

PRAIRIESKY ROYALTY LTD.

AUDIT COMMITTEE MANDATE

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of PrairieSky Royalty Ltd. (the "**Company**"). Its primary duties and responsibilities are to: review management's identification of principal financial risks and monitor the process to manage such risks; oversee and monitor the integrity of the Company's accounting and financial reporting processes, financial statements and system of internal controls regarding accounting and financial reporting and accounting compliance; oversee audits of the Company's financial statements; oversee and monitor the qualifications, independence and performance of the Company's external auditors; provide an avenue of communication among the external auditors, management and the Board; and report to the Board regularly.

Composition of Committee

The Committee shall consist of not less than three directors as determined by the Board, all of whom shall qualify as independent directors within the meaning attributed to such term in National Instrument 52-110 - Audit Committees (as implemented by the Canadian Securities Administrators and as amended from time to time) ("**NI 52-110**").

All members of the Committee shall be financially literate, within the meaning attributed to such term in NI 52-110, and at least one member shall have accounting or related financial management expertise as the Board interprets such qualification in its business judgment.

Committee members may not, other than in their capacities as members of the Committee, the Board or any other committee of the Board, as applicable, accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary of the Company, or be an "affiliated entity" (within the meaning attributed to such term in NI 52-110) of the Company or any subsidiary of the Company. For greater certainty, directors' fees and fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company that are not contingent on continued service should be the only compensation a Committee member receives from the Company.

Committee members will include only duly elected directors of the Company. At the request of the Committee, certain members of the Company's senior management and others may attend Committee meetings on an ad hoc or a regular basis, as required.

Appointment of Committee Members

Members of the Committee shall be appointed or continued as necessary at a meeting of the Board, provided that any member may be removed or replaced at any time by the Board and shall in any event cease to be a member of the Committee upon ceasing to be a member of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

Chair

The Board shall appoint the Chair of the Committee (the "**Chair**"). If the Chair is unavailable or unable to attend a meeting of the Committee, the Chair shall ask another member to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen by a majority of members of the Committee present at such meeting to preside over the meeting.

Committee Meetings

The Committee shall meet at least quarterly. The Chair may call additional meetings as required. In addition, a meeting may be called by the Board Chairman, the President & Chief Executive Officer, any member of the Committee or the external auditors.

Committee meetings may be held in person, by means of electronic, telephone or other communication facilities as to permit all persons participating in the meeting to hear each other or by combination of any of the foregoing.

At all meetings of the Committee every question will be decided by a majority of the votes cast on the question. In case of an equality of votes, the Chair presiding at any meeting shall not be entitled to a second or casting vote.

Notice of Meeting

Notice of the time and place of each Committee meeting may be given orally, or in writing, or by facsimile, or by electronic means to each member of the Committee at least 48 hours prior to the time fixed for such meeting. Notice of each meeting shall also be given to the external auditors of the Company.

A Committee member and the external auditors may, in any manner, waive notice of the Committee meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

Quorum

A majority of Committee members, present in person, by electronic, telephone or other communication facilities or by a combination thereof, shall constitute a quorum. In addition, if an ex officio, non-voting member's presence is required to attain a quorum of the Committee, then the said member shall be allowed to cast a vote at the meeting.

Attendance at Meetings

The Committee shall have the right to determine who shall, and who shall not, be present at any time during a meeting of the Committee. The Committee may, by specific invitation, have other resource persons in attendance.

Directors, who are not members of the Committee, may attend Committee meetings, on an ad hoc basis, upon prior consultation and approval by the Chair or by a majority of the members of the Committee.

The Committee shall meet "in-camera" with the external auditors at least quarterly (in connection with the preparation of the annual and quarterly financial statements), and at such other times as the external auditors and the Committee consider appropriate

The Vice-President, Finance & Chief Financial Officer or any other person holding a similar role in accounting, risk, compliance and/or audit are expected to be available to attend the Committee's meetings or portions thereof, unless otherwise excused from all or part of any such meeting by the Committee Chair.

Minutes

The Committee shall appoint a secretary who need not be a member of the Committee. The secretary shall keep minutes of the meetings of the Committee. Minutes of Committee meetings shall be sent to all Committee members and the external auditors. The full Board shall be kept informed of the Committee's activities by a report following each Committee meeting, unless each Board member who is not also a member of the Committee is in attendance at such Committee meeting.

Specific Responsibilities

Review Procedures

Review and update the Committee's mandate annually, or sooner, where the Committee deems it appropriate to do so. Provide a summary of the Committee's composition and responsibilities in the Company's annual information form or other public disclosure documentation.

Annual Financial Statements

1. Discuss and review with management and the external auditors, the Company's annual audited financial statements and related documents prior to their filing or distribution. Such review to include:
 - (a) The annual audited financial statements, including accounting policies and significant management estimates and judgments and any major issues as to the adequacy of the Company's internal controls and disclosure controls and procedures;
 - (b) Management's Discussion and Analysis;
 - (c) A review of the external auditors' audit examination of the financial statements and their report thereon;
 - (d) Review of any significant changes required in the external auditors' audit plan;

- (e) A review of any serious difficulties or disputes with management encountered during the course of the audit, including any restrictions on the scope of the external auditors' work or access to required information; and
 - (f) A review of other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
2. Following completion of the matters contemplated above and review of consistency of disclosure, recommend approval to the Board of the Company's:
- (a) Year-end audited financial statements; and
 - (b) Management's Discussion and Analysis.

Quarterly Financial Statements

3. Review with management and the external auditors and either approve (such approval to include the authorization for public release) or formally recommend for approval to the Board, the Company's:
- (a) Quarterly unaudited financial statements and related documents, including Management's Discussion and Analysis; and
 - (b) Any significant changes to the Company's accounting policies.

Other Financial Filings and Public Documents

4. The Committee is to review prospectuses, annual information forms (AIF), business acquisition reports (BARs) and all other public disclosure containing audited or unaudited financial information before release and prior to Board approval.
5. Review and discuss with management financial information, including annual and interim earnings press releases, the use of "pro forma" or non-GAAP financial information and earnings guidance, contained in any filings with the securities regulators or news releases related thereto (or provided to analysts or rating agencies). Consideration should be given as to whether the information is consistent with the information contained in the financial statements of the Company. Such review and discussion should occur before public disclosure and may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made). The Committee must be satisfied that adequate procedures are in place for the review of PrairieSky's disclosure of all other financial information and shall periodically access the accuracy of those procedures.

Internal Control Environment

6. Ensure that management provides to the Committee an annual report on the Company's control environment as it pertains to the Company's financial reporting process and controls.
7. Review with the President & Chief Executive Officer, the Vice-President, Finance & Chief Financial Officer and the external auditors: (i) all significant deficiencies and material weaknesses in the design or operation of the Company's internal controls and procedures for financial reporting which could adversely affect the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits under applicable Canadian federal and provincial legislation and regulations within the required time periods, and (ii) any fraud, whether or not material, that involves management of the Company or other employees who have a significant role in the Company's internal controls and procedures for financial reporting.
8. Review and discuss significant financial risks or exposures and assess the steps management has taken to monitor, control, report and mitigate such risk to the Company.
9. Review management's processes in place to prevent and detect fraud.
10. Review significant findings prepared by the external auditors together with management's responses, if any.
11. Review the audit plans of the external auditors and enquire as to the extent the planned scope can be relied upon to detect weaknesses in internal controls, fraud or other illegal acts. Any significant recommendations made by the auditors for the strengthening of internal controls shall be reviewed and discussed with management.

Other Review Items

12. Review policies and procedures with respect to officers' and directors' expense accounts and perquisites, including their use of corporate assets.
13. Review all related party transactions between the Company and any officers or directors, including affiliations of any officers or directors as the Committee considers appropriate.
14. Review legal and regulatory matters, including correspondence with regulators and governmental agencies, which may have a material impact on the interim or annual financial statements, related corporation compliance policies, and programs and reports received from regulators or governmental agencies, including but not limited to reporting documents filed under the *Extractive Sector Transparency Measures Act*.
15. Review policies and practices with respect to risk management, including trading and hedging activities and insurance.

16. Review policies and practices with respect to cybersecurity risk management, including but not limited to: (a) assessing best practices from industry associations and recognized information security organizations in relation to the Company's business and operations; and (b) reviewing third party vulnerability and security tests and assessments performed by or on behalf of the Company.
17. In conjunction with the Corporate Governance Committee, review procedures for the receipt, retention and treatment of complaints received by the Company, regarding accounting, internal accounting controls, or auditing matters including confidential, anonymous submissions by employees of the Company, regarding accounting, internal accounting controls, or auditing matters.
18. Meet on a periodic basis separately with management.

External Auditors

19. Be directly responsible, in the Committee's capacity as a committee of the Board and subject to the rights of shareholders and applicable law, for the appointment, compensation, retention and oversight of the work of the external auditors (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing an audit report, or performing other audit, review or attest services for the Company. The external auditors shall report directly to the Committee.
20. Meet on a regular basis with the external auditors (without management present) and have the external auditors be available to attend Committee meetings or portions thereof at the request of the Chair or by a majority of the members of the Committee.
21. Obtain and review a report from the external auditors at least annually regarding:
 - (a) The external auditors' internal quality-control procedures;
 - (b) Any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with those issues; and
 - (c) Review and discuss with the external auditors all relationships that the external auditors and their affiliates have with the Company and its affiliates in order to determine the external auditors' independence.
22. Review and evaluate:
 - (a) The external auditors' performance and the lead partner of the external auditors' team's performance, and make a recommendation to the Board regarding the reappointment of the external auditors at the annual meeting of the Company's shareholders or regarding the

discharge of such external auditors and the subsequent nomination of a new external auditor;

- (b) The terms of engagement of the external auditors together with their proposed fees;
 - (c) External audit plans and results; and
 - (d) Any other related audit engagement matters;
23. Ensure the rotation of partners on the audit engagement team in accordance with applicable law. Consider whether, in order to assure continuing external auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis.
24. Consider and review with the external auditors and management:
- (a) Significant findings during the year and management's responses and follow-up thereto;
 - (b) Any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information, and management's response;
 - (c) Any significant disagreements between the external auditors and management; and
 - (d) Any changes required in the planned scope of their audit plan.

Approval of Audit and Non-Audit Services

25. Review and, where appropriate, approve the provision of all permitted non-audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditors (subject to de minimis exceptions for non-audit services described in NI 52-110, the rules and forms under applicable Canadian federal and provincial legislation and regulations, which services are approved by the Committee prior to the completion of the audit).
26. Review and, where appropriate and permitted, approve the provision of all audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditors.
27. If the pre-approvals contemplated in paragraphs 24 and 25 are not obtained, approve, where appropriate and permitted, the provision of all audit and non-audit services promptly after the Committee or a member of the Committee to whom authority is delegated becomes aware of the provision of those services.
28. Delegate, if the Committee deems necessary or desirable, to subcommittees consisting of one or more members of the Committee, the authority to grant the pre-approvals and approvals described in paragraphs 24 through 26. The decision of any such subcommittee to grant pre-approval shall be presented to the full Committee at the next scheduled Committee meeting.

29. The Committee may establish policies and procedures for the pre-approvals described in paragraphs 24 and 25, so long as such policies and procedures are detailed as to the particular service, the Committee is informed of each service and such policies and procedures do not include delegation of the Committee's responsibilities under applicable Canadian federal and provincial legislation and regulations to management.

Other Matters

30. Review and concur in the appointment, replacement, reassignment, or dismissal of the Vice-President, Finance & Chief Financial Officer.
31. Report Committee actions to the Board with such recommendations, as the Committee may deem appropriate.
32. Conduct or authorize any review or investigation into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to personnel and information and any resources necessary to carry out its responsibility. The Committee shall be empowered to retain, obtain advice or otherwise receive assistance from independent counsel, accountants, or others to assist it in the conduct of any investigation as it deems necessary and the carrying out of its duties. The Committee shall have the authority to set and pay compensation for any such advisors.
33. The Committee shall review and reassess the adequacy of this Mandate annually and recommend any proposed changes to the Board for approval.
34. Perform such other functions as required by law, the Company's articles or bylaws, or the Board.
35. Consider any other matters referred to it by the Board.

Effective: February 27, 2017