InPlay Oil Corp. Provides Corporate Update

April 23, 2020 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") provides an operations and corporate update in response to the COVID-19 pandemic.

The COVID–19 pandemic has led to an unprecedented decrease in oil prices as a result of world oil demand destruction. Accordingly, InPlay has acted prudently in March and April in order to stabilize our financial position and to preserve the value of our crude oil reserves for an eventual price recovery. As previously announced, the Company immediately responded to this decline in prices with the suspension of our capital program in March. In addition, InPlay has implemented several operating and corporate cost reduction initiatives which we estimate will lead to approximately $7.0 million in savings for the remainder of the year. The key cost saving initiatives include:

- 20% reduction to Company wide salaries including office and field employees;
- Deferral of well workovers until oil prices support a six to nine month payout with careful consideration of fixed costs; and
- Supplier and vendor cost reductions in all areas of operations.

We value and respect our vendors and service providers and are appreciative of their collective response to this challenging environment. InPlay and the entire industry are in a period of austerity and we are pleased that most of our vendors have chosen to partner with us with an attitude of "we are in this unprecedented environment together".

With the current economic environment being so severe, it is likely that most Exploration and Production companies in Canada would not conform to the standard reserve based lending ("RBL") structures at the current future pricing scenarios. We are encouraged that the Federal Government has acknowledged the challenges facing the oil and gas industry and has announced a support program intended to provide a liquidity backstop to RBL credit facilities which will be administered through the Export Development Bank of Canada ("EDC") and the Business Development Bank of Canada ("BDC"). In working directly with the primary banking financial institutions, additional lending and credit capacity is expected to be provided to qualifying oil and gas producers that (based on certain criteria) were deemed financially viable prior to the onset of the COVID-19 pandemic.

Based on the information provided to date, InPlay believes it would meet the criteria for liquidity support under the announced program. InPlay's capital expenditure requirement in 2020 for annual production to remain flat at the 2019 annual average of 5,000 boe/d was estimated at $25 million. Based on pre COVID-19 pricing assumptions from our original 2020 forecast released January 21, 2020, which has since been withdrawn, this flat production profile would have resulted in $29-32 million of Adjusted Funds Flow(1) ("AFF"), approximately 25% above the $25 million capital spending requirement. InPlay's low decline rate, top tier capital efficiencies (refer to our press release dated March 18, 2020 for further details on our top tier finding and development costs, recycle ratios and capital efficiencies amongst our light oil peers) and a strong net debt to AFF(1) ratio (1.7x for the year ended December 31, 2019) leads us to believe that we will be well positioned to meet the requirements of the EDC and BDC's liquidity support programs.

The Company has completed a detailed analysis of its operating areas down to an individual well level to evaluate their economics at low commodity prices. InPlay has divided its operations into three tiers based on their cost structure, as well as ensuring operations continue to be conducted safely and efficiently. These tiers, based on recent months' operating costs and production profiles, will be used to determine temporary production curtailments or shut-ins. The first tier has current production of approximately 1,000 boe/d and associated operating costs of approximately $9.40 per boe, excluding fixed costs, and will be the first area curtailed or shut in with curtailments having commenced in March. The third tier has current production of 750 boe/d and operating costs of $6.95 per boe, excluding fixed costs, and will be the last area potentially curtailed or shut in.

The process for placing nominations for sales volumes on pipelines is complex and difficult in a volatile pricing environment as producers are required to provide nominations five weeks prior to the actual month of production without knowing the final price of WTI or the MSW light oil differential. Our March field estimated production was approximately 5,000 boe/d (70% oil and liquids) which included production from recently drilled and completed wells that were produced at restricted rates. Based on a baseline production capacity of 5,000 boe/d, we have started curtailments and only nominated to sales of approximately 75% of our oil capacity in April which would result in estimated production of approximately 4,000 boe/d with a reasonable MSW differential of US$3.02/bbl discount to WTI. We have nominated May oil sales of approximately 35% of our oil capacity which would result in estimated production of approximately 2,500 boe/d of production. The Company has approximately 32,000 bbls of oil storage capacity that is currently 45% full allowing the Company to store oil for future sale into a better pricing environment. This is a complex process with the potential to nominate little to possibly no volumes in June and potentially longer until oil demand improves and oil prices strengthen.

InPlay also promptly entered into various near-term crude oil and natural gas derivative contracts in order to take advantage of the near-term contango that has occurred and reduce the Company's exposure to these unprecedented low and volatile oil prices. InPlay currently has the following contracts in place:

Product	Currency denomination	Volume (bbl/day)	Average swap price	Term
Crude oil	US dollar	500	32.00/bbl	May 1, 2020 – June 30, 2020
Crude oil	US dollar	250	31.85/bbl	May 1, 2020 – July 31, 2020

Product	Currency denomination	Volume (GJ/day)	Average swap price	Term
Natural gas	Canadian dollar	4,000	1.61/GJ	April 1, 2020 – October 31, 2020
Natural gas	Canadian dollar	1,000	1.76/GJ	May 1, 2020 – October 31, 2020
Natural gas	Canadian dollar	1,500	2.22/GJ	January 1, 2021 – December 31, 2021

At current strip pricing these crude oil contracts would result in a gain of approximately $1.1 million(2).

Notes:

1. *"Adjusted funds flow" or "AFF" and "net debt / adjusted funds flow ratio" do 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 Financial Measures" and "BOE equivalent" at the end of this news release and to the section entitled "Non-GAAP Measures" in our most recently filed MD&A for details of calculations, rationale for use and applicable reconciliation to the nearest IFRS measure.*
2. *Current strip pricing (USD WTI) of $11.57 (May), $18.69 (June) and $21.50 (July) and a foreign exchange rate of 0.70 was used to calculate the gain on commodity derivative contracts of approximately $1.1 million.*

Outlook

InPlay remains focused on managing costs, monitoring production economics and commodity sales on a daily basis, while prioritizing the preservation of liquidity and the value of our reserves. The economic benefit of realizing the proved developed producing reserve volumes at the current commodity price is significantly less than realizing these barrels in the future and discounting the proceeds to today, given the contango in the price curve. As one of our seasoned board members recently said, “Oil is not like cabbage, it doesn’t rot”. We will also be closely monitoring and actively working on potential access to the recently announced federal support programs through EDC and BDC, in conjunction with the support of our banking syndicate. Due to the current volatility and uncertainty related to commodity pricing, curtailments and potential shut-ins, InPlay is unable to provide 2020 guidance at this time. Guidance updates will be provided in the future when economic factors begin to stabilize and demand increases resulting in more stable and realistic commodity prices that can be relied upon.

The Company’s rapid and effective response to this extraordinary situation illustrates management’s ability to maintain our Corporate strategy in all scenarios. The Company will continue to respond quickly and with careful consideration to safety and business principles throughout this crisis.

We thank our employees and all of our service providers for their commitments and efforts in this unprecedented time as well as our directors for their ongoing commitment and dedication. Finally we thank all of our shareholders for their continued interest and support.

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Non-GAAP Financial Measures

Included in this press release are references to the terms "adjusted funds flow" or "AFF" and "net debt / adjusted funds flow ratio". 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 a reconciliation to the nearest GAAP term, refer to the section "Non-GAAP Measures" in the Company's most recent MD&A filed on SEDAR.

InPlay uses "net debt / adjusted funds flow ratio" as a key performance indicator. InPlay's determination of net debt/AFF may not be comparable to that reported by other companies. Net debt/AFF is calculated by the Company as net debt divided by adjusted funds flow for the applicable year. For a detailed description of InPlay's method of calculating net debt/AFF and a reconciliation to the nearest GAAP term, refer to the section "Non-GAAP Measures" in the Company's most recent 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: that InPlay's cost reduction initiative will lead to estimated savings of approximately $7.0 million; that the federal support program will be implemented as announced and the Company's belief that it will meet the criteria for access including, without limitation, financial viability; that our original (since withdrawn) 2020 guidance (January 21, 2020) would have generated top decile production growth amongst our light oil peer group; the potential of nominating low and no volumes to sales in June or longer; production estimates; the potential for and extent of planned curtailments or shut-ins and the potential impact thereof; that short-term production curtailments will not have a significant impact on long term value of the Company; the forecast of minimal capital spending during the second quarter; 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; 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 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; the potential impact of curtailing or shutting in production; 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.

The following assumptions were used by the Company to forecast the $25 million required capital to keep production flat in 2020 compared to 2019 at 5,000 boe/d and to determine the resulting 2020 AFF. These assumptions are based on the 2020 forecast announced on January 21, 2020, which has since been withdrawn.

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	5,000
Royalties	$/boe	3.50 – 4.00
Operating expenses	$/boe	14.25 – 15.25
Transportation	$/boe	0.70 – 0.90
Interest	$/boe	1.10 – 1.40
General and administrative	$/boe	3.00 – 3.50
Capital Expenditures	$ millions	25
Decommissioning Expenditures	$ millions	0.8 – 1.2
Forecasted 2020 Adjusted Funds Flow	$ millions	$29 - $32
Forecasted Funds Flow	$ millions	$28 - $31

- 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, which is the nearest GAAP term for AFF.

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.