InPlay Oil Corp. Announces First Quarter 2021 Financial and Operating Results

May 6, 2021 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") is pleased to announce its financial and operating results for the three months ended March 31, 2021. InPlay's condensed unaudited interim financial statements and notes, as well as Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2021 will be available at "www.sedar.com" and our website at "www.inplayoil.com".

First Quarter 2021 Financial & Operating Highlights

- Successful development program highlighted by drilling 3.0 net Extended Reach Horizontal ("ERH") wells on our newly acquired Pembina asset. The three wells are in early stages of post completion cleanup and have a combined average first month production rate of 890 boe/d(1) (75% light oil; 5% NGLs) based on field estimates, significantly higher than our forecast.
- Achieved average production of 4,965 boe/d(1) (70% light oil and NGLs), an increase of 4% compared to 4,784 boe/d(1) (68% light oil and NGLs) in the first quarter of 2020 and an increase of 17% compared to 4,259 boe/d(1) (68% light oil and NGLs) in the fourth quarter of 2020.
- Targeted light oil drilling has resulted in our highest weighting of light oil and NGLs at 70% of total production, with the increase all attributed to light oil.
- Generated adjusted funds flow ("AFF")(2) of $6.1 million ($0.09 per basic and diluted share), an increase of 79% compared to $3.4 million ($0.05 per basic and diluted share) in the first quarter of 2020 and an increase of 86% compared to $3.3 million ($0.05 per basic and diluted share) in the fourth quarter of 2020.
- Increased operating netbacks(2) by 113% to $26.66/boe compared to $12.52/boe in the first quarter of 2020 and by 69% compared to $15.81/boe in the fourth quarter of 2020.
- Realized an operating income profit margin(2) of 60% compared to 42% in the first quarter of 2020 and 48% in the fourth quarter of 2020, returning to more historical pre-COVID levels.
- Drilling activity and other optimization projects during the quarter are estimated to add an additional 10% to Proved Developed Producing ("PDP") reserves from Proved Developed Non-Producing ("PDNP") and Proved Undeveloped ("PUD") reserves as assigned in the December 31, 2020 reserve report.

Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*
2. *"Adjusted Funds Flow", "Operating Income Profit Margin" and "Operating Netback" do not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and therefore may not be comparable with the calculations of similar measures for other companies. Please refer to "Non-GAAP Financial Measures" 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.*

Outlook

The commodity price recovery in the past year has been remarkable and occurred quicker than InPlay and most in the industry expected. We are pleased to report that InPlay is ahead of schedule on our road to recovery, already reaching our goal of quickly returning to 2019 pre-COVID production levels of 5,000 boe/d. The Company is on track to generate record levels of production and AFF in 2021 resulting in substantial Free Adjusted Funds Flow ("FAFF")(2) to pay down the increase in debt that occurred in 2020. InPlay is on a faster pace than anticipated to achieve a target of one times Net Debt/EBITDA(2). This is in addition to achieving a record level of reserves in all categories as at December 31, 2020. All of these accomplishments were achieved without share dilution and places InPlay in the strongest position we have ever been to execute our strategy of top tier light oil growth per share and strong FAFF. We are excited that with increased financial flexibility, we have the option of reducing debt levels and exploring accretive acquisition opportunities such as our last acquisition in the fourth quarter of 2020.

The three 1.5 mile ERH Pembina wells drilled during the quarter are performing exceptionally well, are in the early post-completion clean-up stage and produced at a combined rate of approximately 890 boe/d (75% light oil; 5% NGLs) over the first 30 days ("IP 30") based on field estimates. These rates significantly exceed both our internal forecasted production volumes and those assigned in our 2020 year end reserve report. Performance to date on these ERH wells, while early, is similar to our previous six wells drilled in Pembina, which now have up to one and a half years of production history. These previously drilled wells exceeded our internal forecasted average initial production ("IP") 365 day rate by approximately 43% on average and produced at a higher oil weighting than the Company average. This was achieved despite these wells being temporarily curtailed in the second and third quarter of 2020 due to the historically low commodity prices caused by the COVID-19 demand destruction. We are extremely enthused by the positive results achieved from the Cardium drilling program in Pembina and look forward to the continued development of the assets acquired in the October 2020 strategic acquisition.

Based on the consistent performance of the Pembina assets and the recent results, the Company continues to refine our 2021 drilling program. Currently, while the total number of wells planned in 2021 remains unchanged, InPlay expects to shift focus towards the Pembina area, accessing the completed Pembina multi-well battery built in the first quarter. The revised program would initially target wells directly offsetting the successful first quarter 2021 Pembina wells mid-year, subject to spring breakup conditions and the availability of equipment and services.

At this time, InPlay reiterates its guidance for 2021 of estimated annual average production of 5,100 to 5,400 boe/d(1)(3) (69% light oil & NGLs), representing annual organic production growth of approximately 28% to 35% over 2020 levels. The Company is forecasting a 2021 operating income profit margin(2)(3) of approximately 64% and a net debt to 2021 EBITDA(2)(3) of 1.3 – 1.5 times at year end. Solid operational results exiting the first quarter along with stable commodity pricing that has trended higher, combined with the termination of punitive hedges at the end of the second quarter (which were put in place in 2020 to protect the balance sheet and capital program), are very positive catalysts for InPlay's future success. We are very excited about the remainder of 2021 which is anticipated to be a record year for the Company based on our forecast for financial and operational results.

Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*
2. *"AFF", "FAFF", "Net Debt/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.*

Financial and Operating Results:

(CDN) ($000's)	Three months ended March 31 2021	2020
Financial		
Oil and natural gas sales	20,001	13,092
Funds flow	6,093	3,235
Per share – basic and diluted	0.09	0.05
Per boe	13.63	7.43
Adjusted funds flow(1)	6,105	3,418
Per share – basic and diluted(1)	0.09	0.05
Per boe(1)	13.66	7.85
Comprehensive (loss)	(7,536)	(100,497)
Per share – basic and diluted	(0.11)	(1.47)
Exploration and development capital expenditures	12,209	11,632
Property acquisitions	19	-
Net debt	(79,780)	(63,713)
Shares outstanding	68,256,616	68,256,616
Basic & diluted weighted-average shares	68,256,616	68,256,616
Operational		
Daily production volumes		
Light and medium crude oil (bbls/d)	2,665	2,432
Natural gas liquids (bbls/d)	802	807
Conventional natural gas (Mcf/d)	8,994	9,271
Total (boe/d)	4,965	4,784
Realized prices		
Light and medium crude oil & NGLs ($/bbls)	55.75	38.53
Conventional natural gas ($/Mcf)	3.22	2.06
Total ($/boe)	44.76	30.07
Operating netbacks ($/boe)(1)		
Oil and natural gas sales	44.76	30.07
Royalties	(2.79)	(2.09)
Transportation expense	(0.94)	(0.79)
Operating costs	(14.37)	(14.67)
Operating netback	26.66	12.52
Realized (loss) on derivative contracts	(6.81)	0.00
Operating netback (including realized derivative contracts)	19.85	12.52

1. *"Adjusted funds flow" or "AFF", "adjusted funds flow per share, basic and diluted", "adjusted funds flow per boe", "operating income" and "operating netback per boe" do not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and therefore may not be comparable with the calculations of similar measures for other companies. "Adjusted funds flow" adjusts for decommissioning expenditures from funds flow. Please refer to "Non-GAAP Financial Measures" at the end of this news release and to the section entitled "Non-GAAP Measures" in the Company's MD&A for details of calculations, rationale for use and applicable reconciliation to the nearest IFRS measure.*

First Quarter 2021 Financial & Operations Overview

InPlay's capital program for the quarter consisted of $12.2 million of development capital focused on three (3.0 net) 1.5 mile ERH wells in Pembina and completing one (0.2 net) Nisku ERH well drilled in late 2020. This capital spending included the construction of a multi-well battery in Pembina that will accommodate our full cycle development of the area with the potential to drill up to 25 ERH locations over the next three years with minimal future infrastructure capital requirements. In addition, fourteen successful optimization and reactivation projects were completed, which combined with the 3.2 net wells drilled are estimated to add an additional 10%

to Proved Developed Producing ("PDP") reserves from Proved Developed Non-Producing ("PDNP") and Proved Undeveloped ("PUD") reserves as assigned in the December 31, 2020 reserve report.

Production averaged 4,965 boe/d[1] (70% oil & NGLs), an increase of 4% compared to the first quarter of 2020 which averaged 4,784 boe/d (68% oil & NGLs)[1] and an increase of 17% compared to 4,259 boe/d[1] (68% light oil and NGLs) in the fourth quarter of 2020. This production growth was achieved notwithstanding the impact of approximately 110 boe/d of lost average quarterly production due to extremely cold weather in February and non-operated production downtime. In addition, we expected our three 1.5 mile Pembina wells to begin production in early March but these were delayed to month end. Although these wells produced at an average combined rate of 890 boe/d[1] (75% light oil; 5% NGLs) in their first month, the timing of production resulted in minimal oil being sold during the first quarter of 2021. While we would have liked to have shown a higher first quarter production rate with these wells online for the entire month of March (Q1 2021 production would have increased by approximately 290 boe/d), we are pleased that the initial production from these wells is being sold into a higher pricing environment in the second quarter of 2021.

Commodity prices were strong during the quarter, recovering from unprecedented lows in 2020 due to the impacts of the COVID-19 pandemic. West Texas Intermediate ("WTI") prices averaged $57.84 USD/bbl compared to $46.17 USD/bbl in the first quarter of 2020 and $42.66 USD/bbl during the fourth quarter of 2020. Natural gas prices continued to remain strong with AECO daily index prices averaging $2.99/GJ compared to $1.93/GJ in the first quarter of 2020. February 2021 natural gas prices were exceptionally strong at $3.77/GJ, a level not seen since 2014.

Given the strength in commodity prices during the quarter, InPlay generated AFF[2] of $6.1 million representing a 79% improvement relative to the $3.4 million realized in the pre-COVID first quarter of 2020. Operating costs averaged $14.37/boe and were slightly better than operating costs in the first quarter of 2020 of $14.67/boe. Operating costs were impacted slightly due to the extremely cold weather affecting field operations, an unexpected plant turnaround, and significantly higher power costs as a result of increased power demand placed on the electrical grid system.

Efforts to protect the Company's balance sheet and capital program were put in place in 2020 through a comprehensive hedging program which successfully achieved that objective. With the subsequent dramatic increase in commodity prices, the Company realized hedging losses of approximately $3.0 million, negatively affecting AFF. The majority of these punitive hedges from 2020 expire at the end of the second quarter, with the Company's hedging position for the second half of the year being primarily collars at more favorable pricing levels in line with current pricing.

We would like to express our appreciation to all of our employees, service providers and directors for their efforts in aiding the Company in managing the COVID-19 pandemic. We would also like to thank all of our shareholders and lending partners for their backing of the Company during those difficult times and we are excited about the positive road ahead.

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Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*
2. *"Adjusted Funds Flow" does not have a standardized meaning under International Financial Reporting Standards (IFRS) and GAAP and therefore may not be comparable with the calculations of similar measures for other companies. Please refer to "Non-GAAP Financial Measures" 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.*

Reader Advisories

Non-GAAP Financial Measures

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

InPlay uses “adjusted funds flow”, “adjusted funds flow per share, basic and diluted” and “adjusted funds flow per boe” 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. Adjusted funds flow per boe is calculated by the Company as adjusted funds flow divided by production for the respective period. Management considers adjusted funds flow per boe an important measure to evaluate its operational performance as it demonstrates its recurring operating cash flow generated per unit of production. For a detailed description of InPlay’s method of calculating adjusted funds flow, adjusted funds flow per share, basic and diluted and adjusted funds flow per boe 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 “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”, “operating netback per boe” 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 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. 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, operating netback per boe 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/EBITDA” as a key performance indicator. EBITDA should not be considered as an alternative to or more meaningful than funds flow as determined in accordance with GAAP as an indicator of the Company’s performance. EBITDA is calculated by the Company as adjusted funds flow before interest expense. This measure is consistent with the EBITDA formula prescribed under the Company's Credit Facility. Net Debt/EBITDA is calculated as Net Debt divided by EBITDA. Management considers Net Debt/EBITDA a key performance indicator as it is a key metric under our first lien and second lien credit facilities and is an important measure to identify the Company’s annual ability to fund financing expenses, net debt reductions and other obligations. Refer to the “Forward Looking Information and Statements” section for a calculation of forecast Net Debt/EBITDA.

Forward-Looking Information and Statements

This news release contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends", “forecast” 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; funds flow, adjusted funds flow, free adjusted funds flow, Net Debt/EBITDA ratio, operating income profit margin and growth rates; our estimate that our 2021 capital program is anticipated to result in a record year of production and AFF, resulting in substantial FAFF 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 possible refinement of our 2021 capital program and anticipated changes resulting therefrom; the amount and timing of capital projects; forecasted spending on decommissioning; and expected increases to PDP reserves in 2021 from drilling activity and other optimization projects; 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
Decommissioning Expenditures	$ millions	$1.3 - $1.5
Net Debt	$ millions	$58.0 - $61.0
Forecasted Adjusted Funds Flow	$ millions	$39.0 - $42.0
Forecasted Funds Flow	$ millions	$37.5 - $40.5

		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
EBTIDA	$ millions	$43.0 - $46.0
Net Debt	$ millions	$58.0 - $61.0
Net Debt/EBITDA		1.3 – 1.5

1. *The above guidance and underlying assumptions are consistent with that previously released March 16, 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)
Q1 2020 Average Production	2,432	807	9,271	4,784
Q4 2020 Average Production	2,194	708	8,141	4,259
2020 Average Production	2,031	668	7,715	3,985
Q1 2021 Average Production	2,665	802	8,994	4,965
2021 Annual Guidance	2,960	733	9,344	5,250
Q1 2021 Pembina Wells (IP 30)	668	44	1,068	890

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.