeast Saskatchewan for cash consideration of \$49.9 million, after customary closing adjustments, from a private company (the "Private Co. Royalty Acquisition"). Of the total purchase price, \$31.6 million was included in royalty assets which represents the value attributed to producing royalty assets. Acquisitions were focused on oil plays in both Alberta and Saskatchewan and primarily targeted the Clearwater, Duvernay, Mississippian and Mannville plays.

During the three months ended March 31, 2024, the Company commenced a new lease for head office space in Calgary and therefore recorded a right-of-use asset and corresponding lease liability for \$1.3 million.

5. Exploration and Evaluation ("E&E") Assets

(\$ millions)	Notes	
Balance, December 31, 2023		1,602.0
Asset acquisitions		42.3
Transfers to royalty assets	4	(108.1)
Land expiries		(18.5)
Balance, December 31, 2024		1,517.7
Asset acquisitions		31.2
Transfers to royalty assets	4	(19.6)
Land expiries		(2.2)
Balance, March 31, 2025		1,527.1

For the three months ended March 31, 2025, E&E assets acquired totaled \$31.2 million comprised of Fee Lands and GORR Interests on non-producing assets (three months ended March 31, 2024 - \$8.2 million comprised of GORR Interests on non-producing assets and complementary seismic). E&E assets include \$18.3 million of non-producing royalty interests acquired through the Private Co. Royalty Acquisition. Acquisitions were focused on oil plays in both Alberta and Saskatchewan primarily targeting the Clearwater, Duvernay, Mississippian and Mannville plays.

For the three months ended March 31, 2025, \$2.2 million (three months ended March 31, 2024 - \$0.4 million) of costs associated with expired Crown mineral leases and GORR Interests were recognized as exploration and evaluation expense. The expense will vary period to period as a result of the timing of lease expiries, if any.

6. Accounts Payable and Accrued Liabilities

(\$ millions)	Notes	As at March 31, 2025	As at December 31, 2024
Trade payables		3.7	3.4
Production and mineral taxes payable		39.1	3.2
Accrued liabilities for cash settled share-based compensation	9	20.7	27.7
Current portion of lease obligation		0.1	-
Other accrued liabilities		11.6	9.9
Accounts payable and accrued liabilities		75.2	44.2

Production and mineral taxes are billed annually in March for the province of Alberta and the gross amount is recorded in accounts payable. Amounts recoverable from third-party lessees are recorded in accounts receivable (refer to Note 3).



7. Bank Debt

(\$ millions)	As at March 31, 2025	As at December 31, 2024
Borrowings under Credit Facility	220.1	95.5
Unamortized debt issuance costs	(1.2)	(1.3)
Bank debt	218.9	94.2

At March 31, 2025, the Company had a \$325 million extendible revolving credit facility (the "Revolving Facility") and a \$25 million extendible operating credit facility (the "Operating Facility", and together with the Revolving Facility, the "Credit Facility"), with a syndicate of Canadian banks. The Credit Facility provides for a permitted increase up to \$600 million, subject to lender consent. At March 31, 2025, \$220.1 million was drawn on the Credit Facility (December 31, 2024 - \$95.5 million). The Credit Facility may be extended on an annual basis, subject to lender consent and has a maturity date of February 28, 2028. The effective interest rate for the three months ended March 31, 2025 was 5.9% (three months ended March 31, 2024 - 6.4%).

During the three months ended March 31, 2025 and March 31, 2024, there were no debt issuance costs incurred. Historically incurred debt issuance costs have been netted against the long-term debt and are being amortized over the remaining term. For the three months ended March 31, 2025, total amortization of debt issuance costs was \$0.1 million (three months ended March 31, 2024 - \$0.1 million).

Borrowings under the Credit Facility bear interest at a Canadian bank prime rate, U.S. base rate, Canadian Overnight Repo Rate Average ("CORRA"), or Secured Overnight Financing Rate ("SOFR"), plus applicable margin on a variable grid based on certain financial ratios, over the prevailing applicable rate for the type of loan.

During the fourth quarter of 2024, PrairieSky entered into an arrangement with a third-party operator to provide a letter of credit up to a maximum of \$45.0 million to secure their bank facility, which will provide capital to the operator to advance its Montney oil drilling program where PrairieSky has a royalty interest. The letter of credit is secured by a debenture over certain of the third-party operator's assets. The letter of credit is for a one-year term and may be extended for an additional one-year term at the option of the third-party operator. PrairieSky earns interest relating to the funding arrangement which is included in other income. Costs incurred by PrairieSky relating to the funding arrangement are included in finance expense and are reimbursed by the third-party. Reimbursed expenses are included in other income. If the letter of credit is extended for an additional one-year term, it may be reduced from time to time as agreed by the parties. The letter of credit reduces the amount available to PrairieSky under its Credit Facility. At March 31, 2025, the Company had letters of credit in the amount of \$45.0 million outstanding under the Credit Facility (December 31, 2024 - \$45.0 million).

The Credit Facility has three financial covenants, whereby the Company's ratio of adjusted consolidated senior debt to EBITDA for the trailing 12 months will not exceed 3.5:1.0, adjusted consolidated total debt to EBITDA for the trailing 12 months will not exceed 4.0:1.0, and the adjusted consolidated total debt to capitalization ratio will not exceed 55%. EBITDA used in the covenant calculation is net earnings adjusted for non-cash items, interest expense and income taxes. All covenants are calculated as at, and for the 12 months ended March 31, 2025. As at March 31, 2025, the Company was in compliance with all covenants provided for in the lending agreement and forecasts compliance with all covenants over the next 12 months.

The following table provides a list of the financial covenants as at March 31, 2025:

Covenant description ⁽¹⁾	Ratio	March 31, 2025
Adjusted Consolidated Senior Debt to EBITDA	Maximum 3.5:1	0.5
Adjusted Consolidated Total Debt to EBITDA	Maximum 4.0:1	0.5
Adjusted Consolidated Total Debt to Capitalization	Maximum 55%	8%

(1) Capitalized terms are as defined in the Credit Facility agreement.



8. Share Capital

AUTHORIZED

The authorized share capital of the Company includes an unlimited number of common shares and an unlimited number of preferred shares issuable in series. The holders of the common shares are entitled to one vote in respect of each common share held at all meetings of shareholders, except meetings at which only holders of a specified class of share have the right to vote. The common shares have no par value.

ISSUED AND OUTSTANDING

	Three months ended March 31, 2025		Year ended December 31, 2024	
	Number of Shares (thousands)	Amount (\$ millions)	Number of Shares (thousands)	Amount (\$ millions)
Common shares outstanding, beginning of period	238,952	3,404.2	238,952	3,404.2
Common shares repurchased and cancelled, inclusive of all costs	(3,416)	(48.7)	-	-
Common shares outstanding, end of period	235,536	3,355.5	238,952	3,404.2

NORMAL COURSE ISSUER BID ("NCIB")

On May 31, 2024, the Company announced the approval of the renewal of its NCIB by the TSX. The NCIB allows the Company to purchase for cancellation up to a maximum of 5,000,000 common shares over a twelve-month period which commenced on June 4, 2024 and expires no later than June 3, 2025.

During the three months ended March 31, 2025, the Company purchased for cancellation 3,415,900 common shares (three months ended March 31, 2024 - nil common shares) at an average cost of \$26.36 per common share (three months ended March 31, 2024 - \$nil per common share) for total consideration of \$90.0 million (three months ended March 31, 2024 - \$nil), inclusive of commissions, and before tax of \$1.8 million. The total cost paid, including commissions, was first charged to share capital up to the average carrying value of the common shares purchased. The remaining amount of \$43.1 million, inclusive of tax (three months ended March 31, 2024 - \$nil), was recorded to the deficit.

DIVIDENDS

On March 10, 2025, the Board declared a quarterly dividend of \$0.26 per common share or \$61.2 million payable on April 15, 2025 to common shareholders of record on March 31, 2025.

(\$ millions, except \$ per share data)	Three months ended March 31	
	2025	2024
Dividends declared	61.2	59.7
Dividends declared per share	0.26	0.25
Dividends paid	59.9	57.3
Dividends paid per share	0.25	0.24



NET EARNINGS PER COMMON SHARE

The following table presents the computation of net earnings per common share:

(\$ millions, except \$ per share or as otherwise noted)	Three months ended March 31	
	2025	2024
Net earnings	58.4	47.5
Weighted average common shares outstanding (millions) - basic and diluted	238.3	239.0
Net earnings and comprehensive income per common share - basic and diluted	0.25	0.20

9. Share-based Compensation Plans

The Company has a number of share-based compensation arrangements under which the Company awards various types of long-term incentive grants to eligible employees, officers and directors. They include performance share units ("PSUs"), restricted share units ("RSUs"), officer deferred share units ("ODSUs") and deferred share units ("DSUs").

The Company accounts for its share-based compensation arrangements as cash-settled share-based payment transactions and accrues compensation costs and dividends over the vesting period based on the fair value at each reporting date.

The Company has recognized the following share-based compensation costs:

(\$ millions)	Three months ended March 31	
	2025	2024
PSU expense	0.5	3.7
RSU expense	0.5	0.6
ODSU expense	0.1	1.3
DSU expense	0.1	3.1
Share-based compensation expense	1.2	8.7

The Company has recognized the following liability for cash-settled share-based payment transactions:

(\$ millions)	As at	As at
	March 31, 2025	December 31, 2024
Liability for unvested cash-settled plans	10.5	24.3
Liability for vested cash-settled plans	21.1	19.8
Liability for cash-settled plans	31.6	44.1

(\$ millions)	Notes	As at	As at
		March 31, 2025	December 31, 2024
Current portion	6	20.7	27.7
Non-current portion		10.9	16.4
Liability for cash-settled plans		31.6	44.1

The liability for vested cash-settled DSUs held by non-executive directors of \$14.0 million (December 31, 2024 - \$13.9 million) included in accounts payable and accrued liabilities becomes payable only when a director is no longer a member of the Board. At March 31, 2025, the liability for vested cash-settled DSUs includes \$6.8 million related to two retired directors that must be redeemed before December 15, 2025. The actual amount paid to each retired director will be dependent on the closing price per common share immediately prior to the director's redemption date multiplied by the number of settled DSUs.



The market common share price used for all cash-settled fair value calculations at March 31, 2025 was \$25.95 (March 31, 2024 - \$26.53).

A) PERFORMANCE SHARE UNITS

PSUs granted to officers and eligible employees entitle the grantee to receive upon vesting a cash payment that is equal to the value of one common share of the Company for each PSU held, plus accrued dividends over the period from the date of grant to vesting, and may only be settled with a cash payment, and not common shares, equal to the five-day weighted average trading price for the common shares multiplied by the number of vested PSUs. PSUs vest following the completion of a three-year performance period provided the grantee remains actively employed with the Company on the vesting date and certain performance criteria are met.

The ultimate value of the PSUs will depend upon the Company's performance relative to predetermined corresponding performance targets measured over a three-year period. The Board has adopted a multiple performance criteria methodology, including the Company's TSR, for measuring the payout multiplier upon vesting of the PSUs. TSR is defined as share price appreciation plus dividends, relative to the TSR for a predetermined performance peer group. Based on this assessment, a range of zero to two times the original PSU grant, at the discretion of the Board, may be eligible to vest in respect of the three-year trailing period being measured.

The following table summarizes information related to the PSUs:

<i>Outstanding PSUs (thousands of units)</i>	
Issued and outstanding, December 31, 2023	651.1
Granted	174.0
Units, in lieu of dividends	20.4
Vested	(267.0)
Issued and outstanding, December 31, 2024	578.5
Granted	140.3
Units, in lieu of dividends	4.8
Vested	(232.8)
Issued and outstanding, March 31, 2025	490.8

For the three months ended March 31, 2025, the Company recorded compensation expense of \$0.5 million (three months ended March 31, 2024 - \$3.7 million) related to PSUs. At March 31, 2025, the remaining weighted average life of outstanding PSUs is 1.7 years.

During the three months ended March 31, 2025, the cash payout related to vested PSUs from the 2022 PSU grant was \$11.9 million comprised of 232,800 units, inclusive of dividend entitlements. During the three months ended March 31, 2024, the cash payout related to vested PSUs from the 2021 PSU grant was \$9.8 million comprised of 267,000 units, inclusive of dividend entitlements.

B) RESTRICTED SHARE UNITS

RSUs granted to eligible employees and officers entitle the grantee to receive upon vesting a cash payment that is equal to the value of one common share for each RSU held, plus accrued dividends over the period from the date of grant to vesting and may only be settled with a cash payment, and not common shares, equal to the five-day weighted average trading price for the common shares multiplied by the number of vested RSUs. RSUs vest evenly over a three-year period provided the grantee remains actively employed with the Company on the vesting date.



The following table summarizes information related to the RSUs:

<i>Outstanding RSUs (thousands of units)</i>	
Issued and outstanding, December 31, 2023	136.6
Granted	76.8
Units, in lieu of dividends	4.4
Vested	(67.2)
Forfeited	(13.7)
Issued and outstanding, December 31, 2024	136.9
Granted	57.7
Units, in lieu of dividends	1.2
Vested	(65.7)
Forfeited	(3.3)
Issued and outstanding, March 31, 2025	126.8

For the three months ended March 31, 2025, the Company recorded compensation expense of \$0.5 million (three months ended March 31, 2024 - \$0.6 million) related to RSUs. At March 31, 2025, the remaining weighted average life of outstanding RSUs is 1.4 years.

During the three months ended March 31, 2025, the cash payout related to vested RSUs was \$1.8 million (three months ended March 31, 2024 - \$1.6 million), comprised of 65,700 units (three months ended March 31, 2024 - 67,000 units), inclusive of dividend entitlements.

C) OFFICER DEFERRED SHARE UNITS

ODSUs have been granted to officers of the Company and entitle the officer to receive, upon departure from the Company, a cash payment that is equal to the value of one common share for each vested ODSU held, adjusted to account for reinvested dividends over the period from the date of grant to the date vested ODSUs are redeemed, which must be within 15 business days of the officer's departure from the Company. The cash payment to the officer is to be paid, at the Company's discretion, no later than December 31 of the first calendar year commencing after the date of the officer's departure.

ODSUs are settled in a cash payment equal to the closing price per common share immediately prior to the redemption date, multiplied by the number of settled ODSUs, as further described below. ODSUs vest evenly over a three-year period, provided the officer remains actively employed with the Company on the vesting date. ODSUs are not paid and/or settled until such time as the officer ceases to be an employee of the Company.

The following table summarizes information related to the ODSUs:

<i>Outstanding ODSUs (thousands of units)</i>	
Issued and outstanding, December 31, 2023	270.5
Granted	56.4
Units, in lieu of dividends	11.8
Issued and outstanding, December 31, 2024	338.7
Granted	71.3
Units, in lieu of dividends	4.2
Issued and outstanding, March 31, 2025	414.2

For the three months ended March 31, 2025, the Company recorded compensation expense of \$0.1 million (three months ended March 31, 2024 - \$1.3 million) related to ODSUs. At March 31, 2025, the remaining weighted average life of outstanding ODSUs is 0.5 years.

There were no cash payouts during the three months ended March 31, 2025 or during the three months ended March 31, 2024 related to ODSUs.



D) DEFERRED SHARE UNITS

Directors receive an annual compensation amount in DSUs and have the option to receive Board and Committee retainers and fees in the form of DSUs, which vest immediately. These DSUs are equivalent to a common share adjusted to account for reinvested dividends over the period from date of grant and vesting to the date of redemption and are settled in cash. DSUs can only be redeemed following departure from the Company and must be redeemed prior to December 15th of the year following departure. For the three months ended March 31, 2025, the majority of the directors elected to receive their annual Board and Committee retainers and fees in the form of DSUs.

DSUs are settled in a cash payment equal to the closing price per common share immediately prior to the redemption date, multiplied by the number of settled DSUs, as further described below. DSUs are fully vested as of the grant date. DSUs are not paid and/or settled until after such time as the director ceases to be a director of the Company.

The following table summarizes information related to the DSUs:

<i>Outstanding DSUs (thousands of units)</i>	
Issued and outstanding, December 31, 2023	506.4
Granted	53.0
Units, in lieu of dividends	19.0
Redeemed	(81.9)
Issued and outstanding, December 31, 2024	496.5
Granted	37.8
Units, in lieu of dividends	5.5
Issued and outstanding, March 31, 2025	539.8

For the three months ended March 31, 2025, the Company recorded a compensation expense of \$0.1 million (three months ended March 31, 2024 - \$3.1 million) related to DSUs.

There were no cash payouts during the three months ended March 31, 2025 or during the three months ended March 31, 2024 related to DSUs.

10. Revenues

The Company's royalty production revenue is determined pursuant to the terms of its royalty agreements. The transaction price for crude oil, NGL and natural gas is based on the commodity price in the month of production, adjusted for quality, location, allowable deductions, if any, or other factors. Commodity prices are based on market indices that are determined on a monthly or daily basis.

Royalty production revenue is generally received two months after the crude oil, NGL and natural gas are produced. For royalty production volumes taken-in-kind, revenue is typically collected on the 25th day of the month following production. Lease rental revenue for the entire primary term is recorded when the lease is executed. Lease rental revenue for any subsequent period is recorded as due which is generally annually on the anniversary of the lease extension. Both the amount and timing of bonus consideration revenue can vary significantly from period to period as it is recorded when a new lease is executed and relates to the unique circumstances of each lease transaction.



(\$ millions)	Three months ended March 31	
	2025	2024
Royalty production revenue by product		
Crude oil	101.1	92.3
NGL	10.1	10.2
Natural gas	8.7	10.7
	119.9	113.2
Other revenue		
Lease rental income	1.1	1.0
Bonus consideration	5.0	4.2
Other income	2.1	2.3
	8.2	7.5
Revenues	128.1	120.7

(\$ millions)	Three months ended March 31	
	2025	2024
Revenues by classification		
Lessor Interests on Fee Lands	74.6	73.7
GORR Interests	45.3	39.5
Royalty production revenue	119.9	113.2
Other revenue	8.2	7.5
Revenues	128.1	120.7

At March 31, 2025, receivables from contracts with customers, which are included in accounts receivable and accrued royalty revenue, totaled \$67.7 million (December 31, 2024 - \$69.0 million).

11. Administrative Expenses

(\$ millions)	Notes	Three months ended March 31	
		2025	2024
Salaries and benefits		4.6	4.0
Share-based compensation	9	1.2	8.7
Office expense		0.9	0.9
Public company expense		0.8	0.8
Information technology and other		0.9	1.0
Administrative expenses		8.4	15.4

12. Income Taxes

(\$ millions)	Three months ended March 31	
	2025	2024
Current tax expense	17.3	14.7
Deferred tax expense	0.8	0.1
Income tax expense	18.1	14.8



13. Capital Management

The Company's objective when managing its capital structure is to maintain financial flexibility in order to distribute cash to shareholders in the form of dividends and share repurchases and cancellations after consideration of the Company's financial requirements for its business and future growth opportunities. As a royalty company, PrairieSky does not have capital expenditure requirements, which enhances its financial flexibility.

The Company's capital structure is comprised of bank debt, shareholders' equity and working capital. The Company's capital structure is managed by taking into account operating activities, dividends paid to shareholders, common share repurchases, taxes, liquidity available under the Credit Facility (refer to Note 7), and other factors. The Company's operating results and capital structure are impacted by the level of development activity by third parties on the Royalty Properties and the resultant royalty production volumes, commodity prices and level of costs incurred by the Company.

(\$ millions)	Notes	As at March 31, 2025	As at December 31, 2024	As at March 31, 2024
Shareholders' equity		2,648.1	2,742.7	2,754.2
Working capital deficiency		39.9	40.7	33.7
Bank debt - current and long term	7	218.9	94.2	174.6
Net debt		258.8	134.9	208.3
Capitalization		2,906.9	2,877.6	2,962.5

The Company's capital structure is managed through its financial and operating forecast process. The forecast of the Company's future cash flows is based on estimates of production, crude oil, natural gas and NGL prices, other revenue, production and mineral tax expense, administrative expenses, current taxes and other investing and financing activities. The forecast is regularly updated based on changes in commodity prices, production expectations and other factors that in the Company's view could impact cash flow. The preparation of financial forecasts requires management to make assumptions and estimates which may prove incorrect over time. As a result, there may be adverse changes in cash flows, working capital or debt levels that are currently unforeseen.

During the three months ended March 31, 2025, the Company generated funds from operations of \$85.8 million, repurchased and cancelled shares for \$91.8 million, inclusive of all costs, paid dividends of \$59.9 million, and made acquisitions for \$63.6 million. The Company had a working capital deficiency of \$39.9 million at March 31, 2025 and bank debt of \$218.9 million. The Company's working capital includes \$14.0 million (December 31, 2024 - \$13.9 million) related to the liability for vested cash-settled DSUs issued to non-executive directors which becomes payable only when a director is no longer a member of the Board (refer to Note 9) of which \$6.8 million is expected to be paid in 2025.

14. Financial Instruments and Risk Management

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of accounts receivable and accrued royalty revenue, accounts payable and accrued liabilities, and dividend payable approximate their carrying amount due to the short-term maturity of those instruments. Bank debt bears interest at a floating market rate with applicable variable margins, and accordingly, the fair market value approximates the carrying amount.

RISKS ASSOCIATED WITH FINANCIAL ASSETS AND LIABILITIES

The Company is exposed to financial risks arising from its financial assets and liabilities. Financial risks include market risk (such as commodity price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.



Commodity Price Risk

Commodity price risk is the risk the Company will encounter fluctuations in its future royalty production revenue with changes in commodity prices. Commodity prices for crude oil, NGL and natural gas may be impacted by global and regional factors, including levels of supply and demand, weather, geopolitical factors, including the imposition of tariffs, and the Canadian to US dollar exchange rate. The Company does not hedge its commodity price risk.

Foreign Exchange Risk

North American oil and natural gas prices are based upon US dollar denominated commodity prices. As a result, the price received by Canadian producers and the Company is affected by the Canadian to US dollar exchange rate. The Company does not hedge its foreign exchange risk.

Interest Rate Risk

The Company is exposed to interest rate risk on its Credit Facility. Interest rate risk arises from changes in market interest rates that may affect the fair value or future cash flows from the Company's financial assets or liabilities. Assuming all other variables held constant for the three months ended March 31, 2025, a 1% change (plus or minus) in the interest rate would have resulted in a corresponding change to net earnings before taxes of \$0.5 million. Bank debt bears interest at a floating market rate with applicable variable margins.

Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. A substantial portion of the Company's accounts receivable are from royalty agreements with oil and natural gas industry operators and are subject to normal industry credit risks. The Company's diversified revenue stream limits the size of any one property or industry operator with respect to total receivables. In addition, the Company takes certain of its production in-kind to mitigate credit risk and in certain cases, has put a letter of credit in place with producers.

Of the Company's outstanding receivables at March 31, 2025, none are aged over 90 days (December 31, 2024 - \$nil) and the Company is satisfied its accounts receivable amounts are collectible. As at March 31, 2025, one counterparty has a balance owing that individually accounted for approximately 15% of the total accounts receivable balance. The maximum credit risk exposure associated with accounts receivable and accrued royalty revenue is the total carrying value.

PrairieSky has issued a letter of credit to secure the bank facility of a third party. The letter of credit is secured by a debenture over certain of the third-party operator's assets. The letter of credit is for a one-year term and may be extended for an additional one-year term at the option of the third-party operator. The maximum credit risk exposure associated with the letter of credit is \$45.0 million.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting a demand to fund financial liabilities as they come due. The Company manages its liquidity risk using cash and debt management programs, including financial forecasting. At March 31, 2025, the Company had unused capacity under its Credit Facility of \$84.9 million (refer to Note 7). In addition, the Credit Facility has a permitted increase to \$600 million from \$350 million subject to lender consent.

The timing of expected cash outflows relating to accounts payable and accrued liabilities of \$75.2 million, income tax payable of \$6.6 million and dividend payable of \$61.2 million is less than one year. Included in accounts payable and accrued liabilities is \$14.0 million related to vested cash-settled DSUs issued to non-



executive directors which become payable only when a director is no longer a member of the Board of which \$6.8 million related to two retired directors is expected to be paid in 2025. Management maintains a conservative approach to debt management that aims to provide financial flexibility with respect to acquisitions and the dividend rate. The Board reviews and determines the dividend rate after considering expected commodity prices, foreign exchange rates, royalty production volumes, economic conditions, income taxes, bank debt and PrairieSky's capacity to fund its expenses and investing opportunities.

15. Supplementary Information

NET CHANGE IN NON-CASH WORKING CAPITAL

(\$ millions)	Three months ended March 31	
	2025	2024
Source (use) of cash:		
Accounts receivable and accrued royalty revenue	(33.5)	(36.8)
Prepays	0.3	0.4
Accounts payable and accrued liabilities	38.0	36.1
Income tax payable	0.1	(3.0)
Changes in non-cash working capital	4.9	(3.3)
Related to operating activities	4.9	(3.3)



Corporate Information

BOARD OF DIRECTORS

Margaret A. McKenzie⁽¹⁾
Anna M. Alderson⁽²⁾⁽⁴⁾
Anuroop S. Duggal⁽²⁾⁽³⁾
P. Jane Gavan⁽³⁾
Glenn A. McNamara⁽³⁾⁽⁴⁾
Andrew M. Phillips
Sheldon B. Steeves⁽²⁾⁽³⁾⁽⁴⁾

- (1) Chair of the Board.
- (2) Member of the Audit Committee. Ms. Alderson is the Chair of the Audit Committee.
- (3) Member of the Governance and Compensation Committee. Ms. Gavan is the Chair of the Governance and Compensation Committee.
- (4) Member of the Reserves Committee. Mr. Steeves is the Chair of the Reserves Committee.

OFFICERS

Andrew M. Phillips,
President & Chief Executive Officer

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

Daniel J. Bertram,
Vice-President, Business Development & Chief Commercial Officer

Michael T. Murphy,
Vice-President, Geosciences & Capital Markets

TORONTO STOCK EXCHANGE TRADING SYMBOL

PSK

INDEPENDENT RESERVE EVALUATORS

GLJ Ltd.

TRANSFER AGENT

TSX Trust Company

AUDITORS

KPMG LLP

BANKERS

Toronto-Dominion Bank

CORPORATE OFFICE

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