InPlay Oil Corp. Announces Second Quarter 2023 Financial and Operating Results

August 14, 2023 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") announces its financial and operating results for the three and six month's ended June 30, 2023. 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, 2023 will be available at "www.sedar.com" and our website at "www.inplayoil.com". Our corporate presentation will soon be available on our website.

Second Quarter 2023 Financial & Operating Highlights

- Realized average quarterly production of 8,474 boe/d(1) (57% light crude oil and NGLs) in light of significant production restrictions with shut ins due to the Alberta Wildfires and third party facility restrictions which also temporarily reduced the Company's liquids yield in the quarter.
- Generated strong quarterly adjusted funds flow ("AFF")(2) of $21.8 million ($0.25 per basic share(3)), an increase of 2% from the first quarter of 2023 despite a decrease in production.
- Generated free adjusted funds flow ("FAFF")(3) of $9.0 million resulting in a 9% reduction to net debt from March 31, 2023.
- Maintained balance sheet strength with a low net debt(2) to earnings before interest, taxes and depletion ("EBITDA")(3) ratio of 0.4 on a trailing twelve month basis, down from 0.5 in the second quarter of 2022, providing the financial capability to deliver consistent returns to shareholders with the dividend sustainable through to the end of 2025 in a stress test price environment of US $55/bbl WTI.
- Returned $4.0 million ($8.0 million in the first six months of 2023) directly to shareholders through our monthly base dividend.
- Achieved net income of $4.3 million ($0.05 per basic share; $0.05 per diluted share).
- Renewed the Company's fully conforming revolving Senior Credit Facility at $110 million.

Financial and Operating Results:

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Financial (CDN) ($millions)				
Oil and natural gas sales	39.8	71.3	85.1	123.4.
Adjusted funds flow(2)	21.8	40.9	43.1	70.3
Per share – basic(4)	0.25	0.47	0.49	0.81
Per share – diluted(4)	0.24	0.45	0.47	0.77
Per boe(4)	28.23	49.62	27.20	44.93
Comprehensive income	4.3	29.0	13.6	47.8
Per share – basic	0.05	0.33	0.15	0.55
Per share –diluted	0.05	0.32	0.15	0.53
Capital expenditures – PP&E and E&E	12.8	17.8	42.4	39.4
Property acquisitions (dispositions)	-	-	0.3	-
Net Corporate acquisitions(3)	-	-	-	0.4
Net debt(2)	(41.8)	(50.5)	(41.8)	(50.5)
Shares outstanding	88.9	87.1	88.9	87.1
Basic weighted-average shares	88.8	86.9	88.4	86.7
Diluted weighted-average shares	91.3	91.2	90.9	90.9

Operational				
Daily production volumes				
Light and medium crude oil (bbls/d)	3,658	3,865	3,722	3,719
Natural gas liquids (bbls/d)	1,187	1,333	1,322	1,320
Conventional natural gas (Mcf/d)	21,772	23,191	22,208	21,631
Total (boe/d)	8,474	9,063	8,746	8,644
Realized prices(4)				
Light and medium crude oil & NGLs ($/bbls)	78.45	116.74	79.92	107.48
Conventional natural gas ($/Mcf)	2.61	7.61	3.01	6.49
Total ($/boe)	51.56	86.44	53.74	78.90
Operating netbacks ($/boe)(3)				
Oil and natural gas sales	51.56	86.44	53.74	78.90
Royalties	(4.07)	(11.90)	(6.82)	(11.13)
Transportation expense	(0.97)	(1.24)	(0.94)	(1.22)
Operating costs	(15.21)	(12.28)	(14.95)	(12.60)
Operating netback(3)	31.31	61.02	31.03	53.95
Realized (loss) on derivative contracts	2.07	(6.77)	1.01	(3.95)
Operating netback (including realized derivative contracts) (3)	33.38	54.25	32.04	50.00

Second Quarter 2023 Financial & Operations Overview:

During the second quarter of 2023, InPlay invested $12.8 million drilling, completing and equipping two (1.9 net) Extended Reach Horizontal ("ERH") wells in Willesden Green and completing and equipping one (0.95 net) Willesden Green ERH well that was drilled at the end of the first quarter. InPlay also completed our first material upgrade of a gas facility and started a sizable infrastructure project to increase gas takeaway capacity and alleviate back pressure in Willesden Green.

Three (2.9 net) Willesden Green ERH wells were brought on production in June and had average initial production ("IP") rates per well of 424 boe/d (70% light crude oil and NGLs) over their first 30 days.

Production for the three months ended June 30, 2023 averaged 8,474 boe/d(1) (57% light crude oil and NGLs) and was 6% lower compared to the three months ended June 30, 2022. Production, as felt by many Canadian producers, was negatively impacted over the second quarter as a result of several factors. The third party natural gas processing facility constraints which began on February 15, 2023 continued into and throughout the second quarter. Shut ins were required with our properties in the Drayton Valley area for a fifteen day period as a result of the Alberta Wildfires. Turnarounds occurred at a number of third party facilities, including a 23 day turnaround at a large midstream deep-cut facility. Lastly, extended road bans following Spring breakup resulted in a three week delay in completion operations and the start of production on a three well pad. These events had an impact of approximately 1,350 boed over the second quarter of 2023. The Company's light oil and liquids weighting of 57% during the second quarter was impacted by the turnaround of the deep-cut third party NGL facility, resulting in less NGLs stripped from natural gas production.

Despite these production curtailments experienced in the quarter, InPlay generated AFF of $21.8 million ($0.25 per basic share) and FAFF of $9.0 million in the quarter reducing net debt by 9% from March 31, 2023. Net income of $4.3 million ($0.05 per basic share) was earned during the quarter.

Outlook and Operations Update[5]

InPlay was anticipating stronger crude oil pricing in the second half of the year. With this favorable pricing outlook now occurring the Company continues to focus on drilling oil-weighted properties maximizing our main revenue generating commodity. InPlay began its third quarter drilling program at the beginning of July by drilling three (2.85 net) wells in Willesden Green which are currently being completed and will soon be on production. Drilling operations recently began on a three (3.0 net) well pad in Pembina, offsetting two successful high oil weighted wells drilled in the first quarter, which are exceeding our internal type curves with average IP rates per well of 302, 304 and 282 boe/d (85% - 89% light crude oil and NGLs) over their first 30, 60 and 90 days respectively. This three well pad is expected to be on production in the second half of September. Drilling plans for the remainder of the year include drilling three (2.6 net) wells in Willesden Green. Construction began on our second significant upgrade and partial replacement of an operated natural gas plant in Willesden Green which is expected to be completed in the third quarter. This upgrade will allow InPlay to continue to expand its operated natural gas capacity and reduce reliance on third party infrastructure as the Company continues to develop its Willesden Green asset. InPlay will continue to prudently allocate its capital resources and will adjust is capital plans considering commodity prices, inflationary cost pressures and other aspects impacting our business.

InPlay's operations and production were impacted in the second quarter of 2023 by the Alberta wildfires, delays in getting new wells on production from extended road-bans, and by third party processing facility constraints and turnarounds. The third party natural gas facility constraints that started in February are expected to end in the third quarter with the natural declines in production and limited natural gas focused drilling from all parties delivering into this non-operated facility. There are however other non-operated natural gas plants and pipeline maintenance shut-ins expected in the second half of the year. With these factors, InPlay is updating its 2023 annual average production guidance to 9,100 to 9,500 boe/d (58% - 60% light oil and liquids). At pricing of US $80.00 WTI, which is slightly below current future pricing, for the remainder of 2023, InPlay now forecasts 2023 AFF[2] of $103 to $108 million with FAFF[3] of $23 to $33 million. AFF of $62 million is forecasted to be generated in the second half of 2023 ($124 million on an annualized basis). The Company's leverage metrics are forecasted to remain at very low levels, with net debt to EBITDA[3] forecast to be 0.2x – 0.3x for 2023 supporting the Company's sustainable dividend and continued strategy of delivering returns to shareholders. The Company expects its higher return light oil and liquids weighting to increase throughout the remainder of 2023 as a result of drilling high oil-weighted properties and the resumption of NGLs being stripped from gas production at the previously shutdown NGL facility.

Delivering strong returns to shareholders with the payment of our monthly dividend of $0.015/share, generating significant FAFF, top-tier production per debt adjusted share growth and low leverage all remain top priorities of InPlay. To date, the Company has returned $12 million to shareholders through dividends since our inaugural dividend was declared in November 2022, representing approximately 5% of our current market capitalization while maintaining a strong financial position.

InPlay possesses top-quality assets, supported by a management team dedicated to providing top-tier returns to shareholders. The Company is well positioned to continue delivering strong returns to shareholders with our strong balance sheet position, disciplined and adaptable capital allocation, and high quality economic asset base.

We would like to thank our staff, contractors, and suppliers for their continued dedication and execution, and we thank our Board of Directors and our shareholders for their continued guidance and support.

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Notes:

1. *See "Production Breakdown by Product Type" at the end of this press release.*
2. *Capital management measure. See "Non-GAAP and Other Financial Measures" contained within this press release.*
3. *Non-GAAP financial measure or ratio that 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 and Other Financial Measures" contained within this press release.*
4. *Supplementary financial measure. See "Non-GAAP and Other Financial Measures" contained within this press release.*
5. *See "Reader Advisories – Forward Looking Information and Statements" for key budget and underlying assumptions related to our previous and updated 2023 capital program and associated guidance.*

Reader Advisories

Non-GAAP and Other Financial Measures

Throughout this press release and other materials disclosed by the Company, InPlay uses certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under GAAP and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered alternatives to, or more meaningful than, financial measures that are determined in accordance with GAAP as indicators of the Company performance. Management believes that the presentation of these non-GAAP and other financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance, and the measures provide increased transparency and the ability to better analyze InPlay's business performance against prior periods on a comparable basis.

Non-GAAP Financial Measures and Ratios

Included in this document are references to the terms "free adjusted funds flow", "operating income", "operating netback per boe", "operating income profit margin", "Net Debt to EBITDA", "Net Corporate Acquisitions", "Debt adjusted production per share" and "EV / DAAFF". Management believes these measures and ratios 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)", "adjusted funds flow", "capital expenditures", "corporate acquisitions, net of cash acquired", "net debt", "weighted average number of common shares (basic)" or assets and liabilities as determined in accordance with GAAP as a measure of the Company's performance and financial position.

Free Adjusted Funds Flow

Management considers FAFF an important measure to identify the Company's ability to improve its financial condition through debt repayment and its ability to provide returns to shareholders. FAFF should not be considered as an alternative to or more meaningful than AFF as determined in accordance with GAAP as an indicator of the Company's performance. FAFF is calculated by the Company as AFF less exploration and development capital expenditures and property dispositions (acquisitions) and is a measure of the cashflows remaining after capital expenditures before corporate acquisitions that can be used for additional capital activity, corporate acquisitions, repayment of debt or decommissioning expenditures or potentially return of capital to shareholders. Refer below for a calculation of historical FAFF and to the "Forward Looking Information and Statements" section for a calculation of forecast FAFF.

(thousands of dollars)	Three Months Ended June 30	
	2023	2022
Adjusted funds flow	**21,768**	40,922
Exploration and dev. capital expenditures	**(12,774)**	(17,850)
Property dispositions (acquisitions)	**-**	-
Free adjusted funds flow	**8,994**	23,072

Operating Income/Operating Netback per boe/Operating Income Profit Margin

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 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 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. Refer below for a calculation of operating income, operating netback per boe and operating income profit margin.

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Revenue	**39,762**	71,287	**85,063**	123,444
Royalties	**(3,137)**	(9,811)	**(10,791)**	(17,410)
Operating expenses	**(11,731)**	(10,125)	**(23,666)**	(19,713)
Transportation expenses	**(749)**	(1,021)	**(1,492)**	(1,914)
Operating income	**24,145**	50,330	**49,114**	84,407
Sales volume (Mboe)	**771.1**	824.7	**1,582.9**	1,564.6
Per boe				
Revenue	**51.56**	86.44	**53.74**	78.90
Royalties	**(4.07)**	(11.90)	**(6.82)**	(11.13)
Operating expenses	**(15.21)**	(12.28)	**(14.95)**	(12.60)
Transportation expenses	**(0.97)**	(1.24)	**(0.94)**	(1.22)
Operating netback per boe	**31.31**	61.02	**31.03**	53.95
Operating income profit margin	**61%**	71%	**58%**	68%

Net Debt to EBITDA

Management considers Net Debt to EBITDA an important measure as it is a key metric to identify the Company's ability to fund financing expenses, net debt reductions and other obligations. EBITDA is calculated by the Company as adjusted funds flow before interest expense. When this measure is presented quarterly, EBITDA is annualized by multiplying by four. When this measure is presented on a trailing twelve month basis, EBITDA for the twelve months preceding the net debt date is used in the calculation. This measure is consistent with the EBITDA formula prescribed under the Company's Senior Credit Facility. Net Debt to EBITDA is calculated as Net Debt divided by EBITDA. Refer below for a calculation of Net Debt to EBITDA and to the "Forward Looking Information and Statements" section for a calculation of forecast Net Debt to EBITDA.

(thousands of dollars)	Twelve Months Ended June 30	
	2023	2022
Adjusted Funds Flow	**103,563**	103,007
Interest expense (Credit Facility and other)	**4,359**	5,219
Interest expense (Lease liabilities)	**59**	23
EBITDA	**107,981**	108,249
Net Debt	**41,821**	50,473
Net Debt to EBITDA	**0.4**	0.5

Net Corporate Acquisitions

Management considers Net corporate acquisitions an important measure as it is a key metric to evaluate the corporate acquisition in comparison to other transactions using the negotiated consideration value and ignoring changes to the fair value of the share consideration between the signing of the definitive agreement and the closing of the transaction. Net corporate acquisitions should not be considered as an alternative to or more meaningful than "Corporate acquisitions, net of cash acquired" as determined in accordance with GAAP as an indicator of the Company's performance. Net corporate acquisitions is calculated as total consideration with share consideration adjusted to the value negotiated with the counterparty, less working capital balances assumed on the corporate acquisition. Refer below for a calculation of Net corporate acquisitions and reconciliation to the nearest GAAP measure, "Corporate acquisitions, net of cash acquired".

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	**2023**	2022
Corporate acquisitions, net of cash acquired	**-**	(20)	**-**	411
Share consideration	**-**	-	**-**	-
Non-cash working capital acquired	**-**	-	**-**	-
Derivative contracts	**-**	-	**-**	-
Net Corporate acquisitions	**-**	(20)	**-**	411[(1)]

(1) During the six months ended June 30, 2022, the acquired amount of Property, plant and equipment was adjusted by $0.4 million as a result of adjustments relating to the acquisition of Prairie Storm, with a corresponding increase in the recognized amounts of Accounts payable and accrued liabilities.

Production per Debt Adjusted Share

InPlay uses "Production per debt adjusted share" as a key performance indicator. Debt adjusted shares should not be considered as an alternative to or more meaningful than common shares as determined in accordance with GAAP as an indicator of the Company's performance. Debt adjusted shares is a non-GAAP measure used in the calculation of Production per debt adjusted share and is calculated by the Company as common shares outstanding plus the change in net debt divided by the Company's current trading price on the TSX, converting net debt to equity. Debt adjusted shares should not be considered as an alternative to or more meaningful than weighted average number of common shares (basic) as determined in accordance with GAAP as an indicator of the Company's performance. Management considers Debt adjusted share is a key performance indicator as it adjusts for the effects of capital structure in relation to the Company's peers. Production per debt adjusted share is calculated by the Company as production divided by debt adjusted shares. Management considers Production per debt adjusted share is a key performance indicator as it adjusts for the effects of changes in annual production in relation to the Company's capital structure. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast Production per debt adjusted share.

EV / DAAFF

InPlay uses "enterprise value to debt adjusted AFF" or "EV/DAAFF" as a key performance indicator. EV/DAAFF is calculated by the Company as enterprise value divided by debt adjusted AFF for the relevant period. Debt adjusted AFF ("DAAFF") is calculated by the Company as adjusted funds flow plus financing costs. Enterprise value is a capital management measures that is used in the calculation of EV/DAAFF. Enterprise value is calculated as the Company's market capitalization plus working capital (net debt). Management considers enterprise value a key performance indicator as it identifies the total capital structure of the Company. Management considers EV/DAAFF a key performance indicator as it is a key metric used to evaluate the sustainability of the Company relative to other companies while incorporating the impact of differing capital structures. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast EV/DAAFF.

Capital Management Measures

Adjusted Funds Flow

Management considers adjusted funds flow to be an important measure of InPlay's ability to generate the funds necessary to finance capital expenditures. Adjusted funds flow is a GAAP measure and is disclosed in the notes to the Company's financial statements for the three months ended March 31, 2023.

All references to adjusted funds flow throughout this MD&A are calculated as funds flow adjusting for decommissioning expenditures and transaction and integration costs. Decommissioning expenditures are adjusted from funds flow as they are incurred on a discretionary and irregular basis and are primarily incurred on previous operating assets. Transaction costs are non-recurring costs for the purposes of an acquisition, making the exclusion of these items relevant in Management's view to the reader in the evaluation of InPlay's operating performance. The Company also presents adjusted funds flow per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of profit per common share.

Net Debt / Working Capital

Net debt / working capital is a GAAP measure and is disclosed in the notes to the Company's financial statements for three months ended March 31, 2023. The Company closely monitors its capital structure with a goal of maintaining a strong balance sheet to fund the future growth of the Company. The Company monitors net debt / working capital as part of its capital structure. The Company uses net debt / working capital (bank debt plus accounts payable and accrued liabilities less accounts receivables and accrued receivables, prepaid expenses and deposits and inventory) as an alternative measure of outstanding debt. Management considers net debt / working capital an important measure to assist in assessing the liquidity of the Company.

Supplementary Measures

"**Average realized crude oil price**" is comprised of crude oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's crude oil production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"**Average realized NGL price**" is comprised of NGL commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGL production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"**Average realized natural gas price**" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"**Average realized commodity price**" is comprised of commodity sales from production, as determined in accordance with IFRS, divided by the Company's production. Average prices are before deduction of transportation costs and do not include gains and losses on financial instruments.

"**Adjusted funds flow per weighted average basic share**" is comprised of adjusted funds flow divided by the basic weighted average common shares.

"**Adjusted funds flow per weighted average diluted share**" is comprised of adjusted funds flow divided by the diluted weighted average common shares.

"**Adjusted funds flow per boe**" is comprised of adjusted funds flow divided by total production.

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 Company's business strategy, milestones and objectives; expectations regarding the completion of our three well drilling program and the timing of the same to come onto production; the Company's planned 2023 capital program including wells to be drilled and completed and the timing of the same and that the operated natural gas plant in Willesden Green is expected to be online in the third quarter; 2023 guidance based on the planned capital program and all associated underlying assumptions set forth in this press release including, without limitation, forecasts of 2023 annual average production levels, debt adjusted production levels, adjusted funds flow, free adjusted funds flow, Net Debt/EBITDA ratio, operating income profit margin, and Management's belief that the Company can grow some or all of these attributes and specified measures; light crude oil and NGLs weighting estimates, including the expectation that the light oil and liquids weighting will increase throughout the remainder of 2023 as a result of drilling high oil-weighted properties and the resumption of NGLs being stripped from gas production at the previously shutdown NGL facility; expectations regarding future commodity prices; 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 2023 capital program; the amount and timing of capital projects; forecasted spending on decommissioning; expectations regarding third party processing constraints and maintenance shut ins and the timing and impact of the same; that the Company has the financial capability to deliver consistent return to shareholders and the dividend is supportable at a $55 WTI pricing environment until 2025; that the Company's light oil and NGLs weighting is expected to continue to increase as the Company is focused on drilling in areas with higher oil weightings; and methods of funding our capital program.

Without limitation of the foregoing, readers are cautioned that the Company's future dividend payments to shareholders of the Company, if any, and the level thereof will be subject to the discretion of the Board of Directors of InPlay. The Company's dividend policy and funds available for the payment of dividends, if any, from time to time, is dependent upon, among other things, levels of FAFF, leverage ratios, financial requirements for the Company's operations and execution of its growth strategy, fluctuations in commodity prices and working capital, the timing and amount of capital expenditures, credit facility availability and limitations on distributions existing thereunder, and other factors beyond the Company's control. Further, the ability of the Company to pay dividends will be subject to applicable laws, including satisfaction of solvency tests under the *Business Corporations Act* (Alberta), and satisfaction of certain applicable contractual restrictions contained in the agreements governing the Company's outstanding indebtedness.

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 debt financing on acceptable terms; the timing and amount of purchases under the Company's NCIB; the anticipated tax treatment of the monthly base dividend; 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; that various conditions to a shareholder return strategy can be satisfied; expectations regarding the Russia/Ukraine conflict; 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 Russia/Ukraine conflict; inflation and the risk of a global recession; changes in our planned 2023 capital program; changes in our long range plan; changes in our approach to shareholder returns; changes in commodity prices and other assumptions outlined herein; the risk that dividend payments may be reduced, suspended or cancelled; 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 or strategies of InPlay or by third party operators of our properties; changes in our credit structure, increased debt levels or debt service requirements; inaccurate estimation of our light crude 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 and our MD&A.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about InPlay's financial and leverage targets and objectives, InPlay's long-term forecast, and potential dividends, 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 reasonable 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 and strategy. 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 internal projections, expectations, or beliefs underlying our Board approved 2023 capital budget and associated guidance, as well as management's preliminary estimates and targets in respect of plans for 2024 and beyond (which are not based on Board approved budgets at this time), are subject to change in light of, among other factors, the impact of world events including the Russia/Ukraine conflict, ongoing results, prevailing economic circumstances, volatile commodity prices, and industry conditions and regulations. InPlay's financial outlook and guidance provides shareholders with relevant information on management's expectations for results of operations, excluding any potential acquisitions or dispositions, for such time periods based upon the key assumptions outlined herein. In this document reference is made to the Company's longer range 2024 and beyond internal plan and associated economic model. Such information reflects internal estimates and targets used by management for the purposes of making capital investment decisions and for internal long range planning and budget preparation. Readers are cautioned that events or circumstances could cause capital plans and associated results to differ materially from those predicted and InPlay's guidance for 2023, and more particularly 2024 and beyond, may not be appropriate for other purposes. Accordingly, undue reliance should not be placed on same.

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.

Risk Factors to FLI

Risk factors that could materially impact successful execution and actual results of the Company's 2023 capital program and associated guidance and long-term preliminary plans and estimates include:

- volatility of petroleum and natural gas prices and inherent difficulty in the accuracy of predictions related thereto;
- the extent of any unfavourable impacts of wildfires in the province of Alberta.
- changes in Federal and Provincial regulations;
- the Company's ability to secure financing for the Board approved 2023 capital program and longer term capital plans sourced from AFF, bank or other debt instruments, asset sales, equity issuance, infrastructure financing or some combination thereof; and
- those additional risk factors set forth in the Company's MD&A and most recent Annual Information Form filed on SEDAR

Key Budget and Underlying Material Assumptions to FLI

The key budget and underlying material assumptions used by the Company in the development of its current and previous 2023 guidance and preliminary estimates are as follows:

		Actuals FY 2022	Updated Guidance FY 2023	Previous Guidance FY 2023(1)
WTI	US$/bbl	$94.23	$77.15	$80.00
NGL Price	$/boe	$50.14	$38.40	$45.00
AECO	$/GJ	$5.04	$2.80	$3.10
Foreign Exchange Rate	CDN$/US$	0.77	0.75	0.73
MSW Differential	US$/bbl	$1.82	$2.75	$2.85
Production	Boe/d	9,105	9,100 – 9,500	9,500 – 10,000
Revenue	$/boe	71.79	54.25 – 59.25	59.00 – 64.00
Royalties	$/boe	11.55	6.75 – 8.25	8.75 – 10.25
Operating Expenses	$/boe	13.16	12.50 – 15.50	11.75 – 14.75
Transportation	$/boe	1.18	0.90 – 1.15	1.00 – 1.25
Interest	$/boe	1.49	1.00 – 1.50	0.75 – 1.25
General and Administrative	$/boe	2.86	2.60 – 3.30	2.25 – 2.95
Hedging loss (gain)	$/boe	1.97	(0.75) – (1.25)	(0.58) – (0.82)
Decommissioning Expenditures	$ millions	$3.0	$3.5 – $4.0	$3.5 – $4.0
Adjusted Funds Flow	$ millions	$131	$103 – $108	$117 – $123
Dividends	$ millions	$3	$15 – $16	$15 – $16

		Actuals FY 2022	Updated Guidance FY 2023	Previous Guidance FY 2023[1]
Adjusted Funds Flow	$ millions	$131	$103 – $108	$117 – $123
Capital Expenditures	$ millions	$77.6	$75 – $80	$75 – $80
Free Adjusted Funds Flow	$ millions	$53	$23 – $33	$37 – $48

		Actuals FY 2022	Updated Guidance FY 2023	Previous Guidance FY 2023[1]
Adjusted Funds Flow	$ millions	$131	$103 – $108	$117 – $123
Interest	$/boe	1.49	1.00 – 1.50	0.75 – 1.25
EBITDA	$ millions	$136	$108 – $113	$121 – $127
Working Capital (Net Debt)	$ millions	($33)	($31) – ($27)	($16) – ($10)
Net Debt/EBITDA		0.2	0.2 – 0.3	0.0 – 0.2

		Actuals FY 2022	Updated Guidance FY 2023	Previous Guidance FY 2023[1]
Production	Boe/d	9,105	9,100 – 9,500	9,500 – 10,000
Opening Working Cap. (Net Debt)	$ millions	($80.2)	($33)	($33)
Ending Working Cap. (Net Debt)	$ millions	($33)	($31) – ($27)	($16) – ($10)
Weighted avg. outstanding shares	# millions	86.9	88.7	88.7
Assumed Share price	$	3.39[3]	2.75	2.75
Prod. per debt adj. share growth[2]		51%	0% – 5%	10% – 20%

		Actuals FY 2022	Updated Guidance FY 2023	Previous Guidance FY 2023[1]
Share outstanding, end of year	# millions	87.0	89.4	89.1
Assumed Share price	$	3.03[4]	2.75	2.75
Market capitalization	$ millions	$263	$246	$245
Working Capital (Net Debt)	$ millions	($33)	($31) – ($27)	($16) – ($10)
Enterprise value	$millions	$296	$273 – $277	$255 – $261
Adjusted Funds Flow	$ millions	$131	$103 – $108	$117 – $123
Interest	$/boe	1.49	1.00 – 1.50	0.75 – 1.25
Debt Adjusted AFF	$ millions	$136	$108 – $113	$121 – $127
EV/DAAFF		2.2	2.6 – 2.4	2.2 – 2.0

The Company's 2024 and 2025 preliminary plans remains the same as previously released January 18, 2023, with net debt (working capital) updated to reflect the updated 2023 ending net debt. The 2024 and 2025 preliminary plan guidance calculations which are impacted by this change are outlined below.

		Updated Preliminary Plan FY 2024[5]	Updated Preliminary Plan FY 2025[5]	Previous Preliminary Plan FY 2024[1][5]	Previous Preliminary Plan FY 2025[1][5]
Adjusted Funds Flow	$ millions	$138 – $150	$144 – $154	$138 – $150	$144 – $154
Interest	$/boe	0.00 – 0.10	0.00 – 0.10	0.00 – 0.10	0.00 – 0.10
EBITDA	$ millions	$138 – $150	$144 – $154	$138 – $150	$144 – $154
Working Capital (Net Debt)	$ millions	$5 – $17	$48 – $59	$20 – $32	$63 – $74
Net Debt/EBITDA		(0.0) – (0.2)	(0.3) – (0.5)	(0.1) – (0.3)	(0.3) – (0.5)

		Updated Preliminary Plan FY 2024[5]	Updated Preliminary Plan FY 2025[5]	Previous Preliminary Plan FY 2024[1][5]	Previous Preliminary Plan FY 2025[1][5]
Production	Boe/d	10,250 – 11,250	10,950 – 11,950	10,250 – 11,250	10,950 – 11,950
Opening Working Cap. (Net Debt)	$ millions	($30) – ($26)	$5 – $17	($16) – ($10)	$20 – $32
Ending Working Cap. (Net Debt)	$ millions	$5 – $17	$48 – $59	$20 – $32	$63 – $74
Weighted avg. outstanding shares	# millions	89.1	89.1	89.1	89.1
Assumed Share price	$	2.75	2.75	2.75	2.75
Prod. per debt adj. share growth[2]		28% – 48%	21% – 39%	24% – 44%	21% – 39%

		Updated Preliminary Plan FY 2024(5)	Updated Preliminary Plan FY 2025(5)	Previous Preliminary Plan FY 2024(1)(5)	Previous Preliminary Plan FY 2025(1)(5)
Share outstanding, end of year	# millions	89.4	89.4	89.1	89.1
Assumed Share price	$	2.75	2.75	2.75	2.75
Market capitalization	$ millions	$246	$246	$245	$245
Working Capital (Net Debt)	$ millions	$5 – $17	$48 – $59	$20 – $32	$63 – $74
Enterprise value	$millions	$229 – $241	$187 – $198	$213 – $225	$171 – $182
Adjusted Funds Flow	$ millions	$138 – $150	$144 – $154	$138 – $150	$144 – $154
Interest	$/boe	0.00 – 0.10	0.00 – 0.10	0.00 – 0.10	0.00 – 0.10
Debt Adjusted AFF	$ millions	$138 – $150	$144 – $154	$138 – $150	$144 – $154
EV/DAAFF		1.8 – 1.5	1.4 – 1.2	1.7 – 1.4	1.4 – 1.1

(1) As previously released May 12, 2023.

(2) Production per debt adjusted share is calculated by the Company as production divided by debt adjusted shares. Debt adjusted shares is calculated by the Company as common shares outstanding plus the change in working capital (net debt) divided by the Company's current trading price on the TSX, converting working capital (net debt) to equity. Future share prices assumed to be consistent with the current share price.

(3) Weighted average share price throughout 2022.

(4) Ending share price at December 31, 2022.

(5) InPlay's estimates and plans for 2024 and beyond remain preliminary in nature and do not, at this time, reflect a Board approved capital expenditure budget.

- 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 (net debt) are not assumed to have a material impact between the years presented above.
- The assumptions above do not include potential future purchases through the Company's NCIB.

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. 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 2022 Average Production	3,865	1,333	23,191	9,063
2022 Average Production	3,766	1,402	23,623	9,105
Q2 2023 Average Production	3,658	1,187	21,772	8,474
2023 Annual Updated Guidance	4,105	1,332	23,175	9,300(1)
2023 Annual Prior Guidance	4,250	1,468	23,445	9,625(2)
2024 Annual Preliminary Plan	4,655	1,565	27,180	10,750(3)
2025 Annual Preliminary Plan	4,900	1,685	29,190	11,450(3)

Notes:

1. *This reflects the mid-point of the Company's 2023 production guidance range of 9,100 to 9,500 boe/d.*
2. *This reflects forecasted production within the Company's 2023 previous production guidance range of 9,500 to 10,000 boe/d.*
3. *This reflects the mid-point of the Company's annual production forecast range.*
4. *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, light 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.