InPlay Oil Corp. Announces Third Quarter 2021 Financial and Operating Results Highlighted by Record Quarterly Production and Financial Results

November 10, 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 nine months ended September 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 nine months ended September 30, 2021 will be available at "www.sedar.com" and our website at "www.inplayoil.com".

We are very pleased to present our third quarter financial and operating results in which the efficient execution of our operational and capital program, coupled with the significantly improved commodity price environment, has allowed us to achieve record production and financial results.

Third Quarter 2021 Financial & Operating Highlights

- Achieved record quarterly production for the second consecutive quarter with third quarter production averaging 6,011 boe/d(1) (64% light oil and NGLs), an increase of 61% compared to 3,742 boe/d(1) (69% light oil and NGLs) in the third quarter of 2020 and an increase of 12% compared to 5,386 boe/d(1) (68% light oil and NGLs) in the second quarter of 2021.
- Generated record quarterly adjusted funds flow ("AFF") of $15.6 million ($0.23 per basic share), an increase of 675% compared to $2.0 million ($0.03 per basic share) in the third quarter of 2020 and an increase of 89% compared to $8.2 million ($0.12 per basic share) in the second quarter of 2021.
- Increased operating netbacks(2) by 168% to $37.09/boe from $13.85/boe in the third quarter of 2020 and by 12% from $33.11/boe in the second quarter of 2021.
- Realized increased quarterly record operating income(2) and operating income profit margin(2) of $20.5 million and 65% respectively compared to $4.8 million and 44% in the third quarter of 2020 and $16.2 million and 64% in the second quarter of 2021.
- Continued to reduce operating expenses to a quarterly record $12.23/boe compared to $14.42/boe in the third quarter of 2020 and $12.51/boe in the second quarter of 2021.
- Generated free adjusted funds flow ("FAFF")(2) of $5.1 million compared to $1.6 million in the third quarter of 2020 and $3.6 million in the second quarter of 2021.
- Decreased net debt by 6% during the third quarter of 2021 from June 30, 2021 while also achieving production growth of 12% over the same respective period.
- Strengthened our net debt to quarterly annualized earnings before interest, taxes and depletion ("EBITDA")(2) ratio to 1.1, compared to 5.2 in the third quarter of 2020 and 1.9 in the second quarter of 2021 achieving the lowest quarterly leverage ratio in our corporate history.

Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*
2. *"Free adjusted funds flow", "Operating Income", "Operating Income Profit Margin", "Operating Netback" and "Net Debt to Quarterly Annualized EBITDA" 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.*

Financial and Operating Results:

(CDN) ($000's)	Three months ended September 30 2021	2020	Nine months ended September 30 2021	2020
Financial				
Oil and natural gas sales	31,331	10,846	76,599	29,105
Adjusted funds flow	15,555	2,008	29,879	4,146
Per share – basic	0.23	0.03	0.44	0.06
Per share – diluted	0.22	0.03	0.43	0.06
Per boe	28.13	5.83	20.05	3.89
Comprehensive income (loss)	8,289	(2,717)	59,880	(109,402)
Per share – basic	0.12	(0.04)	0.88	(1.60)
Per share –diluted	0.12	(0.04)	0.86	(1.60)
Exploration and development capital expenditures	10,457	382	27,410	12,502
Property (dispositions)	(2)	(5)	(83)	(265)
Net debt	(71,331)	(64,246)	(71,331)	(64,246)
Shares outstanding	68,293,616	68,256,616	68,293,616	68,256,616
Basic weighted-average shares	68,290,573	68,256,616	68,269,114	68,256,616
Diluted weighted-average shares	70,434,134	68,256,616	69,303,639	68,256,616
Operational				
Daily production volumes				
Light and medium crude oil (bbls/d)	3,154	1,973	2,922	1,976
Natural gas liquids (bbls/d)	663	598	731	655
Conventional natural gas (Mcf/d)	13,166	7,029	10,831	7,572
Total (boe/d)	6,011	3,742	5,458	3,893
Realized prices				
Light and medium crude oil & NGLs ($/bbls)	75.82	39.51	66.41	34.23
Conventional natural gas ($/Mcf)	3.89	2.32	3.51	2.13
Total ($/boe)	56.66	31.50	51.41	27.29
Operating netbacks ($/boe)				
Oil and natural gas sales	56.66	31.50	51.41	27.29
Royalties	(6.06)	(2.29)	(4.67)	(2.09)
Transportation expense	(1.28)	(0.94)	(1.12)	(0.90)
Operating costs	(12.23)	(14.42)	(12.96)	(14.46)
Operating netback	37.09	13.85	32.66	9.84
Realized (loss) on derivative contracts	(3.47)	(2.18)	(6.42)	(0.99)
Operating netback (including realized derivative contracts)	33.62	(11.67)	26.24	8.85

Third Quarter 2021 Financial & Operations Overview

InPlay's production for the third quarter of 2021 set another quarterly record for the Company averaging 6,011 boe/d[(1)] (64% light oil & NGLs). Production increased 61% compared to the third quarter of 2020 which averaged 3,742 boe/d (69% light oil & NGLs) and increased 12% compared to our previous quarterly record in the second quarter of 2021 which averaged 5,386 boe/d[(1)] (68% light oil and NGLs). A lower light oil and liquids weighting of 64% in the quarter is due to less NGLs extracted as a result of a temporary change in the extraction process at a deep cut plant and a fire at another plant utilized by InPlay. The Company is extremely pleased to have achieved quarterly production records in consecutive quarters and to exceed 6,000 boe/d quarterly average production for the first time in our history.

The Company's capital program for the quarter consisted of $10.5 million of development capital focused primarily on our Pembina lands acquired in late 2020. The program included completing and bringing on production three (3.0 net) 1.5 mile Extended Reach Horizontal ("ERH") wells that were drilled in June and the drilling operations and initial facilities work of two (2.0 net) ERH wells, which were completed in the fourth quarter and are currently being brought on production. The Company also participated in the drilling of one (0.2 net) non-operated Nisku ERH well and one (0.2 net) non-operated Willesden Green ERH well during the third quarter of 2021.

WTI prices remained strong averaging $70.56 USD/bbl, up 72% compared to $40.93 USD/bbl in the third quarter of 2020. Natural gas prices continued to remain high with AECO daily index prices averaging $3.41/GJ, a 61% increase compared to $2.12/GJ in the third quarter of 2020. Significant increases in propane, butane and ethane prices resulted in realized average NGL prices of $45.01/bbl, up 169% compared to $16.73/bbl in the third quarter of 2020.

The Company's record production levels combined with very strong commodity prices resulted in InPlay achieving record AFF during the quarter of $15.6 million, an increase of 675% compared to a $2.0 million in the third quarter of 2020 and an increase of 89% compared to $8.2 million in the second quarter of 2021. FAFF of $5.1 million was generated during the quarter which decreased our net debt by 6% from June 30, 2021. This net debt reduction was achieved while also managing production growth of 12% compared to our previous quarterly production record in the second quarter of 2021.

InPlay achieved record low operating costs of $12.23/boe in the third quarter of 2021, improving from $13.84/boe in the third quarter of 2020. 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, the Company increased operating netbacks by 168% to $37.08/boe from $13.84/boe in the third quarter of 2020 and by 12% from $33.11/boe in the second quarter of 2021.

Cardium Acquisition, Equity Financing and Increased Senior Credit Facility

On September 28, 2021, the Company announced that it had entered into a definitive agreement to acquire Prairie Storm Resources Corp. (the "Acquisition"). The Acquisition will be funded by an $11.5 million bought deal equity financing (the "Financing"), available borrowings under InPlay's Senior Credit Facility and the issuance of approximately 8.3 million common shares of InPlay to shareholders of Prairie Storm. InPlay received a commitment letter from its senior lenders to increase the borrowing capacity of its Senior Credit Facility from $65.0 million to $85.0 million by way of a $20 million Senior Term Facility, subject to and conditional upon the completion of the Acquisition.

The Financing was completed on October 20, 2021 with the full over-allotment of $1.5 million being exercised for total gross proceeds of $11.5 million, which proceeds are being held in escrow pending completion of the Acquisition.

The Acquisition is a significant achievement for InPlay, solidifying the Company as a premier Cardium operator adding additional scale of operations and areas of growth to the Company. We look forward to the closing of this Acquisition which is expected to occur, subject to the satisfaction of conditions, on or around November 30, 2021.

Passing of Board Member

It is with profound sadness that InPlay reports the passing of Mr. Dennis Nerland on October 30th, 2021, a member of the Company's Board of Directors since 2013. Dennis was a valued member of the Board of Directors and played a significant role in shaping InPlay from inception into the company that it is today. Dennis' insight, character and warmth will be sorely missed by InPlay and the business community. InPlay extends our deepest condolences to Dennis' family.

Outlook

The Company's operational success in the Cardium and record results achieved during the quarter provide a solid foundation entering into the fourth quarter and looking forward to 2022. The increase in commodity prices and the pending addition of the Prairie Storm assets has the Company extremely well positioned financially and operationally going into 2022. Our updated pro-forma 2021 post-acquisition corporate guidance for 2021 and preliminary post-acquisition corporate outlook for 2022 remain unchanged. Please refer to our press release dated September 28, 2021 for further details.

We are very excited to begin integrating the Prairie Storm assets into our business and look forward to continuing to deliver the same operational excellence that we have previously delivered in our existing Cardium assets. The Company looks forward to executing on our strategy to generate measured production per share growth combined with strong free adjusted funds flow, debt reduction and maximizing returns to shareholders.

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Notes:

1. *See "Reader Advisories - Production Breakdown by Product Type"*

Reader Advisories

Non-GAAP Financial Measures and Ratios

Included in this press release are references to the terms "free adjusted funds flow", "operating income", "operating netback per boe", "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 "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 "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. For a detailed description of InPlay's method of the calculation free adjusted funds flow, refer to the section "Non-GAAP Measures" in the Company's MD&A filed on SEDAR.

InPlay uses "operating income", "operating netback per boe" and "operating income profit margin" as key performance indicators. 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, refer to the section "Non-GAAP Measures" in the Company's MD&A filed on SEDAR.

InPlay uses "Net Debt to Quarterly Annualized EBITDA" as a key performance indicator. EBITDA should not be considered as an alternative to or more meaningful than adjusted 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 to Quarterly Annualized EBITDA is calculated as Net Debt divided by Quarterly Annualized EBITDA. Management considers Net Debt to 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. For a detailed description of InPlay's method of the calculation of Net Debt to Quarterly Annualized EBITDA, refer to the section "Non-GAAP Measures" in the Company's MD&A filed on SEDAR.

Forward-Looking Information and Statements

This news release contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends", "forecast" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the expectation that the conditions to the Acquisition will be satisfied and the transaction will be completed on the terms and timing anticipated; anticipated benefits of the Acquisition; 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; 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: that all necessary approvals for and conditions to completion of the Acquisition will be satisfied; 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.

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.

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)
Q3 2020 Average Production	1,973	598	7,029	3,742
Q3 2020 YTD Average Production	1,976	655	7,572	3,893
Q2 2021 Average Production	2,942	730	10,286	5,386
Q3 2021 Average Production	3,154	663	13,166	6,011
Q3 2021 YTD Average Production	2,922	731	10,831	5,458

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.