



**INPLAY OIL**

**Corporate Presentation**

April 2017

*TSX : IPO*

# Reader Advisories

## Forward Looking Statements and Oil and Gas Advisories

This presentation contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this presentation contains forward-looking information and statements pertaining to the following: business strategy and objectives of InPlay Oil Corp. ("InPlay"), volumes and estimated value of InPlay's oil and gas reserves; the volume of InPlay's oil and gas production; future production estimates and targets; production decline profiles; future oil and natural gas prices; future liquidity and financial capacity; future results from operations and operating metrics; future costs, expenses and royalty rates; future cash flows; future interest costs; forecast net debt; target debt to cash flow ratios; the exchange rate between the \$US and \$Cdn; future development, exploration, acquisition and development activities and related capital expenditures and internal projections and forecasts; estimated drilling locations; the amount and timing of capital projects; operating costs; forecasts of operating and cash flow netbacks; and the total future capital associated with development of reserves and resources.

The recovery and reserve estimates of InPlay's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Throughout this presentation various references are made to "potential" and "targeted" resource and recoveries which have been prepared by management of InPlay and are not estimates of reserves or resources. Accordingly, undue reliance should not be placed on same. Such information has been prepared by management for the purposes of making capital investment decisions and for internal budget preparation only. In addition, forward-looking statements or information are based on a number of material factors, expectations or assumptions of InPlay which have been used to develop such statements and information but which may prove to be incorrect. Although InPlay believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because InPlay can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which InPlay operates; the timely receipt of any required regulatory approvals; the ability of InPlay to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of InPlay to add production and reserves through acquisition, development and exploration activities; drilling results; the ability of the operator of the projects in which InPlay has an interest in to operate the field in a safe, efficient and effective manner; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; risks associated with the degree of certainty in resource assessments; the timing and cost of pipeline, storage and facility construction and expansion and the ability of InPlay to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which InPlay operates; and the ability of InPlay to successfully market its oil and natural gas products.

The forward-looking information and statements included in this presentation are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of InPlay's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of InPlay or by third party operators of InPlay's properties, increased debt levels or debt service requirements; inaccurate estimation of InPlay's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in InPlay's disclosure documents.

InPlay's 2017 budget guidance and related targets and forecasts disclosed herein are best estimates based on certain assumptions including, without limitation, operating results, known fiscal regimes, commodity prices and risk management contracts and will be regularly monitored by management. Our objective will be to proactively manage our capital program as it relates to operational success and fluctuating commodity prices with a priority to maintain financial flexibility and achieve our production guidance. InPlay will closely monitor the budget and financial situation throughout the year to assess market conditions and will quickly adjust budget levels or pace of development in accordance with commodity prices and available funds from operations.

The forward-looking information and statements contained in this presentation speak only as of the date of this presentation, and InPlay does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Certain information in this document may constitute "analogous information" as defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI-51-101"), including but not limited to, information relating to the areas in geographical proximity to lands that are or may be held by InPlay. Such information has been obtained from government sources, regulatory agencies or other industry participants. InPlay believes the information is relevant as it helps to define the reservoir characteristics in which InPlay may hold an interest. InPlay is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. Such information is not an estimate of the reserves or resources attributable to lands held or potentially to be held by InPlay and there is no certainty that the reservoir data and economics information for the lands held or potentially to be held by InPlay will be similar to the information presented herein. The reader is cautioned that the data relied upon by InPlay may be in error and/or may not be analogous to such lands to be held by InPlay.

Any references in this presentation to initial, early and/or test or production/performance rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinate of the rates at which such wells will produce or continue production and to decline thereafter. Additionally, such rates may also include recovered "load oil" fluid used in well completion stimulation. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for InPlay. The initial production rate may be estimated based on other third-party estimates or limited data available at this time. In all cases in this presentation, initial production or tests are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons.

The information contained in this corporate presentation does not purport to be all-inclusive or to contain all information that a prospective investor may require. Prospective investors are encouraged to conduct their own analysis and reviews of InPlay and of the information contained in this corporate presentation. Without limitation, prospective investors should consider the advice of their financial, legal, accounting, tax and other advisors and such other factors they consider appropriate in investigating and analyzing InPlay.

Any financial outlook or future-oriented financial information, as defined by applicable securities legislation, has been approved by management of InPlay. Such financial outlook or future-oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

In this presentation, certain terms that are not specifically defined in International Financial Reporting Standards ("IFRS") are used to analyze the Company's future operating results. Management believes that certain measures not recognized under IFRS assist management and the reader in assessing the Company's expected performance and understanding the Company's outlook. These measures provide the reader with additional insight into the Company's performance. However, these terms do not have any standardized meanings prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other entities.

# Investment Highlights<sup>(1)</sup>

- **Transformational 2016 deals provide InPlay with concentrated, premier light oil, large oil in place assets**
  - High netback, low decline, focused in the Cardium and positioned to deliver sustainable per share organic growth alongside value based tuck-ins
- **Strong Financial Flexibility with 2017 capital budget**
  - Capex spending 16% less than forecasted funds flow
  - Generates 0.8x Q4 '17 D/CF
  - Average draw of <60% on credit facility
- **Operational expertise drives top quartile capital efficiencies and operating cost performance**
  - Cardium ~ \$17,000/boed per well capital efficiencies (1<sup>st</sup> year)
  - Light oil drilling program with <1.0 year payouts
  - >20% production growth (>25% debt adjusted) spending less than cash flow (Q4 '17 over Q4 '16)
- **Sustainable with a deep inventory of Cardium and Belly River locations**
  - ~200 locations (>16 years drilling inventory assuming 12 wells drilled per year)
  - RLI of >19.3 years
  - Base decline of 21%
- **High impact emerging Duvernay light oil play offers potential material upside**
  - Currently being de-risked by offsetting competitors at no cost to InPlay
- **Significant torque to rising oil prices**
- **Attractive current valuation**

(1) 2017 budget is approved by the Board of Directors using the following commodity assumptions: WTI \$55 USD/bbl, FX \$0.76 USD/CDN and AECO natural gas \$3.00 /GJ



# Corporate Snapshot

## OPERATING SUMMARY

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Current Production (oil and liquids weighting) <sup>(1)</sup>	4,100 boe/d (65%)
Proved Reserves <sup>(2)</sup>	16,579 mboe
P+P Reserves <sup>(2)</sup>	24,486 mboe
P+P NPV10% (\$mm) <sup>(2)</sup>	\$317.3 mm

**69%** oil & NGL  
in P+P reserve booking

## MARKET SUMMARY

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Basic Shares Outstanding (basic / FD) (mm)	62.4 / 67.3
Market Capitalization (@ \$2.00 per share) (mm)	\$125
Enterprise Value (@ \$2.00 per share) (mm)	\$159
Employee & Director Ownership (basic / diluted)	1.6% / 8.7%
Large Insider Shareholders (basic / diluted)	44.9% / 42.0%

## DEBT SUMMARY<sup>(3)</sup> (\$mm)

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Net Debt / Drawn on credit facility	\$34.6 / \$29.8
Credit Facility	\$60.0

**50%** drawn  
on credit facility

(1) Current production is based on field estimates as per March 14<sup>th</sup> press release.

(2) See "Reserves" and "Net Present Value Estimates" under "Information on Reserves and Operational Information".

(3) As at December 31, 2016.



# 2016 Year End Reserves & Efficiency Highlights

## Reserve Highlights

	BOE (Mboe)	Value PV10% (1000's)	Production Replacement (%)	RLI <sup>(1)</sup> (Years)
Proved Developed Producing	7,304	113,639	691	5.7
Total Proved	16,579	201,295	1,621	13.0
Total Proved + Probable	24,486	317,311	2,318	19.3

## Finding, Development & Acquisition Costs and Recycle Ratios

	FD&A (\$/boe)	Recycle Ratio <sup>(2)</sup>
Total Proved	14.13	1.6
Total Proved + Probable	11.54	2.0

(1) RLI Based on December 2016 production of 3,884 boed, the first full month of the new entity.

(2) Recycle ratio is based on using \$22.96/boe field operating netback which was the first full month of the new entity.



# Management and Directors

## Management

Strong Technically and Value Creators

**Doug Bartole, P. Eng., ICD.D**

*President and CEO, Director*

**Kevin Yakiwchuk, MSc., P. Geol.**

*Vice President Exploration*

**Gordon Reese, BSc. Geol.**

*Vice President Business Development*

**Thane Jensen, P. Eng.**

*Vice President Operations*

**Darren Dittmer, CPA, CMA**

*CFO*

## Directors

Strong and Experienced Industry Board

**Dennis Nerland, LLB, ICD.D**

**Dale Shwed**

**Steve Nikiforuk, CA, ICD.D**

**Don Cowie**

**Craig Golinowski**

**Steve Yuzpe, CFA, MBA, P. Eng.**

**Doug Bartole, P. Eng., ICD.D**

*Please see appendix for additional details on Management and Directors*

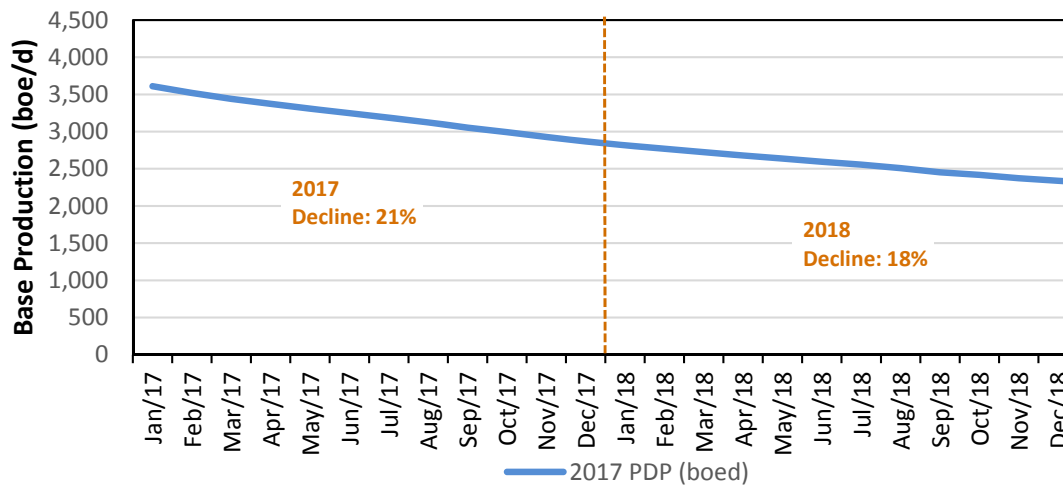


# Low Decline Cardium Focused Producer



	Production <sup>(1)</sup>	Liquids	Net Drilling Inventory <sup>(2)</sup>	Formations
Pembina	2,675	78%	142	Cardium Belly River
Willesden Green	1,025	43%	53	Cardium
Duvernay Oil	-	-	50	Duvernay
Other	400	38%	10	Mannville Nisku
<b>Total</b>	<b>4,100</b>	<b>65%</b>	<b>255</b>	

**74%** Cardium production

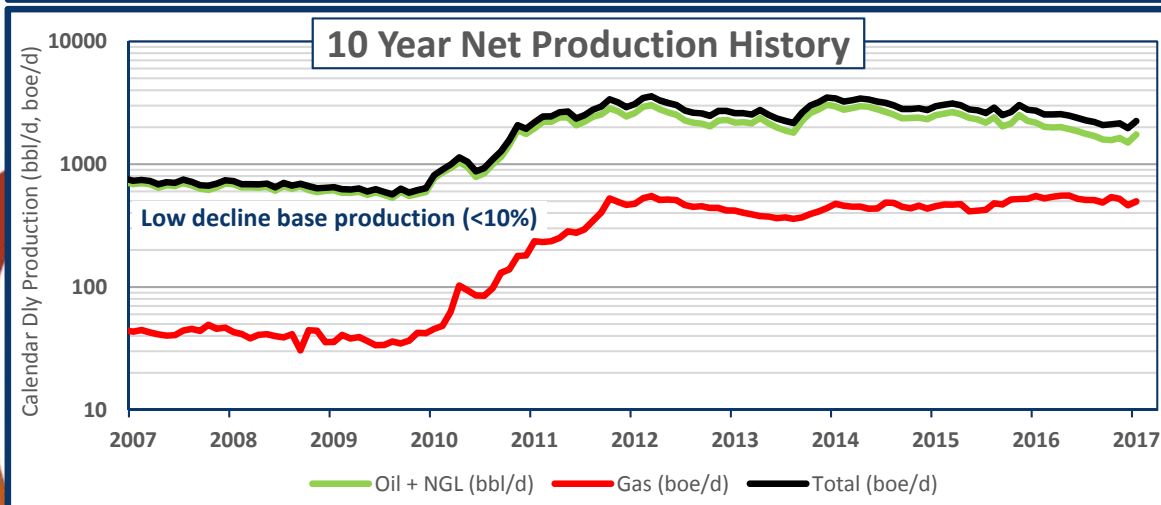
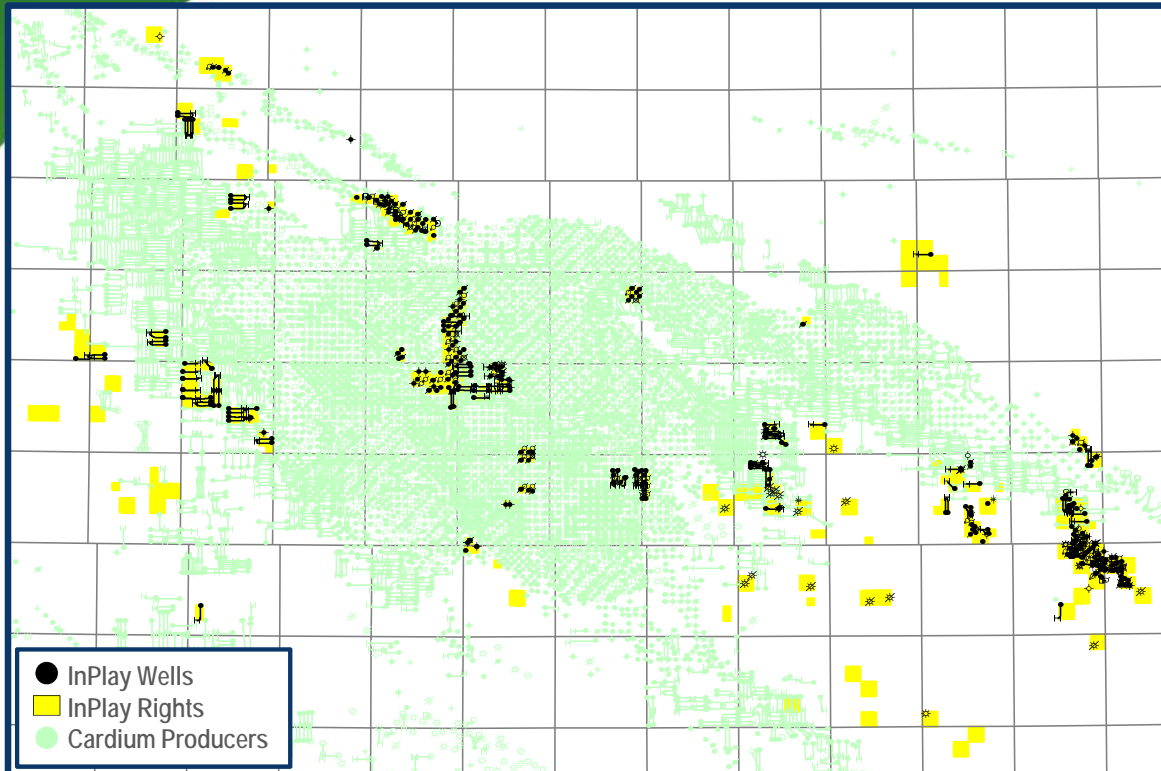


**Top Quartile** declines in oil weighted growth universe

- (1) Current production is based on field estimates as per March 14<sup>th</sup> press release.
- (2) See "Drilling Locations" under "Information on Reserves and Operational Information".
- (3) Decline based on PDP from independent reserve reports; Assumes no additional drilling. See "Reserves" under "Information on Reserves and Operational Information".



# Greater Pembina



## Production

- 2,675 boed (78% liquids)<sup>(1)</sup>
  - 2,000 boed Cardium
  - 675 boed Belly River
- ~C\$34 field netback at US\$55 WTI

## Upside Potential

- 142 net Hz locations (75% operated)<sup>(2)</sup>
- Primary targets: Cardium & Belly River

## Land

- 67,013 (48,248 net) acres, average 66% WI

## Facilities - Significant ownership in area facilities providing control in core areas including:

- 6 major oil facilities with custom treating & water disposal
- 2 (100% WI) batteries tied directly into Pembina Pipelines Sales
- Firm service for > 80% of gas volumes

## Strong Waterflood Support

- ~60% of production under long term waterflood, results in low base decline
- Average VRR of ~1.0x; Near virgin pressure
- New waterflood and waterflood expansion upside

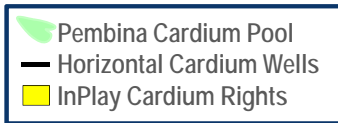
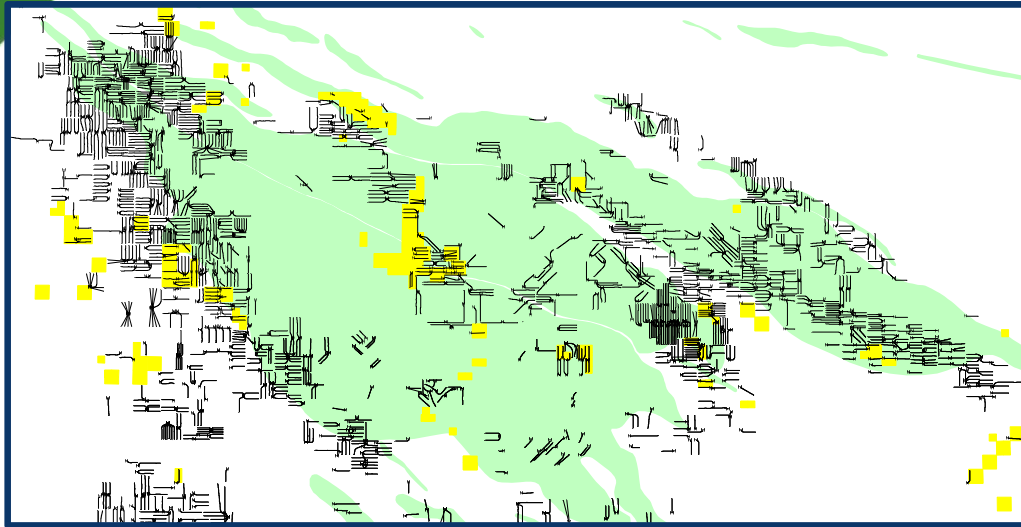
(1) Based on field estimates for week ending March 9, 2017.

(2) See "Drilling Locations" under "Information on Reserves and Operational Information".



# Pembina Cardium Pool Resurgence

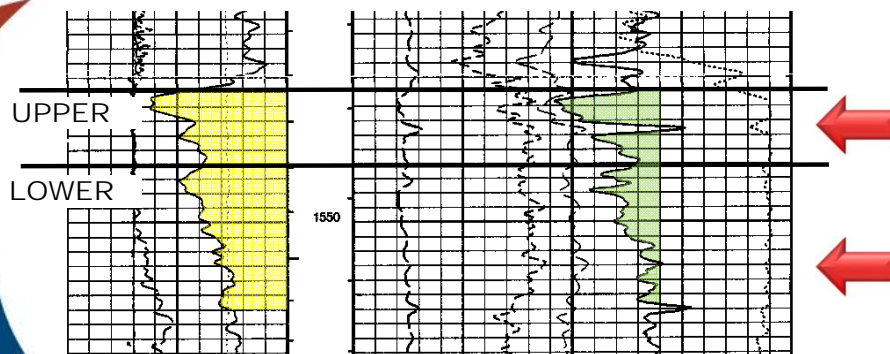
- Largest conventional oil pool in Canada with ~ 9.4 billion barrels of oil in place as estimated by the Alberta Energy Regulator
  - Only ~17% recovery to date
- Successfully produced and flooded since discovery in 1953
- Horizontal multi-frac development began in 2009 targeting tight sands and bioturbated sands along the edges or “Halo” of the pool
- Recent activity has shown that in the main Pembina pool the tighter sands and bioturbated zone at the base of the Cardium provide a new horizontal multi-frac drilling target
- Potential for waterflood improvements by targeting water injection into these lower recovery intervals



## Unconventional reservoir

in the Lower Cardium of Central Pembina is being successfully targeted by industry with horizontal drilling

TYPICAL CENTRAL PEMBINA CARDIUM WELL



High recovery factor from good quality sands in the Upper Cardium through older vertical wells and waterflooding

Low recovery factor in tight sands and bioturbated zone in the Lower Cardium provide a new horizontal multi-frac drilling target



# Willesden Green Cardium

## Production

- 1,025 boed from Cardium (43% liquids)<sup>(1)</sup>
- ~C\$29 field netback at US\$55 WTI

## Upside Potential

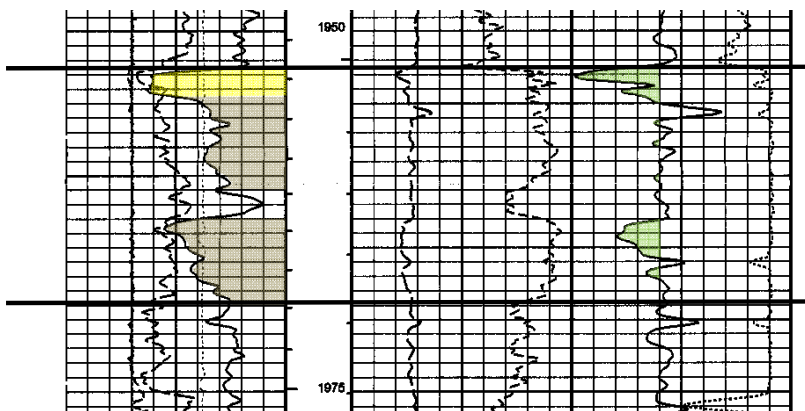
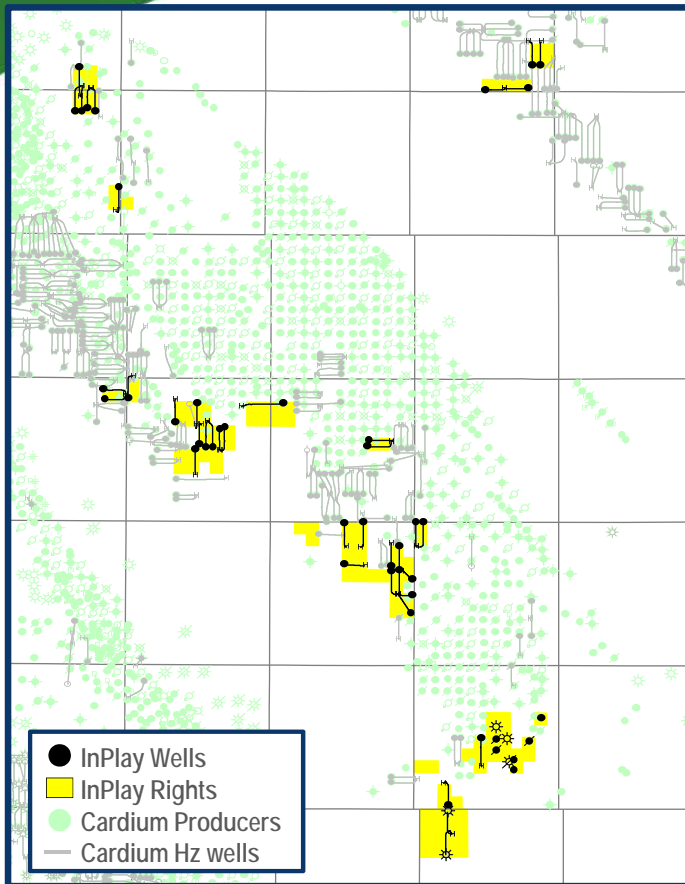
- 57 net Hz Cardium locations (76% operated)<sup>(2)</sup>
- Low permeability sands and bioturbated sands have low recovery factors and provide new horizontal drilling targets similar to Central Pembina

## Land

- 27,520 (19,700 net) acres, average 72% WI



**Facilities** - Significant ownership in area facilities providing control in core areas including:

- Gas plant with 10 mmcf/d capacity
  - Significant 3<sup>rd</sup> party processing revenue
- Firm service for 100% of gas volumes



## Unconventional reservoir

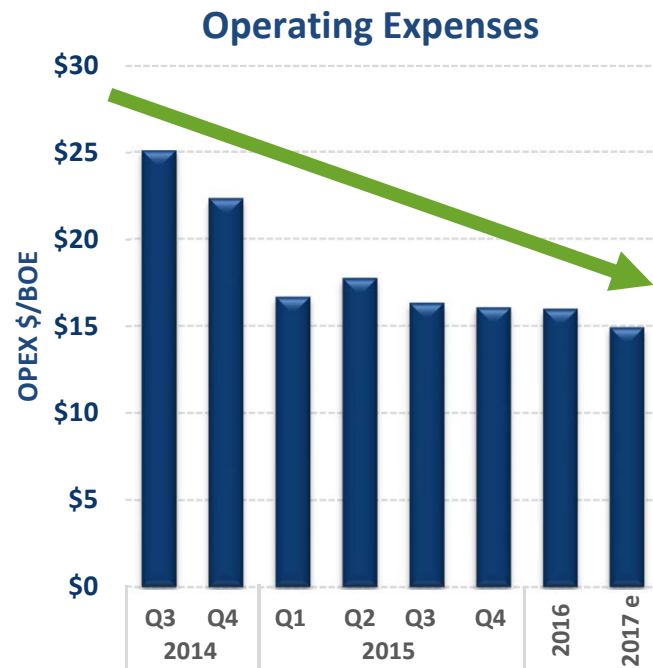
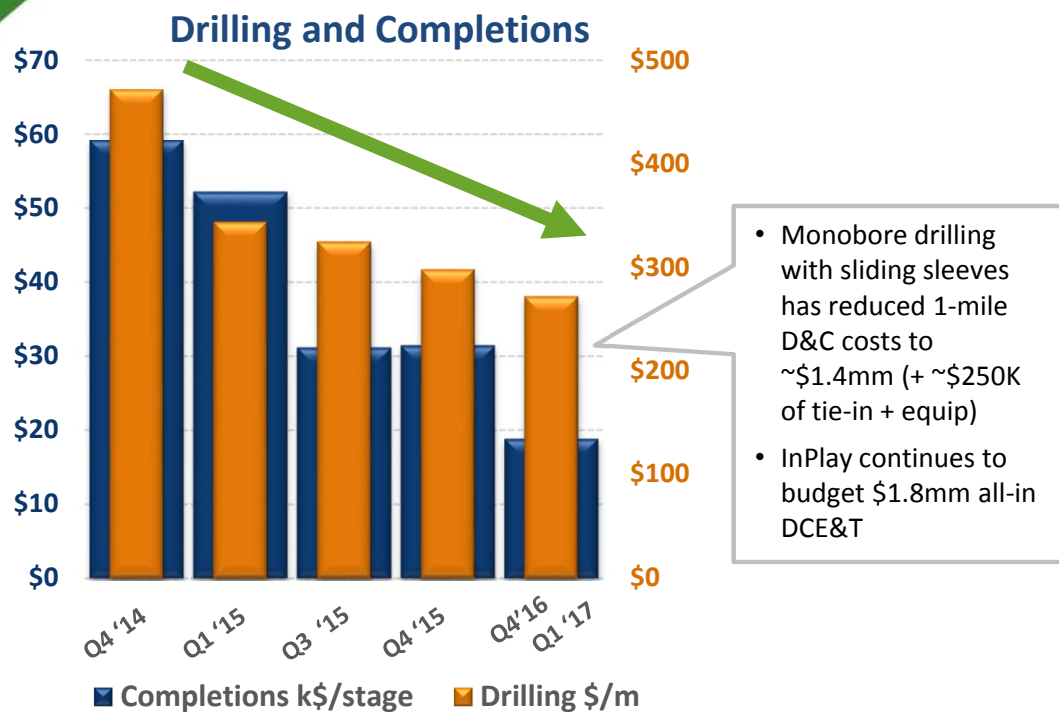
in tight sands and the bioturbated zone are being successfully targeted by industry with horizontal drilling

-  Conventional Cardium reservoir
-  Low permeability sands and bioturbated zone

(1) Based on field estimates as per March 14<sup>th</sup> press release.

(2) See "Drilling Locations" under "Information on Reserves and Operational Information"

# History of Driving Costs Down



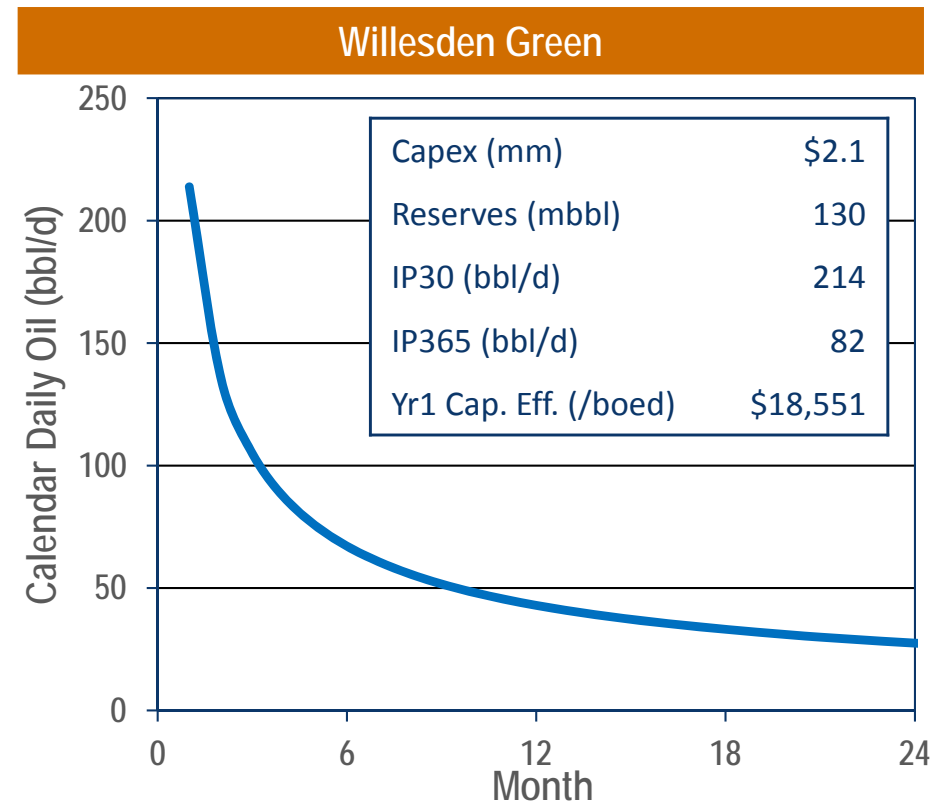
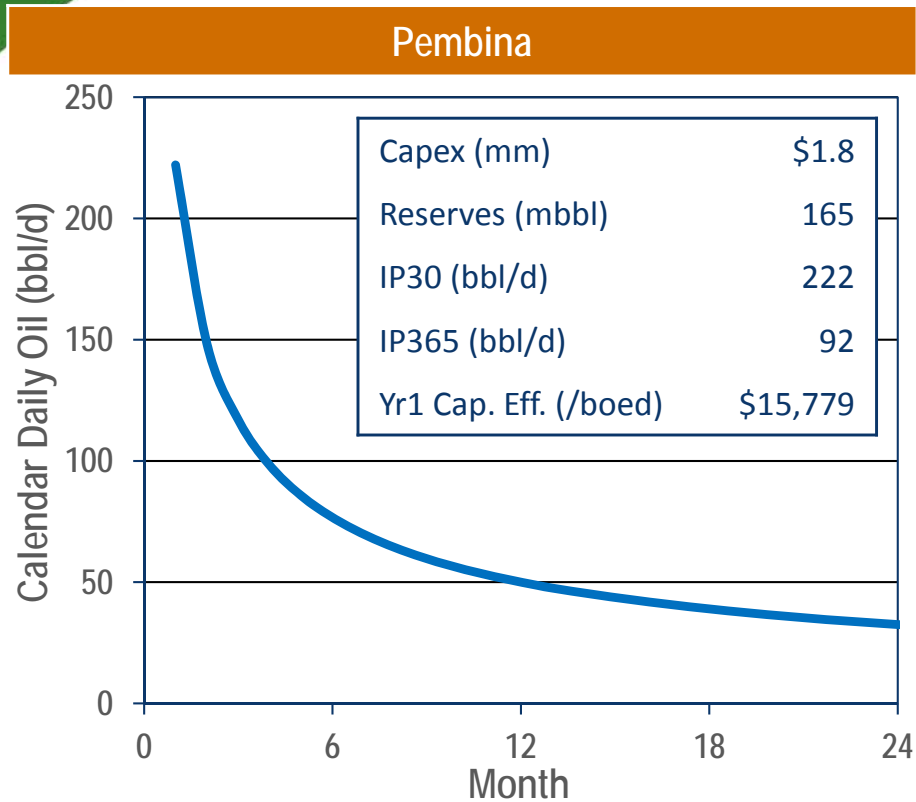
- Cost of service savings ~20%
- **Bit/rig optimization reduce drilling days by ~30%\*\***
- **Sliding sleeve technology saving ~15%\*\***
  - reduces drilling days
  - all completion operations are more efficient

*\*\* These cost saving efficiencies and technology advances will remain as service costs rise with increased industry activity*

- Job frequency reduction
  - ensure proper repairs
- Heavily scrutinize expenses
  - chemicals, trucking, maintenance, overtime
- Scheduled preventive maintenance programs



# Cardium Economics



**Pembina Type Curve Economics<sup>(2)</sup> \***

WTI	Fx (USD/CAD)	Realized Price <sup>(1)</sup> (Cdn/bbl)	Payout (yrs)	IRR (%)	NPV 10 (\$mm)	F&D (/boe)	Recycle ratio (times)
\$45	\$0.76	\$53.39	1.3	76	1.8	\$ 9.80	3.8
\$55	\$0.80	\$62.08	1.0	123	2.4	\$ 9.55	4.6
\$65	\$0.83	\$70.88	0.7	194	3.1	\$ 9.37	5.4

**Willesden Green Type Curve Economics<sup>(2)</sup> \***

WTI	Fx (USD/CAD)	Realized Price <sup>(1)</sup> (Cdn/bbl)	Payout (yrs)	IRR (%)	NPV 10 (\$mm)	F&D (/boe)	Recycle ratio (times)
\$45	\$0.76	\$53.39	2.2	38	1.1	\$ 12.31	1.8
\$55	\$0.80	\$62.08	1.6	61	1.7	\$ 12.05	2.1
\$65	\$0.83	\$70.88	1.2	93	2.3	\$ 11.77	2.5

\* Based on ½ cycle costs, recycle ratio based on first year netbacks.

- (1) Assumes WTI/Ed Light differential of \$3, \$4 and \$4 respectively and quality differential of CAD \$3.00.  
 (2) See "Type Curves" under "Information on Reserves and Operational Information".



# Duvernay Oil – Emerging Play

## Peer currently de-risking play on directly offsetting lands

- Producing well is on track to produce >250 mbbbl of oil
  - Only about 65% of the horizontal was effectively fraced
- 4 new wells recently drilled and completed
- Estimate well costs at \$4.0 – \$5.0 mm

## Land

- 12.25 net crown sections (100% WI)
- Continue to evaluate offsetting activity while preparing for a potential evaluation drill in late 2017

## Upside

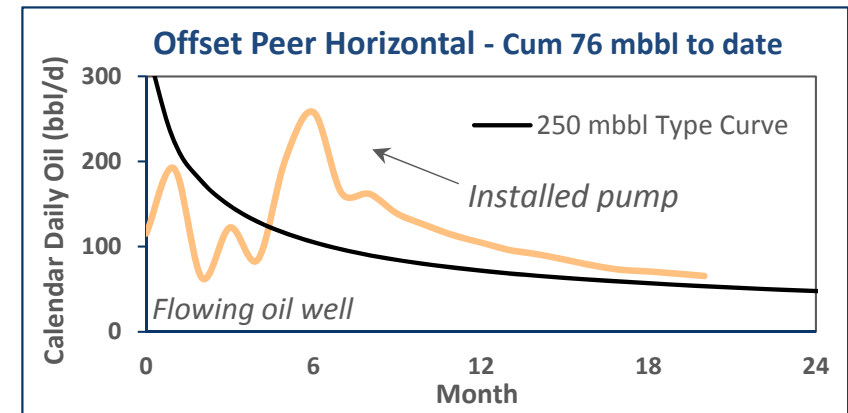
- Potential recovery / well of 250–400 mbbbl
- 48-60 net locations (at 4-5 wells / section)<sup>(1)</sup>
- 35° – 40° API light oil
- No value assigned in corporate reserves

## Reservoir

- Target shale zone is present across InPlay's lands
- Zone is over-pressured (30-60%)
- Depths of 2100 – 2200m
  - (~200m deeper than Willesden Green Cardium)

## Light Oil

resource upside



## Oil Recovery per well

expected to increase with completion optimization

## Shallow Depth

= manageable well costs

*Area activity can add value to InPlay lands at no cost to InPlay*

(1) See "Drilling Locations" under "Information on Reserves and Operational Information".

# 2017 Forecast<sup>(1)</sup>

Commodity Price Assumptions <sup>(1)</sup>	
WTI Oil Price (US\$/bbl)	\$55.00
Edmonton Par (C\$/bbl)	\$67.77
AECO Gas Price (\$/GJ)	\$3.00
Operational Forecast	
Average Production (boed) (% liquids)	4,000 - 4,200 (66%)
Exit Production (boed) (% liquids)	4,300 - 4,500 (68%)
Funds Flow (\$mm) <sup>(2)</sup>	\$33.2
Capital Program (\$mm)	\$28.0
Net Wells Drilled	12.0
Year End Net Debt (\$mm) <sup>(2)</sup>	\$32.0
Year End Net Debt / Funds Flow	0.8x
Sensitivities on annual funds flow	
+ \$5/bbl WTI (mm)	\$3.8
- \$5/bbl WTI (mm)	(\$5.0)
+/- \$0.25/mcf AECO (mm)	\$0.6
Hedges	
500 bbl/d swap to June 30, 2017 (\$US/bbl)	\$53.65
700 bbl/d costless collar to Dec 31, 2017 (\$US/bbl)	\$47.14 - \$59.09
400 bbl/d costless collar to Dec 31, 2017 (\$CDN/bbl)	\$55.00 - \$73.83
1,000 GJ/d swap to March 31, 2018 (\$CDN/GJ) (AECO)	\$3.06

(1) Assumptions include WTI \$55 USD/bbl, FX \$0.76 USD/CDN and AECO natural gas \$3.00 /GJ, WTI/Edmonton Light differential \$3.50 USD/bbl

(2) Values reflect results for the mid range of forecasted average production.



# Pro Forma Net Asset Value

## NET ASSET VALUE (December 31, 2016)

	PDP @ 10% (1000's)	1P @ 10% (1000's)	2P @ 10% (1000's)
Reserves Value (Before Tax) <sup>(1,2)</sup>	113,639	201,295	317,311
Undeveloped Land & Seismic Value <sup>(2)</sup>		17,520	
FMV of Hedges @ Dec 31, 2016		-1,548	
Debt + Working Capital Deficiency <sup>(3)</sup>		-34,556	
Net Asset Value <sup>(4)</sup>	95,055	182,711	298,727
Basic Common Shares	62,396	62,396	62,396
<b>NAV / Share</b>	<b>\$1.52</b>	<b>\$2.93</b>	<b>\$4.79</b>
Future Development Capital		129,064	178,413
Years of 2017 CAPEX		4.7	6.7

(1) See "Reserves" under "Information on Reserves and Operational Information".

(2) Internally evaluated with an average value of \$174 per acre for 81,964 undeveloped net acres and the estimated value of the sizeable seismic database recently acquired

(3) Net debt as at December 31, 2016, including working capital deficit

(4) See "Reserves" and "Net Present Value Estimates" under "Information on Reserves and Operational Information".



# Summary

- Technically strong, efficient, Cardium focused light oil producer
- Dedicated to maintaining financial flexibility
- Built for sustainability in a volatile commodity price environment
  - Strong balance sheet, high netback, low decline, economic inventory
- Positioned for value based tuck-ins
- Top tier organic per share growth within funds flow
- High impact Duvernay provides potential for material upside
- High torque to upside with oil pricing



# Appendix

# InPlay Team

## Strong Technically and Value Creators

### Doug Bartole, President and CEO and Director, P. Eng., ICD.D (over 23 years)

- Founder, President and CEO of Vero Energy; VP Operations of True Energy; Management and Engineering roles at Husky Energy, Renaissance Energy and PanCanadian Petroleum
- Director of Invicta Energy (founder of Royal Acquisition Corp. which was the public RTO vehicle for Invicta)
- Member of APEGA, Institute of Corporate Directors, and a prior Governor of CAPP

### Kevin Yakiwchuk, Vice President Exploration, MSc, P. Geol. (over 22 years)

- Founder and VP Exploration at Vero Energy; VP Exploration at True Energy; Geologist at Crestar Energy, Renaissance Energy and Shell Canada

### Gordon Reese, BSc. Geol., Vice President Business Development (over 31 years)

- Founder, President and CEO of Invicta Energy; President and CEO at Cipher Energy, VP Exploration at True Energy and various prospect generation and management roles at CS Resources and Gulf Canada.

### Thane Jensen, Vice President Operations, P. Eng. (over 23 years)

- Sr. V.P. Operations, Exploration and Development, and prior VP Engineering at Penn West Exploration
- Reservoir Engineer, Exploitation Engineer, and Drilling and Completions Engineer at PanCanadian Petroleum Ltd.

### Darren Dittmer, CFO, CPA, CMA (over 21 years)

- CFO of Barrick Energy Inc. from September 2008 until sale of all assets in July 2013
- Controller and CFO of Cadence Energy and prior Controller of Kereco Energy, Ketch Resources and Upton Resources



# InPlay Team

## Strong and Experienced Board

### Doug Bartole, P. Eng., ICD.D

- President and CEO of InPlay Oil

### Dennis Nerland, LLB, ICD.D

- Founding partner of Shea Nerland Calnan LLP.
- Founder and Director of Invicta Energy
- Current Director of Crew Energy, CriticalControl Solutions, Granite Oil. Previously a director of Baytex Energy, Boulder Energy, Reliable Energy and Savannah Energy
- Member of the Law Society of Alberta, the Canadian Tax Foundation, the Canadian Bar Association, the Society of Trust and Estate Practitioners, and the Institute of Corporate Directors.

### Dale Shwed

- President and CEO of Crew Energy (spin-out of Baytex in 2003)
- Former Founder, President and CEO of Baytex Energy (grew production to over 40,000 boed)
- Currently on the board of Baytex Energy and other private and public companies

### Steve Nikiforuk, CA, ICD.D

- Private business man with excellent management and executive experience in a CFO role for public and private companies
- Chair of the Audit Committee for Whitecap Resources; board member of several public and private companies

### Don Cowie

- President and founding partner, JOG Capital
- Currently sits on the board of a number of other private and public oil and gas companies within JOG's portfolio

### Craig Golinowski

- Managing Director, JOG Capital
- Currently sits on the board of a number of other private and public oil and gas companies within JOG's portfolio

### Steve Yuzpe, CFA, MBA, P.Eng.

- President and CEO, Sprott Resource Corp.
- Chairman of One Earth Farms Corp., Treasurer, member of the Executive Committee and Board of Street Kids International, and founding board member of Inroads to Agriculture Institute



# INFORMATION ON RESERVES & OPERATIONAL INFORMATION

**General** - All amounts in this presentation are stated in Canadian dollars unless otherwise specified. Throughout this presentation, the terms Boe (barrels of oil equivalent) and Mmboe (millions of barrels of oil equivalent) are used. Such terms when used in isolation, may be misleading. In accordance with Canadian practice, production volumes and revenues are reported on a company gross basis, before deduction of Crown and other royalties and without including any royalty interest, unless otherwise stated. Unless otherwise specified, all reserves volumes in this presentation (and all information derived therefrom) are based on "company gross reserves" using forecast prices and costs. Complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101 is available on our SEDAR profile at [www.sedar.com](http://www.sedar.com). The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In relation to the disclosure of estimates for individual properties, such estimates may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. The Company's belief that it will establish additional reserves over time with conversion of probable undeveloped reserves into proved reserves is a forward-looking statement and is based on certain assumptions and is subject to certain risks, as discussed previously under the heading "Forward-Looking Information and Statements".

**Reserves** - Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates as follows:

**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.

**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.

**Oil & Gas Metrics** - This presentation may contain metrics commonly used in the oil and natural gas industry, such as "recycle ratio", "finding and development costs", "finding and development recycle ratio", "finding, development and acquisition costs", "operating netbacks", "funds flow netbacks", "RLI", "recycle ratio" and "IRR". These terms do not have standardized meanings or standardized methods of calculation and therefore may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare InPlay's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this presentation, should not be unduly relied upon.

**Test Results and Initial Production Rates** - A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed. Test results and initial production rates disclosed herein may not necessarily be indicative of long term performance or of ultimate recovery.

**BOE equivalent** - Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl 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 that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

**Type Curves** - The type curves presented in slide 10 herein reflect a selection from a type curves library provided by InPlay's independent reserve evaluator. In each case the type curve presented is that which the company feels best represents the expected average drilling results based upon InPlay producing wells in the area as well as non-InPlay wells determined by the company to be analogous for purposes of the type curve assignments. Internal Forecast curves incorporate the most recent data from actual well results and would only be representative of the specific drilled locations. There is no guarantee that InPlay will achieve the estimated or similar results derived therefrom.

**Drilling Locations** - This presentation discloses drilling locations in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are proved locations and probable locations derived from the applicable independent reserves evaluations and account for drilling locations that have associated proved and/or probable reserves, as applicable. Of the 255 drilling locations identified herein, 70 are proved locations, 28 are probable locations and 157 are unbooked locations. Unbooked locations are internal management estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of the Company's potential multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the InPlay will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which InPlay actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by either InPlay or other industry participants drilling existing wells in relative close proximity to such unbooked drilling locations, certain unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir. Therefore, there is uncertainty whether wells will be drilled in such unbooked locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

**Net Present Value Estimates** - It should not be assumed that the net present value of the estimated future net revenues of the reserves of InPlay included in this presentation represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material.





# INPLAY OIL

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