

PrairieSky Announces Dividend Increase and 2025 Annual and Fourth Quarter Results

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CALGARY, Feb. 09, 2026 - [PrairieSky Royalty Ltd.](#) ("PrairieSky" or the "Company") (TSX: PSK) is pleased to announce an increase to its annual dividend policy and its annual and fourth quarter operating and financial results for the period ended December 31, 2025.

Annual Highlights

- Record annual oil royalty production volumes averaged 13,940 barrels per day, a 6% increase over YE 2024⁽¹⁾.
- Royalty production revenue totaled \$441.7 million and combined with other revenue of \$36.5 million to bring total revenue to \$478.2 million.
- Funds from operations totaled \$353.0 million (\$1.50 per share), a decrease of 7% from YE 2024 primarily due to a 16% decrease in average US\$ WTI benchmark pricing from \$78.50 to \$66.00 per barrel.
- Corporate proved plus probable reserves totaled 63,932 MBOE as compared to 63,653 MBOE at December 31, 2025.
- Declared cumulative annual dividends of \$243.4 million (\$1.04 per share), representing a dividend payout ratio of 25%.
- Purchased and cancelled 6,239,507 common shares under the Company's normal course issuer bid ("NCIB") for \$100.0 million.
- Completed acquisitions for \$99.9 million, primarily of producing and non-producing fee lands, lessor interests and royalty interests.

Fourth Quarter Highlights

- Oil royalty production increased 3% over Q4 2024⁽¹⁾ averaging 13,750 barrels per day and combined with average other revenue of \$8.8 million to bring total revenue to \$111.7 million.
- Royalty production revenue totaled \$102.9 million and combined with other revenue of \$8.8 million to bring total revenue to \$111.7 million.
- Funds from operations totaled \$80.5 million (\$0.35 per share), a decrease of 19% from Q4 2024 primarily due to a 16% decrease in average US\$ WTI benchmark pricing from \$78.50 to \$66.00 per barrel.
- Declared a fourth quarter dividend of \$60.5 million (\$0.26 per share), representing a dividend payout ratio of 75%.
- Completed acquisitions for \$19.9 million, primarily of producing and non-producing gross overriding royalty interests.
- Net debt totaled \$276.5 million at December 31, 2025, a decrease of \$5.2 million from September 30, 2025.

Dividend Increase and Dividend Declaration

- PrairieSky is pleased to announce a 2% increase in its annual dividend policy to \$1.06 per common share to be paid on March 15, 2026.

President's Message

PrairieSky's diversified royalty portfolio delivered a 6% increase in annual oil royalty production which averaged 13,940 barrels per day with Q4 2025 oil royalty production averaging 13,750 barrels per day. The Clearwater and Mannville Stack⁽²⁾ heavy oil plays combined with the Duvernay light oil play to drive the annual oil royalty production increase. The Clearwater heavy oil play reached 2,600 barrels per day in Q4 2025, representing a compounded annual growth rate of 20% since 2022 with ongoing primary development and decline mitigation through waterflood expansion. Mannville Stack activity finished the year strong with 21 spuds in Q4 2025 at an average royalty rate of 8.0%, with overall oil royalty production in the play increasing 10% year over year. The Duvernay light oil play delivered average royalty production of approximately 1,175 BOE per day in 2025 (80% oil and liquids), an increase of 90% year over year, driven by third party activity in the West Shale Basin⁽²⁾.

Third-party operators spud 200 wells on PrairieSky's royalty acreage during Q4 2025, relatively consistent with the 205 wells spud in Q4 2024. The average royalty rate for wells spud in the quarter was 5.4% (Q4 2024 - 6.2%). Multilateral drilling on our lands continued to increase with an estimated 80 spuds in the quarter and representing 40% of the activity on our royalty lands for YE 2025 versus 36% in YE 2024. Increased multilateral drilling activity and waterflood expansion helped drive the 6.6% increase in proved plus probable oil reserves to 28,373 Mbbl.

Total royalty production volumes averaged 25,965 BOE per day and generated royalty production revenue of \$102.9 million during Q4 2025. Royalty production revenue and resulting Q4 2025 funds from operations of \$80.5 million were negatively impacted by the 16% decrease in average US\$ WTI benchmark pricing from

Q4 2024. Further, a 14% decrease in annual average US\$ WTI benchmark pricing impacted YE 2025 royalty production revenue and funds from operations which totaled \$353.0 million, 7% below YE 2024. Strong third-party leasing added \$22.6 million of bonus consideration for the year, earned on entering into 189 leases with 90 separate counterparties. Annual bonus consideration was bolstered by an active fourth quarter where PrairieSky generated \$4.3 million on entering 46 new leases with 36 separate counterparties.

During Q4 2025, PrairieSky declared a dividend of \$0.26 per share or \$60.5 million with a resulting payout ratio of 75% with funds from operations after payment of the dividend allocated to acquisitions totaling \$19.9 million. Acquisitions in the quarter included incremental gross overriding royalty interests primarily targeting light oil in the Basal Quartz and Duvernay plays and brought total acquisitions for the year to \$99.9 million. During YE 2025, PrairieSky returned \$243.4 million to shareholders as dividends and repurchased and cancelled 6,239,507 common shares for \$158.5 million. We are pleased to announce a 2% increase in our annual dividend policy. The first quarter dividend of \$0.265 per share will be payable to shareholders of record on March 31, 2026. At December 31, 2025, PrairieSky maintained a strong balance sheet with net debt of \$276.5 million.

The level of activity on our land base and the growth in oil and NGL royalty production underscore the benefits of our strategy of investing in low-cost oil plays and the optionality of owning fee mineral title acreage. I am very pleased with our 2025 annual results and the trajectory of our business for 2026 and beyond. I would like to thank our staff for their hard work throughout the year and our shareholders for their continued support.

Andrew Phillips, President & CEO

ACTIVITY ON PRAIRIESKY'S ROYALTY PROPERTIES

Third-party operators spud 200 wells on PrairieSky's royalty acreage at an average royalty rate of 5.4%, as compared to 205 wells spud in Q4 2024 at an average royalty rate of 6.2%. Spuds were comprised of 127 wells on gross overriding royalty acreage, 48 wells on fee lands and 25 unit wells. There were a total of 187 oil wells (94% of wells) spud during the quarter which included 51 Mannville light and heavy oil wells, 44 Clearwater wells, 39 Viking wells, 24 Mississippian wells, 8 Duvernay wells, and 21 additional oil wells across Alberta, Saskatchewan and Manitoba. There were 13 natural gas wells spud in the quarter, including 6 Mannville wells, 4 Montney wells, 1 Duvernay well and 2 other natural gas wells. 2025 annual spuds on PrairieSky's royalty properties totaled 718 wells, as compared to 741 wells in 2024, with an average royalty rate of 5.6% (2024 - 5.9%).

PrairieSky estimates that \$2.0 billion (net - \$97 million) in third-party capital was spent drilling and completing wells on PrairieSky's royalty properties in YE 2025, an increase from \$1.9 billion (net - \$93 million) in YE 2024. Activity on PrairieSky's lands drove the increase in proved plus probable oil reserves as discussed further below.

DIVIDEND INCREASED 2%; DIVIDEND DECLARATION

PrairieSky is pleased to announce a 2% increase in its annual dividend policy to \$1.06 per common share in 2026, to be paid on a quarterly basis⁽³⁾. In determining changes to the dividend policy, the Board of Directors considers a number of factors including current and projected activity levels on PrairieSky's royalty lands, the current commodity price environment, the working capital and bank debt balance and net earnings of the Company.

On February 9, 2026, PrairieSky's Board of Directors declared the first quarter dividend of \$0.265 per common share to shareholders of record on March 31, 2026 and payable on April 15, 2026. This quarterly cash dividend is designated as an "eligible dividend" for Canadian income tax purposes.

2025 RESERVES INFORMATION

PrairieSky's proved plus probable oil reserves increased 6.6% to 28,373 MBOE at December 31, 2025, as drilling extensions, technical revisions and improved recoveries related to waterflood expansions outpaced

annual production. PrairieSky's corporate proved plus probable reserves totaled 63,932 MBOE at December 31, 2025 (December 31, 2024 - 63,653 MBOE). Year over year, proved plus probable reserves increased modestly as strong growth in oil reserves outpaced declines in natural gas and NGL reserves. Lower forecast pricing for crude oil offset the increase in oil proved plus probable reserves resulting in a reduction in before-tax net present value of total proved plus probable reserves, discounted at 10%, to \$1.84 billion (2024 - \$1.93 billion). Changes to proved plus probable reserves comprised of additions related to third-party drilling and improved recovery (7,569 MBOE), positive technical revisions (2,200 MBOE) and acquisitions (927 MBOE) less 2025 royalty production volumes of 9,439 MBOE and economic factors (978 MBOE). PrairieSky's proved plus probable reserves include only developed assets (developed producing and developed non-producing properties) and do not include any future development capital on undeveloped lands.

PrairieSky's YE 2025 reserves were evaluated by independent reserves evaluators GLJ Ltd. The evaluation of PrairieSky's royalty properties was done in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. PrairieSky's reserves information is included in the Company's Annual Information Form for the year ended December 31, 2025, which is available on SEDAR+ at www.sedarplus.ca and PrairieSky's website at www.prairiesky.com.

NOTES AND REFERENCES

(1) In this press release, the financial reporting periods are referred to as follows: "Q4 2025", "the quarter" or the "the fourth quarter" refers to the three months ended December 31, 2025; "Q4 2024" refers to the three months ended December 31, 2024. "YE 2025" or "the year" refers to the year ended December 31, 2025. "YE 2024" refers to the year ended December 31, 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) PrairieSky's dividends are declared on a quarterly basis and are subject to Board of Director approval.

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, 2025 which is available on SEDAR+ at www.sedarplus.ca 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 audited annual consolidated financial statements and notes thereto for the years ended December 31, 2025 and 2024 are available on SEDAR+ at www.sedarplus.ca and PrairieSky's website at www.prairiesky.com.

(\$ millions, except \$ per share or as otherwise noted)	Three months ended		Year ended	
	December 31 2025	December 31 2024	December 31 2025	December 31 2024
FINANCIAL				
Royalty production revenue	102.9	115.6	441.7	465.8
Other revenue	8.8	20.0	36.5	43.4
Revenues	111.7	135.6	478.2	509.2
Funds from operations	80.5	99.0	353.0	380.5
Per share - basic and diluted ⁽¹⁾	0.35	0.41	1.50	1.59
Net earnings	44.4	60.2	205.0	215.3
Per share - basic and diluted ⁽¹⁾	0.19	0.25	0.87	0.90

Dividends declared ⁽²⁾	60.5	59.9	243.4	239.0
Per share	0.26	0.25	1.04	1.00
Dividend payout ratio ⁽³⁾	75%	61%	69%	63%
Acquisitions - including non-cash consideration ⁽⁴⁾	19.9	31.5	99.9	57.3
Net debt ⁽⁵⁾	276.5	134.9	276.5	134.9
Common share repurchases, inclusive of all costs	-	-	161.7	-
Shares outstanding (millions)				
Shares outstanding at period end	232.7	239.0	232.7	239.0
Weighted average - basic and diluted	232.7	239.0	235.2	239.0
OPERATIONAL				
Royalty production volumes				
Crude oil (bbls/d)	13,750	13,317	13,940	13,125
NGL (bbls/d)	2,915	2,482	2,498	2,378
Natural gas (MMcf/d)	55.8	55.1	56.5	58.1
Royalty Production (BOE/d) ⁽⁶⁾	25,965	24,982	25,855	25,186
Realized pricing				
Crude oil (\$/bbl)	66.10	81.66	74.34	84.12
NGL (\$/bbl)	36.51	40.68	38.21	43.28
Natural gas (\$/Mcf)	1.85	1.23	1.39	1.13
Total (\$/BOE) ⁽⁶⁾	43.08	50.30	46.80	50.53
Operating netback per BOE (\$) ⁽⁷⁾	36.68	45.86	41.17	45.82
Funds from operations per BOE (\$)	33.70	43.07	37.41	41.28
Oil price benchmarks				
West Texas Intermediate (WTI) (US\$/bbl)	59.14	70.27	64.81	75.72
Edmonton light sweet (\$/bbl)	76.57	94.90	85.63	97.55
Western Canadian Select (WCS) crude oil differential to WTI (US\$/bbl)	(11.20)	(12.55)	(11.13)	(14.76)
Natural gas price benchmarks				
AECO Monthly Index (\$/Mcf)	2.34	1.46	1.86	1.44
AECO Daily Index (\$/Mcf)	2.23	1.48	1.68	1.46
Foreign exchange rate (US\$/CAD\$)	0.7169	0.7147	0.7154	0.7299

(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 December 2, 2025. The dividend was paid on January 15, 2026 to shareholders of record as at December 31, 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.

(5) See Note 15 "Capital Management" in the annual audited consolidated financial statements for the year ended December 31, 2025.

(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, February 10, 2026, 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/BI153d2f72f93241a8bf839733697177df>

Live webcast participant registration (listen in only)
URL: <https://edge.media-server.com/mmc/p/7uiiu9>

FORWARD-LOOKING STATEMENTS

This press release includes certain forward-looking information and forward-looking statements within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements") which may include, but are not limited to, statements in the message from the Company's President as well as 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 statements. No assurance can be given that these plans, expectations and/or views will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release. Forward-looking statements contained in this press release include, but are not limited to, our expectations with respect to PrairieSky's business, growth strategy and trajectory, including the expectation of receiving continued royalty production from multiple royalty interest wells in the Clearwater, Mannville Stack and Duvernay plays; management's expectation that the level of third-party activity on PrairieSky's royalty lands will continue to drive royalty production growth; our expectation regarding growth in oil and NGL royalty production that underscores the benefits of investing in low-cost oil plays and the optionality of owning fee mineral title; increasing multilateral horizontal drilling continuing to contribute to total drilling activity across our land base; our expectation regarding decline mitigation through waterflood expansion in certain plays; and PrairieSky's expectations to execute on our long-term capital allocation strategy to create value for shareholders including, but not limited to, purchasing and cancelling common shares under the Company's NCIB and the dividend.

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, 2025. 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. Statements relating to "reserves" are also deemed to be forward-looking as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in quantities predicted or estimated and that the reserves can be profitably produced in the future.

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, 2025 under the headings "Risk Management" and "Risk Factors", respectively, each of which is available on SEDAR+ at www.sedarplus.ca 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. Accordingly, 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, and readers and investors are cautioned that such non-GAAP information should not be considered in isolation nor as an alternative to financial information determined in accordance with GAAP and may not be appropriate for any other purpose. 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 year ended December 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 7 of PrairieSky's MD&A for the year ended December 31, 2025 and 2024.

	Three months ended		Year ended	
	December 31	December 31	December 31	December 31
(\$ millions)	2025	2024	2025	2024
Cash from operating activities	84.0	91.3	357.4	379.9
Other revenue	(8.8)	(20.0)	(36.5)	(43.4)
Other revenue - non-cash	-	8.2	-	8.2
Amortization of debt issuance costs	(0.2)	(0.2)	(0.6)	(0.5)
Finance expense	3.9	2.3	13.3	12.2
Current tax expense	12.2	16.2	59.5	65.5
Interest on lease obligation	-	(0.1)	(0.1)	(0.1)
Net change in non-cash working capital	(3.5)	7.7	(4.4)	0.6
Operating netback	87.6	105.4	388.6	422.4

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

generated from operations and used in operating activities.

	Three months ended		Year ended	
	December 31	December 31	December 31	December 31
(\$ millions, except otherwise noted)	2025	2024	2025	2024
Funds from operations	80.5	99.0	353.0	380.5
Dividends declared	60.5	59.9	243.4	239.0
Dividend payout ratio	75%	61%	69%	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 mineral title position in Canada. PrairieSky's common shares trade on the Toronto Stock Exchange under the symbol PSK.

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