InPlay Oil Corp. Announces Second Quarter 2021 Financial and Operating Results Highlighted by Record Production and Increased Production and Funds Flow Guidance

August 11, 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 and six months ended June 30, 2021. InPlay's condensed unaudited interim financial statements and notes, as well as Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2021 will be available at "www.sedar.com" and our website at "www.inplayoil.com".

Second Quarter 2021 Financial & Operating Highlights

- Achieved record quarterly production of 5,386 boe/d(1) (68% light oil and NGLs), an increase of 71% compared to 3,154 boe/d(1) (66% light oil and NGLs) in the second quarter of 2020 and an increase of 8% compared to 4,965 boe/d(1) (70% light oil and NGLs) in the first quarter of 2021.
- Continued new well production performance in excess of forecasts with the 3.0 net Extended Reach Horizontal ("ERH") wells drilled in the first quarter of 2021 on our newly acquired Pembina asset having a combined average 120 day initial production ("IP") rate of 1,390 boe/d(1) (74% light oil and NGLs) based on field estimates.
- Increased operating netbacks(2) by 3279% to $33.11/boe from $0.98/boe in the second quarter of 2020 and by 24% from $26.66/boe in the first quarter of 2021.
- Realized a quarterly record operating income(2) and operating income profit margin(2) of $16.2 million and 64% respectively compared to $0.3 million and 6% in the second quarter of 2020 and $11.9 million and 60% in the first quarter of 2021.
- Generated adjusted funds flow ("AFF")(2) of $8.2 million ($0.12 per basic and diluted share) compared to an AFF deficit of $1.3 million ($0.02 deficit per basic and diluted share) in the second quarter of 2020 and an increase of 35% compared to $6.1 million ($0.09 per basic and diluted share) in the first quarter of 2021.
- Reduced operating expenses to a quarterly record $12.51/boe compared to $14.18/boe in the second quarter of 2020 and $14.37/boe in the first quarter of 2021.
- Realized net income of $59.1 million ($0.87 per basic share; $0.85 per diluted share) compared to a net loss of $6.2 million ($0.09 per basic and diluted share) in the second quarter of 2020 and a net loss of $7.5 million ($0.11 per basic and diluted share) in the first quarter of 2021.
- Decreased net debt by 5% during the second quarter of 2021 from March 31, 2021 while also managing to achieve production growth of 8% over the same respective period. InPlay's second half ("H2") 2021 program as planned is forecasted to result in net debt reduction of $17 - $19 million.

Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*
2. *"Adjusted Funds Flow", "Operating Income", "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 and Ratios" at the end of this news release and to the section entitled "Non-GAAP Measures and Ratios" in our MD&A for details of calculations, rationale for use and applicable reconciliation to the nearest IFRS measure.*

Outlook and Increased Guidance

The Company's decision to reinvest in the Pembina Cardium has been extremely successful. Results exceeding our expectations have been realized in Pembina since we resumed drilling in this area in late 2019. The three 100% Pembina Cardium 1.5 mile wells drilled in the first quarter of 2021 on our lands acquired in the fourth quarter of 2020 have performed exceptionally to date. These wells continue to flow without artificial lift, have produced an average of approximately 55,000 boe per well (73% light oil and NGLs) over their first 120 days and have paid out in three to four months. Their production rates have continued to substantially exceed both our internal forecasted production volumes and reserves assigned to these locations in our December 31, 2020 independent reserve report. The average combined IP rates(1) from these wells are as follows:

IP 30 (% light oil and NGLs)	IP 60 (% light oil and NGLs)	IP 90 (% light oil and NGLs)	IP 120 (% 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%)	1,390 boe/d 463 boe/d (per well) (74%)

The Company finished drilling another three well pad in early July directly offsetting the Pembina wells drilled in the first quarter of 2021. These new wells came on production in late July and have produced an average of approximately 462 boe/d[1] per well (83% light oil and NGLs) over their first 15 days of production. The wells are showing initial early results exceeding the Pembina wells drilled in the first quarter of 2021 which had an average production rate of 297 boe/d[1] over the first 30 days. The three latest wells are cleaning up and currently producing 567 boe/d[1] on average per well (79% light oil and NGLs), based on field estimates. Based on current performance, the Company anticipates these wells to pay out in a similar time frame to our Pembina wells drilled in the first quarter of 2021. InPlay's current corporate production is approximately 6,500 boe/d[1] (68% light oil and NGLs), based on field estimates.

InPlay's strong results in the first half of 2021 and continuing in the second half of 2021 from the Pembina drills have allowed the Company to increase its 2021 annual average production guidance to between 5,500 and 5,750 boe/d[1] (68% light oil and NGLs) from our previous guidance of 5,100 to 5,400 boe/d (69% light oil and NGLs). The drilling program for the remainder of the year has not changed from drilling 5.0 net operated horizontal wells. A major scope change has occurred where instead of drilling three 1.0 mile wells in Willesden Green and two 1.5 mile wells in Pembina, the Company is now planning to drill five 1.5 mile wells in Pembina given the strong results and short payouts of the recent Pembina wells. Also, these locations are expected to provide the highest reserve additions in all categories with management expectations that reserves will significantly exceed current reserve bookings as well as adding new locations in 2021. The Company will participate in an additional two (0.4 net) non-operated wells due to increasing partner activity in the second half of 2021. Total capital expenditures for 2021 is anticipated to be $29 million resulting in forecast AFF[2] increased to an annual record $44.5 - $47.5 million and forecast Free Adjusted Funds Flow ("FAFF")[2] increased to $15.5 - $18.5 million, which will be used to pay down debt. Based on a current market capitalization of $76 million (based on the Company's August 10, 2021 closing share price), 2021 forecasted FAFF equates to a 20% - 24% FAFF yield[5] for equity investors. Quarterly AFF in each of the third and fourth quarter of 2021 is expected to exceed AFF generated during the first half of 2021.

InPlay is expected to have lower debt exiting 2021 than that previously forecasted, close to our pre-pandemic 2019 debt levels. InPlay's fourth quarter 2021 annualized net debt to earnings before interest, taxes and depletion ("EBITDA") ratio[5] is now forecast to be 0.7 to 0.9 times, the lowest in our history. InPlay's decision to redirect capital to longer, more capital efficient Pembina Cardium wells will allow the Company to capitalize on these top-tier locations in the strong current pricing environment, where the wells are expected to pay-out quickly in an estimated three to six months, assuming West Texas Intermediate ("WTI") oil prices of US$60 to US$70. The Company has approximately 26 additional drilling locations on our new Pembina Cardium asset[4]. As we have previously demonstrated, the Company will continue to remain flexible, adaptable and react promptly to commodity price volatility and will adjust the capital program if necessary.

The Company's 2021 guidance is based on a current future commodity price curve with an annual average WTI price of US $64.50/bbl, $3.35/GJ AECO and estimated foreign exchange of $0.80 CDN/USD.

We are very excited about the remainder of 2021 which is anticipated to be a record year for the Company based on our updated forecast for financial and operational results[3]. We are also excited that a strong second half of 2021 puts InPlay in an even stronger position to continue to deliver measured production and FAFF growth throughout 2022.

Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*
2. *"AFF" and "FAFF" 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 Ratios" and "BOE equivalent" at the end of this news release and to the section entitled "Non-GAAP Measures and Ratios" 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.*
4. *See "Reader Advisories – Drilling Locations"*
5. *"Quarterly Annualized Net Debt/EBITDA" and "FAFF Yield" are Non-GAAP Ratios 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 Ratios" at the end of this news release and to the section entitled "Non-GAAP Measures and Ratios" in our MD&A for details of calculations, rationale for use and applicable reconciliation to the nearest IFRS measure.*

Financial and Operating Results:

(CDN) ($000's)	Three months ended June 30		Six months ended June 30	
	2021	**2020**	**2021**	**2020**
Financial				
Oil and natural gas sales	25,267	5,167	45,268	18,259
Funds flow	8,188	(1,395)	14,280	1,840
Per share – basic and diluted	0.12	(0.02)	0.21	0.03
Per boe	16.71	(4.86)	15.24	2.55
Adjusted funds flow(1)	8,219	(1,279)	14,324	2,139
Per share – basic and diluted(1)	0.12	(0.02)	0.21	0.03
Per boe(1)	16.77	(4.46)	15.29	2.96
Comprehensive income (loss)	59,127	(6,188)	51,591	(106,685)
Per share – basic	0.87	(0.09)	0.76	(1.56)
Per share –diluted	0.85	(0.09)	0.75	(1.56)
Exploration and development capital expenditures	4,744	488	16,954	12,120
Property (dispositions)	(101)	(260)	(82)	(260)
Net debt	(76,113)	(65,487)	(76,113)	(65,487)
Shares outstanding	68,288,616	68,256,616	68,288,616	68,256,616
Basic weighted-average shares	68,259,781	68,256,616	68,258,207	68,256,616
Diluted weighted-average shares	69,187,825	68,256,616	68,687,889	68,256,616
Operational				
Daily production volumes				
Light and medium crude oil (bbls/d)	2,942	1,523	2,804	1,977
Natural gas liquids (bbls/d)	730	561	765	684
Conventional natural gas (Mcf/d)	10,286	6,424	9,643	7,847
Total (boe/d)	5,386	3,154	5,177	3,969
Realized prices				
Light and medium crude oil & NGLs ($/bbls)	66.46	20.99	61.29	31.66
Conventional natural gas ($/Mcf)	3.27	2.03	3.25	2.05
Total ($/boe)	51.55	18.00	48.31	25.28
Operating netbacks ($/boe)(1)				
Oil and natural gas sales	51.55	18.00	48.31	25.28
Royalties	(4.83)	(1.84)	(3.85)	(1.99)
Transportation expense	(1.12)	(1.00)	(1.03)	(0.88)
Operating costs	(12.51)	(14.18)	(13.40)	(14.47)
Operating netback	33.09	0.98	30.03	7.94
Realized (loss) on derivative contracts	(9.39)	(1.05)	(8.16)	(0.42)
Operating netback (including realized derivative contracts)	23.70	(0.07)	21.87	7.52

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 and Ratios" at the end of this news release and to the section entitled "Non-GAAP Measures and Ratios" in the Company's MD&A for details of calculations, rationale for use and applicable reconciliation to the nearest IFRS measure.*

Second Quarter 2021 Financial & Operations Overview

InPlay's production for the second quarter of 2021 was a record quarterly production rate for the Company averaging 5,386 boe/d[(1)] (68% light oil & NGLs). Production increased 71% compared to the second quarter of 2020 which averaged 3,154 boe/d[(1)] (66% light oil & NGLs) and increased 8% compared to the first quarter of 2021 which average 4,965 boe/d[(1)] (70% light oil and NGLs). The Company's strong results in Pembina have allowed InPlay to achieve record quarterly production only one year after the beginning of the COVID-19 pandemic.

The Company's capital program for the quarter consisted of $4.7 million of development capital focused primarily on the drilling operations of an additional three (3.0 net) 1.5 mile ERH wells in Pembina offsetting the three wells drilled in the first quarter of 2021, with drilling concluding in June on two wells and early July for one well.

InPlay continues to benefit from our record levels of production being sold into one of the strongest commodity pricing environments we have seen in years. WTI prices remained strong in the second quarter of 2021 averaging $66.07 USD/bbl compared to $27.83 USD/bbl in the COVID-19 impacted second quarter of 2020. Strong natural gas prices continued in the second quarter of 2021 with AECO daily index prices averaging $2.93/GJ compared to $1.89/GJ in the second quarter of 2020. Realized NGL prices averaged $30.27/bbl compared to $11.66/bbl for the second quarter of 2020.

Record production levels and strong prices resulted in InPlay generating strong AFF[(2)] of $8.2 million compared to a $1.3 million deficit generated in the COVID-19 impacted second quarter of 2020 and an increase of 35% compared to $6.1 million in the first quarter of 2021. AFF was negatively impacted by hedging losses realized during the quarter from hedges put in place in 2020 to protect the Company's balance sheet and capital program. The majority of these out of the money hedges from 2020 expired at the end of the second quarter.

InPlay achieved record low operating costs of $12.51/boe in the second quarter of 2021, improving from the second quarter of 2020 of $14.18/boe. Improvements in operating costs on a per boe basis reflect continued focus on operational efficiencies and fixed operating costs being incurred over a larger production base.

As a result of improvements to forecasted commodity pricing and the strong recent well results of the Company, InPlay also realized a reversal of property, plant and equipment impairment which was originally booked in the first quarter of 2020 at the onset of the COVID-19 pandemic. An impairment reversal of $58.3 million was realized during the second quarter of 2021, resulting in net income of $59.1 million ($0.87 per basic share; $0.85 per diluted share) during the quarter compared to a net loss of $6.2 million ($0.09 per basic and diluted share) in the second quarter of 2020.

As previously announced, the Company renewed its Senior Credit Facility on June 30, 2021 at $65 million on a fully conforming, revolving basis. The return of InPlay's Senior Credit Facility to its pre-COVID structure is further evidence of the strong financial position of the Company. InPlay currently has access to $90 million of overall lending capacity which places InPlay in an enviable liquidity position relative to our peers.

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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 and Ratios" at the end of this news release and to the section entitled "Non-GAAP Measures and Ratios" 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 and Ratios
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”, “Net Debt to Quarterly Annualized EBITDA” and “FAFF Yield”. 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 “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 below for a calculation of forecast free adjusted funds flow yield.

		FY 2021
Forecasted Free Adjusted Funds Flow	$ millions	$15.5 - $18.5
Shares outstanding	# of shares	68,288,616
Closing share price @ August 10, 2021	$/share	$1.12
Market capitalization @ August 10, 2021	$ millions	$76.5
FAFF Yield	%	20% - 24%

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/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 annual and Q4 guidance based on the planned capital program of $29 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, Net Debt to Quarterly Annualized EBITDA ratio and growth rates; the expectation that quarterly AFF in both the third and fourth quarter of 2021 is expected to exceed AFF generated during the first half of 2021; the expectation that FAFF generated in 2021 will be used to pay down debt; the projection that debt 2021 will be lower than that previously forecasted and will be close to our pre-pandemic 2019 debt levels; the expectation that Pembina wells will pay-out extremely quickly in an estimated three to six months assuming oil prices of US$60 to US$70 WTI; the expectation that 2021 will be a record year for the Company; 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

and infrastructure activities and related capital expenditures, including our planned 2021 capital program, allocation of wells to be drilled and completed and timing thereof; anticipated reserve additions and optimization 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 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 and Q4 Net Debt/EBITDA ratio are as follows:

		Guidance Q4 2021	Updated Guidance FY 2021	Prior Guidance FY 2021(1)
WTI	US$/bbl	$65.75	$64.50	$60.50
NGL Price	$/boe	$31.00	$31.00	$27.30
AECO	$/GJ	$4.00	$3.35	$2.60
Foreign Exchange Rate	(US$/CDN$)	0.80	0.80	0.79
MSW Differential	US$/bbl	$4.25	$4.15	$4.00
Production	Boe/d	6,100 – 6,400	5,500 – 5,750	5,100 – 5,400
Royalties	$/boe	5.25 – 5.75	4.60 – 5.10	3.90 - 4.50
Operating Expenses	$/boe	11.00 – 13.00	11.50 - 13.50	11.50 - 13.50
Transportation	$/boe	0.70 - 0.80	0.80 - 0.90	0.80 - 0.90
Interest	$/boe	1.35 – 1.85	2.25 - 2.75	2.25 - 2.75
General and Administrative	$/boe	2.40 – 2.90	2.60 - 3.10	2.60 - 3.10
Hedging loss	$/boe	2.00 – 2.50	5.00 – 5.50	3.75 – 4.25
Capital Expenditures	$ millions	$12	$29	$23
Decommissioning Expenditures	$ millions	$0.5 - $0.8	$1.3 - $1.5	$1.3 - $1.5
Net Debt	$ millions	$56.5 - $59.5	$56.5 - $59.5	$58.0 - $61.0
Forecasted Adjusted Funds Flow	$ millions	$16.0 - $18.0	$44.5 - $47.5	$39.0 - $42.0
Forecasted Funds Flow	$ millions	$15.5 - $17.5	$43.0 - $46.0	$37.5 - $40.5

		Updated Guidance FY 2021	Prior Guidance FY 2021(1)
Forecasted Adjusted Funds Flow	$ millions	$44.5 - $47.5	$39.0 - $42.0
Capital Expenditures	$ millions	$29	$23
Forecasted Free Adjusted Funds Flow	$ millions	$15.5 - $18.5	$15.0 - $18.0

		Guidance Q4 2021	Updated Guidance FY 2021	Prior Guidance FY 2021(1)
Forecasted Adjusted Funds Flow	$ millions	$16.0 - $18.0	$44.5 - $47.5	$39.0 - $42.0
Interest	$/boe	1.35 – 1.85	2.25 - 2.75	2.25 - 2.75
EBTIDA	$ millions	$16.5 – $19.5	$49.5 - $52.5	$43.0 - $46.0
Net Debt	$ millions	$56.5 - $59.5	$56.5 - $59.5	$58.0 - $61.0
Net Debt/EBITDA		0.7 – 0.9	1.0 – 1.2	1.3 – 1.5

1. *As previously released March 16, 2021.*

- Forecasted production breakdown is as follows: light oil - 55%, natural gas liquids - 13%, natural gas – 32%. 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 ("IP") 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 2020 Average Production	1,523	561	6,424	3,154
H1/20 Average Production	1,977	684	7,847	3,969
2020 Annual Average Production	2,031	668	7,715	3,985
Q1 2021 Average Production	2,665	802	8,994	4,965
Q2 2021 Average Production	2,942	730	10,286	5,386
H1/21 Average Production	2,804	765	9,643	5,177
2021 Annual Average Production Guidance	3,071	751	10,816	5,625(1)
Current Corporate Average Production	3,606	788	12,589	6,500
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 (IP 120)	910	113	2,200	1.390
Q2 2021 Pembina Wells (IP 15)	1,074	72	1,434	1,386
Q2 2021 Pembina Wells (Current)	1,218	111	2,226	1,701

Note:

1. *This reflects the mid-point of the Company's updated production guidance range of 5,500 to 5,750 boe/d.*
2. *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").

Drilling Locations

This press release discloses an estimate of 26 drilling locations identified by management in the Company's Pembina area of operations which are comprised of: (i) 9 proved locations; (ii) 9 probable locations and (ii) 8 unbooked locations. Proved and probable locations are derived from the Company's independent reserves evaluation effective December 31, 2020 and account for drilling inventory that have associated proved reserves assigned by Sproule. Unbooked locations are internally identified potential drilling opportunities based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have reserves or resources attributed to them and are not estimates of drilling locations which have been evaluated by a qualified reserves evaluator performed in accordance with the COGE Handbook. There is no certainty that the Company will drill any of these potential drilling opportunities and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells 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. While certain of the unbooked locations are expected to be de-risked by drilling in relative close proximity to existing wells, other unbooked drilling locations are further away from existing wells where management has less information about the characteristics of the reservoir and, therefore, there is more uncertainty whether wells will ultimately be drilled in such locations.

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.