InPlay Oil Corp. Announces 2021 Capital Budget and Guidance and Provides an Operations Update with Production Guidance Exceeding Pre-COVID 2019 Production Levels

January 7, 2021 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") is pleased to announce that its Board of Directors has approved a $23 million capital program for 2021 with forecast average production of 5,100 – 5,400 boe/d (69% oil and liquids).

InPlay enters 2021 coming out of one of the most challenging years that our industry has experienced as a result of the price capitulation (with 2020 West Texas Intermediate ("WTI") averaging USD $39.30/bbl) and capital retraction that occurred following the demand destruction caused by the COVID-19 pandemic. The Company reacted swiftly in 2020 by taking the following actions: eliminating capital programs, implementing initiatives to reduce costs, deferring the servicing of wells that went down, curtailing production and shutting in marginally economic wells in order to avoid selling proved developed producing reserves at a loss. Also of significance, steps were taken to secure additional funding to provide long term liquidity. These efforts are expected to result in corporate and operating cost reductions of approximately $8 million, or approximately 25%, compared to our original January 2020 (pre COVID-19) budget and we estimate retaining up to 10%, of the full 25% of these cost reductions, going forward.

InPlay was able to secure a $25 million senior second lien four-year term loan facility with the Business Development Bank of Canada ("BDC") and our syndicate in October. This significant injection of liquidity and the improvement in commodity prices allowed InPlay to re-activate its development program starting in the fourth quarter of 2020. As a result, we are now expecting to achieve production in excess of pre-COVID (2019) levels in the first quarter of 2021, estimated currently at approximately 5,300 boe/d based on field estimates. Our ability to access this additional long-term funding and the subsequent re-activation of our development program illustrates the support that our banking syndicate partners have in InPlay returning to pre-COVID production and reserve levels and to achieve long term financial stability and profitable growth.

The Company continued to exhibit its drilling and completions proficiency and operational expertise in its limited operations during the year, achieving pacesetting drilling and completion times for horizontal Cardium wells in both the Willesden Green and Pembina core areas. Management's continued focus on capital and operating cost improvements relating to the Company's recently expanded high-quality drilling inventory continues to allow InPlay to deliver top-tier capital efficiencies in 2021.

Fourth Quarter 2020 Operations Update

In the fourth quarter the Company resumed its development program drilling three (3.0 net) extended reach horizontal ("ERH") wells in Willesden Green which were completed and placed on production at the end of 2020 and one (0.2 net) ERH Nisku well which was drilled and will be completed and brought on production in the first quarter of 2021. As a result of changes in well design and continued advances in completion technology, in addition to exceptional project execution, this three well program was among the most cost effective and efficient programs to date in Willesden Green. Drilling these three wells took 7.9, 8.3 and 8.8 days respectively compared to our previously experienced drilling times of 9.0 – 9.5 days. This sets a new industry standard for pacesetter drill times in the area with InPlay now drilling 4 of 5 of the fastest ERH wells in the area to date. Completions and equipping of the wells were also executed efficiently on time and under budget leading to drilling, completions and equipping cost savings of approximately $800,000 per well. Total drilling, completion and equipping costs were under $2.4 million per well, equating to a 25% reduction, versus previous costs of $2.9 - $3.3 million per well significantly enhancing the economics and capital efficiencies in the area.

Efforts toward restoring economic production that had been temporarily curtailed in April continued through the fourth quarter. Currently, there remains approximately 150 boe/d (75% light oil and liquids) of production requiring servicing, of which the majority is expected to be brought back on production in 2021 with commodity price improvements.

Current production, which includes approximately one week of early clean up production from the three new Willesden Green ERH wells, is estimated at 5,300 boe/d (70% light oil and liquids) based on field estimates.

2021 Capital Program Overview

The Company's Board of Directors has approved a development capital program for 2021 of $23 million. This capital budget and forecast is relatively unchanged to the one presented to the BDC and our syndicate of lenders in October 2020 which supported securing the $25 million term loan. This capital spending program is supported by a robust hedging program through the first half of 2021 with approximately half of our anticipated crude oil production hedged. As demonstrated in the past, the Company will continue to remain flexible, adaptable and react promptly to changing commodity prices throughout the year to adjust the capital program if deemed appropriate. InPlay's objective is to generate Free Adjusted Funds Flow ("FAFF") (1) which is expected at current commodity prices.

InPlay's planned capital program is forecasted to result in 2021 annual average production of 5,100 to 5,400 boe/d (69% light oil & liquids) delivering estimated organic annual production growth of approximately 28% to 35% over 2020. Based on this program, the 2021 adjusted funds flow ("AFF") (1) forecast is $30.5 to $33.5 million, representing an approximate 280% to 320% increase relative to estimated 2020 AFF. Estimated FAFF of $7.0 to $10.0 million is forecast in 2021, intended to be used for debt reduction. Net debt to earnings before interest, taxes and depletion ("EBITDA") (1) for 2021 is forecast to be 1.7 – 1.9 times. The 2021 operating income profit margin (1) is forecast to be approximately 59%, as a result of improving reduced operating costs and higher forecasted future strip commodity prices.

In 2021, InPlay plans on drilling approximately 8.0 net ERH Cardium wells in Pembina and Willesden Green and completing the 0.2 net Nisku ERH well drilled in 2020. Initial plans for the first quarter, consist of three ERH wells to be drilled on our recently acquired Pembina lands, with the remaining five wells to be drilled in both the Willesden Green and Pembina areas over the balance of the year. InPlay has been approved and will start the Alberta Energy Regulator's Area Based Closure ("ABC") program with plans to spend approximately 4 - 5 % of our forecast AFF on decommissioning efforts throughout the year.

The Company's 2021 guidance is based on a current future commodity price curve with an annual average WTI price of US $49.50/bbl, $2.45/GJ AECO and estimated foreign exchange of $0.78 CDN/USD.

InPlay has continued to execute upon an active hedging program, entering into various near-term crude oil and natural gas derivative contracts, directed at reducing the Company's potential exposure to volatile oil prices, thereby backstopping initial high rate production from our capital development program. The following hedges are currently in place:

	Q1/21	**Q2/21**	**Q3/21**	**Q4/21**
Hedged Gas (GJ/d)	4,000	2,000	2,000	2,000
Hedged price ($/GJ)	$2.64	$2.34	$2.34	$2.34
Hedged Oil (bbl/d)	1,750	1,500	-	-
Hedged price – ($USD WTI/bbl)	$45.00	$45.32	-	-
Crude Oil WTI Costless Collar	250	250	-	-
Hedged price – ($USD WTI/bbl)	($34.50 – $50.15)		-	-

(1)AFF, FAFF, Net Debt/EBITDA and operating income profit margin are Non-GAAP Measures. See "Reader Advisories – Non-GAAP Financial Measures".

We are very excited about our upcoming year of operations and will look forward to continue reporting our results throughout the year. As well, we would like to thank all of our employees and service providers for their continued efforts as well as our directors for their ongoing commitment and dedication.

About InPlay Oil Corp.

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

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

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Reader Advisories

Non-GAAP Financial Measures

Included in this press release are references to the terms “adjusted funds flow”, “free adjusted funds flow”, “operating income profit margin” and “Net Debt/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. For a detailed description of InPlay’s method of calculating adjusted funds flow and its reconciliation to the nearest GAAP term, refer to the section “Non-GAAP Measures” in the Company’s most recent MD&A filed on SEDAR.

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.

InPlay also uses “operating income profit margin” as a key performance indicator. Operating income should not be considered as an alternative to or more meaningful than net income as determined in accordance with GAAP as an indicator of the Company’s performance. Operating income is calculated by the Company as oil and natural gas sales less royalties, operating expenses and transportation expenses and is a measure of the profitability of operations before administrative, share-based compensation, financing and other non-cash items. Management considers operating income an important measure to evaluate its operational performance as it demonstrates its field level profitability. Operating income profit margin is calculated by the Company as operating income as a percentage of oil and natural gas sales. Management considers operating income profit margin an important measure to evaluate its operational performance as it demonstrates how efficiently the Company generates field level profits from its sales revenue. For a detailed description of InPlay’s method of the calculation of operating income and operating income profit margin and their reconciliation to the nearest GAAP term, refer to the section “Non-GAAP Measures” in the Company’s 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 funds flow before interest expense and decommissioning expenditures. 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. A calculation of Net Debt/EBITDA is as follows:

	FY 2021
Funds Flow	$31.0
Decommissioning Expenditures	$1.5
Adjusted Funds Flow	$32.5
Interest expense	$4.7
EBITDA	$37.2
Net Debt	$66.5
Net Debt/EBITDA	1.8

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 expectation that coordinated cost reductions and the temporary curtailment of production in 2020 will result in corporate and operating cost reductions of approximately $8 million compared to our original January 2020 (pre COVID-19) budget; expectations to retain up to 10% of these cost reductions going forward; our expectation of achieving production in excess of pre-COVID (2019) levels of production within the first quarter of 2021; production expected to be restored in the new year; current production estimates; the Company’s planned 2021 capital program including wells to be drilled and completed and the timing of the same; 2021 guidance based on the planned capital program including forecasts of 2021 annual average production levels, funds flow, adjusted funds flow, free adjusted funds flow, Net Debt/EBITDA ratio, operating income profit margin, growth rates and hedging portfolio objectives and estimates; light oil and liquids weighting estimates; anticipated 2021 decommissioning spending levels; expectations regarding future commodity prices; future liquidity and financial capacity; future results from operations and operating metrics and capital guidance; management’s assessment of potential drilling inventory; 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: the continuing impact of the COVID-19 pandemic; changes in our planned 2021 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 of InPlay or by third party operators of our properties; increased debt levels or debt service requirements; inaccurate estimation of our oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in InPlay's disclosure documents.

The internal projections, expectations or beliefs underlying the Company's 2021 capital budget, associated guidance and corporate outlook for 2021 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 2021 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 and outlook may not be appropriate for other purposes.

The forward-looking information and statements contained in this news release speak only as of the date hereof and InPlay does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

The assumptions used by the Company in the development of its planned 2021 capital program and associated guidance including forecasted 2021 production, funds flow, adjusted funds flow, free adjusted funds flow, Net Debt, Net Debt/EBITDA ratio and operating income profit margin are as follows:

		FY 2020	FY 2021
WTI	US$/bbl	$39.30	$49.50
NGL Price	$/boe	$15.20	$24.50
AECO	$/GJ	$2.10	$2.45
Foreign Exchange rate	(US$/CDN$)	0.74	0.78
MSW Differential	US$/bbl	$5.30	$4.95
Production	Boe/d	3,950 – 4,000	5,100 – 5,400
Royalties	$/boe	1.90 – 2.10	2.90 – 3.40
Operating expenses	$/boe	14.20 – 14.60	11.50 – 13.50
Transportation	$/boe	0.80 – 0.90	0.80 – 0.90
Interest	$/boe	2.30 – 2.50	2.25 – 2.75
General and administrative	$/boe	3.00 – 3.20	2.60 – 3.10
Capital Expenditures	$ millions	25	23
Decommissioning Expenditures	$ millions	0.6 – 0.7	1.3 – 1.5
Forecasted Adjusted Funds Flow	$ millions	$7.5 - $8.5	$30.5 - $33.5
Forecasted Funds Flow	$ millions	$7 - $8	$29 - $32

- Forecasted production breakdown is as follows: 2021: light crude oil - 56%, natural gas liquids - 13%, natural gas – 31%; 2020: light crude oil - 51%,natural gas liquids - 17%, natural gas – 32%;
- 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 and Dec 31, 2021

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.

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.