



InPlay Oil Corp. Announces First Quarter 2022 Financial and Operating Results Highlighted by Record Quarterly Production and Financial Results

May 11, 2022 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) (“InPlay” or the “Company”) announces its record setting financial and operating results for the three months ended March 31, 2022, our first full quarter incorporating the acquisition of Prairie Storm Resources Corp. (“Prairie Storm”). InPlay’s condensed unaudited interim financial statements and notes, as well as Management’s Discussion and Analysis (“MD&A”) for the three months ended March 31, 2022 will be available at “www.sedar.com” and our website at “www.inplayoil.com”. Our corporate presentation will soon be available on our website.

First Quarter 2022 Financial & Operating Highlights

- Achieved record average quarterly production of 8,221 boe/d⁽¹⁾ (59% light crude oil and NGLs), an increase of 66% from first quarter production in 2021 of 4,965 boe/d⁽¹⁾ (70% light crude oil and NGLs) and an increase of 23% compared to our previous quarterly record of 6,687 boe/d⁽¹⁾ (61% light crude oil and NGLs) in the fourth quarter of 2021. Average production per weighted average basic share increased 31% compared to the first quarter of 2021 (34% on a debt adjusted⁽⁴⁾ basis) and 3% compared to the fourth quarter of 2021 (9% on a debt adjusted basis).
- Generated record quarterly adjusted funds flow (“AFF”)⁽²⁾ of \$29.4 million (\$0.34 per weighted average basic share⁽³⁾), an increase of 381% compared to \$6.1 million (\$0.09 per weighted average basic share) in the first quarter of 2021 and an increase of 71% compared to \$17.1 million (\$0.23 per weighted average basic share) in the fourth quarter of 2021, our prior record quarter.
- Increased operating netbacks⁽⁴⁾ by 73% to \$46.06/boe from \$26.66/boe in the first quarter of 2021 and 17% compared to \$39.43/boe in the fourth quarter of 2021, our prior record quarter.
- Realized quarterly record operating income⁽⁴⁾ and operating income profit margin⁽⁴⁾ of \$34.1 million and 65% respectively compared to \$11.9 million and 60% in the first quarter of 2021; \$24.3 million and 65% in the fourth quarter of 2021, our prior record quarter.
- Reduced operating expenses by 10% to \$12.96/boe compared to \$14.37/boe in the first quarter of 2021, despite rising costs of services in the industry.
- Generated free adjusted funds flow (“FAFF”)⁽⁴⁾ of \$7.8 million, a quarterly record for the Company.
- Achieved a record quarterly annualized net debt⁽²⁾ to earnings before interest, taxes and depletion (“EBITDA”)⁽⁴⁾ ratio of 0.6, compared to 2.6 in the first quarter of 2021 and 1.1 in fourth quarter of 2021.
- Realized net income of \$18.8 million (\$0.22 per basic share; \$0.21 per diluted share) compared to a net loss of \$7.5 million (\$0.11 per basic and diluted share) in the first quarter of 2021.

Notes:

1. See “Reader Advisories - Production Breakdown by Product Type”
2. Capital management measure. See “Non-GAAP and Other Financial Measures” contained within this press release.
3. Supplementary financial measure. See “Non-GAAP and Other Financial Measures” contained within this press release.
4. Non-GAAP financial measure or ratio that does not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and therefore may not be comparable with the calculations of similar measures for other companies. Please refer to “Non-GAAP and Other Financial Measures” contained within this press release. .

Financial and Operating Results:

(CDN) (\$000's)	Three months ended March 31	
	2022	2021
Financial		
Oil and natural gas sales	52,156	20,001
Adjusted funds flow ⁽¹⁾	29,379	6,105
Per share – basic ⁽¹⁾	0.34	0.09
Per share – diluted ⁽¹⁾	0.32	0.09
Per boe ⁽¹⁾	39.71	13.66
Comprehensive income (loss)	18,774	(7,536)
Per share – basic	0.22	(0.11)
Per share – diluted	0.21	(0.11)
Capital expenditures – PP&E and E&E	21,562	12,209
Property acquisitions (dispositions)	(1)	19
Corporate acquisitions	432	-
Net debt ⁽¹⁾	(73,392)	(79,780)
Shares outstanding	86,537,351	68,256,616
Basic weighted-average shares	86,449,636	68,256,616
Diluted weighted-average shares	90,964,311	68,256,616
Operational		
Daily production volumes		
Light and medium crude oil (bbls/d)	3,571	2,665
Natural gas liquids (bbls/d)	1,307	802
Conventional natural gas (Mcf/d)	20,054	8,994
Total (boe/d)	8,221	4,965
Realized prices ⁽²⁾		
Light and medium crude oil & NGLs (\$/bbls)	97.50	55.75
Conventional natural gas (\$/Mcf)	5.18	3.22
Total (\$/boe)	70.50	44.76
Operating netbacks (\$/boe) ⁽³⁾		
Oil and natural gas sales	70.50	44.76
Royalties	(10.27)	(2.79)
Transportation expense	(1.21)	(0.94)
Operating costs	(12.96)	(14.37)
Operating netback	46.06	26.66
Realized (loss) on derivative contracts	(0.81)	(6.81)
Operating netback (including realized derivative contracts)	45.25	19.85

(1) Capital management measure. See “Non-GAAP and Other Financial Measures” contained within this press release.

(2) Supplementary financial measure. See “Non-GAAP and Other Financial Measures” contained within this press release.

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First Quarter 2022 Financial & Operations Overview:

Production averaged 8,221 boe/d (59% light crude oil & NGLs)⁽¹⁾ in the first quarter of 2022 which includes the impact of a force majeure of a third party facility that affected March production by approximately 200 boe/d. Production increased by 66% compared to 4,965 boe/d (70% light crude oil & NGLs)⁽¹⁾ in the first quarter of 2021 and 23% compared to 6,687 boe/d (61% light crude oil & NGLs)⁽¹⁾ in the fourth quarter of 2021. This

resulted in a quarterly record \$29.4 million of Adjusted Funds Flow (“AFF”) generated during the first quarter of 2022 and \$7.8 million in Free Adjusted Funds Flow (“FAFF”) which reduced debt levels.

InPlay’s capital program for the first quarter of 2022 consisted of \$21.6 million of capital expenditures. The Company drilled, completed and brought on production three (3.0 net) Extended Reach Horizontal (“ERH”) wells in Pembina, and two (1.7 net) Willesden Green wells on our newly acquired Prairie Storm assets, and participated in one (0.2 net) non-operated Willesden Green ERH well. The Company also completed the two (1.6 net) wells that were drilled in December on Prairie Storm Willesden Green assets and these wells were brought on production in the second half of January. A total of six (4.9 net) wells were drilled during the quarter, the most active quarter in the Company’s history. The first quarter capital program also included lease construction to expedite the second quarter drilling program and the construction of a small modular multi-well battery in Willesden Green to accommodate future drilling. Given the strong economics tied to the current pricing environment, InPlay also increased its well servicing expenditures in the quarter to optimize wells, activate wellbores that had been down and to reduce operating expenses on certain wells.

The average well results from the first quarter capital program are above our forecasted type curves with average payouts of wells (with over two months of production data) expected to be approximately three months in the current pricing environment. The initial production (“IP”) rates for the two (1.6 net) wells drilled in Willesden Green in December and brought on production in the second half of January, which are stabilizing ahead of forecast, were as follows:

	IP 30 (% light crude oil and NGLs)	IP 60 (% light crude oil and NGLs)	IP 90 (% light crude oil and NGLs)
1.5 mile well	593 boe/d (80%)	433 boe/d (79%)	355 boe/d (78%)
1.0 mile well	203 boe/d (83%)	169 boe/d (77%)	161 boe/d (72%)

The combined IP rates for the three (3.0 net) ERH wells drilled in Pembina and brought on production ahead of schedule in late February continue to clean up as follows:

IP 30 (% light crude oil and NGLs)	IP 60 (% light crude oil and NGLs)	Current⁽¹⁾ (% light crude oil and NGLs)
1,063 boe/d (73%)	1,122 boe/d (67%)	1,292 boe/d (55%)

The IP rates for the two (1.7 net) wells drilled in Willesden Green and brought on production in mid-March continue to clean up as follows:

	IP 30 (% light crude oil and NGLs)	Current⁽¹⁾ (% light crude oil and NGLs)
1.5 mile well	296 boe/d (88%)	415 boe/d (82%)
1.0 mile well*	126 boe/d (85%)	197 boe/d (80%)

* The 1.0 mile well had initially experienced wax and pumping issues.

(1) Based on field estimates.

Efficient field operations and increased production levels resulted in the Company achieving a 10% reduction to operating expenses to \$12.96/boe compared to \$14.37/boe in the first quarter of 2021. This was a significant achievement given the cold winter, inflationary pressures in the industry and ongoing supply chain disruptions. The resulting operating income⁽²⁾ and operating income profit margin⁽²⁾ for the first quarter of 2022 were quarterly records for the Company at \$34.1 million and 65% respectively. Net income of \$18.8 million (\$0.22 per basic share; \$0.21 per diluted share) was realized in the first quarter compared to a net loss of \$7.5 million (\$0.11 per basic and diluted share) in the first quarter of 2021.

Notes:

1. See “Reader Advisories - Production Breakdown by Product Type”
2. Non-GAAP financial measure or ratio that does not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and therefore may not be comparable with the calculations of similar measures for other companies. Please refer to “Non-GAAP and Other Financial Measures”.

Operations Update

InPlay's capital program for the second quarter of 2022 is ahead of schedule which will benefit the Company as production is anticipated to be brought on earlier than forecasted into a very strong price environment. Drilling operations for three (3.0 net) wells in Pembina have just finished and these wells are expected to come on production by the end of May. An additional two (1.9 net) two-mile wells are planned to be drilled in Willesden Green during the second quarter and are expected to come on production in mid-July. The Company plans to utilize the same drilling rig for the remainder of our 2022 capital program allowing for continued drilling efficiencies and cost savings associated with a consistent and experienced crew, materially reducing our inflation risk in the current environment.

Environmental, Social and Governance (“ESG”) Update

InPlay is committed to environmental stewardship while safely and efficiently developing our assets that contribute to the local, provincial and Canadian economies. The Company will further outline our ESG initiatives with the release of our inaugural sustainability report this summer. We place a high importance on managing emissions, water conservation, spill mitigation and abandonment and reclamation activities. Our goal is to ensure all stakeholders benefit from our business operations both in the short-term and long into the future.

The Company continues to reduce our inactive well liability. During the first quarter of 2022, InPlay spent \$1.4 million on the abandonment of 14 wellbores and the reclamation of 4 well sites. To further evidence our commitment to ESG initiatives, the Company has added approximately \$1 million to our budget for emission related projects during 2022. Specifically, the Company will be accelerating projects to convert high-bleed pneumatic devices to low-bleed pneumatics and install vapor recovery units at certain facilities. These projects will have the benefit of materially reducing our emissions while also providing the Company with economic benefit through more efficient operations and gas conservation.

Outlook⁽⁴⁾

InPlay's successful first quarter capital program has led to a strong start to the year and establishes a solid foundation to generate significant FAFF throughout the remainder of the year while providing strong returns to shareholders. InPlay's production in April averaged approximately 9,000 boe/d⁽¹⁾ based on field estimates and is currently tracking at the mid-point of our average annual production guidance of 8,900 to 9,400 boe/d⁽¹⁾. The Company's drilling program is ahead of schedule, and with approximately 70% of our planned 2022 wells remaining to be drilled and expected to be on production by the middle of the fourth quarter, InPlay is well positioned to deliver strong production and FAFF growth to its shareholders.

Strong commodity pricing, increased fuel prices, supply chain disruptions and increased activity levels have heightened inflationary pressures across the industry. One of the biggest issues has been the supply of steel casing and tubular products required to drill wells. InPlay has been able to mitigate these supply issues through strong industry relationships and proactive decision making. The Company proactively acquired an inventory of these products at favorable pricing in the summer and fall of 2021 to accommodate our H1 2022 drilling program. The Company has acquired all pipe products to accommodate our drilling program for the second half of the year, albeit at higher pricing levels. InPlay will also incur additional costs associated with drilling two (1.9 net) two mile wells (versus 1.5 mile wells in our original budget), and approximately \$1 million for various emission reduction initiatives. In aggregate, these additional activities combined with inflationary pressures has our 2022 capital budget increased to \$64 million (previously \$58 million). The Company will continue to monitor industry wide cost pressures and efforts will be taken to minimize their impact on our operations.

With the further strengthening of commodity prices and our updated capital budget, InPlay now forecasts 2022 AFF⁽²⁾ of \$147 to \$156 million (versus prior guidance of \$141 to \$150 million) with FAFF⁽³⁾ at \$83 to \$92 million (in line with prior guidance), which would result in InPlay being in a positive working capital position, in excess of debt, by year end. The Company's leverage metrics are forecasted to remain at historically low levels, with

net debt to quarterly annualized earnings before interest, taxes and depletion (“EBITDA”)⁽³⁾ forecasted to be 0.3x for the second quarter of 2022.

InPlay is executing its strategy to provide disciplined, top-tier light oil weighted production and FAFF per share growth, reducing debt and leverage ratios, while seeking to capitalize on strategic and accretive acquisition opportunities with our pristine balance sheet. Execution of InPlay’s disciplined strategy is significantly ahead of schedule on debt and leverage reduction which places the Company in a solid position to deliver top-tier shareholder returns. Management would like to thank our employees, board members, lenders and shareholders for their support and we look forward to continuing our journey of deleveraging and delivering strong returns to shareholders in a sustainable, prudent and responsible manner.

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Notes:

1. See “Production Breakdown by Product Type” at the end of this press release.
2. Capital management measure. See “Non-GAAP and Other Financial Measures” contained within this press release. .
3. Non-GAAP financial measure or ratio that does not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and therefore may not be comparable with the calculations of similar measures for other companies. Please refer to “Non-GAAP and Other Financial Measures” contained within this press release.
4. See “Reader Advisories – Forward Looking Information and Statements” for key budget and underlying assumptions related to our 2022 capital program and associated guidance.

Reader Advisories

Non-GAAP and Other Financial Measures

Throughout this press release and other materials disclosed by the Company, InPlay uses certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under GAAP and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered alternatives to, or more meaningful than, financial measures that are determined in accordance with GAAP as indicators of the Company performance. Management believes that the presentation of these non-GAAP and other financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance, and the measures provide increased transparency and the ability to better analyze InPlay's business performance against prior periods on a comparable basis.

Non-GAAP Financial Measures and Ratios

Included in this document are references to the terms "free adjusted funds flow", "operating income", "operating netback per boe", "operating income profit margin", "Net Debt to EBITDA" and "Debt adjusted production per share". 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 "profit (loss) before taxes", "profit (loss) and comprehensive income (loss)", "adjusted funds flow", "capital expenditures", "corporate acquisitions, net of cash acquired", "net debt", "weighted average number of common shares (basic)" or assets and liabilities as determined in accordance with GAAP as a measure of the Company's performance and financial position.

Free Adjusted Funds Flow

Management considers free adjusted funds flow and free adjusted funds flow per share important measures to identify the Company's ability to improve its financial condition through debt repayment, which has become more important recently with the introduction of second lien lenders, on an absolute and weighted average per share basis. Free adjusted funds flow should not be considered as an alternative to or more meaningful than adjusted funds flow as determined in accordance with GAAP as an indicator of the Company's performance. Free adjusted funds flow is calculated by the Company as adjusted funds flow less exploration and development capital expenditures and property dispositions (acquisitions) and is a measure of the cashflow remaining after capital expenditures before corporate acquisitions that can be used for additional capital activity, corporate acquisitions, repayment of debt or decommissioning expenditures. Free adjusted funds flow per share is calculated by the Company as free adjusted funds flow divided by weighted average outstanding shares. Refer below for a calculation of historical Free adjusted fund flow and to the "Forward Looking Information and Statements" section for a calculation of forecast Free adjusted funds flow.

(thousands of dollars)	Three Months Ended March 31	
	2022	2021
Adjusted funds flow	29,379	6,105
Exploration and dev. capital expenditures	(21,562)	(12,209)
Property dispositions (acquisitions)	1	(19)
Free adjusted funds flow	7,818	(6,123)

Operating Income/Operating Netback per boe/Operating Income Profit Margin

InPlay uses "operating income", "operating netback per boe" and "operating income profit margin" as key performance indicators. 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 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 netback per boe is calculated by the Company as operating income divided by average production for the respective period. Management considers operating netback per boe an important measure to evaluate its operational performance as it demonstrates its field level profitability per unit of production. 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. Refer below for a calculation of operating income, operating netback per boe and operating income profit margin.

(thousands of dollars)	Three Months Ended March 31	
	2022	2021
Revenue	52,156	20,001
Royalties	(7,599)	(1,245)
Operating expenses	(9,588)	(6,422)
Transportation expenses	(893)	(418)
Operating income ⁽²⁾	34,076	11,916
Sales volume (Mboe)	739.9	446.9
Per boe		
Revenue	70.50	44.76
Royalties	(10.27)	(2.79)
Operating expenses	(12.96)	(14.37)
Transportation expenses	(1.21)	(0.94)
Operating netback per boe	46.06	26.66
Operating income profit margin	65%	60%

Net Debt to EBITDA

Management considers Net Debt to EBITDA an important measure as it is a key metric to identify the Company's ability to fund financing expenses, net debt reductions and other obligations. EBITDA is calculated by the Company as adjusted funds flow before interest expense. When this measure is presented quarterly, EBITDA is annualized by multiplying by four. This measure is consistent with the EBITDA formula prescribed under the Company's Senior Credit Facility. Net Debt to EBITDA is calculated as Net Debt divided by EBITDA. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast Net Debt to EBITDA.

Production per Debt Adjusted Share

InPlay uses "Production per debt adjusted share" as a key performance indicator. Debt adjusted shares should not be considered as an alternative to or more meaningful than common shares as determined in accordance with GAAP as an indicator of the Company's performance. Debt adjusted shares is a non-GAAP measure used in the calculation of Production per debt adjusted share and is calculated by the Company as common shares outstanding plus the change in net debt divided by the Company's current trading price on the TSX, converting net debt to equity. Debt adjusted shares should not be considered as an alternative to or more meaningful than weighted average number of common shares (basic) as determined in accordance with GAAP as an indicator of the Company's performance. Management considers Debt adjusted share is a key performance indicator as it adjusts for the effects of capital structure in relation to the Company's peers. Production per debt adjusted share is calculated by the Company as production divided by debt adjusted shares. Management considers Production per debt adjusted share is a key performance indicator as it adjusts for the effects of changes in annual production in relation to the Company's capital structure. Refer below for a calculation of Production per debt adjusted share.

		Three months ended	
		March 31	
		2022	2021
Production	Boe/d	8,221	4,965
Net Debt	\$ millions	\$73.4	\$79.8
Weighted average outstanding shares	# millions	86.4	68.3
Assumed Share price ⁽²⁾	\$	3.20	N/A
Production per debt adjusted share growth ⁽²⁾		34%	N/A

		Three months ended	
		March 31,	Dec. 31,
		2022	2021
Production	Boe/d	8,221	6,687
Net Debt	\$ millions	\$73.4	\$80.2
Weighted average outstanding shares	# millions	86.4	74.3
Assumed Share price ⁽²⁾	\$	3.20	N/A
Production per debt adjusted share growth ⁽²⁾		9%	N/A

⁽¹⁾ Production per debt adjusted share is calculated by the Company as production divided by debt adjusted shares. Debt adjusted shares is calculated by the Company as common shares outstanding plus the change in net debt divided by the Company's current trading price on the TSX, converting net debt to equity. Share price at December 31, 2022 is assumed to be consistent with the share price at December 31, 2021.

⁽²⁾ Weighted average share price throughout the first quarter of 2022.

Capital Management Measures

Adjusted Funds Flow

Management considers adjusted funds flow to be an important measure of InPlay's ability to generate the funds necessary to finance capital expenditures. Adjusted funds flow is a GAAP measure and is disclosed in the notes to the Company's consolidated financial statements for the year ending December 31, 2021. All references to adjusted funds flow throughout this document are calculated as funds flow adjusting for decommissioning expenditures and transaction and integration costs. 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 and transaction costs are non-recurring costs for the purposes of an acquisition, making the exclusion of these items relevant in Management's view to the reader in the evaluation of InPlay's operating performance. The Company also presents adjusted funds flow per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of profit (loss) per common share.

Net Debt

Net debt is a GAAP measure and is disclosed in the notes to the Company's consolidated financial statements for the year ending December 31, 2021. The Company closely monitors its capital structure with a goal of maintaining a strong balance sheet to fund the future growth of the Company. The Company monitors net debt as part of its capital structure. The Company uses net debt (bank debt plus accounts payable and accrued liabilities less accounts receivables and accrued receivables, prepaid expenses and deposits and inventory) as an alternative measure of outstanding debt. Management considers net debt an important measure to assist in assessing the liquidity of the Company.

Supplementary Measures

"Average realized crude oil price" is comprised of crude oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's crude oil production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"Average realized NGL price" is comprised of NGL commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGL production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"Average realized natural gas price" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"Average realized commodity price" is comprised of commodity sales from production, as determined in accordance with IFRS, divided by the Company's production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"Adjusted funds flow per weighted average basic share" is comprised of adjusted funds flow divided by the basic weighted average common shares.

"Adjusted funds flow per weighted average diluted share" is comprised of adjusted funds flow divided by the diluted weighted average common shares.

"Adjusted funds flow per boe" is comprised of adjusted funds flow divided by total production.

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 Company's planned 2022 capital program including wells to be drilled and completed and the timing of the same; 2022 guidance based on the planned capital program including forecasts of 2022 annual average production levels, debt adjusted production levels, adjusted funds flow, free adjusted funds flow, Net Debt/EBITDA ratio, operating income profit margin, and Management's belief that the Company can grow some or all of these attributes and specified measures; light crude oil and NGLs weighting estimates; expectations regarding future commodity prices; 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 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 2022 capital program; the amount and timing of capital projects; forecasted spending on decommissioning and emission reduction projects in 2022; the expectation that InPlay will be in a positive working capital position by 2022 year end; the expectation that the Company will experience inflationary cost pressures in the second half of 2022; the Company's planned 2022 abandonment and reclamation program, including the abandonments and reclamations to be completed, forecasted spending on these activities, reduction to our ARO and forecasted LMR rating; the planned release of InPlay's inaugural sustainability report in the summer of 2022; 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 debt and/or equity 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; that various conditions to a shareholder return strategy can be satisfied; expectations regarding the potential impact of COVID-19 and the Russia/Ukraine conflict; 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 differ materially from those anticipated in such forward-looking information or statements including, without limitation: the continuing impact of the COVID-19 pandemic and the Russia/Ukraine conflict; changes in our planned 2022 capital program; changes in commodity prices and other assumptions outlined herein; 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 or strategies of InPlay or by third party operators of our properties; changes in our credit structure, increased debt levels or debt service requirements; inaccurate estimation of our light crude oil and natural 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 continuous disclosure documents filed on SEDAR including our Annual Information Form and our MD&A.

The internal projections, expectations or beliefs underlying the Company's 2022 capital budget, associated guidance and corporate outlook for 2022 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 2022 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 2022 and beyond including, without limitation, the potential impact of any shareholder return strategy that may be implemented in the future. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and InPlay's 2022 guidance and outlook may not be appropriate for other purposes.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about InPlay's prospective capital expenditures, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of InPlay and the resulting financial results will likely vary from the amounts set forth in this press release and such variation may be material. InPlay and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, InPlay undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about InPlay's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

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 key budget and underlying material assumptions used by the Company in the development of its 2022 guidance including forecasted production, operating income, capital expenditures, adjusted funds flow, free adjusted funds flow, FAFF yield, Net Debt, Net Debt/EBITDA, EV/DAAFF, production per debt adjusted share growth are as follows:

		Actuals FY 2021	Previous Guidance FY 2022 ⁽¹⁾	Updated Guidance FY 2022
WTI	US\$/bbl	\$67.91	\$90.00	\$95.40
NGL Price	\$/boe	\$37.79	\$52.35	\$47.80
AECO	\$/GJ	\$3.44	\$4.30	\$6.00
Foreign Exchange Rate	CD\$/US\$	0.80	0.80	0.79
MSW Differential	US\$/bbl	\$3.88	\$3.00	\$2.70
Production	Boe/d	5,768	8,900 – 9,400	8,900 – 9,400
Royalties	\$/boe	5.51	9.80 – 10.60	11.50 – 13.00
Operating Expenses	\$/boe	12.83	10.00 – 13.00	11.00 – 14.00
Transportation	\$/boe	1.11	0.85 – 1.10	1.05 – 1.30
Interest	\$/boe	2.67	0.75 – 1.15	0.85 – 1.25
General and Administrative	\$/boe	2.83	2.00 – 2.60	2.40 – 2.95
Hedging loss	\$/boe	6.20	0.35 – 0.65	1.85 – 2.15
Decommissioning Expenditures	\$ millions	\$1.4	\$2.0 - \$2.5	\$2.0 - \$2.5
Adjusted Funds Flow	\$ millions	\$47.0	\$141 - \$150	\$147 - \$156
Weighted average outstanding shares	# millions	69.8	86.2	86.5
Adjusted Funds Flow per share	\$/share	0.67	1.64 – 1.75	1.70 – 1.80

		Actuals FY 2021	Previous Guidance FY 2022 ⁽¹⁾	Updated Guidance FY 2022
Adjusted Funds Flow	\$ millions	\$47.0	\$141 - \$150	\$147 - \$156
Capital Expenditures	\$ millions	\$33.3	\$58.0	\$64.0
Free Adjusted Funds Flow	\$ millions	\$13.6	\$83 - \$92	\$83 - \$92
Shares outstanding, end of year	# millions	86.2	86.2	86.5
Assumed Share Price	\$	2.18 ⁽⁴⁾	3.06	3.66
Market capitalization	\$ millions	\$188	\$264	\$317
FAFF Yield	%	7%	31% - 35%	26% - 29%

		Actuals FY 2021	Previous Guidance FY 2022 ⁽¹⁾	Updated Guidance FY 2022
Adjusted Funds Flow	\$ millions	\$47.0	\$141 - \$150	\$147 - \$156
Interest	\$/boe	2.67	0.75 – 1.15	0.85 – 1.25
EBITDA	\$ millions	\$52.6	\$144 - \$153	\$150 - \$159
Net Debt/(Positive working capital, in excess of debt)	\$ millions	\$80.2	(\$1) – (\$10)	(\$1) – (\$10)
Net Debt/EBITDA		1.5	0.0 – 0.1	0.0 – 0.1

		Actuals Q2 2021	Previous Guidance FY 2022 ⁽¹⁾	Updated Guidance Q2 2022
Adjusted Funds Flow	\$ millions	\$8.2		\$37 - \$40
Interest	\$/boe	3.27		1.00 – 1.25
EBITDA	\$ millions	\$9.8		\$38 - \$41
Annualized EBITDA	\$ millions	\$39.2		\$154 - \$162
Net Debt/(Positive working capital, in excess of debt)	\$ millions	\$76.1		\$50 – \$53
Net Debt/EBITDA		1.9	N/A ⁽³⁾	0.3

		Actuals FY 2021	Previous Guidance FY 2022 ⁽¹⁾	Updated Guidance FY 2022
Production	Boe/d	5,768	8,900 – 9,400	8,900 – 9,400
Opening Net Debt	\$ millions	\$73.7	\$80.2	\$80.2
Ending Net Debt/(Pos. working capital, in excess of debt)	\$ millions	\$80.2	(\$1) – (\$10)	(\$1) – (\$10)
Weighted average outstanding shares	# millions	69.8	86.2	86.5
Assumed Share price	\$	1.16 ⁽⁵⁾	3.06	3.66
Production per debt adjusted share growth ⁽²⁾		31%	85% - 95%	70% - 80%

		Actuals FY 2021	Previous Guidance FY 2022 ⁽¹⁾	Updated Guidance FY 2022
Share outstanding, end of year	# millions	86.2	86.2	86.5
Assumed Share price	\$	2.18 ⁽³⁾	3.06	3.66
Market capitalization	\$ millions	\$188	\$264	\$317
Net Debt/(Positive working capital, in excess of debt)	\$ millions	\$80.2	(\$1) – (\$10)	(\$1) – (\$10)
Enterprise value	\$ millions	\$268.2	\$253 - \$261	\$307 - \$316
Adjusted Funds Flow	\$ millions	\$44.1	\$141 - \$150	\$147 - \$156
Interest	\$/boe	2.67	0.75 – 1.15	0.85 – 1.25
Debt Adjusted AFF	\$ millions	\$49.7	\$144 - \$153	\$151 - \$160
EV/DAAFF		5.4	1.6 – 1.8	1.9 – 2.1

⁽¹⁾ As previously released March 16, 2022.

⁽²⁾ Production per debt adjusted share is calculated by the Company as production divided by debt adjusted shares. Debt adjusted shares is calculated by the Company as common shares outstanding plus the change in net debt divided by the Company's current trading price on the TSX, converting net debt to equity. Share price at December 31, 2022 is assumed to be consistent with the current share price.

⁽³⁾ Guidance had not been previously released for this measure.

⁽⁴⁾ Ending share price at December 31, 2021.

⁽⁵⁾ Weighted average share price throughout 2021.

- See “Production Breakdown by Product Type” below
- 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, 2021 and Dec 31, 2022.

Test Results and Initial Production (“IP”) Rates

Test results and initial production 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.

Production Breakdown by Product Type

Disclosure of production on a per boe basis in this press release consists of the constituent product types as defined in NI 51-101 and their respective quantities disclosed in the table below:

	Light and Medium Crude oil (bbls/d)	NGLS (boe/d)	Conventional Natural gas (Mcf/d)	Total (boe/d)
Q1 2021 Average Production	2,665	802	8,994	4,965
Q4 2021 Average Production	3,156	932	15,589	6,687
2021 Average Production	2,981	782	12,030	5,768
Q1 2022 Average Production	3,571	1,307	20,054	8,221
2022 Annual Guidance	4,320	1,311	21,114	9,150 ⁽¹⁾
April 2022 Average Production	3,971	1,447	21,492	9,000

Note:

1. This reflects the mid-point of the Company's 2022 production guidance range of 8,900 to 9,400 boe/d.
2. With respect to forward-looking production guidance, product type breakdown is based upon management's expectations based on reasonable assumptions but are subject to variability based on actual well results.

References to crude oil, NGLs or natural gas production in this press release refer to the light and medium crude oil, natural gas liquids and conventional natural gas product types, respectively, as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

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.

Oil and Gas Metrics

This presentation may contain metrics commonly used in the oil and natural gas industry, such as “payout”. This term does not have standardized meaning 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.

“Payout” refers to the time required to pay back the capital expenditures (on a before tax basis) of a project.