

PrairieSky Announces Second Quarter 2025 Results

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CALGARY, July 14, 2025 -

[PrairieSky Royalty Ltd.](#) ("PrairieSky" or the "Company") (TSX: PSK) is pleased to announce its second quarter operating and financial results for the period ended June 30, 2025.

Second Quarter Highlights:

- Record oil royalty production of 14,376 barrels per day, an 8% increase over Q2 2024⁽¹⁾. Total royalty production
- Revenues totaled \$123.6 million for Q2 2025⁽¹⁾ comprised of royalty production revenue of \$111.2 million and other
- Funds from operations totaled \$96.7 million or \$0.41 per share, a decrease of 9% from Q2 2024 as record oil roy
- Declared a second quarter dividend of \$61.2 million (\$0.26 per share), representing a payout ratio of 63%.
- Purchased and cancelled 84,020 common shares under the Company's normal course issuer bid ("NCIB") for \$2
- Completed acquisitions for \$6.5 million, primarily of non-producing gross overriding royalty interests targeting Ma
- Net debt totaled \$242.0 million as at June 30, 2025, a decrease of \$16.8 million from March 31, 2025.

President's Message

Oil royalty production volumes reached a record 14,376 barrels per day in Q2 2025, an 8% increase over Q2 2024, bringing year-to-date oil royalty production to 13,941 barrels per day. We continue to see growth in our heavy oil portfolio with the Clearwater and Mannville Stack⁽²⁾ approaching 25% of oil royalty production as third-party operators continue to execute on their drilling programs in these plays. Multilateral horizontal drilling reached a record 52% of spuds (61 wells) in the quarter which included 47 wells in the Clearwater. Year-to-date activity has been particularly strong in the Duvernay with 30 wells spud compared to 33 spud in all of 2024. We expect to see initial royalty production from multiple Duvernay wells in the West Shale Basin ⁽²⁾ in the third quarter and this level of third-party activity to continue to drive annual oil royalty production growth.

Funds from operations totaled \$96.7 million (\$0.41 per share) in the quarter driven by strong royalty production volumes of 26,457 BOE per day which generated royalty revenue of \$111.2 million, 93% attributed to oil and NGL. Oil royalty production revenue totaled \$95.7 million, a 14% decrease from Q2 2024, with lower US\$ WTI benchmark pricing offsetting record oil royalty production volumes of 14,376 barrels per day, narrowed light and heavy oil differentials and a weaker Canadian dollar. Natural gas royalty production volumes averaged 58.4 MMcf per day in the quarter, earning \$7.9 million in royalty revenue which represented an 80% increase over Q2 2024. The increase in natural gas royalty production revenue was primarily due to improved benchmark pricing with daily AECO index pricing averaging \$1.69 per Mcf in the quarter, an increase of 43% over Q2 2024. NGL royalty production averaged 2,348 barrels per day, an increase of 2% from Q2 2024 and generated total NGL royalty production revenue of \$7.6 million in the quarter. It was a strong quarter for other revenues which totaled \$12.4 million, including bonus consideration of \$8.5 million earned on entering into 47 new leases with 37 separate counterparties.

PrairieSky declared a dividend of \$0.26 per share or \$61.2 million in the quarter with a resulting payout ratio of 63%. Excess funds from operations after payment of the dividend were allocated to the acquisition of \$6.5 million of incremental royalty interests focused on non-producing gross overriding royalty interests targeting Mannville heavy oil targets and share repurchases. The NCIB remains an important part of our long-term capital allocation strategy to create value for shareholders. During the quarter, 84,020 common shares were repurchased and cancelled with an incremental \$11.0 million⁽³⁾ allocated to share repurchases to be settled subsequent to June 30, 2025. PrairieSky exited the quarter with net debt of \$242.0 million at June 30, 2025. Subsequent to Q2 2025, PrairieSky exercised the accordion feature of its unsecured, covenant-based credit facility with the existing syndicate of Canadian banks, increasing the commitment of lenders by \$250 million, bringing the aggregate credit limit available to PrairieSky to \$600 million. There were no other amendments

made to the credit facility. The expanded facility provides increased liquidity and financial flexibility moving forward.

Thank you to our staff for their hard work in the quarter and our shareholders for their continued support.

Andrew Phillips, President & CEO

ACTIVITY ON PRAIRIESKY'S ROYALTY PROPERTIES

Third-party operators spud 117 wells on PrairieSky's royalty acreage at an average royalty rate of 4.8%, as compared to the 115 wells spud in Q2 2024 at an average royalty rate of 6.6%. Drilling activity generally slows in the second quarter across the Western Canadian Sedimentary Basin as a result of spring break-up. Spuds were comprised of 74 wells on gross overriding royalty acreage, 33 wells on fee lands and 10 unit wells. There were a total of 113 oil wells (97% of wells) spud during the quarter which included 47 Clearwater wells, 17 Mannville light and heavy oil wells, 13 Duvernay wells, 11 Viking wells, 11 Mississippian wells and 14 additional oil wells across Alberta and Saskatchewan. There were 3 Mannville natural gas wells and 1 Duvernay natural gas well spud in Q2 2025.

NOTES AND REFERENCES

- In this press release, the financial reporting periods are referred to as follows: "Q2 2025", "the quarter" or the (1) "the second quarter" refers to the three months ended June 30, 2025; "Q2 2024" refers to the three months ended June 30, 2024.
- (2) For further details on the "Mannville Stack" and "West Shale Basin", we refer you to PrairieSky's most recent Corporate Presentation contained on PrairieSky's website at www.prairiesky.com.
- (3) Included in accounts payable and accrued liabilities at June 30, 2025 is \$11.0 million related to common share repurchases of which \$1.0 million related to common share repurchases that were pending settlement at June 30, 2025 and the remaining \$10.0 million related to a provision for share repurchases under the Company's automatic share purchase plan with an independent broker.

Unless otherwise indicated or the context otherwise requires, terms used in this press release but not defined above are as defined in the Company's Annual Information Form for the year ended December 31, 2024 which is available on SEDAR+ at www.sedarplus.com and PrairieSky's website at www.prairiesky.com.

FINANCIAL AND OPERATIONAL INFORMATION

The following table summarizes select operational and financial information of the Company for the periods noted. All dollar amounts are stated in Canadian dollars unless otherwise noted.

A full version of PrairieSky's management's discussion and analysis ("MD&A") and unaudited interim condensed consolidated financial statements and notes thereto for the fiscal period ended June 30, 2025 are available on SEDAR+ at www.sedarplus.com and PrairieSky's website at www.prairiesky.com.

(\$ millions, except \$ per share or as otherwise noted)	Three months ended			Six months ended	
	June 30 2025	March 31 2025	June 30 2024	June 30 2025	June 30 2024
FINANCIAL					
Royalty production revenue	111.2	119.9	125.5	231.1	238.7
Other revenue	12.4	8.2	10.1	20.6	17.6
Revenues	123.6	128.1	135.6	251.7	256.3
Funds from operations	96.7	85.8	106.1	182.5	189.1
Per share - basic and diluted ⁽¹⁾	0.41	0.36	0.44	0.77	0.79
Net earnings	56.3	58.4	60.3	114.7	107.8
Per share - basic and diluted ⁽¹⁾	0.24	0.25	0.25	0.48	0.45

Dividends declared ⁽²⁾	61.2	61.2	59.7	122.4	119.4
Per share	0.26	0.26	0.25	0.52	0.50
Dividend payout ratio ⁽³⁾	63%	71%	56%	67%	63%
Acquisitions ⁽⁴⁾	6.5	63.6	12.3	70.1	21.1
Net debt ⁽⁵⁾	242.0	258.8	174.6	242.0	174.6
Common share repurchases, inclusive of all costs	2.0	91.8	-	93.8	-
Shares outstanding (millions)					
Shares outstanding at period end	235.5	235.5	239.0	235.5	239.0
Weighted average - basic and diluted	235.5	238.3	239.0	236.9	239.0
OPERATIONAL					
Royalty production volumes					
Crude oil (bbls/d)	14,376	13,502	13,312	13,941	13,227
NGL (bbls/d)	2,348	2,520	2,308	2,433	2,421
Natural gas (MMcf/d)	58.4	55.9	58.2	57.1	60.1
Royalty Production (BOE/d) ⁽⁶⁾	26,457	25,339	25,320	25,891	25,665
Realized pricing					
Crude oil (\$/bbl)	73.16	83.16	91.75	77.98	84.51
NGL (\$/bbl)	35.47	44.51	47.20	40.13	45.62
Natural gas (\$/Mcf)	1.50	1.73	0.84	1.61	1.38
Total (\$/BOE) ⁽⁶⁾	46.19	52.58	54.47	49.31	51.10
Operating netback per BOE (\$) ⁽⁷⁾	43.04	42.85	51.39	42.95	45.43
Funds from operations per BOE (\$)	40.16	37.62	46.05	38.94	40.48
Oil price benchmarks					
West Texas Intermediate (WTI) (US\$/bbl)	63.76	71.39	80.57	67.59	78.76
Edmonton light sweet (\$/bbl)	84.24	95.20	105.16	89.78	98.66
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	(10.27)	(12.67)	(13.60)	(11.47)	(16.47)
Natural gas price benchmarks					
AECO Monthly Index (\$/Mcf)	2.07	2.02	1.44	2.05	1.74
AECO Daily Index (\$/Mcf)	1.69	2.16	1.18	1.93	1.84
Foreign exchange rate (US\$/CAD\$)	0.7228	0.6976	0.7315	0.7096	0.7364

(1) Funds from operations and net earnings per share are calculated using the weighted average number of basic and diluted common shares outstanding.

(2) A dividend of \$0.26 per share was declared on June 3, 2025. The dividend will be paid on July 15, 2025 to shareholders of record as at June 30, 2025.

(3) Dividend payout ratio is defined under the "Non-GAAP Measures and Ratios" section of this press release.

(4) Excluding right-of-use asset additions.

See Note 12 "Capital Management" in the interim condensed consolidated financial statements for the three (5) and six months ended June 30, 2025 and 2024 and Note 13 "Capital Management" in the interim condensed consolidated financial statements for the three months ended March 31, 2025 and 2024.

(6) See "Conversions of Natural Gas to BOE".

(7) Operating netback per BOE is defined under the "Non-GAAP Measures and Ratios" section of this press release.

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held for the investment community on Tuesday, July 15, 2025, beginning at 6:30 a.m. MST (8:30 a.m. EST). To participate in the conference call, you are asked to register at one of the links provided below. Details regarding the call will be provided to you upon registration.

Live call participant registration

URL: <https://register-conf.media-server.com/register/BI4b3e791d098f4a4c844ea1427370d036>

Live webcast participant registration (listen in only)

URL: <https://edge.media-server.com/mmc/p/5a4q5q2j>

FORWARD-LOOKING STATEMENTS

This press release includes certain forward-looking information and forward-looking statements (collectively, "forward-looking statements") which may include, but are not limited to PrairieSky's future plans, current expectations and views of future operations and contains forward-looking statements that the Company believes allow readers to better understand the Company's business and prospects. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "expect", "expected to", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "could", "likely", "believe", "plans", "intends", "strategy" and similar expressions (including negative variations) are intended to identify forward-looking information or statements. Forward-looking statements contained in this press release include, but are not limited to, our expectations with respect to PrairieSky's business and growth strategy and trajectory, including the expectation of receiving royalty production from multiple royalty interest wells in the West Shale Basin in the third quarter; management's expectation that the level of third-party activity on PrairieSky's royalty lands will continue to drive annual royalty production growth; and PrairieSky's expectations to execute on the NCIB as part of our long-term capital allocation strategy to create value for shareholders.

With respect to forward-looking statements contained in this press release, PrairieSky has made several assumptions including those described in detail in our MD&A and the Annual Information Form for the year ended December 31, 2024. Readers and investors are cautioned that the assumptions used in the preparation of such forward-looking statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. PrairieSky's actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. PrairieSky can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits the Company will derive from them.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond PrairieSky's control, including but not limited to the impact of general economic conditions including inflation, industry conditions, volatility of commodity prices, lack of or access to sufficient pipeline capacity, currency fluctuations, interest rates, imprecision of reserve estimates, competitive factors impacting royalty rates, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, political and geopolitical instability, the risks and impacts of tariffs imposed between Canada and the United States (and other countries) or other restrictive trade measures, retaliatory or countermeasures implemented by such governments affecting trade between Canada and the United States (and other countries), including the potential introduction of regulatory barriers to trade and the effect on the demand and/or market price for commodities, inaccurate expectations for industry drilling levels on our royalty lands and the Company's ability to access sufficient capital from internal and external sources. In addition, PrairieSky is subject to numerous risks and uncertainties in relation to acquisitions. These risks and uncertainties include risks relating to the potential for disputes to arise with counterparties, and limited ability to recover indemnification under certain agreements. The foregoing and other risks, uncertainties and assumptions are described in more detail in PrairieSky's MD&A and the Annual Information Form for the year ended December 31, 2024 under the headings "Risk Management" and "Risk Factors", respectively, each of which is available on SEDAR+ at www.sedarplus.com and PrairieSky's website at www.prairiesky.com.

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

CONVERSIONS OF NATURAL GAS TO BOE

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (BOE). PrairieSky uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 BOE ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the BOE ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

NON-GAAP MEASURES AND RATIOS

Certain measures and ratios in this press release do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-GAAP measures and ratios. These measures and ratios may not be comparable to similar measures and ratios presented by other issuers. These measures and ratios are commonly used in the oil and natural gas industry and by PrairieSky to provide potential investors with additional information regarding the Company's liquidity and its ability to generate funds to conduct its business. Non-GAAP measures and ratios include operating netback per BOE and dividend payout ratio. Management's use of these measures and ratios is discussed further below. Further information can be found in the Non-GAAP Measures and Ratios section of PrairieSky's MD&A for the three and six months ended June 30, 2025 and 2024 and PrairieSky's MD&A for the three months ended March 31, 2025 and 2024.

"Operating netback per BOE" represents the cash margin for products sold on a BOE basis. Operating netback per BOE is calculated by dividing the operating netback (royalty production revenue less production and mineral taxes and cash administrative expenses) by the average daily production volumes for the period. Operating netback per BOE is used to assess the cash generating and operating performance per unit of product sold and the comparability of the underlying performance between years. Operating netback per BOE measures are commonly used in the oil and natural gas industry to assess performance comparability. Refer to the Operating Results table starting on page 6 of PrairieSky's MD&A for the three and six months ended June 30, 2025 and 2024 and page 6 of PrairieSky's MD&A for the three months ended March 31, 2025 and 2024.

	Three months ended			Six months ended	
	June 30	March 31	June 30	June 30	June 30
(\$ millions)	2025	2025	2024	2025	2024
Cash from operating activities	90.3	90.7	99.3	181.0	179.0
Other revenue	(12.4)	(8.2)	(10.1)	(20.6)	(17.6)
Amortization of debt issuance costs	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Finance expense	3.0	2.9	3.5	5.9	7.2
Current tax expense	16.5	17.3	19.0	33.8	33.7
Interest on lease obligation	(0.1)	-	-	(0.1)	-
Net change in non-cash working capital	6.4	(4.9)	6.8	1.5	10.1
Operating netback	103.6	97.7	118.4	201.3	212.2

"Operating Margin" represents operating netback as a percentage of royalty production revenue. Management uses this measure to demonstrate the comparability between the Company and production and exploration companies in the oil and natural gas industry as it shows net revenue generation from operations.

	Three months ended			Six months ended	
	June 30	March 31	June 30	June 30	June 30
(\$ millions)	2025	2025	2024	2025	2024
Royalty production revenue	111.2	119.9	125.5	231.1	238.7
Operating netback	103.6	97.7	118.4	201.3	212.2

Operating margin 93% 81% 94% 87% 89%

"Dividend payout ratio" is calculated as dividends declared as a percentage of funds from operations. Payout ratio is used by dividend paying companies to assess dividend levels in relation to the funds generated and used in operating activities.

	Three months ended			Six months ended	
	June 30	March 31	June 30	June 30	June 30
(\$ millions, except otherwise noted)	2025	2025	2024	2025	2024
Funds from operations	96.7	85.8	106.1	182.5	189.1
Dividends declared	61.2	61.2	59.7	122.4	119.4
Dividend payout ratio	63%	71%	56%	67%	63%

ABOUT PRAIRIESKY ROYALTY LTD.

PrairieSky is a royalty company, generating royalty production revenues as oil and natural gas are produced from its properties. PrairieSky has a diverse portfolio of properties that have a long history of generating funds from operations and that represent the largest and most consolidated independently-owned fee simple mineral title position in Canada. PrairieSky's common shares trade on the Toronto Stock Exchange under the symbol PSK.

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