Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer

1 Issuer's name PrairieSky Royalty Ltd.		2 Issuer's employer identification number (EIN) Foreign Co
3 Name of contact for additional information Geoff Barlow	4 Telephone No. of contact 587-293-4068	5 Email address of contact geoff.barlow@prairiesky.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1900-411 St SE Calgary, AB T2G 4Y5		7 City, town, or post office, state, and Zip code of contact Calgary, AB
8 Date of action May 27, 2014 to December 31, 2014	9 Classification and description Common Shares	

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
739721		PSK	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Distributions made in 2014 may affect the basis of common shares

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ 100% of each distribution will be a return of capital and reduce the shareholders basis in their common stock.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ An earnings and profits calculation was used to determine the return of capital portion of the 2014 dividend.

Part II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
S.301(c), S.312, S.316, S.1012

18 Can any resulting loss be recognized? ▶ Not applicable

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Reportable tax year is 2014

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ L. G. Barlow Date ▶ February 23, 2015

Print your name ▶ L. Geoff Barlow Title ▶ Vice President Finance and CFO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054