



InPlay Oil Corp. Announces Finalization of BDC Term Facility, Fourth Quarter Capital Program and Cardium Asset Acquisition

November 2, 2020 – Calgary, Alberta – InPlay Oil Corp. (TSX: IPO) (QTCQX: IPOOF) ("**InPlay**" or the "**Company**") is pleased to announce that it has entered into definitive agreements with the Business Development Bank of Canada ("**BDC**") and our current syndicate of lenders providing a \$25 million non-revolving, second lien senior secured four-year term facility (the "**BDC Term Facility**"). The goal of this facility is to provide liquidity for pre-Covid financially viable companies, such as InPlay, to assist in surviving the demand destruction and following commodity price capitulation caused by the pandemic and allow these companies to capitalize on anticipated future price recoveries. The proceeds of the BDC Term Facility will be used by InPlay for working capital and general corporate purposes. The BDC Term Facility matures on October 30, 2024. In conjunction with closing, BDC and the senior lenders have agreed to fund the full amount of \$25 million immediately. The BDC Term Facility provides InPlay with significant additional long-term liquidity at reasonable interest rates to withstand the impacts of the COVID-19 pandemic and allows the Company to pursue development opportunities that are expected to generate long-term, sustainable net asset value per share growth for our shareholders. The Company appreciates the hard work and commitment from our staff and strong support from BDC and our syndicate of lenders, ATB Financial and National Bank of Canada, in enabling us to be the first company to close this financing program and making this partnership possible.

In conjunction with closing the BDC Term Facility, no amendments were made to the available commitments, term or interest rates payable under InPlay's existing senior credit facilities (the "**Senior Facilities**"). InPlay's current syndicate of lenders have agreed to maintain the borrowing base available under the Company's Senior Facilities totaling \$65 million through the next scheduled semi-annual borrowing base review scheduled for November 30, 2020.

Strategic Cardium Asset Acquisition

The Company is pleased to announce the recent closing of a strategic Cardium asset acquisition in our Pembina area of operations for a total cost of approximately \$1.9 million (net of adjustments), adding the following to our Pembina asset base:

- Current production of approximately 240 boed (63% liquids) with a base decline rate of approximately 10%.
- Proved Developed Producing Reserves ("**PDP**") of over 1,000 Mboe (assigned by the seller's independent external reserve evaluator effective January 1, 2020).
- PDP reserve acquisition metrics of approximately \$1.90/BOE.
- All lands are 100% working interest Crown land providing InPlay total control over pace of development.
- Approximately 11 sections (7,040 net acres) of land and a potential drilling inventory of over 30 locations with 23 net tier 1 Extended Reach Horizontal ("**ERH**") locations identified by InPlay management.
- Production acquisition metrics of approximately \$7,900 boe/d.
- Net Operating Income acquisition metrics of approximately 1.0 times based on 2019 operating income.

InPlay is excited about this acquisition as we believe it adds to our recent successful results that have exceeded our production expectations in Pembina which also included drilling three of industry's fastest one-mile wells to date in the play with our top pacesetter well being drilled in 4.1 days. Based on cost reductions, technological improvements in all of our operations, and the strong production results recently in Pembina, this asset immediately competes with our top tier locations in terms of economics and potential strong returns. The Company anticipates drilling on this asset commencing in 2021 subject to expected demand recovery and resulting commodity pricing improvements.

Q4 2020 Capital Program

The Company's Board of Directors has approved an exploration and development capital program for the fourth quarter of 2020 that includes starting the drilling of three 100% working interest ERH Cardium wells in Willesden Green and constructing the associated infrastructure to tie them in. The Company believes the wells could be on production by year end, however with a later than anticipated start to the program, we will remain flexible on timing of completions and tie-ins based on commodity pricing and with our continued corporate focus on cost management through the onset of winter and the holidays. The Company incurred \$12.1 million in capital expenditures over the first half of 2020, which included the drilling of one ERH well in Willesden Green and three one-mile horizontal wells in Pembina. With the addition of the upcoming fourth quarter capital program the Company forecasts annual average 2020 production of approximately 4,000 boe per day (approximately 68% oil & liquids) based upon exploration and development capital of approximately \$24 million assuming the three wells are completed, tied in and on production by year end.

Management acted prudently and quickly in response to the COVID-19 pandemic and the Company is now moving into the recovery phase. The BDC Facility has provided significant liquidity and combined with our fourth quarter capital program, the strategic acquisition, and the reduction of temporary production curtailments and shut-ins implemented in response to the unprecedented commodity price reductions due to COVID-19, the Company is well positioned to return to pre-COVID production levels and PDP reserve volume levels in short order. These actions and our strategy provides the Company with a strong asset base that will support production growth and free cash flow as commodity prices recover. The Company expects to announce third quarter financial and operating results after market on November 12, 2020.

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Reader Advisories

Non-GAAP Financial Measures

Included in this press release are references to the terms “operating income” and “free cash flow”. Management believes these measures are helpful supplementary measures of financial and operating performance and provide users with similar, but potentially not comparable, information that is commonly used by other oil and natural gas companies. These terms do not have any standardized meaning prescribed by GAAP and should not be considered an alternative to, or more meaningful than, “funds flow”, “profit (loss) before taxes”, “profit (loss) and comprehensive income (loss)” or assets and liabilities as determined in accordance with GAAP as a measure of the Company’s performance and financial position.

InPlay uses “operating income” as a key performance indicator. Operating income should not be considered as an alternative to or more meaningful than net income as determined in accordance with GAAP as an indicator of the Company’s performance. Operating income is calculated by the Company as oil and natural gas sales less royalties, operating expenses and transportation expenses and is a measure of the profitability of operations before administrative, share-based compensation, financing and other non-cash items. Management considers operating income an important measure to evaluate its operational performance as it demonstrates its field level profitability.

InPlay uses “free cash flow” as a key performance indicator. Free cash flow should not be considered as an alternative to or more meaningful than net cash flow provided by operating activities as determined in accordance with GAAP as an indicator of the Company’s performance. Free cash flow is calculated by the Company as funds flow adjusting for decommissioning expenditures, less capital expenditures and is a measure the cashflow remaining after capital expenditures that can be used for additional capital activity, repay debt or decommissioning expenditures. Management considers free cash flow an important measure to identify the Company’s ability to improve the financial condition of the Company through debt repayment, which has become more important recently with the introduction of second lien lenders.

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 impact of the BDC Term Facility including the expectation that it will support long-term, sustainable net asset value per share growth as a result of significant additional liquidity; the belief that the wells drilled in Q4 2020 could be on production by year end; the Company’s expectation that it will begin drilling on the strategic acquisition assets commencing in 2021 subject to demand recovery and resulting commodity pricing improvements; the belief that the Company should return to pre-COVID production levels and PDP reserve volumes in short order; production estimates including forecast 2020 average production; 2020 exploration and development capital; expectations regarding future commodity prices; future liquidity and financial capacity; future results from operations and operating metrics and capital guidance; management’s assessment of potential drilling inventory; future costs, expenses and royalty rates; future interest costs; the exchange rate between the \$US and \$Cdn; and methods of funding our capital program.

The internal projections, expectations or beliefs underlying the Company's 2020 capital budget, associated guidance and corporate outlook for 2020 and beyond are subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations. InPlay's outlook for 2020 and beyond provides shareholders with relevant information on management's expectations for results of operations, excluding any potential acquisitions, dispositions or strategic transactions that may be completed in 2020 and beyond. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and InPlay's 2020 guidance and outlook may not be appropriate for other purposes.

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; and 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: the duration and impact of COVID-19; 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.

Drilling Locations and Reserve Estimates

This press release discloses unbooked drilling locations. Unbooked locations are internally identified potential drilling locations 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, and 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 depend upon the availability of capital, regulatory approvals, seasonal 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 restrictions, 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.

The reserve estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without including any royalty interests) unless noted otherwise. In relation to the disclosure of estimates for individual properties or subsets thereof, including the acquired assets, such estimates may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

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.