InPlay Oil Corp. Provides Operations Update and Announces 2020 Capital Budget

January 21, 2020 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") is pleased to announce that its Board of Directors has approved a $35 million Exploration and Development capital program for 2020.

InPlay delivered another year of exceptional operational results while successfully responding to significant challenges facing the industry. The Company continued to leverage its proven track-record of drilling proficiency and operational expertise to set industry pacesetting drilling times for horizontal Cardium wells in both the Willesden Green and Pembina core areas. Management's continued capital and operating cost improvements and high-quality drilling inventory has allowed InPlay to deliver top-tier capital efficiencies and light oil growth amongst our light oil peers despite continued volatile commodity prices. Similar to the last few years, InPlay will adopt a prudent and flexible 2020 capital program that is forecasted to achieve between 6 and 10% annual production growth over 2019.

Operations Update

InPlay drilled 13 (8.2 net) horizontal wells in 2019 primarily in the Willesden Green and Pembina areas, including 10 (5.2 net) extended reach horizontal ("ERH") wells and 3 (3.0 net) one-mile horizontal wells. As announced in November of 2019, due to lower commodity prices than originally forecasted and more specifically, continued low natural gas liquids ("NGL") pricing, we prudently reduced our 2019 capital program from $36 million to $32 million, in line with expected 2019 adjusted funds flow ("AFF")[(1)], drilling 8.2 net horizontal wells instead of the originally planned 9.0 - 10.0 net horizontal wells. Notwithstanding the reduction of wells brought on production and lower capital program, the strong performance of our latest wells resulted in estimated annual average production of 5,000 boe/d (67% oil and liquids) for 2019, achieving our annual production guidance of 5,000 – 5,200 boe/d which was increased in August 2019 from our original guidance of 4,900 – 5,100 boe/d. This represents a 7% increase in annual average production over 2018, achieved despite an 11% reduction in originally planned capital spending.

Due to InPlay's technical advancements, the three 100% Pembina horizontal wells drilled in Q3 2019 achieved record drill times for one mile wells in Pembina averaging 4.4 days per well compared to 7.5 to 8.0 days during our last drilling program in Pembina in 2017. The wells initially flowed for 7 to 10 days and then were placed on artificial lift. Due to operational issues (including erratic run times) the cleanup of the wells took a month longer than projected but are now producing at rates exceeding our forecast with average per well initial production ("IP") 30 day rates of 164 boe/d (97% light oil and liquids), average IP 60 day production rates of 179 boe/d (95% oil and liquids) and average IP 90 day production rates of 190 boe/d (94% light oil and liquids). Each of the wells has produced at their highest rates with no decline over the past month at an average per well rate of 226 boe/d (92 % oil and liquids). InPlay is highly encouraged by these strong production rates which, combined with a 25% reduction in average all-in well costs totaling $1.8 million, makes InPlay's Pembina inventory economically competitive with its Willesden Green assets.

2020 Capital Program Overview

The Company's Board of Directors has approved a capital program for 2020 of $35 million focusing on sustainability and flexibility. We will continue to run a smart and sound junior light oil growth company and will adjust the capital program if required in response to the continued potential for volatile commodity prices. The program is designed to spend less capital than AFF while expecting to deliver top tier production per share growth amongst our peers.

In 2020, InPlay plans on drilling approximately 10.0 - 11.0 net development Cardium wells in Willesden Green and Pembina, in addition to one exploration vertical stratigraphic test East Duvernay well in the Huxley area. The first quarter plans consist of one ERH Willesden Green well and, with the exceptional results and economics of our most recent three well Pembina program, InPlay plans to drill three additional one-mile

Pembina Cardium wells which have a short tie-in to the existing modular facilities built around the three wells drilled in the fourth quarter of 2019. The program includes one Duvernay stratigraphic well to be drilled and additional geological testing to secure further information on our exciting western-most block of land in the area which has had recent offsetting drilling activity. The Duvernay stratigraphic well is estimated to cost $1.2 million and will also extend the majority of our land holdings on this block for an additional 5 years. Approximately 20% of development capital in 2020 is expected to be focused in the Pembina area and 80% in the Willesden Green area. The Company plans to spend approximately 2 - 3 % of our AFF on our continued decommissioning efforts.

InPlay's planned capital program is forecasted to result in 2020 annual average production of 5,300 to 5,500 boe/d (67% - 69% oil & liquids) delivering estimated organic annual production growth of 6% to 10%. Based on this program, the 2020 AFF(1) forecast is $36 to $39 million representing a 12% to 21% increase relative to 2019. Excess AFF above capital expenditures is expected to be used for debt reduction. The 2020 operating income profit margin(1) is forecast to be approximately 55%.

The Company's 2020 guidance is based on a current future commodity price curve with an annual average WTI price of US $57.00/bbl, $2.00/mcf AECO and with estimates on foreign exchange of $0.76 CDN/USD. A change in the price of WTI by US $5.00/bbl results in a change of approximately $7 million in AFF.

(1)AFF and operating income profit margin are Non-GAAP Measures. See "Reader Advisories – Non-GAAP Financial Measures".

About InPlay Oil Corp.

InPlay, based in Calgary, Alberta, has been engaged in the business of exploring for, developing and producing oil and natural gas, and acquiring oil and natural gas properties in western Canada since it commenced operations as a private company in June 2013. InPlay has concentrated on exploration and development drilling of light oil prospects in the Province of Alberta in a focused area of Central and West Central Alberta.

The InPlay management team has worked closely together for several years in both private and public company environments and has an established track record of delivering cost-effective per share growth in reserves, production, AFF and funds flow. InPlay will continue to implement its proven strategy of exploring, acquiring, and exploiting assets with a long term focus on large, light oil resources. The InPlay management team brings a full spectrum of geotechnical, engineering, negotiating and financial experience to its investment decisions. An updated corporate presentation will be posted to InPlay's website in due course. Additional information about the Company can be found on SEDAR and on InPlay's website at: www.inplayoil.com.

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Reader Advisories

Non-GAAP Financial Measures

Included in this press release are references to the terms “adjusted funds flow” or “AFF” and “operating income profit margin”. 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 “adjusted funds flow” as a key performance indicator. Adjusted funds flow should not be considered as an alternative to or more meaningful than funds flow as determined in accordance with GAAP as an indicator of the Company’s performance. InPlay’s determination of adjusted funds flow may not be comparable to that reported by other companies. Adjusted funds flow is calculated by adjusting for decommissioning expenditures from funds flow. This item is adjusted from funds flow as decommissioning expenditures are incurred on a discretionary and irregular basis and are primarily incurred on previous operating assets, making the exclusion of this item relevant in Management’s view to the reader in the evaluation of InPlay’s operating performance. For a detailed description of InPlay’s method of calculating adjusted funds flow and its reconciliation to the nearest GAAP term, refer to the section “Non-GAAP Measures” in the Company’s MD&A filed on SEDAR.

InPlay also uses “operating income” and “operating income profit margin” as key performance indicators. 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. Operating income profit margin is calculated by the Company as operating income as a percentage of oil and natural gas sales. Management considers operating income profit margin an important measure to evaluate its operational performance as it demonstrates how efficiently the Company generates field level profits from its sales revenue. For a detailed description of InPlay’s method of the calculation of operating income and operating income profit margin and their reconciliation to the nearest GAAP term, refer to the section “Non-GAAP Measures” in the Company’s MD&A filed on SEDAR.

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: production estimates including 2019 and 2020 annualized forecasts; targeted 2020 annual organic production growth; light oil and liquids weighting estimates; future oil and natural gas prices; estimated year ended 2019 and forecasted 2020 funds flow and adjusted funds flow; forecasted 2020 operating income profit margins; future liquidity and financial capacity; future results from operations and operating metrics; 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 planned 2020 capital program, the number of wells to be drilled, completed and tied-in and the timing thereof; the expectation that 20% of development capital in 2020 is expected to be focused in the Pembina area and 80% in the Willesden Green area; the amount and timing of capital projects; forecasted spending on decommissioning; excess AFF over 2020 capital expenditures and any corresponding reduction to debt; our belief that we will deliver top tier returns, capital efficiencies, production growth and production per share growth; that our Pembina development has the potential to be economically competitive with our Willesden Green assets; the potential of our Duvernay project and extension of our land holdings; 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; 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: changes in our planned 2020 capital program; 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 internal projections, expectation or beliefs underlying InPlay's planned 2020 capital program and associated guidance for 2020 is subject to change based on ongoing results, prevailing economic circumstances, commodity prices and industry conditions. 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 other strategic transactions that may be completed in 2020 or beyond. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and InPlay's guidance may not be appropriate for other purposes.

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.

The assumptions used by the Company in the development of forecasted 2020 funds flow, adjusted funds flow, operating income profit margin and net debt are as follows:

WTI	US$/bbl	$57.00
NGL Price	$/boe	$25.30
AECO	$/mcf	$2.00
Foreign Exchange rate	(US$/CDN$)	0.76
MSW Differential	US$/bbl	$5.50
Production	Boe/d	5,300 – 5,500
Royalties	$/boe	3.50 – 4.00
Operating expenses	$/boe	13.50 – 14.50
Transportation	$/boe	0.70 – 0.90
Interest	$/boe	1.10 – 1.40
General and administrative	$/boe	2.75 – 3.25
Capital Expenditures	$ millions	35
Decommissioning Expenditures	$ millions	0.8 – 1.2
Forecasted Adjusted Funds Flow	$ millions	$36 - $39
Forecasted Funds Flow	$ millions	$35 - $38

- NGLs estimated to represent approximately 23% - 25% of total oil and liquids production
- Quality and pipeline transmission adjustments may impact realized oil prices in addition to the MSW Differential provided above

- Changes in working capital are not assumed to have a material impact between Dec 31, 2019 and Dec 31, 2020
- Decommissioning expenditures are added back to AFF to arrive at Funds Flow.

Test Results and Initial Production Rates

Test results and initial production (“IP”) rates disclosed herein, particularly those short in duration, may not necessarily be indicative of long term performance or of ultimate recovery. 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.

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.