InPlay Oil Corp. Announces Fourth Quarter and 2016 Year End Financial and Operating Results

March 23, 2017 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") announces its financial and operating results for the three months and year ended December 31, 2016. InPlay's full audited financial statements and notes, as well as management's discussion and analysis ("MD&A") for the three and twelve month periods ended December 31, 2016 will be available shortly on the System for Electronic Document Analysis and Retrieval ("SEDAR").

Financial and Operating Highlights

For the Three and Twelve Months Ended (CDN$) (000's)	Three months ended December 31		Twelve months ended December 31	
	2016	2015	2016	2015
Financial (CDN $)				
Petroleum and natural gas revenue	10,578	7,655	27,850	32,556
Funds flow from Operations (1)	(29)	4,500	6,407	15,792
Per share – basic and diluted (1) (2)	0.00	0.37	0.33	1.31
Per boe(1)	(0.12)	25.39	9.02	23.20
Comprehensive Income (Loss)	36,077	(9,862)	20,019	(30,101)
Per share – basic and diluted (2)	0.86	(0.82)	1.02	(2.50)
Exploration and Development Capital expenditures	7,340	3,196	11,083	22,513
Property Acquisitions	45,450	-	45,450	885
Corporate Acquisitions	33,212	-	33,212	-
(Net Debt)/Working Capital (1)	(34,556)	(59,159)	(34,556)	(59,159)
Shares outstanding (2)	62,396,169	12,063,110	62,396,169	12,063,110
Basic & fully diluted weighted-average shares (2)	42,153,526	12,063,110	19,626,821	12,052,898
Operational				
Daily production volumes				
Crude oil (bbls/d)	1,522	1,593	1,318	1,598
Natural gas liquids (bbls/d)	258	50	143	49
Natural gas (Mcf/d)	5,592	1,701	2,871	1,305
Total (boe/d)	2,712	1,926	1,940	1,865
Realized prices				
Crude Oil & NGLs ($/bbls)	58.64	48.31	49.71	52.18
Natural gas ($/Mcf)	3.33	2.27	2.53	2.50
Total ($/boe)	42.40	43.20	39.22	47.84
Operating netbacks ($ per boe) (1)				
Oil and Gas sales	42.40	43.20	39.22	47.84
Royalties	(3.75)	(4.03)	(3.48)	(4.39)
Transportation expense	(0.79)	(0.33)	(0.83)	(0.24)
Operating costs	(17.61)	(16.00)	(17.36)	(16.80)
Operating Netback (prior to realized derivative contracts)	20.25	22.84	17.55	26.41
Realized gain on derivative contracts	(1.04)	12.18	3.74	5.73
Operating Netback (including realized derivative contracts)	19.21	35.02	21.29	32.14

(1) "Funds flow from operations", "Funds flow from operations per share", "Funds flow from operations per boe", "Net Debt", "Working Capital", "Operating netback per boe" and "Operating income" do not have a standardized meaning under international financial Reporting standards (IFRS) and GAAP. Please refer to Non-GAAP Financial Measures and BOE equivalent at the end of this news release.

(2) All weighted average share amounts are converted retrospectively at the exchange rate of 0.1303 in accordance with the terms of the Arrangement Agreement as outlined in note 5 & 13 in the audited annual December 31, 2016 financial statements. This is done in accordance with IAS 33.64.

We are pleased to present InPlay's financial and operating results for the three months and year ended December 31, 2016. This was a transformational year which saw InPlay transition into a publicly traded entity following the November 7, 2016 private placement financing, asset acquisition in Pembina (the "Asset Acquisition") and the closing of the reverse take-over transaction (the "Arrangement") with Anderson Energy Inc. ("Anderson"). These transactions have positioned InPlay as a well-financed light oil producer (65% oil & liquids) with 74% of our current field estimated production of 4,100 boed in the Cardium and providing ample opportunities for growth and development in our expanded core areas.

The Company's 2016 drilling program included a total of six (5.7 net) wells. Two (1.7 net) Belly River horizontal wells were drilled in the first quarter of 2016 and four (3.9 net) Pembina Cardium horizontals were drilled in the fourth quarter. Two (1.9 net) of the Cardium horizontals came on production in late December 2016 while the others began production in mid-February 2017. The drilling and completion program carried over into 2017 with an additional six (4.1 net) wells being drilled and five (3.1 net) wells are expected to be completed and brought on production through March and April of 2017.

Fourth quarter 2016 production averaged 2,712 boe/day, reflecting limited production from the newly acquired assets as of November 7, 2016. Capital expenditures in 2016 amounted to $86.0 million comprised of $7.3 million related to the quarterly E&D capital program and $78.7 million as consideration for the Arrangement with Anderson as well as the Pembina Asset Acquisition. Funds flow from operations for the fourth quarter was ($29) thousand net of $2.4 million of transaction related expenses. We exited the year with $34.6 million in net debt with a draw of $29.8 million on our $60.0 million syndicated credit facility. At year end, following these transactions, proved plus probable reserves increased 180% to 24.5 mmboe from the previous year's 8.7 mmboe resulting in an asset base with a long reserve life of 19.3 years. Complete details of the results of our independent reserves evaluation prepared by Sproule Associates Limited effective as of December 31, 2016 were contained in our press release issued March 14, 2017.

Outlook

In 2017 we have a focused plan in place that will allow InPlay to achieve its targeted production growth per share of greater than 20% (December 2017 over December 2016) through an efficient development program in our core areas. In 2017 we anticipate drilling a total of 12.0 net wells in our two core Cardium areas of Pembina and Willesden Green. We recently started drilling our first (1.0 net) Willesden Green Cardium horizontal well that is expected to be completed and placed on production in the second quarter which will leave approximately seven net wells to be drilled for the second half of the year. Capital expenditures are forecast to be $28.0 million for this program which is expected to be less than forecasted funds flow from operations, assuming a $55 WTI yearly average oil price. This program is forecast to generate net debt to funds flow from operations for the fourth quarter annualized of approximately 0.8 times. At a stress tested $45 WTI price for the remainder of 2017 this program is forecast to generate fourth quarter 2017 net debt to funds flow from operations of approximately 1.1 times ensuring that the 2017 capital program can be maintained in a lower commodity price environment. This production growth is expected to yield top quartile production per share growth within our oil weighted peers.

InPlay is in a very strong position with low debt levels, high operating netback assets and a solid set of commodity hedges that will allow us to continue to develop our asset base in the current volatile commodity price environment, while always focusing on meaningful and sustainable per share growth for our shareholders.

We thank our employees and directors for their commitment and dedication through the past year, and we thank all of our shareholders for their continued interest in InPlay.

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 "Funds flow from operations", "Funds flow from operations per share", "Funds flow from operations per boe" and "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 from operating activities as defined by GAAP, these terms are useful supplemental measures to evaluate operating performance and assess leverage. Funds flow from operations is calculated by adjusting for changes in non-cash working capital from operating activities and from cashflow from operating activities. 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 from 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 fair values and deferred lease credits. Net debt is used by management to analyze the financial position and leverage of InPlay. InPlay also uses "netback per boe" as a key performance indicator. 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). Acquisition capital amounts to the total amount of cash and share consideration net of any working capital balances assumed with an acquisition on closing.

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; reserve estimates; future oil and natural gas prices and InPlay's commodity risk management programs; forecasted funds flow from operations and net debt to funds flow from operations; 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. 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.