InPlay Oil Corp. Provides Operational Update and Preliminary 2022 Outlook

September 8, 2021 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") is pleased to provide an operations update and a preliminary outlook for 2022.(1)

InPlay continues to achieve strong results from our 2021 drilling program focused on the Pembina Cardium asset acquired in the fourth quarter of 2020. The three 100% Pembina Cardium Extended Reached Horizontal ("ERH") wells drilled in the first quarter of 2021 continue to flow without artificial lift and outperform our internal forecasted production volumes. Performance of the next three 100% Pembina Cardium ERH wells brought on production at the end of July has exceeded that of the three drilled in the first quarter of 2021 to date. The average combined initial flowing production rates from these latest wells over their first 30 days was approximately 1,530 boe/d(2) (78% light oil and NGLs), based on field estimates. These wells are currently producing at an average combined rate of approximately 1,737 boe/d(2) (71% light oil and NGLs), based on field estimates. This outperformance is expected to generate another record quarterly production rate for InPlay in the third quarter of 2021 of approximately 6,000 boe/d(2) (67% light oil and NGLs), based on field estimates, which represents approximately 11% growth over our previous record production level set in the second quarter of 2021.

Drilling will start on our final two 100% Pembina Cardium ERH wells for 2021 in the upcoming days and these wells are expected to be on production in the second half of October. This activity is forecasted to result in another record quarterly production rate in the fourth quarter of 2021. The strong results of the new wells, low decline on base production and the additional two ERH wells to come on production has InPlay anticipating the Company will be on the high end of our recently increased 2021 annual average production guidance of 5,500 to 5,750 boe/d(2) (68% light oil and NGLs). InPlay is also on track to generate record Adjusted Funds Flow ("AFF")(3) and record low corporate debt leverage ratios in the third and fourth quarters based on our current 2021 guidance.

The 2021 results provide the Company with a strong foundation heading into 2022. Preliminary production targets are for the Company to average 6,300 to 6,550 boe/d(2) (67% light oil and NGLs) for 2022 which would represent a 12% – 16% increase over our 2021 annual guidance, all achieved through organic drill-bit growth. This organic growth rate is expected to be at the high end of our light oil peer group. Based on current West Texas Intermediate ("WTI") strip pricing of US $66.30/bbl, this would result in an annual record targeted AFF of $71.5 – $74.5 million and Free Adjusted Funds Flow ("FAFF")(3) of $32.5 – $35.5 million, based on an assumed $38.0 – $40.0 million capital program drilling 12 – 13 horizontal wells. Based on InPlay's current market capitalization of $75 million, this would imply a 43% - 47% FAFF yield(3). Reduced debt levels from this significant FAFF would equate to a targeted net debt to earnings before interest, taxes and depletion ("EBITDA") ratio(3) of 0.3x to 0.4x for 2022.

The Company will continue to be disciplined and flexible with capital spending. Final decisions for our 2022 capital program are expected to occur in late 2021 or early 2022 and will be largely influenced by commodity prices at that time. InPlay is executing on our strategy of measured production per share growth with excess FAFF focused on maximizing returns to shareholders.

InPlay is excited for the remainder of the year where we expect to set quarterly production and AFF records. Please view our September Corporate presentation which will beuploaded to our website at www.inplayoil.com.

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Notes:

1. *InPlay's plans for 2022 and associated targets and outlook remain preliminary in nature and do not reflect a Board approved capital expenditures budget. See table in the "Forward Looking Information and Statements" section for underlying material assumptions related thereto.*
2. *See "Reader Advisories - Production Breakdown by Product Type"*
3. *"AFF" and "FAFF" are Non-IFRS Measures and do not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and may not be comparable with the calculations of similar measures for other companies. "Net Debt/EBITDA" and "FAFF Yield" are Non-GAAP Ratios and do not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and may not be comparable with the calculations of similar measures for other companies. Please refer to "Non-GAAP Financial Measures and Ratios" and "BOE equivalent" at the end of this news release and to the section entitled "Non-GAAP Measures and Ratios" in our MD&A for details of calculations, rationale for use and applicable reconciliation to the nearest IFRS measure.*

Reader Advisories

Non-GAAP Financial Measures and Ratios

Included in this press release are references to the terms "adjusted funds flow", "free adjusted funds flow", "free adjusted funds flow yield" and "Net Debt to EBITDA". 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. Refer to "Forward Looking Information and Statements" section for a calculation of forecast free adjusted funds flow and its reconciliation to the nearest GAAP term.

InPlay uses "free adjusted funds flow" as a key performance indicator. Free 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. Free adjusted funds flow is calculated by the Company as adjusted funds flow less capital expenditures and is a measure of the cashflow remaining after capital expenditures that can be used for additional capital activity, repayment of debt or decommissioning expenditures. Management considers free adjusted funds 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. Refer to "Forward Looking Information and Statements" section for a calculation of forecast free adjusted funds flow.

InPlay uses "free adjusted funds flow yield" as a key performance indicator. Free adjusted funds flow is calculated by the Company as free adjusted funds flow divided by the market capitalization of the Company. Management considers FAFF yield to be an important performance indicator as it demonstrates a Company's ability to generate cash to pay down debt and provide funds for potential distributions to shareholders. Refer below for a calculation of forecast free adjusted funds flow yield.

		Outlook FY 2022(1)
Forecasted Free Adjusted Funds Flow	$ millions	$32.5 - $35.5
Shares outstanding	# of shares	68,288,616
Closing share price @ September 3, 2021	$/share	$1.10
Market capitalization @ September 3, 2021	$ millions	$75.0
FAFF Yield	%	43% - 47%

Note:

1. *InPlay's plans for 2022 and associated targets remain preliminary in natures and do not reflect a Board approved capital expenditures budget.*

InPlay uses "Net Debt/EBITDA" as a key performance indicator. EBITDA 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. EBITDA is calculated by the Company as adjusted funds flow before interest expense. This measure is consistent with the EBITDA formula prescribed under the Company's Credit Facility. Net Debt/EBITDA is calculated as Net Debt divided by EBITDA. Management considers Net Debt/EBITDA a key performance indicator as it is a key metric under our first lien and second lien credit facilities and is an important measure to identify the Company's annual ability to fund financing expenses, net debt reductions and other obligations. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast Net Debt/EBITDA.

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", "targets" 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: 2021 annual, Q3 and Q4 guidance based on the planned capital program of $29 million including forecasts of 2021 annual average production levels, Q3 average production levels, light oil and NGLs weightings; the expectation that we will be on the high end of our 2021 annual average production guidance of 5,500 to 5,750 boe/d, the expectation that Q3 2021 and Q4 2021 production levels will be records for the Company; preliminary 2022 annual outlook based on an assumed capital program of $38 - $40 million including targets for 2022 annual average production levels and NGLs weightings; funds flow, adjusted funds flow, free adjusted funds flow, Net Debt/EBITDA ratio and growth rates; the expectation that the remainder of the year will result in quarterly production and AFF records for the Company; 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 and infrastructure activities and related capital expenditures, including our planned 2021 capital program and preliminary 2022 capital program, allocation of wells to be drilled and completed and timing thereof; anticipated reserve additions and optimization thereof; the possible refinement of our 2021 capital program and final decisions for our 2022 capital program and anticipated changes resulting therefrom; the amount and timing of capital projects; forecasted spending on decommissioning; 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; expectations regarding the potential impact of COVID-19; 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 continuing impact of the COVID-19 pandemic; changes in our planned 2021 and 2022 capital programs; 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 of InPlay or by third party operators of our properties; increased debt levels or debt service requirements; inaccurate estimation of our light 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.

The internal projections, expectations or beliefs underlying the Company's 2021 capital budget, associated guidance and corporate outlook for 2021, 2022 and beyond are subject to change in light of ongoing results, prevailing economic circumstances, the impact of the COVID-19 pandemic, commodity prices and industry conditions and regulations. InPlay's outlook for 2021, 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 2021 and beyond. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and InPlay's 2021 guidance may not be appropriate for other purposes.

In this press release reference is made to the Company's 2022 preliminary plans, targets and outlook. Such information reflects internal targets used by management for the purposes of making capital investment decisions and for internal long-range planning and budget preparation. Readers are cautioned that events or circumstances could cause capital plans and associated results to differ materially from those predicted and InPlay's 2021 guidance and 2022 preliminary outlook may not be appropriate for other purposes. Accordingly, undue reliance should not be placed on same.

The key budget and underlying material assumptions used by the Company in the development of its 2021 guidance and 2022 preliminary outlook including forecasted production, funds flow, adjusted funds flow, free adjusted funds flow, Net Debt and Net Debt/EBITDA ratio are as follows:

		Guidance FY 2021[(1)]	Outlook FY 2022[(2)]
WTI	US$/bbl	$64.50	$66.30
NGL Price	$/boe	$31.00	$29.40
AECO	$/GJ	$3.35	$3.30
Foreign Exchange Rate	(US$/CDN$)	0.80	0.80
MSW Differential	US$/bbl	$4.15	$4.30
Production	Boe/d	5,500 – 5,750	6,300 – 6,550
Royalties	$/boe	4.60 – 5.10	5.35 – 5.85
Operating Expenses	$/boe	11.50 - 13.50	10.50 – 12.50
Transportation	$/boe	0.80 - 0.90	0.75 – 0.85
Interest	$/boe	2.25 - 2.75	0.80 – 1.30
General and Administrative	$/boe	2.60 - 3.10	2.10 – 2.70
Hedging loss	$/boe	5.00 – 5.50	0.00 – 0.10
Capital Expenditures	$ millions	$29	$38.0 - $40.0
Decommissioning Expenditures	$ millions	$1.3 - $1.5	$1.3 - $1.5
Net Debt	$ millions	$56.5 - $59.5	$22.5 - $25.5
Forecasted Adjusted Funds Flow	$ millions	$44.5 - $47.5	$71.5 - $74.5
Forecasted Funds Flow	$ millions	$43.0 - $46.0	$70.0 – $73.0

		Outlook FY 2022[(2)]
Forecasted Adjusted Funds Flow	$ millions	$71.5 - $74.5
Capital Expenditures	$ millions	$38.0 - $40.0
Forecasted Free Adjusted Funds Flow	$ millions	$32.5 - $35.5

		Outlook FY 2022[(2)]
Forecasted Adjusted Funds Flow	$ millions	$71.5 - $74.5
Interest	$/boe	0.80 – 1.30
EBTIDA	$ millions	$73.5 - $76.5
Net Debt	$ millions	$22.5 - $25.5
Net Debt/EBITDA		0.3 – 0.4

Notes:

1. *As previously released August 11,2021*
2. *InPlay's plans for 2022 and associated targets remain preliminary in natures and do not reflect a Board approved capital expenditures budget.*

- 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, 2020, Dec 31, 2021 and Dec 31, 2022

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.

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. Readers are cautioned that short term rates should not be relied upon as indicators of future performance of these wells and therefore should not be relied upon for investment or other purposes. 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)
Q3 2021 Average Production Forecast	3,242	759	11,995	6,000
2021 Annual Average Production Guidance	3,071	751	10,816	5,625(1)
2022 Annual Average Production Outlook	3,534	758	12,798	6,425(2)
Q2 2021 Pembina Wells (IP 30)	1,090	101	2,036	1,530
Q2 2021 Pembina Wells (Current)	1,089	150	2,993	1,737

Notes:

1. *This reflects the mid-point of the Company's 2021 production guidance range of 5,500 to 5,750 boe/d.*
2. *This reflects the mid-point of the Company's 2022 production outlook range of 6,300 to 6,550 boe/d.*
3. *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 ("Nl 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.