InPlay Oil Corp. Announces Accretive Strategic Cardium Acquisition, $10 Million Equity Financing and Increased Senior Credit Facility

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September 28, 2021 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("**InPlay**" or the "**Company**") is pleased to announce that it has entered into a definitive agreement (the "**Agreement**") to acquire Prairie Storm Resources Corp. ("**Prairie Storm**") (TSXV: PSEC), a light-oil Cardium focused producer with operations primarily in the Willesden Green area of central Alberta (the "**Prairie Storm Assets**") for total net consideration of approximately $40.5 million(1) (the "**Acquisition**").

The highly accretive Acquisition will be funded by a combination of a $10 million bought deal equity financing led by Eight Capital, as sole bookrunner, together with ATB Capital Markets as co-lead underwriters (the "**Financing**"), available borrowings under InPlay's Senior Credit Facility and the issuance to shareholders of Prairie Storm of approximately 8.3 million common shares of InPlay ("**InPlay Shares**") at a deemed price of $1.20 per InPlay Share. InPlay has received a commitment letter from its senior lenders (the "**Lenders**") with respect to an increase in the aggregate available borrowing capacity of its Senior Credit Facility from $65.0 million to $85.0 million, subject to and conditional upon the completion of the Acquisition.

Acquisition Highlights

- Average production from the Prairie Storm Assets is expected to be approximately 1,800 boe/d(2) upon completion of the Acquisition.
- Drilling after closing of the Acquisition is anticipated to increase production from the Prairie Storm Assets to approximately 2,755 boe/d(2)(3) in 2022. This is expected to result in approximately $31.0 to $33.0 million of operating income(3) and approximately $16.5 to $18.5 million of free adjusted funds flow ("FAFF")(3) after incorporating capital expenditures and additional general and administrative and interest expense from the Acquisition.
- The current production decline rate on the Prairie Storm Assets of approximately 10% per annum is accretive to InPlay's decline rate.
- Attractive acquisition metrics:
    - 2.5 times run rate operating income(5)(6); 1.3 times 2022 operating income(5)(6)
    - $8.26/boe(4) of 2020 YE PDP reserves; $1.90/boe(4) of 2020 YE TP reserves; $1.51/boe(4) of 2020 YE TPP reserves
- The Acquisition is expected to deliver the following accretion metrics(15):
    - 15% accretive to forecast 2022 production per share(6);
    - 12% accretive to targeted 2022 Adjusted Funds Flow ("AFF") per share(5)(6);
    - 17% accretive to targeted 2022 FAFF per share(5)(6); and
    - 21% accretive to PDP reserves per share(10); 60% accretive to TP reserves per share(10) and 46% accretive to TPP reserves per share(10).
- Pro forma completion of the Acquisition, InPlay is targeting 2022 production to average between 8,900 and 9,400 boe/d(2) which is anticipated to generate $106.5 to $111.5 million(5) of AFF and $55.0 to $59.0 million(5) of FAFF.
- Strengthens InPlay's balance sheet with 2022 targeted net debt to earnings before interest, taxes and depletion ("EBITDA")(5) improving to 0.2 times – 0.3 times.
- Adds proved developed producing ("PDP") reserves of 4.9 million boe(4), total proved ("TP") reserves of 21.3 million boe(4) and total proved plus probable ("TPP") reserves of 26.8 million boe(4). Production from

January 1, 2021 to November 30, 2021 on the Prairie Storm Assets is estimated to be approximately 0.6 million boe.

- Includes approximately 37,995 net acres(8) of high working interest (77%) Cardium land, making InPlay one of the largest acreage holders in the Willesden Green Cardium play.
- Adds over 86 net booked drilling locations(9). InPlay plans to commence drilling on the Prairie Storm Assets immediately post-closing of the Acquisition. The Company will focus on wells in a targeted Cardium oil area that delivers better than average production rates due to higher associated gas concentrations, with initial production rates benefitting from the anticipated strong winter gas prices.
- The Acquisition provides significant improvements to the Company's sustainability: low decline production; strong FAFF; sizeable drilling inventory; the addition of material scale to the Company with significant anticipated cost savings through synergies; and a strengthened balance sheet with improvements to net debt/EBITDA in 2022.

Summary of the Acquisition and Prairie Storm Assets

Total net consideration(1)	$40.5 million
2022E annual average production(2)(3)	2,755 boe/d
Cardium land(8)	37,995 net acres
Net booked drilling locations(9)	86.2
Reserves (December 31, 2020)	
PDP reserves(4)	4.9 MMboe
TP reserves(4)	21.3 MMboe
TPP reserves(4)	26.8 MMboe
2022E Operating Netback(2)(3)	$31.75/boe
2022E Operating Income(3)	$31.0 - $33.0MM
2022E Capital Expenditures(3)(12)	$10.0 - $12.0MM (4.6 net wells)
2022E FAFF(3)	$16.5 - $18.5MM
Acquisition Metrics	
2022E Operating Income Multiple(3)	1.3x
2022E Flowing barrel(3)	$14,700/boe/d
PDP reserves(4)	$8.26/boe
TP reserves(4)	$1.90/boe
TPP reserves(4)	$1.51/boe
Acquisition Accretion(15)	
2022E Production per share(6)	15%
2022E AFF per share(5)(6)	12%
2022E FAFF per share(5)(6)	17%
2022E Enterprise Value / Debt Adjusted Cash Flow (5)(6)	8%
Reserves Per Share(4)(10)	21% (PDP) / 60% (TP) / 46% (TPP)

Benefits of the Acquisition

Production from the Prairie Storm Assets is expected to be approximately 1,800 boe/d(2) at close, consisting of approximately 505 bbl/d of light and medium crude oil (28%), 453 boe/d of NGLs (25%) and 5,050 Mcf/d of natural gas (47%). Significant growth opportunities have been identified on the 49,120 gross (37,995 net)(8) acres of Cardium lands associated with the Prairie Storm Assets, including 80.1 net(9) identified Cardium drilling locations. Pro-forma independently evaluated reserves effective as of December 31, 2020 are 14.5 MMboe(4) (PDP), 42.8 MMboe(4) (TP) and 59.5 MMboe(4) (TPP).

The Acquisition provides attractive metrics and is highly accretive to InPlay. A 1.3x multiple of targeted 2022 operating income(3), $14,700/boe/d per flowing barrel(3) in 2022 and $1.90/boe(4) per TP reserves are all strong acquisition metrics in the current market. Significant synergies are expected from the consolidation of assets resulting from the Acquisition, with approximately $3.0 - $3.5 million in estimated annual cost savings after closing and the potential for additional savings in a short time frame. The accretion per share generated by the Acquisition on a production, AFF and FAFF basis enhances shareholder value significantly and places InPlay in an increasingly strong position for future success.

The Acquisition is representative of the Company's continued Cardium consolidation and sustainability strategy, positioning InPlay as a sizable producer and acreage holder with significant drilling inventory in the light oil window of central Alberta's Cardium fairway. Willesden Green will be a focus area for continued development and growth as the wells drilled to date are some of the most prolific Cardium oil wells in Alberta. The production profile characteristics of the Prairie Storm Assets complement InPlay's current suite of assets in its core areas.

Doug Bartole, President and Chief Executive Officer of InPlay, commented: *"The Acquisition is a significant achievement for InPlay and further solidifies the Company as a premier Cardium operator. Prairie Storm has built a very focused Cardium asset in an area that InPlay has a great deal of experience. The Acquisition is complementary to InPlay's existing asset base and adds material scale to the Company's existing Cardium focused core development area. The low decline of the Prairie Storm assets and large drilling and land inventory enhances the sustainability of InPlay to continue to deliver strong free adjusted funds flow."*

Hugh Ross, President and Chief Executive Officer of Prairie Storm, commented: *"I am very excited to be combining Prairie Storm's top-tier Cardium asset base with a high quality Cardium player. InPlay has established itself as a leader in the Cardium achieving some of the strongest capital efficiencies and I am confident they will continue this success with our Cardium assets added to their portfolio. We are excited to become InPlay shareholders given the operational and financial outlook for the company."*

Updated Pro-forma 2021 Corporate Guidance and Preliminary 2022 Outlook

The following table summarizes InPlay's pro forma operating and financial guidance for 2021 and preliminary outlook for 2022. The pro forma guidance for 2021 includes the Prairie Storm Assets for the one month period in 2021 following the anticipated closing of the Acquisition on or about November 30, 2021. The capital expenditures in the table below includes amounts planned to be spent on wells drilled on the Prairie Storm Assets (approximately $4.0 million on 1.6 net wells in 2021; approximately $10.0 - $12.0 million on 4.0 - 5.0 net wells in 2022).

	2021 Post-Acquisition(6)(7)	2022 Post- Acquisition(6)
Average production (boe/d)(2)	5,750 – 6,000	8,900 – 9,400
% Oil and NGLs	67%	64%
Operating Netback ($/boe)(5)	$34.00 – $37.00	$34.25 - $37.25
Adjusted Funds Flow ($MM)(5)	$51.0 - $54.0	$106.5 - $111.5
Capital expenditures ($MM)(11)(12)	$32.5 - $34.5	$51.0 - $53.0
Net wells drilled	10.0	17.0 – 18.0
Free Adjusted Funds Flow ($MM)(5)	$17.5 - $20.5	$55.0 - $59.0
Free Adjusted Funds Flow Yield(5)	17% – 20%	54% – 58%
Net Debt ($MM)(13)	$76.5 - $79.5	$20.0 - $25.0
InPlay Shares outstanding, end of year (MM)(14)	85.0	85.0

An increase/(decrease) of US $7.50 WTI pricing would impact 2022 targeted AFF by $14.1 million/($13.8 million) respectively. An increase/(decrease) of $0.50 AECO pricing would impact 2022 targeted AFF by $4.0 million/($3.1 million) respectively.

Details of the Acquisition

Pursuant to the Agreement, InPlay will acquire all issued and outstanding shares of Prairie Storm (the "**Prairie Storm Shares**") from the holders thereof (the "**Prairie Storm Shareholders**") for aggregate consideration of $50 million comprised of: (a) the payment of an aggregate of $40 million in cash; and (b) the issuance of an aggregate of approximately 8.3 million common shares of InPlay ("**InPlay Shares**") at a deemed issuance price of $1.20 per InPlay Share. In addition, InPlay will assume Prairie Storm's working capital surplus(5) (estimated to be approximately $9.5 million at closing), after payment of Prairie Storm's estimated transaction costs for total net consideration of $40.5 million. Approximately 5.7 million InPlay Shares representing 68% of the shares issuable to Prairie Storm pursuant to the Acquisition will be subject to escrow, with 50% of the escrowed shares releasable three months from closing of the Acquisition and the remaining 50% releasable six months from closing of the Acquisition.

Concurrent with the execution of the Agreement, holders of more than 68% of the issued and outstanding Prairie Storm Shares have executed support agreements pursuant to which such holders have agreed to vote in favour of the Acquisition.

The Equity Financing

InPlay has entered into a bought deal agreement with a syndicate of underwriters led by Eight Capital and ATB Capital Markets (the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 8.3 million subscription receipts ("**Subscription Receipts**") of InPlay at a price of $1.20 per Subscription Receipt for aggregate gross proceeds of approximately $10 million. The Underwriters will have an option to purchase up to an additional 15% of the Subscription Receipts issued under the Financing at a price of $1.20 per Subscription Receipt to cover over allotments exercisable in whole or in part at any time until 30 days after the closing of the Financing. The gross proceeds from the sale of Subscription Receipts pursuant to the Financing will be held in escrow pending the completion of the Acquisition. If all conditions to the completion of the Acquisition are satisfied or waived and InPlay has confirmed the same to the Underwriters (other than funding the portion of the purchase price therefor to be paid with the net proceeds of the Financing) before 5:00 p.m. (Calgary time) on December 31, 2021, the net proceeds from the sale of the Subscription Receipts will be released from escrow to InPlay and each Subscription Receipt will automatically be exchanged for one InPlay Share for no additional consideration and without any action on the part of the holder. If the Acquisition is not completed at or before 5:00 p.m. (Calgary time) on December 31, 2021, then the purchase price for the Subscription Receipts will be returned pro rata to subscribers, together with a pro rata portion of interest earned on the escrowed funds.

The Subscription Receipts issued pursuant to the Financing will be distributed by way of a short form prospectus in all provinces of Canada (excluding Québec) and may also be placed privately in the United States to Qualified Institutional Buyers (as defined under Rule 144A under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")) pursuant to an exemption under Rule 144A, and may be distributed outside Canada and the United States on a basis which does not require the qualification or registration of any of the Company's securities under domestic or foreign securities laws. Completion of the Financing is subject to customary closing conditions, including the receipt of all necessary regulatory approvals, including the approval of the TSX. Closing of the Financing is expected to occur on or about October 20, 2021.

The net proceeds from the Financing will be used to fund part of the cash portion of the purchase price under the Acquisition.

Senior Credit Facility

In connection with the Acquisition, the Company has entered into a commitment letter agreement with its current syndicate of Lenders pursuant to which the Lenders have agreed to increase the aggregate available borrowing capacity of InPlay's Senior Credit Facility from $65.0 million to $85.0 million, subject to and conditional upon the completion of the Acquisition and the Financing (the "**Senior Credit Facility Amendments**"). In addition to InPlay's current syndicated fully conforming, revolving Senior Credit Facility totaling $65 million, under the Senior Credit Facility Amendments the Lenders have committed to provide InPlay with an additional $20 million syndicated term facility maturing November 30, 2022 (the "**Senior Term Facility**"). The Senior Term Facility will require mandatory repayments as follows: (i) $6 million by May 31, 2022; (ii) $7 million by August 31, 2022; and (iii) $7 million by November 30, 2022.

The Senior Term Facility is expected to be utilized as a short-term solution with attractive lending rates to provide the Company with liquidity in a timely manner to capitalize on this accretive Acquisition in a strong market. As our borrowing base and lending values are determined based on reserves and commodity prices, expected increases to our PDP and TP reserve levels from the Acquisition (2020 pro-forma reserves of 14.5 MMboe (PDP) and 42.8 MMboe (TP)) and well results above expectations, in addition to increased commodity prices compared to December 31, 2020, should be favorable at renewal of the borrowing base. This in addition to InPlay's significant forecasted FAFF for 2022 and available credit capacity on the revolving portion of the Senior Credit Facility are expected to provide InPlay with more than sufficient liquidity to make the mandatory repayments required by the Senior Term Facility.

Conditions and Timing

Completion of the Acquisition remains subject to satisfaction of certain conditions including the receipt of all necessary regulatory approvals, the approvals of the Toronto Stock Exchange and the TSX Venture Exchange, respectively, the approval of the Alberta Court of Queen's Bench, the requisite approval of the shareholders of Prairie Storm, completion of the InPlay financings described herein and the satisfaction of certain other conditions that are customary for a transaction of this nature.

Under the terms of the Agreement, Prairie Storm has agreed that it will not solicit or initiate any inquiries or discussions regarding any other alternative acquisition proposal, subject to the fiduciary duty of the Board of Directors of Prairie Storm in the event that an unsolicited superior proposal is received by Prairie Storm. InPlay has been granted a 72 hour right to match any superior proposal. The Agreement provides for mutual non-completion fees of $2.0 million in the event that the Acquisition is not completed or is terminated by either party in certain circumstances.

An Information Circular outlining details of the Acquisition is expected to be mailed to holders of Prairie Storm Shares in advance of the meeting of the shareholders to be scheduled for mid to late November, 2021. Closing of the Acquisition is expected to occur shortly following the meeting of Prairie Storm Shareholders.

Advisors

ATB Capital Markets and Eight Capital are acting as financial advisors to InPlay with respect to the Acquisition and the Financing. Based upon and subject to certain assumptions, qualifications and limitations, Eight Capital has provided a fairness opinion to the Board of Directors of InPlay (the "**Board**") that, as of September 28, 2021, and subject to review of final documentation, the consideration to be paid by InPlay pursuant to the Acquisition is fair, from a financial point of view, to InPlay. Burnet, Duckworth & Palmer LLP is acting as legal counsel to InPlay in respect of the Acquisition and the Financing.

Tudor, Pickering, Holt & Co. and National Bank Financial Inc. are acting as financial advisors to Prairie Storm with respect to the Acquisition. Blake, Cassels & Graydon LLP is acting as legal counsel to Prairie Storm in respect of the Acquisition.

About InPlay Oil Corp.

InPlay Oil is a junior oil and gas exploration and production company with operations in Alberta focused on light oil production. The Company operates long-lived, low-decline properties with drilling development and enhanced oil recovery potential as well as undeveloped lands with exploration possibilities. The common shares of InPlay trade on the Toronto Stock Exchange under the symbol IPO and the OTCQX under the symbol IPOOF.

For further information please contact:

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Notes:

1. *The aggregate consideration to be paid by InPlay to Prairie Storm Shareholders in respect of the Acquisition is $50 million, comprised of approximately $40 million of cash consideration and the issuance of 8.3 million InPlay Shares at a deemed issuance price of approximately $1.20 per InPlay Share. The working capital surplus[(5)] of Prairie Storm being assumed by InPlay upon closing of the Acquisition is estimated to be $9.5 million, after payment of Prairie Storm's estimated transaction costs resulting in net consideration ascribed to the Acquisition of $40.5 million. See "Reader Advisories – Non-GAAP Financial Measures" for additional details.*
2. *See "Reader Advisories – Production Breakdown by Product Type"*
3. *The estimated Operating Income, Operating Netback, AFF and FAFF for the Prairie Storm Assets in 2022 is based on strip pricing as of September 27, 2021. The key underlying assumptions used in the development of these estimates are as follows: US $69.75/bbl WTI; $3.70/GJ AECO; $33.40/boe NGL realized price; FX rate CA$/US$ 0.79; MSW Differential US $5.60/bbl; royalties - $4.25 - $4.75/boe; operating expenses – $8.25 - $10.25/boe; interest – $0.65 - $1.15/boe; capital expenditures - $10 - $12 million. See "Reader Advisories – Non-GAAP Financial Measures" and "Reader Advisories – Forward-Looking and Cautionary Statements" for additional details.*
4. *Proved developed producing reserves of 4.9 MMboe at December 31, 2020 consisting of 1.5 MMbbl of light and medium crude oil (31%), 1.2 MMbbl of NGLs (24%) and 13.3 MMcf of natural gas (45%). Total proved reserves of 21.3 MMboe at December 31, 2020 consisting of 8.3 MMbbl of light and medium crude oil (39%), 4.0 MMbbl of NGLs (19%) and 54.2 MMcf of natural gas (42%). Total proved plus probable reserves of 26.8 MMboe at December 31, 2020 consisting of 10.6 MMbbl of light and medium crude oil (39%), 5.0 MMbbl of NGLs (19%) and 67.7 MMcf of natural gas (42%). See "Reader Advisories – Reserves Disclosure" for additional details.*

5. *See "Reader Advisories – Non-GAAP Financial Measures" for additional details.*
6. *See "Reader Advisories – Forward Looking Information and Statements" for additional details regarding underlying assumptions used in forecast 2021 and targeted 2022 operating income, operating netback, AFF, FAFF, net debt, capital expenditures and production.*
7. *Assumes a November 30, 2021 closing date for the Acquisition.*
8. *Total land holdings to be acquired is 68,905 gross (49,811 net) acres, of which approximately 49,120 gross (37,995 net) acres represent lands in the Cardium formation.*
9. *See "Reader Advisories – Drilling Locations" for additional details regarding drilling locations.*
10. *See "Reader Advisories – Reserves Disclosure" for additional details regarding reserves estimates.*
11. *Capital expenditures exclude acquisitions.*
12. *InPlay's plans for 2022 and associated targets and outlook, including the plans for the Prairie Storm Assets, 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.*
13. *Inclusive of the working capital surplus of Prairie Storm being assumed by InPlay upon closing of the Acquisition, estimated to be $9.5 million after payment of Prairie Storm's estimated transaction costs.*
14. *Based on the issuance of 8.3 million InPlay Shares to the shareholders of Prairie Storm and the issuance of 8.3 million InPlay Shares under the Financing.*
15. *AFF, FAFF and EV/DACF accretion metrics are based on the pro-forma 2021 forecast and 2022 outlook information (for which the material underlying assumptions are disclosed in the "Forward Looking Information and Statements" section) compared to the 2021 guidance and 2022 outlook information within the "Forward Looking Information and Statements" section updated for strip pricing as of September 27, 2021 as follows: US $69.75/bbl WTI; $3.70/GJ AECO; $33.40/boe NGL realized price; FX rate CA$/US$ 0.79; MSW Differential US $5.60/bbl.*

Reader Advisories

This press release is not an offer of the securities for sale in the United States. The securities offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. No public offering of securities is being made in the United States. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Non-GAAP Financial Measures and Ratios

Included in this press release are references to the terms "adjusted funds flow", "adjusted funds flow per share, basic and diluted", "free adjusted funds flow", "free adjusted funds flow per share, basic and diluted", "free adjusted funds flow yield", "operating income", "operating netback per boe", "Net Debt/EBITDA", "working capital surplus", "operating income multiple", "enterprise value" and "enterprise value to debt adjusted cash flow". Management believes these measures are helpful supplementary measures of financial and operating performance and provide users with similar, but potentially not comparable, information that is commonly used by other oil and natural gas companies. These terms do not have any standardized meaning prescribed by GAAP and should not be considered an alternative to, or more meaningful than, "funds flow", "profit (loss) before taxes", "profit (loss) and comprehensive income (loss)" or assets and liabilities as determined in accordance with GAAP as a measure of the Company's performance and financial position.

InPlay uses "adjusted funds flow" and "adjusted funds flow per share, basic and diluted" as key performance indicators. 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. Adjusted funds flow per share, basic and diluted is calculated by the Company as adjusted funds flow divided by the weighted average number of common shares outstanding for the respective period. Management considers adjusted funds flow per share, basic and diluted an important measure to evaluate its operational performance as it demonstrates its recurring operating cash flow generated attributable to each share. For a detailed description of InPlay's method of calculating adjusted funds flow and adjusted funds flow per share, basic and diluted and their reconciliation to the nearest GAAP term, refer to the section "Forward-Looking Information and Statements".

InPlay uses "free adjusted funds flow" and "free adjusted funds flow per share, basic and diluted" as key performance indicators. 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. Free adjusted funds flow per share, basic and diluted is calculated by the Company as adjusted funds flow divided by the weighted average number of common shares outstanding for the respective period. Management considers free adjusted funds flow per share, basic and diluted an important measure to identify the Company's ability to improve the financial condition of the Company through debt repayment attributable to each share. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast free adjusted funds flow and free adjusted funds flow per share, basic and diluted.

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 to the "Forward Looking Information and Statements" section for a calculation of forecast free adjusted funds flow yield.

InPlay uses "operating income" and "operating netback per boe" 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 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. For a detailed description of InPlay's method of the calculation of operating income and operating netback per boe and their 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/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.

InPlay uses "working capital surplus" as a key performance indicator. Working capital surplus should not be considered as an alternative to or more meaningful than current assets or current liabilities as determined in accordance with GAAP as an indicator of the Company's performance. Working capital surplus is calculated by the Company as current assets less current liabilities excluding the impact of the fair value of commodity contracts and lease obligations**.** This measure is consistent with the working capital surplus formula prescribed under the Agreement. Management considers working capital surplus a key performance indicator as it is a key metric under the Agreement and is a portion of the net assets acquired as part of the Acquisition.

InPlay uses "operating income multiple" as a key performance indicator. Operating income multiple is calculated by the Company as Acquisition consideration divided by operating income for the Prairie Storm Assets for the relevant period. Management considers operating income multiple a key performance indicator as it is a key metric used to evaluate the Acquisition in comparison to other transactions. Refer below for a calculation of the operating income multiple in relation to the Acquisition.

		Run Rate	FY 2022
Net Consideration	$ millions	$40.5	$40.5
Operating Income	$ millions	$16.2	$31.9
Operating Income Multiple		2.5x	1.3x

InPlay uses "enterprise value" and "enterprise value to debt adjusted cash flow" or "EV/DACF" as a key performance indicators. EV/DACF is calculated by the Company as enterprise value divided by debt adjusted cash flow for the relevant period. Debt adjusted cash flow ("DACF") is calculated by the Company as funds flow plus financing costs. Management considers EV/DACF a key performance indicator as it is a key metric used to evaluate the sustainability of the Company relative to other companies while incorporating the impact of differing capital structures. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast EV/DACF.

Forward-Looking Information and Statements

Certain statements contained within this press release constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "budget", "plan", "endeavor", "continue", "estimate", "evaluate", "expect", "forecast", "monitor", "may", "will", "can", "able", "potential", "target", "intend", "consider", "focus", "identify", "use", "utilize", "manage", "maintain", "remain", "result", "cultivate", "could", "should", "believe" and similar expressions. InPlay believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Without limitation, this press release contains forward-looking statements pertaining to: timing of the Acquisition; the terms of the Acquisition, including the portion of the purchase price payable in cash and InPlay Shares; satisfaction or waiver of the closing conditions to the Acquisition; receipt of required legal and regulatory approvals for the completion of the Acquisition (including approval of the TSXV and the TSX); completion of the InPlay financing, and closing of the Acquisition; funding and payment of the purchase price in respect of the Acquisition; completion of the Senior Credit Facility Amendments and satisfaction of conditions thereto; expected working capital (surplus) to be assumed by InPlay pursuant to the Acquisition; expected production related to the Prairie Storm Assets at close; expected production, operating income, operating netback and free adjusted funds flow related to the Prairie Storm Assets in 2022; pro-forma preliminary estimates or targeted 2021 and 2022 production, capital expenditures, operating income, operating netback, adjusted funds flow, free adjusted funds flow, net debt, net debt / EBITDA and shares outstanding; expected number of future drilling locations related to the Prairie Storm Assets; the expectation that the Acquisition will deliver strong accretion metrics relating to AFF per share, FAFF per share, production per share and reserves per share; the expectation of $3.0 - $3.5 million in immediate cost savings from the Acquisition and the potential for additional savings in a short time frame; that the Acquisition places InPlay in an increasingly strong position for future success; that InPlay will have sufficient liquidity to make the mandatory repayments required by the Senior Term Facility; expected increases to our PDP and TP reserves levels from the Acquisition; reserve estimates; future production levels; future operational and technical synergies resulting from the Acquisition; management's ability to replicate past performance; the ability of InPlay to optimize production from the Prairie Storm Assets; future consolidation opportunities and acquisition targets; the business plan, cost model and strategy of InPlay; future cash flows; expectations regarding the Cardium formation, including potential benefits from the Prairie Storm Assets; the anticipated closing date of the Financing and Acquisition; the use of proceeds from the Financing; the anticipated increase in the Senior Credit Facility; and future commodity prices and exchange rates.

The forward-looking statements and information are based on certain key expectations and assumptions made by InPlay, including expectations and assumptions concerning the business plan of InPlay, the receipt of all approvals and satisfaction of all conditions to the completion of the Acquisition, the Financing and the Senior Credit Facility Amendments, the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of InPlay's properties, the characteristics of the Prairie Storm Assets, the successful integration of the Prairie Storm Assets into InPlay's operations, the successful application of drilling, completion and seismic technology, prevailing weather conditions, prevailing legislation affecting the oil and gas industry, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to source and complete acquisitions.

Although InPlay believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because InPlay can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, fluctuations in commodity prices, counterparty risk to closing each of the Acquisition and the Financing, changes in industry regulations and political landscape both domestically and abroad, foreign exchange or interest rates, stock market volatility, impacts of the current COVID-19 pandemic and the retention of key management and employees. Please refer to InPlay's most recent Annual Information Form and MD&A for additional risk factors relating to InPlay, which can be accessed either on InPlay's website at www.InPlayOil.com or under InPlay's profile on www.sedar.com. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. InPlay undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

The key budget and underlying material assumptions used by the Company in the development of its 2021 guidance and 2022 preliminary outlook and pro-forma 2021 guidance and 2022 preliminary outlook including forecasted production, operating income, operating netback per boe, capital expenditures, funds flow, adjusted funds flow, free adjusted funds flow, Net Debt and Net Debt/EBITDA ratio are as follows:

		Prior Guidance FY 2021(1)	Prior Outlook FY 2022(2)(3)	Pro-forma Guidance FY 2021(4)	Pro-forma Outlook FY 2022(3)(4)
WTI	US$/bbl	$64.50	$66.30	$66.90	$69.75
NGL Price	$/boe	$31.00	$29.40	$33.00	$33.40
AECO	$/GJ	$3.35	$3.30	$3.45	$3.70
Foreign Exchange Rate	(US$/CDN$)	0.80	0.80	0.80	0.79
MSW Differential	US$/bbl	$4.15	$4.30	$4.00	$5.60
Production	Boe/d	5,500 – 5,750	6,300 – 6,550	5,750 – 6,000	8,900 – 9,400
Royalties	$/boe	4.60 – 5.10	5.35 – 5.85	4.90 – 5.40	5.25 – 5.75
Operating Expenses	$/boe	11.50 - 13.50	10.50 – 12.50	11.50 - 13.50	9.75 – 11.75
Transportation	$/boe	0.80 - 0.90	0.75 – 0.85	0.80 - 0.90	0.55 - 0.65
Interest	$/boe	2.25 - 2.75	0.80 – 1.30	2.25 - 2.75	0.75 – 1.25
General and Administrative	$/boe	2.60 - 3.10	2.10 – 2.70	2.40 – 2.90	1.65 – 2.15
Hedging loss	$/boe	5.00 – 5.50	0.00 – 0.10	5.45 – 5.95	0.00 – 0.25
Capital Expenditures	$ millions	$29	$38.0 - $40.0	$32.5 - $34.5	$51.0 - $53.0
Decommissioning Expenditures	$ millions	$1.3 - $1.5	$1.3 - $1.5	$1.3 - $1.5	$1.5 - $2.0
Net Debt	$ millions	$56.5 - $59.5	$22.5 - $25.5	$76.5 - $79.5	$20.0 - $25.0
Forecasted Funds Flow	$ millions	$43.0 - $46.0	$70.0 – $73.0	$49.5 - $52.5	$105.0 - $110.0
Forecasted Adjusted Funds Flow	$ millions	$44.5 - $47.5	$71.5 - $74.5	$51.0 - $54.0	$106.5 - $111.5

Weighted average shares outstanding	millions	68.3	68.3	69.8	85.0
Forecasted AFF per share	$/share	$0.65 - $0.70	$1.05 - $1.09	$0.73 - $0.78	$1.25 - $1.30

		Prior Guidance FY 2021[(1)]	Prior Outlook FY 2022[(2)(3)]	Pro-forma Guidance FY 2021[(4)]	Pro-forma Outlook FY 2022[(3)(4)]
Forecasted Adjusted Funds Flow	$ millions	$44.5 - $47.5	$71.5 - $74.5	$51.0 - $54.0	$106.5 - $111.5
Capital Expenditures	$ millions	$29	$38.0 - $40.0	$32.5 - $34.5	$51.0 - $53.0
Forecasted Free Adjusted Funds Flow	$ millions	$15.5 - $18.5	$32.5 - $35.5	$17.5 - $20.5	$55.0 - $59.0
Weighted average shares outstanding	millions	68.3	68.3	69.8	85.0
Forecasted FAFF per share	$/share	$0.22 - $0.27	$0.47 - $0.52	$0.25 – $0.30	$0.65 - $0.70

		Prior Guidance FY 2021[(1)]	Prior Outlook FY 2022[(2)(3)]	Pro-forma Guidance FY 2021[(4)]	Pro-forma Outlook FY 2022[(3)(4)]
Forecasted Adjusted Funds Flow	$ millions	$44.5 - $47.5	$71.5 - $74.5	$51.0 - $54.0	$106.5 - $111.5
Interest	$/boe	2.25 - 2.75	0.80 – 1.30	2.25 - 2.75	0.75 – 1.25
EBITDA	$ millions	$49.5 - $52.5	$73.5 - $76.5	$54.0 - $57.0	$109.0 - $114.0
Net Debt	$ millions	$56.5 - $59.5	$22.5 - $25.5	$76.5 - $79.5	$20.0 - $25.0
Net Debt/EBITDA		1.0 – 1.2	0.3 – 0.4	1.4 – 1.5	0.2 – 0.3

		Pro-forma FY 2021[(4)]	Pro-forma FY 2022[(3)(4)]
Forecasted Free Adjusted Funds Flow	$ millions	$17.5 - $20.5	$55.0 - $59.0
Shares outstanding, end of year	millions	85.0	85.0
Financing price	$/share	$1.20	$1.20
Market capitalization @ Financing price	$ millions	$102	$102
FAFF Yield	%	17% - 20%	54% - 58%

		Pro-forma FY 2022[(3)(4)]
Weighted average shares outstanding	millions	85.0
Financing price	$/share	$1.20
Market capitalization @ Financing price	$ millions	$102
Net Debt	$ millions	$20.0 - $25.0
Enterprise Value	$ millions	$122.0 - $127.0
Funds Flow	$ millions	$105.0 - $110.0
Interest	$/boe	0.75 – 1.25
Debt Adjusted Cash Flow	$ millions	$108.0 - $113.0
EV/DACF		1.0 – 1.2

Notes:

1. *As previously released August 11, 2021.*
2. *As previously released September 8, 2021.*
3. *InPlay's plans for 2022 and associated targets remain preliminary in nature and do not reflect a Board approved capital expenditures budget.*
4. *Subject to completion of the Acquisition*

- 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.

Future Oriented Financial Information

Any financial outlook or future oriented financial information in this press release, as defined by applicable Canadian securities legislation, has been approved by management of InPlay. Readers are cautioned that any such future-oriented financial information contained herein, including (but not limited to) references to prospective results of operations, operating costs, Funds Flow, Adjusted Funds Flow, Free Funds Flow, Net Debt (Surplus), and Operating Netbacks and InPlay's corporate outlook and guidance for 2021 and 2022, generally, should not be used for purposes other than those for which it is disclosed herein. InPlay and its management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, InPlay's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future activities or results.

Other Measurements

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

This press release contains various references to the abbreviation "boe" which means barrels of oil equivalent. Where amounts are expressed on a boe basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet (Mcf) per barrel (bbl). The term boe may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is significantly different than the value ratio based on the current price of crude oil and natural gas. This conversion factor is an industry accepted norm and is not based on either energy content or current prices. Such abbreviation may be misleading, particularly if used in isolation.

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)
2021 InPlay Annual Average Production Guidance	3,071	751	10,816	5,625[(1)]
2022 InPlay Annual Average Production Outlook	3,534	758	12,798	6,425[(2)]
2021 Annual Average Pro-forma Production Guidance	3,170	800	11,430	5,875[(3)]
2022 Annual Average Pro-forma Production Outlook	4,498	1,338	19,880	9,150[(4)]
Prairie Storm Assets Closing Production	505	453	5,050	1,800
2022 Prairie Storm Assets Production Estimate	965	585	7,230	2,755[(5)]

Notes:

1. *This reflects the mid-point of the Company's prior 2021 production guidance range of 5,500 to 5,750 boe/d.*
2. *This reflects the mid-point of the Company's prior 2022 production outlook range of 6,300 to 6,550 boe/d.*
3. *This reflects the mid-point of the Company's pro-forma Acquisition 2021 production guidance range of 5,750 to 6,000 boe/d.*
4. *This reflects the mid-point of the Company's pro-forma Acquisition 2022 production outlook range of 8,900 to 9,400 boe/d.*
5. *Assumes that 2.0 (1.6 net) wells are brought on production prior to the end of 2021.*
6. *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").

Reserves Disclosure

All reserves information in this press release relating to the Prairie Storm Assets was prepared by Sproule Associates Ltd., for Prairie Storm, effective December 31, 2020 (the "**Prairie Storm Report**"), in accordance with National Instrument 51-101 – *Standards of Disclosure of Oil and Gas Activities* ("**NI 51-101**") and the most recent publication of the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**"). The estimates of reserves and future net revenue for the Acquisition may not reflect the same confidence level as estimates of reserves and future net revenue for all of InPlay's properties, due to the effects of aggregation.

All reserve references in this press release are "gross reserves". Gross reserves are a company's total working interest reserves before the deduction of any royalties payable by such company and before the consideration of such company's royalty interests. It should not be assumed that the present worth of estimated future cash flow of net revenue presented herein represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of InPlay's crude oil, NGLs and natural gas reserves and those associated with the Prairie Storm Assets, provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein.

	Dec. 31, 2020 PDP Reserves (MMboe)	Dec. 31, 2020 TP Reserves (MMboe)	Dec. 31, 2020 TPP Reserves (MMboe)
Prairie Storm Assets[(1)]	4.9	21.3	26.8
InPlay Assets[(2)]	9.7	21.6	32.8
Pro-forma Reserves	14.5	42.8	59.5
Pro-forma shares outstanding (millions)	85.0	85.0	85.0
Pro-forma reserves per share (boe/share)	0.17	0.51	0.70

	Dec. 31, 2020 PDP Reserves (MMboe)	Dec. 31, 2020 TP Reserves (MMboe)	Dec. 31, 2020 TPP Reserves (MMboe)
InPlay Assets[(2)]	9.7	21.6	32.8
Shares outstanding (millions)	68.3	68.3	68.3
Pro-forma reserves per share (boe/share)	0.14	0.32	0.48

Notes:

1. *As per the Prairie Storm Report effective December 31, 2020.*
2. *Reserves information relating to the InPlay Assets was prepared by Sproule Associates Ltd., for InPlay Oil Corp, effective December 31, 2020,, in accordance with National Instrument 51-101 – Standards of Disclosure of Oil and Gas Activities ("NI 51-101") and the most recent publication of the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"). Refer to InPlay Oil Corp.'s Annual Information Form dated March 30, 2021 filed on SEDAR for detailed reserves information.*

Drilling Locations

This press release discloses drilling inventory in two categories: (a) proved locations; and (b) probable locations. Proved locations and probable locations are derived from the Prairie Storm Report and account for drilling locations that have associated proved and/or probable reserves, as applicable. Of the 86.2 net drilling locations identified herein, 84.0 are proved locations and 2.2 are probable locations. The drilling locations considered for future development will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.

Abbreviations

2022E	Estimate for the year ending December 31, 2022
AECO	Alberta Energy Company "C" Meter Station of the NOVA Pipeline System
bbl	barrels of oil
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
GJ	gigajoule
$MM	millions of Canadian dollars
Mboe	thousand barrels of oil equivalent
MMbbl	million barrels of oil
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MMboe	million barrels of oil equivalent
NGL	natural gas liquids
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade