InPlay Oil Corp. Provides Operations Update Highlighted by Record Corporate Quarterly Production

July 6, 2021 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") is pleased to provide an operations update.

InPlay's average production in the second quarter of 2021 is forecast to be approximately 5,325 boe/d(1) (70% light oil & NGLs) based on field estimates, representing a record quarterly production rate for the Company. Production is ahead of forecast as a result of the continued outperformance of six 100% Cardium wells drilled in Pembina, three of which were brought on production in the fourth quarter of 2019 and three direct offsets that were brought on production in the first quarter of 2020. Production rates are also supported by the exceptionally strong results of the three 100% Pembina Cardium 1.5 mile wells drilled on our recently acquired lands which were brought on production at the end of the first quarter of 2021. The average combined initial production ("IP") rates(1) from the most recent three wells are as follows:

IP 30 (% light oil and NGLs)	IP 60 (% light oil and NGLs)	IP 90 (% light oil and NGLs)	Current* (% light oil and NGLs)
890 boe/d 297 boe/d (per well) (80%)	1,323 boe/d 441 boe/d (per well) (78%)	1,408 boe/d 469 boe/d (per well) (76%)	1,505 boe/d 502 boe/d (per well) (68%)

* Field estimates as of July 2, 2021

These wells have produced an average of approximately 42,240 boe(1) per well (76% light oil and NGLs) in the first ninety days of production, which is 45% above our forecast and 100% above proved undeveloped booked reserves in our December 31, 2020 independent reserve evaluation. The Company estimates, based on current performance, that these wells will pay out in six months at a West Texas Intermediate ("WTI") price of approximately USD $60.00/bbl and an even shorter time frame at current WTI pricing of approximately USD $76.00/bbl.

With these tremendous results, InPlay has redirected drilling capital to wells on our recently acquired Pembina asset, as disclosed in our May 6, 2021 press release. The Company started drilling another three well pad directly offsetting the three wells drilled in the first quarter of 2021 and is currently drilling the third well on this pad. These wells are expected to be on production by the end of July.

At this time, InPlay reiterates its 2021 estimated annual average production guidance of 5,100 to 5,400 boe/d(1)(3) (69% light oil & NGLs) and currently expects to be at the high end of the production range. The Company is scheduled to release its second quarter financial and operational results on August 11, 2021 and will provide updated 2021 average annual production guidance at this time as additional production data from the three wells currently being drilled will be available. This update is also expected to include revised commodity price estimates, as current forward strip WTI oil prices for the second half of 2021 are approximately USD $14.00/bbl higher than the last price forecast we published in May 2021.

InPlay implemented a successful and comprehensive hedging program in 2020 to protect the Company's balance sheet during a period of extreme commodity price volatility. The program provided InPlay with the cost certainty to restart our capital program in the fourth quarter of 2020 and has allowed the Company to quickly surpass our pre-COVID 2019 production levels. The majority of these hedges implemented in 2020 expired on June 30, 2021, with the Company's hedging position for the second half of the year being primarily collars at much more favorable pricing levels.

Our current 2021 guidance is expected to result in continued record production for the remainder of the year. These production levels combined with strong forward strip commodity prices and increased operating income profit margins(2) from operational efficiencies are expected to result in a significant and record Adjusted Funds Flow ("AFF") (2)(3) for InPlay.

We are very pleased with the recent operational results and the outlook for our operations. These results coupled with our recently renewed Senior Credit Facility places InPlay in a strong position to generate outsized returns for our shareholders. The Company remains committed to be a top-tier, capital efficient light oil growth company amongst light oil peers. Based on current commodity prices, InPlay anticipates record levels of AFF in 2021 generating approximately 35% Free Adjusted Fund Flow(2)(3) planned to be used to reduce debt moving towards a target of 1.0 times net debt to quarterly annualized EBITDA(2)(3) ratio sooner than anticipated.

We look forward to sharing our upcoming results with our shareholders. An updated corporate presentation will be available on our website at "www.inplayoil.com" in the upcoming day.

For further information please contact:

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Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*
2. *"AFF", "Free Adjusted Funds Flow", "Net Debt/Quarterly Annualized EBITDA" and "operating income profit margin" are Non-IFRS Measures and do not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and may not be comparable with the calculations of similar measures for other companies. 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 MD&A for details of calculations, rationale for use and applicable reconciliation to the nearest IFRS measure.*
3. *See table in the Reader Advisories for key budget and underlying material assumptions related to the Company's 2021 capital program and associated guidance.*

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”, “operating income profit margin” and “Net Debt to Quarterly Annualized 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 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. Refer to “Forward Looking Information and Statements” section for a calculation of adjusted funds flow.

InPlay uses “free adjusted funds flow” as a key performance indicator. Free adjusted funds flow should not be considered as an alternative to or more meaningful than funds flow as determined in accordance with GAAP as an indicator of the Company’s performance. Free adjusted funds flow is calculated by the Company as adjusted funds flow less capital expenditures and is a measure of the cashflow remaining after capital expenditures that can be used for additional capital activity, repayment of debt or decommissioning expenditures. Management considers free adjusted funds flow an important measure to identify the Company’s ability to improve the financial condition of the Company through debt repayment, which has become more important recently with the introduction of second lien lenders. Refer to “Forward Looking Information and Statements” section for a calculation of forecast free adjusted funds flow.

InPlay uses “operating income” and “operating income profit margin” 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 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 MD&A filed on SEDAR.

InPlay uses “Net Debt/Quarterly Annualized 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. Quarterly Annualized EBITDA is calculated by the Company as adjusted funds flow before interest expense for the current quarter multiplied by four. This measure is consistent with the EBITDA formula prescribed under the Company's Credit Facility. Net Debt/Quarterly Annualized EBITDA is calculated as Net Debt divided by Quarterly Annualized EBITDA. Management considers Net Debt/Quarterly Annualized EBITDA a key performance indicator as it is a key metric to identify the Company’s ability to fund financing expenses, net debt reductions and other obligations.

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: 2021 guidance based on the planned capital program of $23 million including forecasts of 2021 annual average production levels, light oil and NGLs weightings and the estimate that production will be at the high end of the guidance range; estimated second quarter 2021 average production levels, light oil and NGLs weightings; funds flow, adjusted funds flow, free adjusted funds flow, Net Debt/Quarterly Annualized EBITDA ratio, operating income profit margin and growth rates; estimates of well performance and associated times to payout; our expectation that our 2021 capital program is anticipated to result in a record year of production and AFF, resulting in approximately 35% Free Adjusted Funds Flow which can be used to repay debt; future oil and natural gas prices; future liquidity and financial capacity; future results from operations and operating metrics; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future development, exploration, acquisition, development and infrastructure activities and related capital expenditures, including our planned 2021 capital program, allocation of wells and timing thereof; the current expectation to update our 2021 capital program and associated production guidance on August 11, 2021; the amount and timing of capital projects; forecasted spending on decommissioning; the estimate that the wells drilled in the first quarter of 2021 will pay out in six months at a West Texas Intermediate (“WTI”) price of approximately USD $60.00/bbl and an even shorter time frame at current WTI pricing of approximately USD $76.00/bbl; and methods of funding our capital program.

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of InPlay which have been used to develop such statements and information but which may prove to be incorrect. Although InPlay believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because InPlay can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which InPlay operates; the timely receipt of any required regulatory approvals; the ability of InPlay to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which InPlay has an interest in to operate the field in a safe, efficient and effective manner; the ability of InPlay to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and the ability of InPlay to secure adequate product transportation; future commodity prices; expectations regarding the potential impact of COVID-19; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which InPlay operates; and the ability of InPlay to successfully market its oil and natural gas products.

The forward-looking information and statements included herein are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: the continuing impact of the COVID-19 pandemic; changes in our planned 2021 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 light oil and natural gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in InPlay's continuous disclosure documents filed on SEDAR including our Annual Information Form.

The internal projections, expectations or beliefs underlying the Company's 2021 capital budget, associated guidance and corporate outlook for 2021 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 key budget and underlying material 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:

		Updated Guidance FY 2021[1]
WTI	US$/bbl	$60.50
NGL Price	$/boe	$27.30
AECO	$/GJ	$2.60
Foreign Exchange Rate	(US$/CDN$)	0.79
MSW Differential	US$/bbl	$4.00
Production	Boe/d	5,100 – 5,400
Royalties	$/boe	3.90 - 4.50
Operating Expenses	$/boe	11.50 - 13.50
Transportation	$/boe	0.80 - 0.90
Interest	$/boe	2.25 - 2.75
General and Administrative	$/boe	2.60 - 3.10
Hedging (gain)/loss	$/boe	3.75 – 4.25
Capital Expenditures	$ millions	$23
Net Debt	$ millions	$58.0 - $61.0
Forecasted Funds Flow	$ millions	$37.5 - $40.5
Decommissioning Expenditures	$ millions	$1.3 - $1.5
Forecasted Adjusted Funds Flow	$ millions	$39.0 - $42.0

		Updated Guidance FY 2021[1]
Forecasted Adjusted Funds Flow	$ millions	$39.0 - $42.0
Capital Expenditures	$ millions	$23
Forecasted Free Adjusted Funds Flow	$ millions	$15.0 - $18.0

		Updated Guidance FY 2021[1]
Forecasted Adjusted Funds Flow	$ millions	$39.0 - $42.0
Interest	$/boe	2.25 - 2.75
EBITDA	$ millions	$43.0 - $46.0
Net Debt	$ millions	$58.0 - $61.0
Net Debt/FY 2021 EBITDA		1.3 – 1.5

1. *The above guidance and underlying assumptions are consistent with that previously released May 6, 2021.*

- Forecasted production breakdown is as follows: light oil - 56%, natural gas liquids - 13%, natural gas – 31%. 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 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.

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

Test Results and Initial Production Rates

Test results and initial production rates disclosed herein, particularly those short in duration, may not necessarily be indicative of long term performance or of ultimate recovery. Readers are cautioned that short term rates should not be relied upon as indicators of future performance of these wells and therefore should not be relied upon for investment or other purposes. A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed.

Production Breakdown by Product Type

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

	Light and Medium Crude oil (bbls/d)	NGLS (boe/d)	Conventional Natural gas (Mcf/d)	Total (boe/d)
Q2 2021e Average Production	2,967	719	9,834	5,325
2021 Annual Guidance	2,960	733	9,344	5,250
Q1 2021 Pembina Wells (IP 30)	668	44	1,068	890
Q1 2021 Pembina Wells (IP 60)	946	87	1,741	1,323
Q1 2021 Pembina Wells (IP 90)	949	106	2,116	1,408
Q1 2021 Pembina Wells (Current)	873	146	2,915	1,505

Note:

1. *With respect to forward-looking production guidance, product type breakdown is based upon management's expectations based on reasonable assumptions but are subject to variability based on actual well results.*

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

BOE equivalent

Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.