



**NOTICE OF
SPECIAL MEETING
AND
INFORMATION CIRCULAR AND PROXY STATEMENT**

For the Special Meeting of Shareholders
to be held on Monday, December 14, 2015



LETTER TO SHAREHOLDERS

November 18, 2015

Dear shareholders:

You are invited to attend a special meeting (the "**Meeting**") of holders of common shares ("**Common Shares**") of PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") to be held in The Card Room (Harry Forester Room) at the Calgary Petroleum Club, 319 Fifth Avenue S.W., Calgary, Alberta T2P 0L5 on Monday, December 14, 2015 at 9:00 a.m. (MDT). The purpose of the Meeting is to consider and, if thought advisable, to pass an ordinary resolution (the "**Issuance Resolution**") approving the issuance of up to an aggregate of 71,420,444 common shares of PrairieSky ("**Common Shares**"), of which up to 44,444,444 Common Shares will be issued to Canadian Natural Resources Limited ("**CNRL**") and certain of its subsidiaries as partial consideration for the purchase of certain royalty assets (the "**Acquired Assets**") by the Company and 26,976,000 Common Shares will be issued pursuant to subscription receipts of the Company ("**Placement Subscription Receipts**") to be purchased by certain investors under the Private Placement (as defined below).

On November 8, 2015, PrairieSky entered into a royalty assets purchase and sale agreement (the "**Acquisition Agreement**") with CNRL, Canadian Natural Resources, CNR Northern Alberta Partnership and CNR Royalty Partnership (collectively, the "**Vendor**"). Pursuant to the Acquisition Agreement, the Company agreed to acquire the Acquired Assets (the "**Acquisition**") from the Vendor for an aggregate purchase price of \$1.8 billion (subject to customary closing and post-closing adjustments) payable with cash consideration of \$680 million (the "**Cash Consideration**") and the issuance of up to 44,444,444 Common Shares (the "**Share Consideration**") to the Vendor. Closing of the Acquisition is expected to occur on or about December 16, 2015, with an effective date of October 1, 2015.

In connection with the Acquisition, PrairieSky has entered into commitment letters with certain investors pursuant to which it has agreed to sell, and such investors have agreed to buy, on a "private placement" basis, an aggregate of 26,976,000 Placement Subscription Receipts at a price of \$25.20 per Placement Subscription Receipt for aggregate gross proceeds of \$679,795,200 (the "**Private Placement**"). Each Placement Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action on the part of such holder, one Common Share upon the satisfaction of certain conditions (the "**Escrow Release Conditions**"), including that all material conditions to the completion of the Acquisition have been satisfied or waived (other than the payment of the purchase price for the Acquired Assets). Closing of the Private Placement is expected to occur on or about December 2, 2015.

In order for the Acquisition to proceed and for the Escrow Release Conditions to be satisfied, the Issuance Resolution must be approved by a majority of votes cast by shareholders of PrairieSky, either in person or by proxy at the Meeting, as required by the policies of the Toronto Stock Exchange (the "**TSX**"). Completion of the Acquisition is also subject to various other conditions including receipt of all necessary regulatory and other third party approvals, including approval under the *Competition Act* (Canada) and of the TSX. Completion of the Private Placement is also subject to various conditions including receipt of all necessary regulatory approvals, including approval of the TSX.

The board of directors of PrairieSky unanimously recommends that the shareholders vote in favour of the Issuance Resolution.

The information circular and proxy statement of PrairieSky dated November 18, 2015 (the "**Information Circular**") contains a detailed description of the Acquisition, the Acquired Assets and the Private

Placement. Please give this material your careful consideration and, if you require assistance, consult your financial, legal, tax or other professional advisors.

Proxies

Registered shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it to TMX Equity Transfer Services Inc., Attention: Proxy Department, 200 University Avenue, Suite 300, 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 meeting or any adjournment thereof. Registered shareholders may also vote via the internet at www.voteproxyonline.com. Votes by internet must be received by 9:00 a.m. (MDT) on Thursday, December 10, 2015 or at least 48 hours prior to the time of any adjournment of the Meeting. See the Information Circular for further instructions on internet voting. If a shareholder receives more than one proxy form because such shareholder owns Common Shares registered in different names or addresses, each proxy form should be completed and returned.

Non-registered or beneficial shareholders who do not hold Common Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the telephone or internet-based voting procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Common Shares voted at the Meeting on their behalf. See "*Proxies - Advice to Beneficial Holders of Common Shares*" in the Information Circular.

Yours very truly,

(signed) "*Andrew Phillips*"
President and Chief Executive Officer
PrairieSky Royalty Ltd.

PRAIRIESKY ROYALTY LTD.

NOTICE OF
SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MONDAY, DECEMBER 14, 2015

The special meeting (the "**Meeting**") of the shareholders of PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") will be held in The Card Room (Harry Forester Room) at the Calgary Petroleum Club, 319 Fifth Avenue S.W., Calgary, Alberta T2P 0L5 on Monday, December 14, 2015 at 9:00 a.m. (MDT) to:

1. consider and, if thought advisable, to pass an ordinary resolution (the "**Issuance Resolution**"), the full text of which is set forth in Appendix "A" to the information circular and proxy statement of the Company dated November 18, 2015 (the "**Information Circular**") accompanying this notice, approving the issuance of up to an aggregate of 71,420,444 common shares of the Company ("**Common Shares**"), of which up to 44,444,444 Common Shares will be issued to Canadian Natural Resources Limited ("**CNRL**") and certain of its subsidiaries as partial consideration for the purchase of certain royalty assets by the Company and 26,976,000 Common Shares will be issued pursuant to subscription receipts of the Company; and
2. 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 accompanying this notice.

Registered shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it to TMX Equity Transfer Services Inc., Attention: Proxy Department, 200 University Avenue, Suite 300, 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 meeting or any adjournment thereof. Registered shareholders may also vote via the internet at www.voteproxyonline.com. Votes by internet must be received by 9:00 a.m. (MDT) on Thursday, December 10, 2015 or at least 48 hours prior to the time of any adjournment of the Meeting. See the Information Circular for further instructions on internet voting. If a shareholder receives more than one proxy form because such shareholder owns 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 November 18, 2015 will be entitled to vote at the Meeting, unless that shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 2 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 18th day of November, 2015.

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

(signed) "*Cameron Proctor*"
Chief Operating Officer and Corporate Secretary

PRAIRIESKY ROYALTY LTD.

Information Circular and Proxy Statement
for the Special Meeting to be held on Monday, December 14, 2015

GENERAL

This Information Circular is furnished in connection with the solicitation of proxies by the management of PrairieSky for use at the Meeting. No person has been authorized to give any information or make any representations in connection with the matters to be considered at the Meeting other than those contained in this Information Circular and if given or made, any such information or representation must not be relied upon as having been authorized.

The Meeting has been called for the purpose of considering and, if deemed advisable, passing the Issuance Resolution. All summaries of, and references to, the Acquisition Agreement are qualified in their entirety by reference to the complete text of such agreements. A copy of the Acquisition Agreement has been filed under the Company's SEDAR profile at www.sedar.com.

The information concerning the Vendor (including CNRL) and the Acquired Assets contained in this Information Circular has been provided by CNRL. Although PrairieSky has no knowledge that would indicate that any of such information is untrue or incomplete, PrairieSky does not assume any responsibility for the accuracy or completeness of such information or the failure by CNRL to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to PrairieSky.

Information contained in or otherwise accessed through PrairieSky's website, or any other website, does not constitute part of this Information Circular.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Information Circular and, if given or made, such information or representation must not be relied upon as having being authorized by PrairieSky and the Vendor (including CNRL).

This Information Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation. Neither the delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Information Circular.

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth herein under "*Glossary of Terms*".

Information contained in this Information Circular is given as of November 18, 2015, unless otherwise specifically stated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Information Circular constitute forward-looking statements and forward-looking information (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Company's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or

performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular. In addition, this Information Circular may contain forward-looking statements attributed to third party industry sources. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the information and factors discussed throughout this Information Circular.

Specific forward-looking statements contained in this Information Circular include, among others, statements regarding:

- the timing and completion of the Acquisition;
- the expected Cash Consideration and Share Consideration payable pursuant to the Acquisition;
- the receipt of required regulatory and other approvals for the Acquisition, including receipt of the Competition Act Approval and Shareholder Approval;
- the anticipated benefits to the Company of the Acquisition;
- the portion of the Share Consideration that will be distributed to CNRL's shareholders and the timing of such distribution;
- the proportion of the Share Consideration that will be retained by the Vendor following the distribution to CNRL's shareholders;
- the use of the net proceeds from the Private Placement;
- the timing and completion of the Private Placement;
- that the Company will use reasonable commercial efforts to file a prospectus to qualify the distribution of the Common Shares issuable pursuant to the Subscription Receipts;
- the receipt of the required regulatory approvals for the Private Placement, including receipt of Shareholder Approval;
- the satisfaction of the Escrow Release Conditions;
- the estimated volumes and future net revenues related to the Acquired Assets' crude oil, natural gas and NGL reserves and expectations regarding the ability of the Company to add to reserves through third party development activities and acquisitions undertaken by the Company;
- development opportunities with respect to the Acquired Assets;
- the expectation that the Company will be able to successfully encourage third parties to actively develop the Acquired Assets;
- the prospectivity of the lands covered by the drilling commitment with CNRL;
- future development and activity on land covered by the drilling commitment;
- the ability of the Company to enter into leasing and royalty generating transactions in respect of the Acquired Assets;
- the ability of third parties to increase production using enhanced oil recovery techniques;
- the expected cost synergies to be achieved pursuant to the Acquisition;
- anticipated future crude oil, natural gas and NGL prices and currency, exchange and interest rates;
- supply and demand for petroleum and natural gas;
- the primary sources of costs to the Company;
- the taxability of the Company, its tax horizon and the effect of the Acquisition on its 2015 and future cash taxes; and
- treatment under governmental regulatory regimes, environmental legislation and tax laws.

With respect to forward-looking statements contained in this Information Circular, assumptions have been made regarding, among other things:

- the receipt of all required regulatory approvals and satisfaction of all conditions to closing of the Acquisition in the manner and on the time frames contemplated;
- the receipt of all required regulatory approvals and satisfaction of all conditions to closing of the Private Placement in the manner and on the time frames contemplated;
- the satisfaction of the Escrow Release Conditions;
- the successful completion of the Acquisition and the anticipated benefits of the Acquisition;
- field production rates, decline rates and the well performance and characteristics of the Acquired Assets;
- the ability of the Company to obtain and retain qualified staff and services in a timely and cost efficient manner;
- the absence of any material litigation or claims against the Company and the Acquired Assets;
- the general stability of the economic and political environment and the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company has an interest in oil and natural gas properties; and
- future crude oil, natural gas and NGL prices and currency, exchange and interest rates.

The information in this Information Circular, including the Company's actual results, could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth below and included elsewhere in this Information Circular:

- failure to complete the Acquisition and the Private Placement in all material respects in accordance with the Acquisition Agreement and the Subscription Agreements, as applicable, or at all;
- the inability to obtain regulatory approvals, including the Competition Act Approval and other required approvals, including Shareholder Approval, in connection with the Acquisition;
- the inability to obtain regulatory approvals and other required approvals in connection with the Private Placement, including Shareholder Approval;
- failure to realize the anticipated benefits of the Acquisition;
- volatility in the demand, supply and market prices for crude oil, natural gas and NGL;
- volatility in exchange rates;
- liabilities inherent in petroleum and natural gas operations;
- uncertainties associated with estimating crude oil, natural gas and NGL reserves and future production levels;
- competition for, among other things, third party capital and acquisitions of reserves, additional petroleum and natural gas assets and undeveloped lands;
- incorrect assessments of the value of acquisitions;
- geological, technical, drilling and completions, processing and handling issues associated with petroleum and natural gas development activities by third parties;
- claims made or legal actions brought or realized against the Company, its properties or assets, or the Acquired Assets;
- a failure by the Company to hire or retain key personnel;
- a decrease or elimination of the payment of dividends by the Company as a result of a PrairieSky Board determination or restrictions under applicable agreements or corporate laws;
- general economic, market and business conditions;
- changes in tax or environmental laws or royalty or incentive programs relating to the oil and natural gas industry; and
- the other factors discussed under "*Risk Factors*" in this Information Circular and in the AIF.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements made by or on behalf of the Company, readers should not place undue reliance on any such forward-looking statements. Statements relating to "reserves" are deemed to be forward-looking

statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. Further, any forward-looking statement is made only as of the date of this Information Circular and the Company 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 the Company to predict all of these factors or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The foregoing and other risks are described in more detail in the Annual MD&A and AIF under the heading "*Risk Management*" and "*Risk Factors*", respectively, each of which is available at www.sedar.com.

The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement.

INFORMATION FOR SHAREHOLDERS IN THE UNITED STATES

The solicitation of proxies for the Meeting and the transactions contemplated in this Information Circular are not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitations of proxies and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Shareholders should be aware that such Canadian corporate and securities laws and disclosure requirements are different from those of the United States applicable to registration statements under the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and proxy statements under the U.S. Exchange Act. Specifically, information concerning the operations of PrairieSky contained herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. Unless otherwise indicated, the financial information contained in this Information Circular has been prepared in accordance with GAAP (which, since January 1, 2011, have been consistent with IFRS as issued by the International Accounting Standards Board), which differs from U.S. GAAP in certain material respects, and thus is not directly comparable to financial statements prepared in accordance with U.S. GAAP.

In addition, all crude oil, natural gas and NGL reserves and other information with respect to the Acquired Assets contained in this Information Circular has been prepared in accordance with NI 51-101, which imposes oil and gas disclosure standards for Canadian public issuers engaged in oil and gas activities. NI 51-101 requires oil and gas issuers, in their filings with Canadian securities regulatory authorities, to disclose proved, probable and proved plus probable reserves, and to disclose reserves and production on a gross basis before deducting royalties. NI 51-101 also permits the disclosure of possible reserves and resources. Probable reserves, possible reserves and resources are less certain to be recovered than proved reserves. The Company is permitted to disclose reserves in accordance with Canadian securities law requirements and the disclosure in the Information Circular with respect to the Acquired Assets includes proved, probable and proved plus probable reserves.

NI 51-101 definitions of proved, probable and possible reserves differ from those of the SEC; therefore, proved and probable reserves disclosed in this Information Circular in compliance with NI 51-101 may not be comparable to United States standards. The SEC requires United States oil and gas reporting companies, in their filings with the SEC, to disclose proved reserves after the deduction of royalties and production due others, but permits the optional disclosure of probable and possible reserves.

Moreover, as required by NI 51-101, the Company has determined and disclosed in this Information Circular, the estimated net present value of future net revenue from the Acquired Assets in its NI 51-101 compliant reserves disclosure using forecast prices and costs. The SEC requires that reserves and related future net revenue be estimated based on historical 12-month average prices, but permits the optional disclosure of revenue estimates based on different price and cost criteria, including standardized future prices or management's own forecasts.

Other principal differences between SEC oil and gas disclosure requirements and NI 51-101 include the following, some of which may be material:

- the Canadian standards require disclosure of reserves and production on a gross (before royalties) basis, while the U.S. standards require disclosure on a net (after royalties) basis;
- the Canadian standards require that reserves and other data be reported on a more granular product type basis than required by the U.S. standards; and
- the Canadian standards require that proved undeveloped reserves be reviewed annually for retention or reclassification if development has not proceeded as previously planned, while the U.S. standards specify a five year limit after initial booking for the development of proved undeveloped reserves. See "*Presentation of Financial and Oil and Gas Information*" below.

The enforcement by shareholders of civil liabilities under applicable United States securities laws may be affected adversely by the fact that PrairieSky and the Vendor (including CNRL) are incorporated, amalgamated or organized, as the case may be, under the laws of a jurisdiction other than the United States, that some or all of their officers and directors are residents of countries other than the United States, that some or all of the experts named in this Information Circular are residents of countries other than the United States, and that all or substantial portions of the assets of PrairieSky, the Vendor (including CNRL) and such persons are or will be located outside the United States. You may not be able to sue a corporation organized under a jurisdiction other than the United States or its officers or directors or the named experts in the courts of such jurisdictions for violations of applicable United States securities laws and it may be difficult to compel the foregoing persons to subject themselves to a judgment by a U.S. court and you should not assume that the courts of such jurisdictions would enforce judgments of United States courts predicated upon civil liabilities under the applicable United States securities laws or would enforce, in original actions, liabilities predicated upon civil liabilities under the applicable United States securities laws.

PRESENTATION OF FINANCIAL AND OIL AND GAS INFORMATION

Unless indicated otherwise, the financial information contained in this Information Circular has been prepared in accordance with GAAP.

All dollar amounts set forth in this Information Circular are in Canadian dollars, except where otherwise indicated.

All crude oil, natural gas and NGL reserves and other information with respect to the Acquired Assets contained in this Information Circular have been prepared and are presented in accordance with NI 51-101. See "*The Acquisition – The Acquired Assets – Reserves Data and Other Oil and Gas Information – Notes and Definitions*" for additional information.

All references in this Information Circular to "working interest" means the right granted to a lessee of a property to explore for and produce petroleum and/or natural gas on the leased lands, upon which such lessee bears the operating costs, capital costs, environmental liabilities or reclamation obligations associated with petroleum and natural gas development.

OIL AND GAS EQUIVALENCY

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

ABBREVIATIONS

In this Information Circular, the following abbreviations have the meanings set forth below consistent with Appendix B of the COGE Handbook, where applicable.

API	American Petroleum Institute
Bbl	barrel
Bbl/d	barrels per day
Bcf	billion cubic feet
Boe	barrel of oil equivalent
Boe/d	barrels of oil equivalent per day
Mbbl	thousands of barrels
Mbbl/d	thousands of barrels per day
Mboe	thousands of barrels of oil equivalent
Mmboe	million barrels of oil equivalent
Mboe/d	thousands of barrels of oil equivalent per day
Mcf	thousand cubic feet
Mcfe	thousand cubic fee equivalent
MMcfpd	million cubic feet per day
MMbtu	million British thermal units
MMcf	million cubic feet
M\$	thousands of dollars
MM\$	millions of dollars

CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units) consistent with Appendix C of the COGE Handbook.

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
Bbl	cubic metres	0.159
cubic metres	Bbl	6.292
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

GLOSSARY OF TERMS

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

"Acquired Assets" has the meaning ascribed thereto in *"The Acquisition – Details of the Acquisition"*;

"Acquisition" means the acquisition by the Company of the Acquired Assets from the Vendor pursuant to the Acquisition Agreement;

"Acquisition Agreement" means the royalty assets purchase and sale agreement dated November 8, 2015 between the Company and the Vendor providing for the Acquisition;

"Acquisition Reserves Report" means the independent engineering evaluation prepared by Sproule effective September 30, 2015 evaluating the oil, NGL and natural gas reserves attributable to the Acquired Assets;

"Annual MD&A" means the management's discussion and analysis of the Company for the period ended December 31, 2014;

"AIF" means the annual information form of the Company for the period ended December 31, 2014 dated February 23, 2015;

"ARC" means an advance ruling certificate issued pursuant to Section 102 of the Competition Act;

"ARC Request" has the meaning ascribed thereto in *"The Acquisition – Competition Act Approval"*;

"Business Day" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta on which banks are open generally to conduct commercial business in Calgary, Alberta;

"Cash Consideration" means the \$680 million in cash payable to the Vendor as partial consideration for the Acquired Assets (subject to the adjustments set forth in the Acquisition Agreement);

"CDS" means CDS Clearing and Depository Services Inc.;

"Closing Date" means December 16, 2015 or any other Business Day as the Vendor and PrairieSky may agree, but in no event later than December 31, 2015;

"Closing Time" means 6:00 a.m. on the Closing Date or any other time as the Vendor and PrairieSky may agree;

"CNRL" means Canadian Natural Resources Limited;

"COGE Handbook" means the Canadian Oil and Gas Evaluation Handbook;

"Commissioner" means the Commissioner of Competition appointed under the Competition Act;

"Common Shares" means common shares in the capital of the Company;

"Competition Act" means the *Competition Act (Canada)*, R.S.C. 1985, c C 34, as amended;

"Competition Act Approval" means the occurrence of one of the following: (i) PrairieSky shall have received an ARC in respect of the Acquisition; (ii) the applicable waiting period under subsection 123(1) of the Competition Act in respect of the Acquisition shall have expired and the Commissioner shall have

notified the parties that the Commissioner does not, at that time, intend to make an application under section 92 in respect of the Acquisition or, the applicable waiting period shall have been terminated early under subsection 123(2) of the Competition Act; or (iii) the obligation to submit a notification under Part IX of the Competition Act in respect of the Acquisition shall have been waived by the Commissioner pursuant to paragraph 113(c) of the Competition Act and PrairieSky shall have received a "no-action letter" from the Commissioner indicating that the Commissioner does not, at that time, intend to make an application for an order under section 92 of the Competition Act in respect of the Acquisition;

"Escrow Agent" means TMX Equity Transfer Services Inc.;

"Escrow Release Conditions" means the satisfaction of certain conditions, including that all material conditions to completion of the Acquisition have been satisfied or waived (other than the payment of the purchase price for the Acquired Assets) and that Shareholder Approval shall have been obtained;

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

"First Nation" means an indigenous aboriginal community officially recognized as an administrative unit by the Canadian federal government or functioning as such without official status;

"GAAP" means the generally accepted accounting principles as set by the Canadian Institute of Chartered Accountants and as permitted by National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, for the preparation of financial statements which for Canada is IFRS;

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

"GORR Lands" means certain lands in respect of which the Company holds GORR Interests as more particularly detailed throughout the AIF;

"Governmental Authority" means any: (i) governmental entity or authority of any nature, including any governmental ministry, agency, branch, department or official, and any court, regulatory board or other tribunal; or (ii) individual or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature; having jurisdiction or power over any person, property, operation, transaction or other matter or circumstance, excluding any of the foregoing relating to a First Nation;

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

"GRT Lands" means certain lands in which the Company holds GRT Interests as more particularly detailed throughout the AIF;

"IFRS" means International Financial Reporting Standards;

"Information Circular" means this information circular and proxy statement of the Company dated November 18, 2015 in respect of the Meeting including all Appendices hereto;

"Issuance Resolution" means the ordinary resolution of the PrairieSky shareholders approving the issuance of Common Shares pursuant to the Acquisition and the Placement Subscription Receipts, the full text of which is set forth in Appendix "A" to this Information Circular;

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

"Meeting" means the special meeting of shareholders of PrairieSky to be held on December 14, 2015 to consider the Issuance Resolution and related matters, and any adjournment(s) thereof;

"NGL" means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates;

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

"Notifiable Transaction" has the meaning ascribed thereto in *"The Acquisition – Competition Act Approval"*;

"Notification" has the meaning ascribed thereto in *"The Acquisition – Competition Act Approval"*;

"Placement Subscription Receipts" means the subscription receipts of PrairieSky to be sold pursuant to Private Placement;

"PrairieSky" or the **"Company"** means PrairieSky Royalty Ltd.;

"PrairieSky Board" means the board of directors of PrairieSky;

"Private Placement" means the non-brokered private placement of 26,976,000 Placement Subscription Receipts at a price of \$25.20 per Placement Subscription Receipt for aggregate gross proceeds to the Company of \$679,795,200;

"Royalty Properties" means collectively the Fee Lands, the GORR Lands and the GRT Lands;

"SEC" means the United States Securities and Exchange Commission;

"SEDAR" means the System for Electronic Document Analysis and Retrieval;

"Share Consideration" means up to 44,444,444 Common Shares to be issued to the Vendor as partial consideration for the Acquired Assets;

"Shareholder Approval" means the approval of the Issuance Resolution by the requisite majority of the shareholders of PrairieSky in accordance with the policies of the TSX;

"SIR" has the meaning ascribed thereto in *"The Acquisition – Competition Act Approval"*;

"Sproule" means Sproule Associates Limited;

"Subscription Agreements" means the subscription agreements to be entered into between the Company and each of the investors pursuant to the Private Placement;

"Subscription Receipt Agreement" means the agreement to be dated the closing date of the Private Placement between PrairieSky and the Escrow Agent governing the Placement Subscription Receipts;

"TSX" means the Toronto Stock Exchange;

"U.S. Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

"U.S. GAAP" means United States generally accepted accounting principles applicable to publicly accountable enterprises; and

"Vendor" means collectively CNRL, Canadian Natural Resources, CNR Northern Alberta Partnership and CNR Royalty Partnership.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

PROXIES

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies for use at the Meeting to be held on Monday December 14, 2015 at 9:00 a.m. (MDT), in The Card Room (Harry Forester Room) at the Calgary Petroleum Club, 319 Fifth Avenue S.W., Calgary, Alberta T2P 0L5 and at any adjournment thereof. Forms of proxy must be addressed to and received by TMX Equity Transfer Services Inc. at Attention: Proxy Department, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 or by fax to 1-416-595-9593 not less than 48 hours (Saturdays, Sundays and holidays excepted) before the time for holding the Meeting or any adjournment or postponement thereof. Registered shareholders may also use the internet at www.voteproxyonline.com to vote their 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 9:00 a.m. (MDT) on Thursday December 10, 2015 or at least 48 hours prior to the time of any adjournment or postponement of the Meeting. The website may also be used to appoint a proxy holder 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 November 18, 2015 will be entitled to vote at the Meeting, unless that 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. **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.

Advice to Beneficial Holders of Common Shares

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 the registered holders of such Common Shares 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, 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 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, which mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can call their toll-free telephone number or access the internet to vote your Common Shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of such Common Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge Investor Communications, Canada 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 attend the Meeting as a proxyholder for the registered holder and vote your Common Shares in that capacity. If you wish to attend the Meeting and vote your Common Shares, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the form of proxy 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.

Notice-and-Access and Other Matters

The Company is not using "notice-and-access" to send its proxy-related materials to shareholders, and paper copies of such materials will be sent to all shareholders, including beneficial shareholders. The Company will be delivering proxy-related materials to non-objecting beneficial shareholders with the assistance of Broadridge Investor Communications, Canada and the non-objecting beneficial shareholder's intermediary and intends to pay for the costs of an intermediary to deliver proxy-related materials to objecting beneficial shareholders.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy to attend personally at the Meeting, you or such person may revoke the proxy and vote in person. 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 with the chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof.

Persons Making the Solicitation

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 special meeting and this Information Circular. 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

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 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 special 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, the Company knows of no such amendment, variation or other matter.

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 November 18, 2015, there were 156,599,620 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 November 18, 2015, 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.

Registered Holder	Number of Common Shares	Percentage of Issued and Outstanding
Fidelity ⁽¹⁾⁽²⁾	23,417,982	15.08%

Notes:

- (1) Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, Strategic Advisors Incorporated, FIL Limited and certain of its affiliates, Crosby Advisors LLC and Fidelity SelectCo, LLC (collectively referred to herein, as the "**10% Shareholder**").
- (2) Information is based solely on filings on the Company's profile at www.sedar.com at August 15, 2015.

As at November 18, 2015 PrairieSky's directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control over 2,482,409 Common Shares or approximately 1.6% of the issued and outstanding Common Shares.

MATTERS TO BE CONSIDERED AT THE MEETING

Issuance Resolution

In connection with the Acquisition and the Private Placement and for the reasons described below, at the Meeting shareholders will be asked to approve the Issuance Resolution. For a detailed description of the Acquisition and the Private Placement see "*The Acquisition*" and "*The Private Placement*", respectively.

Section 611(c) of the TSX Company Manual requires the Company to obtain securityholder approval for the issuance of the Share Consideration as the aggregate number of Common Shares issuable pursuant to the Acquisition is greater than 25% of the outstanding Common Shares which will be outstanding on a non-diluted basis, prior to the Closing Date. Section 611(g) of the TSX Company Manual further provides that in calculating the number of securities issued or issuable in payment of the purchase price for an acquisition, any securities issued or issuable upon a concurrent private placement upon which the acquisition is contingent or otherwise linked must be included. The Company will issue approximately 45.6% of its issued and outstanding Common Shares pursuant to both the Acquisition and the Private Placement (assuming the maximum number of Common Shares are issued under the Acquisition).

Closing of the Acquisition is not conditional on closing of the Private Placement. If the Private Placement is not completed, the Company will need to finance the Cash Consideration in a different manner. If the Cash Consideration cannot be funded through the Private Placement, the Company may use cash on hand and draw down on its credit facilities to pay the Cash Consideration. In such circumstance, the Share Consideration will constitute more than 20% of the outstanding Common Shares and CNRL will be a "control person" under applicable securities laws. If the maximum number of Common Shares are issued to the Vendor under the Acquisition (44,444,444 Common Shares) and all 26,976,000 Placement Subscription Receipts are purchased by investors pursuant to the Private Placement, CNRL will hold, directly or indirectly, 19.5% of the issued and outstanding Common Shares following completion of the Acquisition and Private Placement. In the event that Private Placement is not completed and the Cash Consideration is financed through cash on hand and debt drawn on PrairieSky's credit facilities, CNRL will hold, directly or indirectly, 22.1% of the issued and outstanding Common Shares following the completion of the Acquisition and will be a "control person" under applicable securities laws.

Pursuant to Section 604(a)(i) of the TSX Company Manual, the TSX will also generally require securityholder approval as a condition of acceptance of a notice of an issuance of securities pursuant to an acquisition if in the opinion of the TSX the transaction materially affects control of the listed issuer. Pursuant to the policies of the TSX, the term "materially affect control" means the ability of any security holder or combination of security holders acting together to influence the outcome of a vote of security holders, including the ability to block significant transactions. Such an ability will be affected by the circumstances of a particular case, including the presence or absence of other large security holdings, the pattern of voting behaviour by other holders at previous security holder meetings and the distribution of the voting securities. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise.

As a result of the foregoing, PrairieSky is seeking approval by its shareholders of the issuance of up to an aggregate 71,420,444 Common Shares, of which up to 44,444,444 Common Shares will be issued to the Vendor as partial consideration for the Acquired Assets and 26,976,000 Common Shares will be issued pursuant to the Placement Subscription Receipts purchased by investors under the Private Placement, and further, in the event that there are fewer than 26,976,000 Placement Subscription Receipts purchased by investors, the creation of CNRL as a "control person" under applicable securities laws.

See Appendix "A" for a copy of the Issuance Resolution.

Recommendation of the PrairieSky Board

The PrairieSky Board recommends that the shareholders vote in favour of the Issuance Resolution.

Notwithstanding the recommendation of the PrairieSky Board that the shareholders vote in favour of the Issuance Resolution, shareholders should make their own decision whether to vote their Common Shares in favour of the Issuance Resolution and, if appropriate, should consult their own legal and/or financial advisors in making that decision.

THE ACQUISITION

General

The Acquisition will be completed on the terms and conditions set forth in the Acquisition Agreement, a copy of which has been filed under the Company's SEDAR profile at www.sedar.com. Readers are encouraged to carefully review the Acquisition Agreement. The disclosure of the principal terms and features of the Acquisition described in this Information Circular is qualified in its entirety by reference to the complete text of the Acquisition Agreement.

The Parties to the Acquisition

PrairieSky

PrairieSky is a Calgary based royalty-focused company, generating royalty revenues as petroleum and natural gas are produced from its properties located in the provinces of Alberta, Saskatchewan and British Columbia. PrairieSky has a diverse portfolio of properties that have a long history of generating free cash flow and that represent one of the largest and most concentrated independently-owned fee simple mineral title positions in Canada. The Common Shares trade under the symbol "PSK" on the TSX.

CNRL

CNRL is a Canadian based senior independent energy company engaged in the acquisition, exploration, development, production, marketing and sale of crude oil, natural gas and NGL. CNRL's principal core regions of operations are western Canada, the UK sector of the North Sea and Offshore Africa. CNRL initiates, operates and maintains a large working interest in a majority of the prospects in which it participates. CNRL's objectives are to increase crude oil, natural gas and NGL production, reserves, cash flow and net asset value on a per common share basis through the development of its existing crude oil and natural gas properties and through the discovery and/or acquisition of new reserves. The common shares of CNRL trade under the symbol "CNQ" on the TSX and New York Stock Exchange.

Details of the Acquisition

On November 8, 2015, PrairieSky entered into the Acquisition Agreement with the Vendor. Pursuant to the terms of the Acquisition Agreement, the Company will acquire the Vendor's entire interest as a mineral title owner, lessor, gross overriding royalty and other royalty owner in certain royalty assets (the "**Acquired Assets**") in a variety of areas throughout the Western Canadian Sedimentary Basin for an aggregate purchase price of \$1.8 billion (subject to customary closing and post-closing adjustments) payable with the Cash Consideration and Share Consideration. PrairieSky intends to fund substantially all of the Cash Consideration through the Private Placement.

The Share Consideration will be issued at a deemed price of \$25.20 per Common Share which represents an \$0.80, or approximately 3.1%, discount to the "Market Price" (as such term is defined in the TSX Company Manual) of the Common Shares of \$26.00 on November 6, 2015, being the closing price of the Common Shares on the TSX on the last trading day before the announcement of the Acquisition. The Share Consideration represents 28.4% of PrairieSky's issued and outstanding Common Shares prior to the completion of the Acquisition and Private Placement on a non-diluted basis. Immediately following the completion of the Acquisition and the Private Placement, it is expected that CNRL will, directly or indirectly, hold 44,444,444 Common Shares or 19.5% of the issued and outstanding Common Shares (assuming that the maximum number of Common Shares are issued under the Acquisition), and other than CNRL (on a consolidated basis) and the 10% Shareholder, no other shareholder is expected to hold more than 10% of the issued and outstanding Common Shares at such time.

The TSX has conditionally approved the listing of the Common Shares to be issued to the Vendor pursuant to the Acquisition. Such listing is subject to the Company fulfilling all of the listing requirements of the TSX.

The number of Common Shares issuable pursuant to the Acquisition may be decreased if any rights of first refusal are exercised by third parties for interests comprising the Acquired Assets. The number of Common Shares will be reduced by the quotient obtained by dividing the value attributed to such portion of the Acquired Assets for the purpose of the right of first refusal, by \$25.20.

Closing of the Acquisition is expected to occur on or about December 16, 2015, with an effective date of October 1, 2015.

The Acquired Assets

Pursuant to the terms of the Acquisition Agreement, the Company will acquire the Vendor's entire interest in the Acquired Assets. The Acquired Assets are comprised of approximately 5.4 million acres which span six established oil and gas production royalty areas within the Western Canadian Sedimentary Basin with net proved plus probable reserves of 14.7 MMboe (11.8 MMboe net total proved reserves), as estimated by Sproule in the Acquisition Reserves Report.

The six production royalty areas are as follows:

Geographic Area	Principal Producing Formation(s)	Oil Weighting of Current Production
Western Central Saskatchewan	Viking, Mannville	91%
Southeast Saskatchewan and Manitoba	Bakken, Midale, Spearfish	92%
Central Alberta and Northwest Saskatchewan	Viking, Cardium, Mannville (Glaucconitic, Ellerslie), Lloyd/Sparky, Pekisko	47%
Deep Basin / Peace River Arch	Montney, Cardium, Spirit River, Dunvegan	26%
Northeast British Columbia	Montney/Doig, Jean Marie, Halfway	19%
Southern Plains	Sunburst, Glaucconitic, Shallow Gas	17%

The average net production of the Acquired Assets for the three month period ended September 30, 2015 was approximately 6,700 boe/d (54% oil and natural gas liquids) with approximately \$19.2 million of net royalty revenue. On a trailing 12 month basis from September 30, 2015 to September 30, 2014, average net production was approximately 7,000 boe/d (56% oil and natural gas liquids) and net royalty revenue was approximately \$93.2 million. For the trailing 12 month period from September 30, 2015 to September 30, 2014, net royalty revenue was derived 63% from mineral title and 37% from gross overriding royalties.

The Acquired Assets are comprised of three categories of interests, as follows:

Unleased Mineral Title – PrairieSky is acquiring the Vendor's mineral title ownership of certain fee titles. Some of these titles are not currently leased to other parties and accordingly may be leased to other parties in the future.

Leased Mineral Titles – PrairieSky is acquiring the Vendor's ownership of certain fee titles that are currently leased to other parties. Accordingly, PrairieSky, as lessor, will receive the lessor royalty provided for in such leases with no responsibility for future capital or operating costs.

Contractual Royalties – PrairieSky is acquiring the Vendor's ownership of certain existing contractual gross overriding royalties and other royalties. The underlying properties are comprised of a combination of Crown and freehold leases. Generally, such contracts provide for the royalty payor to be responsible for all capital and operating costs and accordingly because PrairieSky will be the royalty payee, it is not anticipated that it will have any ongoing responsibility for such costs.

The Acquired Assets are governed by several thousand contracts and mineral files, each with a unique operator and associated third parties. Generally, such contracts provide for the royalty payor to be responsible for all capital and operating costs and all other matters associated with working interests, including but not limited to abandonment and reclamation liabilities and environmental matters. As is the case with PrairieSky's existing royalty holdings, the royalty payors associated with these contractual royalties include a wide variety of oil and gas companies including many major industry operators in Canada.

Reserves Data and Other Oil and Gas Information

The information regarding the Acquired Assets set forth herein (including the unaudited pro forma operating statements set forth in Appendix "C" to this Information Circular) is in respect of all of the Acquired Assets.

In accordance with NI 51-101, Sproule prepared the Acquisition Reserves Report. The following reserves estimates and future net revenue forecasts have been prepared and presented in accordance with the Canadian standards set out in the COGE Handbook and NI 51-101.

The tables below are a consolidated summary of the oil, NGL and natural gas reserves attributable to the Acquired Assets as of September 30, 2015 and the net present value of future net revenue attributable to such reserves as evaluated in the Acquisition Reserves Report based on forecast price and cost assumptions.

The Acquisition Reserves Report was prepared for the Vendor and the Company is unable to assess the Vendor's procedures for providing information to Sproule or for assembling and reporting other information to Sproule associated with the Acquired Assets. See "*Risk Factors – Evaluation of Acquisitions*".

All reserves associated with the Acquired Assets are located in the provinces of Saskatchewan, Alberta, British Columbia and Manitoba.

Summary of Reserves (Forecast Prices and Costs)

**SUMMARY OF OIL AND NATURAL GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF SEPTEMBER 30, 2015**

Reserves Category	Natural Gas				Light and Medium Crude Oil		Heavy Oil		NGL	
	Coalbed Methane		Other ⁽⁴⁾		Gross ⁽¹⁾⁽³⁾ (Mbbbl)	Net ⁽²⁾⁽³⁾ (Mbbbl)	Gross ⁽¹⁾⁽³⁾ (Mbbbl)	Net ⁽²⁾⁽³⁾ (Mbbbl)	Gross ⁽¹⁾⁽³⁾ (Mbbbl)	Net ⁽²⁾⁽³⁾ (Mbbbl)
	Gross ⁽¹⁾⁽³⁾ (Bcf)	Net ⁽²⁾⁽³⁾ (Bcf)	Gross ⁽¹⁾⁽³⁾ (Bcf)	Net ⁽²⁾⁽³⁾ (Bcf)						
Proved										
Developed Producing	-	-	-	40.2	-	3,127	-	991	-	896
Developed Non-Producing	-	-	-	0.5	-	12	-	-	-	14
Undeveloped	-	-	-	-	-	-	-	-	-	-
Total Proved	-	-	-	40.7	-	3,139	-	991	-	910
Total Probable	-	-	-	9.6	-	828	-	253	-	235
Total Proved Plus Probable	-	-	-	50.3	-	3,967	-	1,244	-	1,145

* Numbers may not add due to rounding.

Notes:

- (1) Gross reserves represent the working interest share before deduction of any royalty obligations and without including any royalty interests.
- (2) Net reserves represent the working interest share after deduction of royalty obligations, plus royalty interests in production or reserves.
- (3) The Acquired Assets differ from typical oil and natural assets in that all of the Company's interests in such reserves will be royalty interests with no associated working interests. As a result, there are no gross reserves associated with the Acquired Assets, which may hinder comparison of the reserves with others in the oil and natural gas industry.
- (4) Other includes natural gas other than coalbed methane.

Reserves Category	Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year)				
	0%	5%	10%	15%	20%
Proved					
Developed Producing	569,095	419,848	334,933	280,192	242,009
Developed Non-Producing	4,653	2,808	1,922	1,418	1,098
Undeveloped	-	-	-	-	-
Total Proved	573,748	422,656	336,855	281,610	243,107
Total Probable	177,660	94,669	60,390	42,935	32,749
Total Proved Plus Probable	751,408	517,325	397,245	324,546	275,856

* Numbers may not add due to rounding.

Reserves Category	Net Present Value of Future Net Revenue After Income Taxes Discounted at (%/year)				
	0%	5%	10%	15%	20%
	(M\$)				
Proved					
Developed Producing	569,095	419,848	334,933	280,192	242,009
Developed Non-Producing	4,653	2,808	1,922	1,418	1,098
Undeveloped	-	-	-	-	-
Total Proved	573,748	422,656	336,855	281,610	243,107
Total Probable	177,660	94,669	60,390	42,935	32,749
Total Proved Plus Probable	751,408	517,325	397,245	324,546	275,856

* Numbers may not add due to rounding.

Note:

- (1) The after-tax net present value calculation of the reserves associated with the Acquired Assets reflects the tax burden on the properties on a standalone basis, utilizing the tax pools to the maximum depreciation rate as currently permitted. It does not consider the corporate-level tax situation, or tax planning. It does not provide an estimate of the value at the corporate level, which may be significantly different. See the audited financial statements of the Company as at December 31, 2014 and 2013 and Annual MD&A for additional tax information in respect of the Company.

Additional Information Concerning Future Net Revenue (Undiscounted) as of September 30, 2015

Reserves Category	Royalty Revenue	Royalty and Production Mineral Taxes	Operating Costs ⁽²⁾	Development Costs ⁽¹⁾	Abandonment and Reclamation Costs ⁽¹⁾	Future Net Revenue Before Income Taxes	Future Income Taxes	Future Net Revenue After Income Taxes
(M\$)								
Proved								
Developed Producing	569,095	-	-	-	-	569,095	-	569,095
Developed Non-Producing	4,654	-	1	-	-	4,653	-	4,653
Undeveloped	-	-	-	-	-	-	-	-
Total Proved	573,749	-	1	-	-	573,748	-	573,748
Total Probable	177,661	-	1	-	-	177,660	-	177,660
Total Proved Plus Probable	751,410	-	2	-	-	751,408	-	751,408

* Numbers may not add due to rounding.

Notes:

- (1) No development costs or abandonment and reclamation costs are associated with the estimated future net revenue from the reserves attributed to the Acquired Assets as the Company will not hold any working interests in the Acquired Assets and is not responsible for such costs.
- (2) Operating costs in the Acquisition Reserves Report relate to a deductible capital costs allowance associated with a developed non-producing entity and have no associated liabilities.

Future Net Revenue by Production Group as of September 30, 2015

		Future Net Revenue Before Income Taxes ⁽³⁾ (Discounted at 10% per year)		
		M\$	\$/Boe	\$/Mcfe
Proved Producing				
	Light & Medium Oil ⁽¹⁾	168,612	46.66	7.78
	Heavy Oil ⁽¹⁾	48,014	39.32	6.55
	Natural Gas ⁽²⁾	118,662	17.24	2.87
	Coal Bed Methane	-	-	-
Total Proved				
	Light & Medium Oil ⁽¹⁾	168,672	46.50	7.75
	Heavy Oil ⁽¹⁾	48,014	39.32	6.55
	Natural Gas ⁽²⁾	120,169	17.23	2.87
	Coal Bed Methane	-	-	-
Total Proved Plus Probable				
	Light & Medium Oil ⁽¹⁾	200,592	43.71	7.29
	Heavy Oil ⁽¹⁾	56,943	36.94	6.16
	Natural Gas ⁽²⁾	139,711	16.22	2.70
	Coal Bed Methane	-	-	-

Notes:

- (1) Including solution gas and other by-products.
- (2) Including by-products but excluding solution gas.
- (3) Other revenue and costs not related to a specific production group have been allocated proportionately to production groups. The unit value is calculated by dividing the discounted future net revenue by the net reserves for the principal product of the production group.

Notes and Definitions

In the tables set forth above and elsewhere in this Information Circular, the following notes and other definitions are applicable.

Reserve Categories

The determination of crude oil, natural gas and NGL reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods are required to properly use and apply reserves definitions.

Reserves are estimated remaining quantities of crude oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on:

- (a) analysis of drilling, geological, geophysical and engineering data;
- (b) the use of established technology; and
- (c) specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates.

- (a) Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (b) Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Each of the reserves categories may be divided into developed and undeveloped categories.

- (a) Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities, or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
- (b) Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- (c) Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown.
- (d) Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation is based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities", which refers to the lowest level at which reserves calculations are performed, and to "reported reserves", which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- (a) at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- (b) at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves; and
- (c) at least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Pricing Assumptions – Forecast Prices and Costs

Sproule employed the following pricing and inflation rate assumptions as of September 30, 2015 in its evaluations contained in the Acquisition Reserves Report in estimating reserves data using forecast prices and costs.

PRICING AND INFLATION RATE ASSUMPTIONS

FORECAST PRICES AND COSTS

AS AT SEPTEMBER 30, 2015

Year	MEDIUM AND LIGHT CRUDE OIL		NATURAL GAS		NATURAL GAS LIQUIDS		Inflation Rate ⁽²⁾ (%/year)	Exchange Rate ⁽³⁾ (\$US/\$Cdn)
	Crude Oil	Natural Gas	NGL					
	Edmonton Light ⁽¹⁾ (\$/Bbl)	Alberta AECO Spot Prices (\$/MMbtu)	Propanes (\$/Bbl)	Butanes (\$/Bbl)	Pentane Plus (\$/Bbl)			
2015	55.68	2.92	11.01	35.28	59.62	0.0	0.760	
2016	64.87	3.10	12.82	43.52	69.46	0.0	0.780	
2017	75.76	3.32	19.97	56.47	81.12	0.0	0.850	
2018	83.82	3.91	33.14	62.48	89.75	1.5	0.850	
2019	89.41	4.49	41.24	66.64	95.73	1.5	0.850	
2020-2025	91.71- 98.80	4.79- 5.22	42.30- 45.57	68.35- 73.64	98.19- 105.78	1.5	0.850	
Thereafter	+1.5%/year	+1.5%/year	+1.5%/year	+1.5%/year	+1.5%/year			

Notes:

- (1) Edmonton Light Sweet 40° API/0.4% sulphur.
- (2) Default cost inflation rate.
- (3) The exchange rates used to generate Canadian benchmark reference prices in this table.

During the twelve months ended October 1, 2015, the historical weighted average prices realized in respect of the production associated with the Acquired Assets were \$2.85/Mcf for natural gas, \$55.06/Bbl for light and medium crude oil and \$31.75/Bbl for NGL.

Production Estimates

The following table sets out the volumes of working interest production before royalties, using forecast prices and costs, estimated for the period of January 1, 2016 to December 31, 2016 in the Acquisition Reserves Report which is reflected in the estimate of future net revenue disclosed in the tables above.

Reserves Category	Natural Gas				Light and Medium Crude Oil		Heavy Oil		NGL	
	Coalbed Methane		Other ⁽⁴⁾		Gross ⁽¹⁾⁽³⁾	Net ⁽²⁾⁽³⁾	Gross ⁽¹⁾⁽³⁾	Net ⁽²⁾⁽³⁾	Gross ⁽¹⁾⁽³⁾	Net ⁽²⁾⁽³⁾
	Gross ⁽¹⁾⁽³⁾	Net ⁽²⁾⁽³⁾	Gross ⁽¹⁾⁽³⁾	Net ⁽²⁾⁽³⁾						
Proved	-	-	-	5,578	-	558.7	-	196.9	-	134.9
Total Probable	-	-	-	237	-	33.7	-	15.6	-	6.7
Total Proved Plus Probable	-	-	-	5,815	-	592.4	-	212.5	-	141.6

Notes:

- (1) Gross production represents the working interest share before deduction of any royalty obligations and without including any royalty interests.
- (2) Net production represents the working interest share after deduction of royalty obligations, plus royalty interests.
- (3) The Acquired Assets differ from typical oil and natural gas assets in that all of the Company's interests in such reserves will be royalty interests with no associated working interests. As a result, there are no gross reserves associated with the Acquired Assets, which may hinder comparison of the reserves with others in the oil and natural gas industry.
- (4) Other includes natural gas other than coalbed methane.
- (5) No field accounts for more than 20% of the production estimate.

Effect of the Acquisition on the Company

Financial Information

The following is a summary of selected financial and operational information for the Acquired Assets and for the Company on a pro forma basis following the completion of the Acquisition. The following is a summary only and must be read in conjunction with the operating statements and pro forma operating statements contained herein.

As at and for the nine months ended September 30, 2015 (unaudited)	PrairieSky	Acquired Assets	Pro Forma
Revenues (MM\$)	170.2	61.8	232.0
Freehold Mineral Taxes (MM\$)	6.6	1.0	7.6
Average Daily Natural Gas Production Volumes (MMcfpd)	60.5	17.7	78.2
Average Crude Oil and NGL Production Volumes (Bbl/d)	7,005	3,792	10,797
Average Total Production (Boe/d)	17,088	6,748	23,836

Appendix "B" to this Information Circular contains: (i) an audited net royalty revenue statement of the Acquired Assets for the year ended December 31, 2014; (ii) an unaudited net royalty revenue statement of the Acquired Assets for the year ended December 31, 2013; and (iii) an unaudited net royalty revenue statement of the Acquired Assets for the nine months ended September 30, 2015. Appendix "C" to this Information Circular contains: (i) a pro forma operating statement of PrairieSky for the year ended December 31, 2014 after giving effect to the Acquisition and the acquisition of all the issued and outstanding units of Range Royalty Limited Partnership by the Company effective December 19, 2014; and (ii) a pro forma operating statement of PrairieSky for the nine months ended September 30, 2015 after giving effect to the Acquisition.

The Acquisition Agreement

The following description is a summary only and is qualified in its entirety by reference to the full text of the Acquisition Agreement, a copy of which is available on SEDAR at www.sedar.com.

The Acquisition will be effected pursuant to the Acquisition Agreement. The Acquisition Agreement was negotiated at arm's length and contains covenants, representations and warranties of and from each of the Vendor and the Company and various conditions precedent with respect to the Vendor and the Company. Unless all of such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the Acquisition will not proceed.

The following is a summary of certain provisions of the Acquisition Agreement.

Representations, Warranties and Covenants

The Acquisition Agreement contains certain customary representations and warranties of each of the Vendor and PrairieSky relating to, among other things, their respective organization, compliance with laws and regulations and other matters, including their authority to enter into the Acquisition Agreement and to consummate the Acquisition.

In addition, pursuant to the Acquisition Agreement, the Vendor has covenanted, among other things, to conduct its activities in respect of the Acquired Assets in the ordinary course of its business prior to the Closing Time.

Through the issuance of the Share Consideration to the Vendor, CNRL will hold, directly or indirectly, 44,444,444 Common Shares or approximately 19.5% of the issued and outstanding Common Shares following completion of the Acquisition and the Private Placement (assuming that the maximum number of Common Shares are issued under the Acquisition).

The Common Shares issued to the Vendor pursuant to the Acquisition will be subject to a statutory hold period of four months and one day following the Closing Date. The Vendor has covenanted that it will, on or prior to December 31, 2016, distribute the Common Shares issued pursuant to the Acquisition to CNRL's shareholders as a dividend in kind, a return of capital or otherwise, subject to certain exceptions. Prior to such distribution, the Vendor has agreed not to sell or otherwise dispose, or agree to sell or otherwise dispose, of the Common Shares, subject to certain exceptions including the right of the Vendor to retain Common Shares for its own account provided that, following the distribution of the Common Shares to CNRL shareholders, CNRL would hold, directly or indirectly, less than 10% of the outstanding Common Shares at such time.

Closing Conditions and Indemnities

Mutual Closing Conditions

The obligations of each of the Vendor and PrairieSky to complete the Acquisition are subject to the satisfaction of certain conditions, including:

- (i) the Competition Act Approval shall have been obtained;
- (ii) the TSX shall have conditionally approved the listing of the Share Consideration, subject only to customary conditions;
- (iii) the Shareholder Approval shall have been obtained; and

- (iv) no Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the completion of the Acquisition which has not been vacated or dismissed prior to the Closing Time.

PrairieSky's Closing Conditions

The obligation of PrairieSky to complete the Acquisition is subject to the satisfaction of certain conditions which may only be waived by PrairieSky, including:

- (i) the representations and warranties of the Vendor set forth in the Acquisition Agreement shall be true and correct in all material respects as of the Closing Date (or if another date is specified therein, as of such date);
- (ii) all obligations and covenants of the Vendor in the Acquisition Agreement to be performed or complied with prior to or at the Closing Time (other than agreements, certificates and other instruments and documents to be delivered at the Closing Time by the Vendor pursuant to Section 4.1 of the Acquisition Agreement) shall have been performed or complied with in all material respects;
- (iii) at the Closing Time, the Vendor shall have duly delivered the agreements, certificates and other instruments and documents required pursuant to Section 4.1 of the Acquisition Agreement; and
- (iv) no Material Adverse Change (as defined in the Acquisition Agreement) in the Acquired Assets shall have occurred or been disclosed from the date of execution of the Acquisition Agreement to the Closing Time.

The Vendor's Closing Conditions

The obligation of the Vendor to complete the Acquisition is subject to the satisfaction of certain conditions which may only be waived by the Vendor, including:

- (i) the representations and warranties of PrairieSky in the Acquisition Agreement shall be true and correct in all material respects as of the Closing Date (or if another date is specified therein, as of such date);
- (ii) all obligations and covenants of PrairieSky in the Acquisition Agreement to be performed or complied with prior to or at the Closing Time (other than agreements, certificates and other instruments and documents to be delivered at the Closing Time by PrairieSky pursuant to Section 4.2 of the Acquisition Agreement) shall have been performed or complied with in all material respects;
- (iii) at the Closing Time, PrairieSky shall have duly made and delivered the payments, agreements, certificates and other instruments and documents required pursuant to Section 4.2 of the Acquisition Agreement; and
- (iv) no Material Adverse Change (as defined in the Acquisition Agreement) to PrairieSky shall have occurred or been disclosed from the date of execution of the Acquisition Agreement to the Closing Time.

Indemnities

In connection with the Acquisition, PrairieSky and the Vendor have agreed to indemnify one another in certain circumstances.

Benefits of the Acquisition

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

- Increasing PrairieSky's oil and natural gas royalty acreage position to a pro forma 14.7 million acres of land with exposure to numerous original oil in place development opportunities and with a significant undeveloped land position prospective for future leasing and royalty generating transactions;
- Creating the largest fee title and royalty land position in Saskatchewan, with exposure to the Viking light oil fairway and to the Bakken and Spearfish light oil plays in southeast Saskatchewan and Manitoba, respectively;
- Creating the largest combined royalty land position in the Deep Basin fairway of Alberta and British Columbia, with multi-zone exposure to resource plays such as the Montney, Spirit River, Mannville, Cardium and Charlie Lake;
- Establishing a multi-year, multi-well drilling commitment in an area representing approximately 104,000 acres of the acquired fee simple mineral title lands in western Saskatchewan which is expected to provide for near term activity and future development potential on currently unleased lands;
- Adding \$1.2 billion of Canadian oil and gas property expense tax pools to PrairieSky which is expected to reduce PrairieSky's 2015 cash taxes to nil and reduce future cash taxes;
- Further diversifying the geographical and geological nature of PrairieSky's royalty revenues, while adding high quality, well capitalized and capital efficient royalty payors; and
- Achieving general and administrative cost synergies through economies of scale.

Timing of Closing of the Acquisition

The closing of the Acquisition is anticipated to take place on December 16, 2015 provided that all conditions set forth in the Acquisition Agreement have been satisfied or waived. In the event that the Acquisition has not closed by December 31, 2015 as a result of the failure by one party to satisfy any of the conditions in the Acquisition Agreement, the other party may terminate the Acquisition Agreement (provided that the event giving rise to the termination of the Acquisition Agreement was not due to a breach of any representation or warranty or failure to perform any covenant or obligation under the Acquisition Agreement by such party).

Competition Act Approval

Part IX of the Competition Act requires that the parties to certain classes of transactions provide prescribed information to the Commissioner where the applicable thresholds set out in sections 109 and 110 of the Competition Act are exceeded and no exemption applies ("**Notifiable Transaction**").

Parties to a Notifiable Transaction must obtain Competition Act Approval prior to closing a proposed transaction by either: (i) filing a request for an ARC with the Commissioner pursuant to Section 102 of the Competition Act (an "**ARC Request**"); or (ii) submitting a notification under Section 114 of the Competition Act (a "**Notification**").

The service standards for an ARC Request vary depending on whether the transaction is classified as "non complex" or "complex". For non-complex transactions, the service standard period is 14 days and for complex transactions, the service standard period is 45 days. The waiting period for a Notification is 30 days after the day on which the parties to the Notifiable Transaction have both submitted their respective

Notifications. The parties are entitled, under the Competition Act, to complete their Notifiable Transaction at the end of the 30 day notification period, unless the Commissioner notifies the parties, pursuant to Subsection 114(2) of the Competition Act, that the Commissioner requires additional information that is relevant to the Commissioner assessment of the Notifiable Transaction in the form of a supplementary information request (a "**SIR**"). In the event that the Commissioner provides the parties with a SIR, the Notifiable Transaction cannot be completed until 30 days after compliance with such SIR, provided that there is no order issued by the Competition Tribunal in effect prohibiting completion at the relevant time.

A Notifiable Transaction may be completed before the end of the applicable waiting period for a Notification if the Commissioner issues an ARC or notifies the parties that he does not, at that time, intend to challenge the transaction by making an application under section 92 of the Competition Act ("**No Action Letter**"). Upon the issuance of an ARC or a No Action Letter, the parties to a Notifiable Transaction are legally entitled to complete their transaction.

Whether or not a transaction is a Notifiable Transaction, the Commissioner can apply to the Competition Tribunal for a remedial order under section 92 of the Competition Act at any time before the transaction has been completed or, if completed, within one year after it was substantially completed, provided that, subject to certain exceptions, the Commissioner did not issue an ARC in respect of the transaction. On application by the Commissioner under section 92 of the Competition Act, the Competition Tribunal may, where it finds that the transaction prevents or lessens, or is likely to prevent or lessen, competition substantially, order that the transaction not proceed or, if completed, order its dissolution or the disposition of the assets or shares acquired; in addition to, or in lieu thereof, with the consent of the person against whom the order is directed and the Commissioner, the Competition Tribunal may order a person to take any other action. The Competition Tribunal is prohibited from issuing a remedial order where it finds that the transaction has brought or is likely to bring about gains in efficiency that will be greater than, and will not offset, the effects of any prevention or lessening of competition that will result or is likely to result from the transaction and that the gains in efficiency would not likely be attained if the order were made.

The Acquisition is a Notifiable Transaction. The parties expect to jointly file an ARC Request concurrently with or shortly after the date of this Information Circular to commence the Commissioner's review of the Acquisition.

THE PRIVATE PLACEMENT

The Company has entered into commitment letters with certain investors pursuant to which it has agreed to sell, and such investors have agreed to buy, on a "private placement" basis, an aggregate of 26,976,000 Placement Subscription Receipts at a price of \$25.20 per Placement Subscription Receipt for gross proceeds to the Company of \$679,795,200. Each Placement Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action on the part of such holder, one Common Share upon the satisfaction of the Escrow Release Conditions. The Placement Subscription Receipts and the Common Shares issuable thereunder will be subject to a statutory hold period. The Company has agreed with the investors that it will use reasonable commercial efforts to qualify the Common Shares issuable pursuant to the Placement Subscription Receipts pursuant to a short form prospectus prior to the Closing Date.

The price per Placement Subscription Receipt of \$25.20 represents an \$0.80, or 3.1%, discount to the Market Price of the Common Shares of \$26.00 on November 6, 2015, being the closing price of the Common Shares on the last trading day prior to the announcement of the Private Placement. The terms of the Private Placement, including the price of the Subscription Receipts, were determined by negotiations between the Company and the investors, all of whom are arm's length to PrairieSky. No commission or other fee will be paid to any underwriter or agent in connection with the Private Placement.

The Common Shares issuable pursuant to the Placement Subscription Receipts represent 17.2% of PrairieSky's issued and outstanding Common Shares prior to completion of the Private Placement and

Acquisition on a non-diluted basis. It is not expected that the Private Placement will have an effect on the control of PrairieSky and it is not anticipated that any new control persons or insiders will be created as a result of the completion of the Private Placement. No "insiders" (as defined in applicable securities laws) are participating in the Private Placement other than the 10% Shareholder who is an arm's length party to PrairieSky and, as the date of this Information Circular, holds more than 10% the issued and outstanding Common Shares. The 10% Shareholder is expected to purchase 3,710,000 Placement Subscription Receipts or 13.8% of the total Common Shares issuable pursuant to the Placement Subscription Receipts under the Private Placement and 5.2% of the total Common Shares issuable pursuant to the Acquisition and the Private Placement. See "*Voting Shares and Principal Holders Thereof*" for further information.

Other than CNRL (on a consolidated basis) (as discussed above), it is expected that only the 10% Shareholder will continue to hold more than 10% of the issued and outstanding Common Shares following completion of the Private Placement and the Acquisition. It is anticipated that following completion of the Private Placement and the Acquisition, the 10% Shareholder will hold 27,127,982 Common Shares or 11.9% of the issued and outstanding Common Shares (assuming that a total of 71,420,444 Common Shares are issued under the Acquisition and Private Placement).

Completion of the Private Placement is subject to a number of conditions including the Shareholder Approval.

The gross proceeds of the Private Placement will be held by the Escrow Agent, pending satisfaction of the Escrow Release Conditions. Upon satisfaction of the Escrow Release Conditions, each holder will receive for each Placement Subscription Receipt held, one Common Share.

The Private Placement is expected to close on December 2, 2015.

RISK FACTORS

Shareholders should review and carefully consider all of the information disclosed in this Information Circular prior to voting their Common Shares at the Meeting.

Possible Failure to Complete the Acquisition and the Private Placement

The Company currently expects that the Acquisition will close on or about December 16, 2015. Closing of the Acquisition is subject to a number of customary closing conditions. The Acquisition may not close for a variety of reasons, including if the conditions to the closing of the Acquisition are not satisfied or waived, some of which are not within the control of the Company. In addition, even if the Acquisition closes, the Acquisition may not close on the terms or the timing currently expected. If the Acquisition does not close or if completed but the terms or timing are different than expected, it could have an adverse effect on the Company's future capital plans and development plans for its properties.

Although PrairieSky intends to complete the Private Placement, there is no guarantee that all of the conditions to the completion of the Private Placement will be satisfied, in which case the Company may not have sufficient financing to complete the Acquisition and may be required to draw down additional indebtedness under its credit facilities. See "*Risk Factors – Additional Indebtedness and Credit Facilities*".

Failure to Realize Anticipated Benefits of the Acquisition

The Company is proposing to complete the Acquisition to increase and diversify its portfolio of Royalty Properties and to create the opportunity to realize certain benefits including increased opportunities associated with a larger undeveloped land base, geological and geographical diversification, increased oil weighting, commodity price upside exposure and a diversified group of royalty payors. In order to achieve the benefits of the Acquisition, the Company will be dependent upon the ability of third party producers to successfully operate and develop the Acquired Assets. The third party producers may not

successfully operate and/or develop such assets or the assets may not perform as expected. Such events could result in the royalty production and revenue that PrairieSky receives from the Acquisition being lower than anticipated. In addition, disputes between PrairieSky and third party producers could arise with respect to the allocation of production or revenue. If any of the foregoing events were to occur they may adversely affect the Company's ability to achieve the anticipated benefits of the Acquisition.

Potential Undisclosed Liabilities Associated with the Acquired Assets

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

Evaluation of Acquisitions

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

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

The Acquisition Reserves Report was prepared for the Vendor and PrairieSky is unable to assess the Vendor's procedures for providing information to Sproule or for assembling and reporting other information to Sproule associated with the Acquired Assets.

Other Risks relating to the Acquired Assets

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

Dilution

Pursuant to the terms of the Acquisition Agreement, in addition to the Cash Consideration, the Company will issue up to 44,444,444 Common Shares pursuant to the Share Consideration and 26,976,000 Common Shares pursuant to the Placement Subscription Receipts. The issuance of the up to 71,420,444 Common Shares pursuant to the Share Consideration and the Private Placement will represent approximately 45.6% of the issued and outstanding Common Shares and will be dilutive to the shareholders of the Company. Further, while the Vendor has agreed not to sell any Common Shares issued pursuant to the Share Consideration prior to distribution of such Common Shares to its shareholders, the majority of such Common Shares must be distributed to the CNRL's shareholders by December 31, 2016. The future sale of a substantial number of Common Shares by CNRL's shareholders following the distribution or the perception that such sale could occur could adversely affect prevailing market prices for the Common Shares.

Significant Shareholder

Following completion of the Acquisition, CNRL will own, directly or indirectly, approximately 19.5% of the outstanding Common Shares. CNRL does not have any duty to act in the best interest of the Company, and CNRL is not prohibited from engaging in other business activities that may compete with those of the Company. This concentration of ownership under certain circumstances could have the effect of delaying or preventing a change in control of the Company.

Additional Indebtedness and Credit Facilities

If the Private Placement is not completed, the Company may draw down indebtedness under its credit facilities to pay a portion of the Cash Consideration. The additional indebtedness will increase the interest payable by the Company from time to time until such amounts are repaid, which will represent an increase in the Company's cost and a potential reduction in the Company's income. In addition, the Company may need to find additional sources of financing to repay this amount when it becomes due. There can be no guarantee that the Company will be able to obtain financing on terms acceptable to it or at all at such time.

Governmental Regulation

The Company is subject to regulations which are in part set forth by the provincial government of Alberta, where the majority of its assets are located. Changes in government may result in new or enhanced regulatory burdens which could affect the Company's business and the businesses of lessees and working interest owners on the Royalty Properties, including increased tax and royalty rates, reduced support for pipeline and other infrastructure projects, higher corporate tax rates and new requirements in respect of hydraulic fracturing. Any such changes which adversely impact the businesses of the lessees and working interest owners on the Royalty Properties could impact the development by lessees and working interest owners on the Royalty Properties which could have a material adverse affect on the Company's business and financial condition.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, 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 the Company's 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 the Company's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

ADDITIONAL INFORMATION

PrairieSky undertakes to provide, upon request, a copy of the year end 2014 financial statements and management's discussion and analysis, as well as a copy of the AIF, subsequent interim financial statements and this Information Circular. Copies of these documents may be obtained on request without charge from PrairieSky Royalty Ltd. at 1700, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9, telephone (587) 293-4000 or our website www.prairiesky.com or by accessing the disclosure documents available through the Internet on the SEDAR website at www.sedar.com.

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 special 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 have been approved by the PrairieSky Board.

Dated: November 18, 2015

APPENDIX "A"

ISSUANCE RESOLUTION

"BE IT RESOLVED THAT:

- (1) The issuance of up to an aggregate of 71,420,444 Common Shares of PrairieSky Royalty Ltd. ("**PrairieSky**"), of which an aggregate of up to 44,444,444 Common Shares will be issued to Canadian Natural Resources Limited, Canadian Natural Resources, CNR Northern Alberta Partnership and CNR Royalty Partnership as partial consideration for the purchase of certain royalty assets and 26,976,000 Common Shares will be issued pursuant to the Placement Subscription Receipts, in accordance with the terms of the Subscription Agreements and the Subscription Receipt Agreement, is hereby authorized and approved;
- (2) Notwithstanding that this resolution has been passed by the holders ("**Shareholders**") of Common Shares, the PrairieSky Board is hereby authorized and empowered, without further approval of the Shareholders, to amend the Acquisition Agreement and to not proceed with the Acquisition and/or Private Placement or otherwise give effect to these resolutions;
- (3) Any director or senior officer of PrairieSky is hereby authorized and directed, for and on behalf of PrairieSky, to execute (whether under the corporate seal of PrairieSky or otherwise) and deliver, or cause to be executed and delivered, and to sign and/or file, or cause to be signed and/or filed, as the case may be, all applications, declarations, instruments and other documents, and to do or cause to be done all such other acts and things, as such director or officer may determine necessary or advisable to give effect to the foregoing resolutions including, without limitation, the execution, signing or filing of any such document or the doing of any such act or thing being conclusive evidence of such determination; and
- (4) Capitalized terms not otherwise defined in these resolutions have the meaning assigned to them in the information circular and proxy statement of PrairieSky dated November 18, 2015."

APPENDIX "B"

Statement of

NET ROYALTY REVENUE

(the "Mineral Title and Royalty Assets")

For the nine months ended September, 2015 and 2014 (unaudited) and for the year ended December 31, 2014 with unaudited comparative figures for the year ended December 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Canadian Natural Resources Limited

We have audited the accompanying Statement of Net Royalty Revenue for certain petroleum and natural gas properties (the "Mineral Title and Royalty Assets") for the year ended December 31, 2014, and notes, comprising of a summary of significant accounting policies and other explanatory information (together "the Statement").

Management's Responsibility for the Statement

Management of Canadian Natural Resources Limited is responsible for the preparation of this Statement in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, for operating statements of an acquired oil and gas property, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement for the year ended December 31, 2014 is prepared, in all material respects, in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for operating statements of an acquired oil and gas property.



Other Matter

The Statement for the year ended December 31, 2013, is unaudited.

KPMG LLP

Chartered Professional Accountants
November 8, 2015
Calgary, Canada

MINERAL TITLE AND ROYALTY ASSETS

Statement of Net Royalty Revenue

(thousands of Canadian dollars)	Nine months ended		Year ended	
	September 30,		December 31,	
	2015	2014	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	
Royalty revenue	\$ 61,815	\$ 121,117	\$ 153,904	\$ 116,598
Less: production and mineral taxes	970	1,067	1,422	1,339
Net royalty revenue	\$ 60,845	\$ 120,050	\$ 152,482	\$ 115,259

See accompanying notes to the Statement of Net Royalty Revenue.

MINERAL TITLE AND ROYALTY ASSETS

Notes to the Statement of Net Royalty Revenue

For the nine months ended September 30, 2015 and 2014 (unaudited) and for the year ended December 31, 2014 with unaudited comparative figures for the year ended December 31, 2013

1. Basis of presentation:

The Statement of Net Royalty Revenue (the "Statement") reflects the lessor royalty revenue (on mineral titles), gross overriding royalty revenue, compensatory revenue and other royalty revenue applicable to certain petroleum and natural gas properties for nine months ended September 30, 2015 and 2014 and for the years ended December 31, 2014 and 2013 and accordingly, does not present the complete revenue and expenses related to these properties.

The Statement represents the net royalty revenue associated with the respective properties. The Statement does not include any provision for depletion and depreciation, accretion of decommissioning obligations, future capital costs, impairment of the properties, general and administrative costs, and income taxes for the respective properties as these amounts are based on the consolidated operations of the vendor of which the royalty revenue forms only a part.

The Statement has been prepared in accordance with the financial reporting framework specified in subsection 3.11(5) of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* for an operating statement of an acquired oil and gas property. The net royalty revenue reported in the Statement is stated in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial information in accordance with IFRS requires the use of estimates, assumptions and judgments.

2. Significant accounting policies:

a) Revenue recognition:

Royalty revenue is recognized based on the terms of the respective royalty agreements and is recorded when earned. Royalty revenue is generally recognized as the related commodities are produced and delivered to third parties and is based on the prices received by the operator of the property.

b) Mineral taxes:

Mineral taxes relate to payments to provincial governments based on acreage or production on non-government owned lands.

c) Joint interest operations:

The Statement reflects only the royalty interest in the respective properties.

APPENDIX "C"



PrairieSky Royalty Ltd.

Pro Forma Operating Statements

(unaudited)

For the nine month period ended September 30, 2015 and for the year ended December 31, 2014

PrairieSky Royalty Ltd.

Pro Forma Operating Statement

For the nine month period ended September 30, 2015

(Unaudited)

	PrairieSky Royalty Ltd.		Royalty Assets		
	For the nine month period ended September 30, 2015		For the nine month period ended September 30, 2015		Pro Forma
<i>(\$ millions)</i>					
Royalty Revenue	\$	130.2	\$	61.8	\$ 192.0
Other Revenue		40.0		-	40.0
Revenues		170.2		61.8	232.0
Expenses					
Freehold mineral taxes		6.6		1.0	7.6
Net Royalty Revenue		163.6		60.8	224.4

See accompanying Notes to Unaudited Pro Forma Operating Statements

PrairieSky Royalty Ltd.

Pro Forma Operating Statement

For the year ended December 31, 2014

(Unaudited)

<i>(\$ millions)</i>	PrairieSky Royalty Ltd. For the period May 27, 2014 to December 31, 2014	Range Royalty Limited Partnership For the period January 1, 2014 to December 18, 2014	Royalty Assets For the year ended December 31, 2014	Pro Forma
				<i>Note 4</i>
Revenues	\$ 198.7	\$ 48.6	\$ 153.9	\$ 401.2
Expenses				
Freehold mineral taxes	5.7	-	1.4	7.1
Net Royalty Revenue	193.0	48.6	152.5	394.1

See accompanying Notes to Unaudited Pro Forma Operating Statements

1. NATURE OF OPERATIONS

PrairieSky Royalty Ltd. ("PrairieSky" or the "Company") has a portfolio of fee simple mineral title, oil and natural gas gross overriding royalty interests, and other acreage (collectively, the "Royalty Properties"). The Company is focused on encouraging third parties to actively develop the Royalty Properties, while strategically seeking additional petroleum and natural gas royalty properties that provide the Company with medium-term to long-term value enhancement potential. The Company does not directly conduct operations to explore for, develop or produce petroleum or natural gas; rather, third party development of the titled or leased lands provides the Company with royalty revenues as petroleum and natural gas are produced from such properties. PrairieSky carries on business in the provinces of Alberta, Saskatchewan, and British Columbia.

The Company was incorporated under the *Business Corporations Act* (Alberta) under the name 1786071 Alberta Ltd. on November 27, 2013. On April 11, 2014, the Company filed articles of amendment to change its name to "PrairieSky Royalty Ltd.". The Company had no significant operating activity from the date of incorporation until May 27, 2014, when it acquired a royalty business. The Company's shares are publicly traded on the Toronto Stock Exchange ("TSX") under the stock symbol "PSK".

2. BASIS OF PRESENTATION

These pro forma operating statements have been prepared by management of PrairieSky to reflect the purchase and sale agreement dated November 8, 2015 (the "Acquisition Agreement") between the Company and Canadian Natural Resources Limited and certain of its subsidiaries (collectively, "CNRL"). Under the terms of the Acquisition Agreement, the Company will acquire fee simple mineral title, gross overriding royalty and certain other royalty interests in Alberta, British Columbia, Saskatchewan and Manitoba (the "Royalty Assets") from CNRL (the "Acquisition"). The pro forma operating statements also give effect to significant acquisitions during the year ended December 31, 2014, specifically the acquisition of all of the issued and outstanding units of a private limited partnership and a private corporation acting as its general partner (collectively, "Range") that closed on December 19, 2014 (the "Range Acquisition").

The pro forma operating statements have been prepared with information derived from and should be read in conjunction with:

- the unaudited interim financial statements of PrairieSky, together with the notes thereto, as at and for the period ended September 30, 2015;
- the audited financial statements of PrairieSky, together with the notes thereto, as at and for the period ended December 31, 2014;
- the unaudited net royalty revenue statement for the Royalty Assets for the nine months ended September 30, 2015;
- the audited net royalty revenue statement for the Royalty Assets for the year ended December 31, 2014;
- the unaudited interim financial statements of Range Royalty Limited Partnership, as at and for the period ended September 30, 2014; and
- the business acquisition report of PrairieSky dated February 23, 2015 in respect of the Range Acquisition.

The accompanying unaudited pro forma operating statements have been prepared by the management of PrairieSky in accordance with accounting policies that are permitted by International Financial Reporting Standards ("IFRS") and the financial reporting framework specified in subsection 3.14 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for acceptable accounting policies for pro forma financial statements. However, these operating statements are not in compliance with IFRS as certain notes and information have been omitted or condensed for the purpose of the pro forma operating statements.

These unaudited pro forma operating statements for the year ended December 31, 2014 and the period ended September 30, 2015 give effect to the transactions and assumptions described herein, as if they had occurred on January 1, 2014. They may not be indicative of the results of operations that would have resulted had the transactions been effected on the date indicated, or the results that may be obtained in the future. In the opinion of management, the unaudited pro forma operating statements include all the necessary adjustments for the fair presentation of the ongoing entity.

The unaudited pro forma operating statements do not include any provision for depletion and depreciation, exploration and evaluation expense, general and administrative costs, interest and financing costs or income taxes.

All references to dollar amounts in these pro forma financial statements and related notes are millions of Canadian dollars, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Royalty revenue on the sale of crude oil, NGL and natural gas is recognized when the product is produced. Revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the lease agreements. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are received.

Freehold Mineral Tax

Mineral taxes paid to the Alberta provincial government based on production of crude oil, NGL and natural gas are recognized when the product is produced.

4. RANGE ROYALTY LIMITED PARTNERSHIP

	For the nine month period ended September 30, 2014	For the period October 1, 2014 to December 18, 2014	Consolidated
Revenues	\$ 39.1	\$ 9.5	\$ 48.6
Net Royalty Revenues	\$ 39.1	\$ 9.5	48.6

The Range net royalty revenues above have been constructed from the unaudited interim financial statements of Range as at and for the nine month period ended September 30, 2014 together with financial information from the period from October 1, 2014 to December 18, 2014 being the period prior to the acquisition date by PrairieSky.

