InPlay Oil Corp. Announces Third Quarter 2017 Financial and Operating Results and an Increased Land Position in the Emerging East Basin Duvernay Shale Play

November 13, 2017 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") announces its financial and operating results for the three and nine months ended September 30, 2017. InPlay's unaudited interim financial statements and notes, as well as management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2017 will be available shortly on the System for Electronic Document Analysis and Retrieval ("SEDAR") and our website ("www.inplayoil.com").

Financial and Operating Highlights

(CDN$) (000's)	Three months ended Sept 30		Nine months ended Sept 30	
	2017	2016	2017	2016
Financial (CDN $)				
Petroleum and natural gas revenue	14,489	5,681	44,222	17,271
Adjusted Funds flow from operations[(1)]	4,662	1,386	16,930	6,491
Per share – basic and diluted[(1) (2)]	0.08	0.11	0.27	0.54
Per boe[(1)]	12.40	10.31	15.90	14.09
Comprehensive Income (Loss)	(2,228)	(1,538)	(761)	(16,059)
Per share – basic and diluted [(2)]	(0.04)	(0.13)	(0.01)	(1.33)
Exploration and Development Capital expenditures	8,292	220	22,231	3,744
Net Acquisitions	-	-	1,220	-
(Net Debt)/Working Capital [(1)]	(41,950)	(56,564)	(41,950)	(56,564)
Shares outstanding	62,053,569	12,063,110	62,053,569	12,063,110
Basic & Diluted weighted-average shares [(2)]	62,084,852	12,063,110	62,288,164	12,063,110
Operational				
Daily production volumes				
Crude oil (bbls/d)	2,403	1,093	2,245	1,250
Natural gas liquids (bbls/d)	381	92	346	105
Natural gas (Mcf/d)	7,820	1,654	7,854	1,958
Total (boe/d)	4,087	1,460	3,900	1,681
Realized prices				
Crude Oil & NGLs ($/bbls)	51.31	49.02	54.86	43.99
Natural gas ($/Mcf)	1.87	2.24	2.52	1.76
Total ($/boe)	38.53	42.30	41.53	37.50
Operating netbacks ($ per boe) [(1)]				
Oil and Gas sales	38.53	42.28	41.53	37.50
Royalties	(4.01)	(3.95)	(4.23)	(3.33)
Transportation expense	(0.55)	(0.64)	(0.66)	(0.84)
Operating costs	(17.60)	(18.42)	(16.36)	(17.22)
Operating Netback (prior to realized derivative contracts)	16.37	19.27	20.28	16.11
Realized gain on derivative contracts	1.10	1.04	0.90	6.33
Operating Netback (including realized derivative contracts)	17.47	20.31	21.18	22.44

(1) "Adjusted funds flow from operations", "Net Debt", "Working Capital", "Operating netback per boe", "Operating netback" and "Operating income" do not have a standardized meaning under international financial Reporting standards (IFRS) and GAAP. "Adjusted funds flow from operations" adjusts for decommissioning obligation expenditures and net change in operating non-cash working capital from net cash flow provided by operating activities. Please refer to Non-GAAP Financial Measures and BOE equivalent at the end of this news release.

(2) Weighted average share amounts for 2016 are converted retrospectively at the exchange rate of 0.1303 in accordance with the terms of the Arrangement as outlined in note 5 & 11 in the Company's unaudited quarterly September 30, 2017 financial statements filed on SEDAR. This is done in accordance with IAS 33.64

We are pleased to present InPlay's financial and operating results for the three and nine months ended September 30, 2017 which reflect a full nine month period of operations following the November 7, 2016 private placement financing, asset acquisition in Pembina and the reverse take-over business combination with Anderson Energy Inc.

The Company's capital program of $8.3 million for the third quarter of 2017 was mainly comprised of the drilling, completion and tie-in costs of our first extended reach 2 mile Willesden Green horizontal well and the completion and tie-in of our West Pembina well which was drilled in the first quarter. In addition there were equipping and remaining completion costs incurred on previously drilled wells that came on production in the quarter as well as the start of drilling of our planned three well pad in Willesden Green.

Third quarter 2017 production averaged 4,087 boe/d (68% oil and liquids) representing a 180% increase in production over the third quarter of 2016. Capital expenditures for the nine months ended September 30, 2017 amounted to $23.5 million, inclusive of $1.2 million in net asset acquisitions in the second quarter. Adjusted funds flow from operations for the third quarter was $4.7 million and $16.9 million nine months ended September 30, 2017 resulting in a 236% and 161% increase over the three month and nine month period ending September 30, 2017. Operating costs were slightly higher in the quarter due to some unplanned but necessary expenditures. During the quarter we initiated several sand cleanouts of wells. These included three wells that were sanded in by third party fracture completion operations on offsetting lands. As well, high production rates from some of our new wells coming on production could not be handled at the facilities they were tied into resulting in the need to rent and install temporary equipment, services and to temporarily truck the high volume of fluids. We expect operating costs going forward should track rates per boe realized in the first half of 2017. These operations resulted in adjusted funds flow from operations of $0.08/share ($0.32/share annualized) for the third quarter of 2017. We exited the quarter with $42.0 million in net debt and were drawn $36.9 million on our $60.0 million syndicated credit facility.

Outlook

InPlay is pleased with the results from our shift in capital towards the Willesden Green Cardium for the second half of 2017. The initial production rates ("IP") using new completion technologies and reduced frac spacing targeting the lower bioturbated portion of the reservoir in Willesden Green are as follows.

Well ID	Horizontal Length	IP-30	IP-60	IP-90
15-28-041-07W5	One mile	198 boe/d (95% oil & liquids)	238 boe/d (92% oil & liquids)	203 boe/d (84% oil & liquids)
09-30-041-06W5	Two mile	393 boe/d (96% oil & liquids)	433 boe/d (94% oil & liquids)	403 boe/d (91% oil & liquids)

The remainder of our 2017 capital program is focused on the Cardium at Willesden Green. InPlay is currently completing a three horizontal well pad with all three wells expected to be placed on production later in November 2017. We will also be drilling our first horizontal well in order to retain Crown licenses in the emerging East Basin Duvernay play. Completion of this Duvernay well is expected to commence after spring break-up in the second quarter of 2018.

InPlay is also excited to announce that subsequent to the end of the quarter we have increased our 100% owned Crown land position in the Huxley area of the East Basin Duvernay shale play by 123% to 23,200 acres (36.25 sections). We made the strategic decision to add to our existing position and put us in a more dominant position by creating more contiguous land blocks which we believe has significantly increased our value of both our new and existing lands as development continues to evolve. To date, we have now spent a total of $15.4 million ($664 per acre) for our Crown lands. In comparison, Crown lands sales surrounding the majority of our acreage have averaged over $2,000 per acre (~$1.3 mm per section) over the past six months.

InPlay is also in the fortunate position of holding 100% Crown lands. Crown lands benefit from a 5% royalty holiday for a period of 4-6 years (based on US$50 to US$60 WTI) which provides for materially faster payouts, and higher net present values relative to freehold lands. In addition, Crown lands can be held for five year before wells need to be drilled in order to retain the lands which allows InPlay the flexibility to evaluate offsetting industry results as it formulates its development strategy for the play.

The majority of InPlay's Duvernay lands are surrounded by good vertical well control indicating continuity of reservoir across our lands while also showing that our lands are in some of the thickest and best quality reservoir in the basin. There have been 13 horizontal wells drilled into the Huxley area of the East Basin Duvernay play to date with over half of those being located within a two mile radius of InPlay's lands. InPlay is encouraged by the continuous improving results across the East Basin Duvernay based on publicly available data and is further encouraged that some of the best results in the play are located in the greater Huxley area in close proximity to InPlay's lands.

Our shift in capital to the deeper, more expensive wells in Willesden Green in the third quarter and the expansion of capital with the horizontal Duvernay drill and Crown land sale in the fourth quarter in the Duvernay area will result in total exploration and development capital of approximately $47 million for 2017. We have also seen the cost of drilling and completion services increase 8-10% since the beginning of 2017. On a go forward basis, we anticipate costs to flatten at current levels, and will look to achieve further efficiencies to offset some of the costs increases witnessed throughout 2017. Including the Duvernay well, which will be completed in 2018, a total of 10.1 net wells will be drilled in 2017 with 11.1 net Cardium wells being put on production resulting in annual production guidance of approximately 4,000 boe/d (68% light oil and liquids), and maintaining exit guidance of 4,300 – 4,500 boe/d (70% light oil and liquids). This we expect to yield production per share growth of greater than 20% from December 2016 to December 2017 representing top quartile growth compared to our light oil weighted peers.

Subsequent to the quarter end, InPlay determined to issue, by way of a non-brokered private placement financing on a "flow-through" basis, up to $10 million in common shares in respect of a combination of Canadian development expenses ("CDE") at a price of $1.70 per share ("CDE Shares") and Canadian exploration expenses ("CEE") at a price of $1.80 per share ("CEE Shares") (the "Private Placement"). Proceeds of the Private Placement will be used to incur eligible CDE and CEE, as the case may be.

To date, the Corporation has completed the sale and issuance of an aggregate of 1 million CEE Shares for gross proceeds of $1.8 million. The balance of the Private Placement is expected to close in one or more additional tranches mid to late November, 2017 and remains subject to receipt of all necessary approvals including the approval of the Toronto Stock Exchange. The common shares issued pursuant to the Private Placement are subject to a statutory hold period of four months plus one day from the date of issuance in accordance with applicable securities legislation.

Completion of the Private Placement will assist InPlay with balance sheet flexibility, the ability to be proactive with additional value based tuck-in acquisitions, and the ability to potentially expand the drilling program or to accelerate the first quarter 2018 capital program in the fourth quarter of this year if optimal.

We are very excited about InPlay's growth and development potential going forward given the land and asset positions we have in the Willesden Green and Pembina Cardium and Duvernay areas. With these high return top quartile operating netback assets and the financial flexibility that InPlay provides we expect to be able to deliver a focused meaningful development program delivering sustainable per share growth for our shareholders.

We thank our employees and directors for their ongoing commitment and dedication and we thank all of our shareholders for their continued interest and support in InPlay. We look forward to reporting our upcoming results to our shareholders.

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Reader Advisories

Non-GAAP Financial Measures

InPlay uses certain terms within this news release that do not have a standardized prescribed meaning under GAAP and these measurements may not be comparable with the calculation of similar measurements of other entities. The terms “Adjusted funds flow from operations”, “Adjusted funds flow from operations per share”, “Adjusted funds flow from operations per boe”, “operating netbacks” and “netback per boe” in this news release are not recognized measures under GAAP. Management believes that in addition to net earnings and cash flow provided by operating activities as defined by GAAP, these terms are useful supplemental measures to evaluate operating performance as it demonstrates its field level of profitability relative to current commodity prices and to assess leverage. “Adjusted funds flow from operations” should not be considered as an alternative to or more meaningful than cash provided by operating activities as determined in accordance with GAAP as an indicator of the Company’s performance. InPlay’s determination of adjusted funds flow from operations may not be comparable to that reported to other companies. Adjusted funds flow from operations is calculated by adjusting for changes in operating non-cash working capital and decommissioning expenditures from cash flow provided by operating activities. These items are adjusted from cash flow provided by operating activities as these expenditures are primarily incurred on previous operating assets and there is uncertainty with the timing and payment of these items and they are incurred on a discretionary basis making them less useful in the evaluation InPlay’s operating performance. Adjusted funds flow from operations per share is calculated using the same weighted average number of shares outstanding used in calculating earnings per share. Users are cautioned, however, that these measures should not be construed as an alternative to net earnings or cash flow provided by operating activities determined in accordance with GAAP as an indication of InPlay’s performance. The term “net debt” is not recognized under GAAP and is calculated as bank debt plus working capital deficiency adjusted for risk management derivative contract fair values, deferred lease credits and flow-through share premiums. Net debt is used by management to analyze the financial position and leverage of InPlay. InPlay monitors working capital and net debt as part of its capital structure. Such terms do not have a standardized meaning prescribed by GAAP and, therefore, may not be comparable with the calculation of similar measures for other entities. InPlay also uses “operating netback per boe” as a key performance indicator. Operating netback per boe is utilized by InPlay to evaluate the operating performance of its petroleum and natural gas assets, and is determined by deducting royalties and operating and transportation expenses from petroleum and natural gas revenue (all on a per boe basis).

Forward-Looking Information and Statements

This news release 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" “forecast” and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the volume and product mix of InPlay's oil and gas production; production estimates; targeted production growth; future oil and natural gas prices and InPlay's commodity risk management programs; including 2017 annualized and exit forecasts; future liquidity and financial capacity; future results from operations and operating metrics including forecasts of operating netbacks, cash flow and well payouts; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future development, exploration, acquisition, development and infrastructure activities and related capital expenditures, including our 2017 capital budget, and the timing thereof; the number of wells to be drilled, completed and tied-in and the timing thereof; the amount and timing of capital projects; and methods of funding our capital program including the anticipated completion of the flow-through financing and amount and timing therof. 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; 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; the ability of InPlay to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction 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; the ability of InPlay to successfully market its oil and natural gas products.

The forward-looking information and statements included herein 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 defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; the potential for variation in the quality of the reservoirs in which we operate; changes in the demand for or supply of our 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 our properties, increased debt levels or debt service requirements; inaccurate estimation of our oil and gas reserve and resource volumes; limited, unfavorable 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. The forward-looking information and statements contained in this news release speak only as of the date hereof 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.

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. Initial production rates disclosed herin, particularly those short in duration, may not be indicative of long term performance or of ultimate recovery.