



InPlay Oil Corp. Announces First Quarter 2024 Financial and Operating Results

May 9, 2024 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) (“InPlay” or the “Company”) announces its financial and operating results for the three months ended March 31, 2024. InPlay’s condensed unaudited interim financial statements and notes, as well as Management’s Discussion and Analysis (“MD&A”) for the three months ended March 31, 2024 will be available at “www.sedarplus.ca” and our website at “www.inplayoil.com”. An updated presentation will soon be available on our website.

First Quarter 2024 Financial & Operating Results

- Achieved average quarterly production of 8,605 boe/d⁽¹⁾ (57% light crude oil and NGLs).
- Generated strong quarterly AFF⁽²⁾ of \$16.5 million (\$0.18 per basic share⁽³⁾).
- Returned \$4.1 million to shareholders through our monthly base dividend, representing an annual yield of 7.6% relative to quarter-end market capitalization. Since November 2022 InPlay has distributed \$25.6 million in dividends, or \$0.285 per share including dividends declared to date in 2024.
- Realized a strong operating income profit margin of 54%.
- Completed an active capital program investing \$25.5 million to drill, complete and equip 8 (5.6 net) ERH Cardium wells in Pembina and Willesden Green. The majority of production from the program came fully onstream later in March and into April benefiting from April’s higher Edmonton Par price of \$109.70/bbl compared to \$92.12/bbl average for the first quarter. Current corporate production is approximately 9,350 boe/d⁽¹⁾ (60% light crude oil and NGLs) based on field estimates.

Outlook and Operations Update⁽⁵⁾

We are excited about our capital program for the remainder of the year and plan to drill and bring new production online in the third quarter of 2024 focused on high oil-weighted properties given the current low natural gas pricing environment. The oil-weighted production from new wells is expected to benefit from higher realized oil prices forecasted for the balance of the year as a result of West Texas Intermediate (“WTI”) improvements which started in April. In addition, the Mixed Sweet Blend (“MSW”) differential which was USD \$8.65/bbl in Q1 2024 and is forecasted to average USD \$3.65/bbl on futures pricing for the balance of the year with the commencement of flow on the Trans Mountain Pipeline expansion adding to takeaway capacity in Canada. InPlay’s second half drilling program is expected to start in June, or potentially July, with over 60% of our net wells for the year remaining to be drilled and brought on production. This activity is projected to lead to strong production rates and free adjusted funds flow (“FAFF”)⁽³⁾ generation.

The Company looks forward to resuming development of a prolific area of Pembina previously restricted by third party gas plant capacity. In the first quarter, InPlay entered into a long-term Gas Handling Agreement which provides guaranteed access to natural gas processing capacity, allowing the Company to recommence development of this lucrative and strong rate of return growth area where InPlay has not drilled since the spring of 2022. These wells are characterized by strong oil rates similar to other Cardium oil wells while also benefitting from materially higher gas rates and lower overall production declines. InPlay plans to drill a three (3.0 net) extended reach horizontal (“ERH”) Cardium well pad in this area in the third quarter of 2024 with gas production expected to be sold into the stronger winter gas pricing season when forward pricing is approximately \$3.45/mcf compared to current pricing of \$1.70/mcf.

The Company is well positioned with strong momentum to build upon for the balance of the year as the majority of new production from the Company’s first quarter capital program came on-line in late March and early April. Minimal capital spending is planned for the second quarter, and the combination of higher average production with stronger realized oil prices which started in Q2 2024 is expected to result in significant FAFF generation and net debt reduction.

With the new wells coming on production in late March and early April, current corporate production is approximately 9,350 boe/d⁽¹⁾ (60% light crude oil and NGLs) based on field estimates. InPlay reiterates our 2024 annual average production guidance of 9,000 – 9,500 boe/d (59% – 61% light crude oil and NGLs) supported by strong current production rates and the majority of our wells coming on production in the second half of the year, including 3.0 net wells in our prolific Pembina play. The sustained improvement in WTI prices and a lower MSW differential since the release of our budget in late January results in an updated 2024 Adjusted Funds Flow (“AFF”)⁽²⁾ forecast of \$90 to \$97 million based on USD \$80 WTI for the remainder of the year, with estimated FAFF⁽³⁾ of \$23 to \$33 million. The Company’s leverage metrics are projected to remain at levels which are among the lowest in our peer group. Net debt to EBITDA⁽³⁾ is forecasted to be 0.4x – 0.5x for 2024 supporting the Company’s sustainable dividend and continued strategy of delivering returns to shareholders. The 2024 capital program will remain flexible and InPlay will revisit this program considering market and economic conditions through the remainder of the year.

Financial and Operating Results:

(CDN) (\$000's)	Three months ended March 31	
	2024	2023
Financial		
Oil and natural gas sales	37,997	45,301
Adjusted funds flow ⁽²⁾	16,525	21,296
Per share – basic ⁽⁴⁾	0.18	0.24
Per share – diluted ⁽⁴⁾	0.18	0.24
Per boe ⁽⁴⁾	21.10	26.23
Comprehensive income	1,686	9,291
Per share – basic	0.02	0.11
Per share – diluted	0.02	0.10
Capital expenditures – PP&E and E&E	25,530	29,600
Property acquisitions (dispositions)	(25)	327
Net debt ⁽²⁾	(59,897)	(46,204)
Shares outstanding	90,119,356	88,772,801
Basic weighted-average shares	90,194,552	87,908,075
Diluted weighted-average shares	91,851,224	90,425,837
Operational		
Daily production volumes		
Light and medium crude oil (bbls/d)	3,452	3,788
Natural gas liquids (bbls/d)	1,487	1,458
Conventional natural gas (Mcf/d)	22,000	22,648
Total (boe/d)	8,605	9,020
Realized prices ⁽⁴⁾		
Light and medium crude oil & NGLs (\$/bbls)	72.72	81.30
Conventional natural gas (\$/Mcf)	2.66	3.39
Total (\$/boe)	48.52	55.80
Operating netbacks (\$/boe) ⁽³⁾		
Oil and natural gas sales	48.52	55.80
Royalties	(5.78)	(9.43)
Transportation expense	(1.09)	(0.92)
Operating costs	(15.36)	(14.70)
Operating netback ⁽³⁾	26.29	30.75
Realized gains on derivative contracts	0.29	-
Operating netback (including realized derivative contracts) ⁽³⁾	26.58	30.75

First Quarter 2024 Financial & Operations Overview:

InPlay completed an active capital program during the first quarter of 2024 consisting of \$25.5 million of development capital which is approximately 40% of our capital budget for the year. The Company drilled two (1.9 net) ERH wells in Willesden Green which were brought on production in late February, with three (3.0 net) ERH wells in Pembina and two (0.3 net) non-operated Willesden Green ERH wells brought on production in late March. The Company also participated in one (0.35 net) non-operated Willesden Green ERH well which came on production in April. Drilling and completions operations were affected by cold weather and elevated industry activity limiting the availability of service providers resulting in new production coming on approximately three weeks later than anticipated. This delay however, resulted in new flush production coming on-line in a more favorable crude oil pricing environment with improved differentials resulting in materially higher Edmonton Par prices approximating CAD \$109.70/bbl in April compared to CAD \$92.12/bbl average for the first quarter.

The three (3.0 net) Pembina ERH wells drilled in the quarter came on production at the end of March and have exceeded internal expectations with average initial production (“IP”) rates per well of 275 boe/d⁽¹⁾ (86% light crude oil and NGLs) over their first 30 days and continue to produce at an average rate of 253 boe/d⁽¹⁾ (84% light crude oil and NGLs). These three wells offset five successful wells drilled in 2023 which have low decline rates and high light oil and liquids weightings contributing to our oil focused development strategy in 2024.

InPlay’s operations were impacted by an extreme cold snap in January including temperatures below -40°C for an extended period, which had not been experienced since 2004. The cold weather led to facility issues, low-rate wells freezing, a pipeline break, and an abnormally high number of producing wells going down and requiring servicing which took most of February to get back online. In aggregate, the impact to production for the quarter was approximately 340 boe/d (57% light crude oil and NGLs). In addition, non-operated downtime impacted production by approximately 115 boe/d in the quarter. Approximately half of this non-operated production has resumed and the majority of the remaining offline production is coming back online soon.

InPlay started a pilot optimization program in the quarter to lower pumps in older, low-rate horizontal oil wells to draw down pressure in the reservoir and increase inflows. The results have been positive to date with capital efficiency adds of approximately \$6,000 per producing barrel. The Company has identified over 100 potential horizontal well candidates with pumps that can be lowered. The majority of future pump lowerings will occur as wells require servicing in the normal course of operations.

On behalf of our employees, management team and Board of Directors, we would like to thank our shareholders for their support and look forward to updating you on our progress throughout the year.

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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 2024 capital program and associated guidance.

Reader Advisories

Non-GAAP and Other Financial Measures

Throughout this document 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" and "Net Debt to EBITDA". 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 before taxes", "profit and comprehensive income", "adjusted funds flow", "capital expenditures", "net debt", 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 cashflow 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 to the "Forward Looking Information and Statements" section for a calculation of forecast FAFF.

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	
	March 31	
	2024	2023
Revenue	37,997	45,301
Royalties	(4,527)	(7,653)
Operating expenses	(12,030)	(11,935)
Transportation expenses	(857)	(743)
Operating income	20,583	24,970
Sales volume (Mboe)	783.1	811.8
Per boe		
Revenue	48.52	55.80
Royalties	(5.78)	(9.43)
Operating expenses	(15.36)	(14.70)
Transportation expenses	(1.09)	(0.92)
Operating netback per boe	26.29	30.75
Operating income profit margin	54%	55%

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 to the "Forward Looking Information and Statements" section for a calculation of forecast Net Debt to EBITDA.

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, 2024. All references to adjusted funds flow throughout this document are calculated as funds flow adjusting for decommissioning expenditures. 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. 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

Net debt is a GAAP measure and is disclosed in the notes to the Company's financial statements for the three months ended March 31, 2024. The Company closely monitors its capital structure with the goal of maintaining a strong balance sheet to fund the future growth of the Company. The Company monitors net debt as part of its capital structure. The Company uses net debt (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 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 volumes. 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 volumes. 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 volumes. 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 volumes. 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 document 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; the Company's planned 2024 capital program including wells to be drilled and completed and the timing of the same including, without limitation, the timing of wells coming on production; 2024 guidance based on the planned capital program and all associated underlying assumptions set forth in this press release including, without limitation, forecasts of 2024 annual average 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 high light oil and liquids weighting will continue into 2024; expectations regarding future commodity prices; future oil and natural gas prices including the forecast that MSW differentials to WTI are forecasted to improve through 2024; 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 2024 capital program; the amount and timing of capital projects; and methods of funding our capital program.

The internal projections, expectations, or beliefs underlying our Board approved 2024 capital budget and associated guidance are subject to change in light of, among other factors, the impact of world events including the Russia/Ukraine conflict and war in the Middle East, ongoing results, prevailing economic circumstances, volatile commodity prices, and changes in industry conditions and regulations. InPlay's 2024 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. 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 2024 may not be appropriate for other purposes. Accordingly, undue reliance should not be placed on same.

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 anticipated tax treatment of the monthly base dividend; the timing and amount of purchases under the Company's NCIB; 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; the ongoing impact of the Russia/Ukraine conflict and war in the Middle East; 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.

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.

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 differ materially from those anticipated in such forward-looking information or statements including, without limitation: the continuing impact of the Russia/Ukraine conflict and war in the Middle East; inflation and the risk of a global recession; changes in our planned 2024 capital program; 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, potential dividends, share buybacks and beliefs underlying our Board approved 2024 capital budget and associated guidance, 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 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 2024 capital program and associated guidance 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 2024 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 Company's 2024 guidance remains the same as previously released January 29, 2024 except as noted below. The key budget and underlying material assumptions used by the Company in the development of its 2024 guidance are as follows:

		Actuals FY 2023	Updated Guidance FY 2024	Previous Guidance FY 2024 ⁽¹⁾
WTI	US\$/bbl	\$77.62	\$79.61	\$75.00
NGL Price	\$/boe	\$36.51	\$36.65	\$36.85
AECO	\$/GJ	\$2.50	\$1.90	\$2.35
Foreign Exchange Rate	CDN\$/US\$	0.74	0.73	0.74
MSW Differential	US\$/bbl	\$3.25	\$4.50	\$4.45
Production	Boe/d	9,025	9,000 – 9,500	9,000 – 9,500
Revenue	\$/boe	54.45	52.25 – 57.25	51.25 – 56.25
Royalties	\$/boe	6.84	6.40 – 7.90	5.90 – 7.40
Operating Expenses	\$/boe	15.05	12.75 – 15.75	12.75 – 15.75
Transportation	\$/boe	0.95	0.85 – 1.10	0.85 – 1.10
Interest	\$/boe	1.65	1.50 – 2.00	1.50 – 2.00
General and Administrative	\$/boe	3.13	2.50 – 3.25	2.50 – 3.25
Hedging loss (gain)	\$/boe	(1.10)	(0.00) – (0.50)	0.00 – 0.15
Decommissioning Expenditures	\$ millions	\$3.3	\$4.0 – \$4.5	\$4.0 – \$4.5
Adjusted Funds Flow	\$ millions	\$92	\$90 – \$97	\$89 – \$96
Dividends	\$ millions	\$16	\$16 – \$17	\$16 – \$17

		Actuals FY 2023	Updated Guidance FY 2024	Previous Guidance FY 2024 ⁽¹⁾
Adjusted Funds Flow	\$ millions	\$92	\$90 – \$97	\$89 – \$96
Capital Expenditures	\$ millions	\$84.5	\$64 – \$67	\$64 – \$67
Free Adjusted Funds Flow	\$ millions	\$7	\$23 – \$33	\$22 – \$32

		Actuals FY 2023	Updated Guidance FY 2024	Previous Guidance FY 2024 ⁽¹⁾
Revenue	\$/boe	54.45	52.25 – 57.25	51.25 – 56.25
Royalties	\$/boe	6.84	6.40 – 7.90	5.90 – 7.40
Operating Expenses	\$/boe	15.05	12.75 – 15.75	12.75 – 15.75
Transportation	\$/boe	0.95	0.85 – 1.10	0.85 – 1.10
Operating Netback	\$/boe	31.61	30.00 – 35.00	29.50 – 34.50
Operating Income Profit Margin		58%	59%	59%

		Actuals FY 2023	Updated Guidance FY 2024	Previous Guidance FY 2024 ⁽¹⁾
Adjusted Funds Flow	\$ millions	\$92	\$90 – \$97	\$89 – \$96
Interest	\$/boe	1.65	1.50 – 2.00	1.50 – 2.00
EBITDA	\$ millions	\$98	\$96 – \$103	\$95 – \$102
Net Debt	\$ millions	\$46	\$37 – \$44	\$37 – \$44
Net Debt/EBITDA		0.5	0.4 – 0.5	0.4 – 0.5

⁽¹⁾ As previously released January 29, 2024.

- 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 the years presented above.

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)
Q1 2023 Average Production	3,788	1,458	22,648	9,020
2023 Average Production	3,822	1,396	22,839	9,025
Q1 2024 Average Production	3,452	1,487	22,000	8,605
2024 Previous Annual Guidance	4,090	1,395	22,590	9,250 ⁽¹⁾
2024 Updated Annual Guidance	4,010	1,455	22,710	9,250 ⁽¹⁾

Notes:

1. This reflects the mid-point of the Company’s 2024 production guidance range of 9,000 to 9,500 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, 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 (“NI 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.