

Securities Trading and Insider Reporting Policy

Effective: April 11, 2014, amended and restated March 15, 2018

Securities law generally prohibits trading or dealing in the securities of a company on the basis of undisclosed material information (as defined in the *Disclosure Policy*). Anyone violating these laws is subject to personal liability and could face criminal penalties.

This Securities Trading and Insider Reporting Policy (this "**Policy**") applies to employees, contractors, officers and directors of PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**"), including any subsidiaries thereof from time to time (collectively, "**covered persons**"). This Policy is intended to safeguard against such trading or dealing, and against the appearance of such trading or dealing, by (i) restricting the trading activities of covered persons that may know, or be presumed to know, of undisclosed material information, (ii) prohibiting derivative transactions by directors and officers and (iii) requiring Reporting Insiders (as defined below) to comply with the reporting requirements applicable to certain trading activities as required by securities laws.

1. Scope

An "Insider" (as referenced herein) is defined in applicable securities legislation and corporate statutes, and includes directors or members of senior management of the Company. Employees and contractors are also considered Insiders when they receive or have access to undisclosed material information. Each Insider must comply with the applicable insider trading and disclosure requirements of applicable securities commissions, regulatory authorities and stock exchanges.

In order to assist an Insider in complying with the various laws and regulations, this Policy has been established to provide guidance on timing of insider trading and reporting requirements. This Policy, however, in no way reduces the personal obligations imposed by law on an Insider.

Compliance with the insider trading and disclosure requirements remains the personal responsibility of each Insider. Insiders are encouraged to seek independent legal advice for matters other than routine reporting.

2. Insider Information and Disclosure

An underlying principle of securities legislation is that the public should have the opportunity to decide whether to buy or sell securities on the basis of information equally available to all market participants. Public confidence in the securities' regulatory system is essential in order to maintain the integrity of the system and the continued confidence of the investment community.

Employees and contractors are considered Insiders when they receive or have access to undisclosed material information and, as such, are prohibited from trading in securities of the Company while such information is undisclosed.

The same trading prohibitions apply to using undisclosed material information about another party that Insiders may learn in the course of a proposed or pending transaction. For example, knowledge of a large contract between the Company and a small publicly traded company could constitute material information (as such term is defined in the Company's Disclosure Policy) relating to such company and could not be used by covered persons or disclosed to any other person to allow such person to purchase shares of the small publicly traded company on the expectation of greater cash flows for such company arising from the awarding of such a contract.

When public disclosure of material information is thought to be required, it is the responsibility of the appropriate member of senior management with executive responsibility for the matter to promptly contact the Disclosure Panel (as defined in the Disclosure Policy) in accordance with the Company's Disclosure Policy to determine the appropriate action to be undertaken.

3. Securities of Insiders

Trading of securities of the Company, owned beneficially, either directly or indirectly, or over which an Insider has control of or direction over, is subject to insider trading rules.

Any of the below described interests in securities of the Company which are held or acquired or disposed of or otherwise altered must be reported by "Reporting Insiders" (as such term is defined under National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*):

- Direct beneficial ownership is when the Insider holds securities in their name, or holds securities through a nominee such as a broker, or through a book-based depository, such as the shares held in the Company's various savings plans.
- Indirect beneficial ownership is when the Insider is a beneficial owner of securities but such securities are held through a family trust, a third person, an issuer, an affiliate or other legal entity such as a RRSP, or a holding company that the Insider controls. An Insider will be considered to have an indirect interest in securities held in a trust where the Insider (i) has or shares a beneficial interest in securities held by the trust and has or shares investment power over such securities or (ii) has legal ownership of securities in the trust and has or shares voting or investment power over such securities held in trust.
- Having control or direction over securities is when the Insider, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote, or direct the voting of, securities, or investment power, which includes the power to buy or sell, or to direct the purchase or sale of such securities. This would generally include securities held by a spouse or children who live in the Insider's household, and securities held by estates or trusts over which the Insider exercises control. It is recognized that there may be situations where persons living in the same household with an Insider could own or trade in the Company's securities as a part of their professional responsibilities or endeavours. In such cases, additional care should be exercised by all Insiders who have such relationships in which any disclosure of confidential information could be particularly troublesome.
- Interest in, or right or obligation associated with, a related financial instrument involving a Security which includes, but is not limited to, forward contracts, future contracts or stock purchase contracts or similar contracts involving securities of the Company and stock-

based compensation instruments including phantom stock units, deferred share units, restricted share awards, performance share units, stock appreciation rights and similar instruments.

- Changes to a Reporting Insider's economic exposure to the issuer by means of entering, materially amending or terminating any agreement, arrangement or understanding which involves, directly or indirectly, the Company's securities or a related financial instrument. This includes sophisticated tax planning arrangements such as equity monetization transactions.

4. Restrictions on Trading

Insiders may trade in the Company's securities, either directly or indirectly, or may exercise direction or control over the trading of its securities, except as follows:

- (a) Insiders who may receive or have access to undisclosed material information must not trade in the Company's securities or securities of another publicly-traded party (where the context demands) or divulge such information until after one (1) full trading day ("**Trading Day**") following a public announcement disclosing such information has been made.
- (b) The Disclosure Panel determines blackout periods with respect to trading of the Company's securities. Trading restrictions and blackouts may not apply to all employees, but do apply to all applicable Insiders ("**Blackout Insiders**").

The following blackout periods shall apply:

A. Annual and Quarterly Financial Results' Blackout Period

Trading by Blackout Insiders should not take place until after one (1) full Trading Day following a broadly disseminated news release of any material information. The Company's financial results are generally made public in the month following the end of each calendar quarter. No trading of the Company's securities should take place by Blackout Insiders in the period commencing fourteen (14) days prior to the proposed public announcement of the results for the year-end or a fiscal quarter and ending after one (1) full Trading Day has elapsed following the issuance of a news release disclosing the annual or quarterly financial results. If material information regarding write-downs or other events likely to, positively or negatively, affect current or future earnings or cash flow becomes known to an Insider, the procedures in paragraph (a) above must be followed.

A trading prohibition will also apply to employees and contractors who receive or have access to material undisclosed draft financial information during periods when financial statements are being prepared but results have not yet been publicly disclosed, which trading prohibition will continue during the period referenced above.

Where the issuance of a news release disclosing the quarterly or annual financial results occurs prior to markets opening on any Trading Day, the blackout period shall expire following the close of trading on such Trading Day. Where any such news release is issued during market trading hours, the blackout period shall expire following the close of markets on the next subsequent Trading Day.

Notwithstanding the Company not providing notice and/or posting a copy of the scheduled financial results' blackout periods internally, blackout periods will still apply to those employees and contractors who receive or have access to material undisclosed draft financial information.

B. Other Designated Blackout Periods

Blackout periods may also be prescribed from time to time by the Disclosure Panel as a result of special circumstances relating to the Company, pursuant to which Blackout Insiders would be precluded from trading in the Company's securities or securities of another publicly-traded party (where the context demands). All parties with knowledge of such special circumstances shall be covered by the blackout, whether or not such parties are specifically identified as Blackout Insiders. Such parties may include external advisors such as legal counsel, investment bankers and counter-parties in negotiations of potential material transactions.

In circumstances where the Company is contemplating a major transaction or activity that could raise the Company's profile in the marketplace or otherwise reasonably be expected to significantly affect the market price or value of the Company's securities, the Disclosure Panel may determine that the disclosure of the transaction or activity, if consummated, would constitute material information and will, in such circumstances, seek to advise all Reporting Insiders and applicable Insiders to refrain from trading.

If a covered person is uncertain as to their Insider status, or whether it is not advisable to enter into any transaction, they should inquire with a member of the Disclosure Panel (or their delegate) as to the existence of any potential trading restrictions before entering into a transaction.

Insiders must not, at any time, enter into a sale of the Company's securities where the Insider does not own or has not fully paid for the Company's securities being sold unless such Insider owns another security of the Company that is convertible into the Company's securities being sold (i.e. an Insider can exercise an option for the Company shares and have concurrently forward sold such shares resulting from the option exercise; an Insider, however, cannot sell the Company's common shares if the Insider does not own such shares or is not exercising any options to acquire common shares).

All covered persons are prohibited, at any time, from:

- entering into a sale of the Company's securities that they do not own or have a right to own (a speculative practice, called "selling short", which is done in the belief that the price of a stock is going to fall and the seller will then be able to cover the sale by buying the stock back at a lower price); and
- selling a "call option" or buying a "put option" in respect of any the Company's securities (as such persons could profit from the Company's stock price falling).

Covered persons are not prohibited from selling a "put option" or purchasing a "call option", where they would profit only if the value of the Company's securities increases (meaning there would be no direct conflict with the interest of the Company or its shareholders). As "puts" and "calls" constitute the Company's securities, both are subject to the usual restrictions on trading with knowledge of undisclosed material information.

Insiders must not enter into any brokerage arrangements which might result in a sale of the Company's securities at a time when the Insider is not permitted to trade. Such arrangements could include automated trade execution arrangements, or arrangements where the Company's securities might be traded in connection with a margin call.

Insiders must not participate in equity monetization transactions involving any the Company's securities that are part of the Company's long-term incentive programs which have not vested or the Company common shares that constitute part or all of the Company's requirements under the Company's minimum share ownership guidelines, if any. Covered persons are also strictly prohibited from entering into any equity monetization transactions that is the equivalent of "selling short". In order to ensure equity monetization transactions are not used to circumvent the trading prohibitions of this Policy, Insiders must treat all equity monetization transactions of the Company's securities similarly to the sale of the Company's securities.

Insiders who are directors or executive officers must consult with the Corporate Secretary, and notify the President & Chief Executive Officer and the Chairman or Vice-Chairman of the Board of Directors prior to a trade in the Company's securities (other than trades which occur as part of an automatic securities purchase plan or grants from the Company's stock-based compensation plan).

5. Insider Liability

Each Insider who fails to comply with insider trading laws is exposed to civil liability to third parties, a fine based on the amount of the profit made or loss avoided, and/or imprisonment, in addition to general embarrassment and damage to their reputation. Further, the Company's reputation may be damaged, and it may be exposed to liability.

6. Reporting Insider Filing Requirements

All Reporting Insiders' transactions must be filed via the System of Electronic Disclosure by Insiders ("**SEDI**"). Reporting Insiders may use an agent to file insider reports on SEDI or the Reporting Insider must register directly as a SEDI user.

7. Initial Reporting Insider Report

Securities regulations stipulate that within ten (10) calendar days of becoming a Reporting Insider, a Reporting Insider must file an initial insider report via SEDI. Reporting Insiders should be aware of the following:

- The obligation to file insider trading reports is the responsibility of the individual. The Company does not file insider reports on behalf of Reporting Insiders; and
- Nil reports are not required but if a Reporting Insider participates in an automatic securities purchase plan which purchases the Company's securities, an initial report typically must be filed, detailing "all holdings" of the Company's securities.

8. Subsequent Reporting Insider Reports

Subsequent Reporting Insider reports must be filed within five (5) calendar days of the transaction date (not the settlement date). This includes transactions concerning the grant or exercise of stock options, a change in the nature of ownership (e.g. transferring shares to a spouse, rolling into an RRSP, etc.) or an acquisition/withdrawal of the Company shares in an automatic securities purchase plan. Further, there are additional deadlines regarding the annual reporting of the automatic securities purchase plans shares.

9. Late or Misleading Filings by Reporting Insiders

Reporting Insiders who fail to file an insider report in a timely manner may be subject to late filing fees per report per day (up to a specified cap). The names of late filers are also published weekly on the internet by the Alberta Securities Commission.

The Canadian Securities Administrators have further indicated that where a Reporting Insider fails to file an insider report in a timely manner or files an insider report that contains information that is materially misleading, such actions may additionally result in the issuance of a cease trade order prohibiting the Reporting Insider from trading or acquiring securities for a period of time and may, in appropriate circumstances, initiate enforcement proceedings against such Reporting Insider.

Repeated non-compliance by directors and officers may have negative consequences to the Company in the context of a prospectus review or a continuous disclosure review.

10. Violations of the Securities Trading and Insider Reporting Policy

Violations of this Policy or relevant laws may result in disciplinary action up to and including termination for just cause (i.e. without notice or payment in lieu of notice) of employment or contract, as applicable. The Company may refer violations of this Policy or relevant laws to the appropriate regulatory authorities.

Actions that violate or appear to violate this Policy must be reported in accordance with the Company's Investigations Practice Policy.

11. Further Information

Any other questions about the interpretation or implementation of this Policy should be directed to legal counsel of the Company.

Covered persons who are unsure whether they possess undisclosed material information should not disseminate such information to anyone outside the Company until consulting with the Disclosure Panel or legal counsel to the Company.