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

August 14, 2024 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("InPlay" or the "Company") announces its financial and operating results for the three and six months ended June 30, 2024. 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, 2024 will be available at "www.sedarplus.ca" and our website at "www.inplayoil.com". Our corporate presentation will soon be available on our website.

Second Quarter 2024 Financial & Operating Results

- Achieved average quarterly production of 8,657 boe/d(1) (59% light crude oil and NGLs), an increase of 2% compared to 8,474 boe/d(1) (57% light crude oil and NGLs) in the second quarter of 2023.
- Generated strong quarterly Adjusted Funds Flow ("AFF")(2) of $20.1 million ($0.22 per basic share(3)), an increase of 22% compared to the first quarter of 2024.
- Achieved free adjusted funds flow ("FAFF")(3) of $14.0 million resulting in a 15% reduction to net debt(2) from March 31, 2024.
- Returned $4.1 million ($8.2 million in the first six months of 2024) to shareholders through our monthly base dividend, representing an annual yield of 8.2% relative to quarter-end market capitalization. Since November 2022 InPlay has distributed $29.7 million in dividends, or $0.33 per share including dividends declared to date in 2024.
- Improved operating income profit margin(3) to 58% compared to 57% in the first quarter of 2024.
- Increased field operating netbacks(3) by 16% compared to the first quarter of 2024.
- Improved light crude oil and NGLs weighting to 59% from 57% in the first quarter of 2024 resulting in a 4% increase in revenues to $41.5 million compared to $39.8 million in the first quarter of 2024.
- Realized net income of $5.4 million ($0.06 per basic share; $0.06 per diluted share).
- Renewed the Company's fully conforming revolving Senior Credit Facility at $110 million.

Second Quarter 2024 Financial & Operations Overview:

InPlay completed a limited capital program during the second quarter. The Company invested $6.2 million of exploration and development capital which consisted of completion and tie-in costs on three (0.65 net) non-operated wells drilled in the first quarter, facility costs, and drilling one (1.0 net) Belly River well which was completed and brought on production in mid-July at initial production rates in line with internal expectations. InPlay also started drilling one (1.0 net) Glauconite well at Willesden Green.

InPlay continues to see positive results from its optimization program efforts which include lowering pumps in horizontal oil wells as well as adding pumpjacks to certain flowing wells which has had a positive impact on production. The Company spent $1.6 million in optimization capital on this program during the quarter ($2.9 million year to date) and continues to achieve low decline production adds at a capital efficiency of approximately $6,000 per producing barrel. The Company's optimization program has reduced our base decline rate which reduces the drilling capital required to maintain production and further enhances our ability to generate FAFF. InPlay will continue to evaluate other potential well candidates for this program throughout the remainder of the year.

Production for the quarter averaged 8,657 boe/d(1) (59% light crude oil and NGLs), an increase of 2% compared to 8,474 boe/d(1) (57% light crude oil and NGLs) in the second quarter of 2023. AFF of $20.1 million ($0.22 per basic share) was generated resulting in $14.0 million of FAFF and a 15% reduction to net debt from March 31, 2024. The Company continued to execute its return to shareholder strategy with $4.1 million in dividends issued to shareholders during the quarter.

Production volumes were impacted by approximately 530 boe/d in the second quarter comprised of approximately 235 boe/d from primarily non-operated natural gas facility downtime, inclusive of approximately 1,100 boe/d being down for ten days in June at a non-operated facility in Pembina, and approximately 205 boe/d from wells that went down and the inability to service them due to access restraints from extremely wet weather and spring break up road bans in May and early June. The other losses consisted of the voluntary shut-in of uneconomic gas wells as a result of low gas prices.

InPlay renewed its fully conforming revolving Senior Credit Facility at $110 million during the quarter with the addition of another member to the Senior Credit Facility syndicate. The addition of another lender in our syndicate provides additional financial flexibility for the future and is evidence of the strong financial position of the Company.

Glauconite Play

InPlay acquired producing and undeveloped acreage within a delineated Glauconite light oil play at Willesden Green in connection with our November 2021 acquisition. InPlay currently produces approximately 490 boe/d from the pool with no decline over the past 12 months, supporting our view that there are significant undrained reserves to be developed via horizontal wells. From 2012 to 2013 several horizontal wells were drilled into the pool with the best well delivering an IP 30 greater than 1,400 boe/d (~75% oil) which would payout in less than three months at current commodity prices. Industry operators recently developing analogous Glauconite oil pools have also achieved IP 30 rates in excess of 1,000 boe/d. All horizontal wells drilled into the pool from 2012 to 2013 were completed using oil based completions with 100 meter frac interval spacing. The Glauconite reservoir has similar characteristics to the Cardium, where slickwater is used and new completion technology has increased the number of fracs by 2.5 times at approximately 40 meter spacing resulting in material improvements in well productivity. InPlay can apply this same technology to the Glauconite play where we have identified 12 locations which could provide the potential for material reserves and production growth. InPlay spud its first well in the play at the end of June in close proximity to the best horizontal well in the pool. Unfortunately drilling challenges ultimately led to casing failure and it was determined the best course of action was to stop operations. InPlay is currently evaluating options for this well. The Company anticipates returning to drill within the Glauconite pool prior to the end of Q1 2025.

Outlook and Operations Update[5]

The Company has brought one well on production since first quarter drilling and has adjusted plans so that the majority of the remaining wells in the year will come on production in late October to early November. These new wells will come online into higher anticipated winter natural gas pricing where forward future gas prices are forecasted to be approximately three times higher than current prices. This timing will lead to strong production and FAFF in the fourth quarter with the limited capital program.

We recently finished drilling operations on a two (2.0 net) horizontal Cardium well pad in Willesden Green where completions are expected to start in the coming days. InPlay plans to drill four (4.0 net) additional wells throughout the remainder of the year, including a minimum of three (3.0 net) ERH wells in Pembina Cardium Unit 7. This area delivers strong oil production rates augmented with high gas rates and lower production declines compared to other Cardium wells in our inventory, all of which result in this area generating some of the strongest returns within the Company. We are excited to resume development in this highly prolific area (after entering into long term gas handling agreement in the first quarter) and expect to pursue continuous development over the next few years.

In July, InPlay entered into an electricity hedge fixing InPlay's cost on one megawatt ("MW") of electricity for a four year term. Given the softening of the Alberta electricity market in response to policy change and the addition of new power generation capacity to Alberta's grid, the hedged price secured by InPlay of $62.17 per megawatt hour ("MWh") is 62% below 2022 average pool prices and 53% below 2023 average power prices and will reduce InPlay's electrical cost volatility. Electricity costs can be extremely volatile and they comprise a significant percentage of InPlay's operating costs. Therefore, this contract is expected to meaningfully reduce and stabilize operating costs going forward.

InPlay continues to be disciplined with capital allocation and anticipates the Company's 2024 budgeted exploration and development expenditures remain unchanged at $64 - $67 million, with the developed well count dropping from 14 – 15 to 12.6. The Company is adjusting its annual production guidance by 4% to 8,700 – 9,000 boe/d (58% – 60% light crude oil and NGLs), mainly reflecting the foregone production from the Glauconite well, downtime and shut-ins, and the planned rescheduling to bring wells on later in the year. AFF(2) is forecasted to be $80 to $85 million based on USD $80 WTI for the remainder of the year, with estimated FAFF(3) of $13 to $21 million. The Company's leverage metrics are projected to remain at levels which are among the lowest in our peer group with net debt to EBITDA(3) forecasted to be 0.5x – 0.6x for 2024.

Financial and Operating Results:

(CDN) ($000's)	**Three months ended June 30**		**Six months ended June 30**	
	2024	**2023**	**2024**	**2023**
Financial				
Oil and natural gas sales	41.5	39.8	79.5	85.1
Adjusted funds flow(2)	20.1	21.8	36.7	43.1
Per share – basic(4)	0.22	0.25	0.41	0.49
Per share – diluted(4)	0.22	0.24	0.39	0.47
Per boe(4)	25.57	28.23	23.34	27.20
Comprehensive income	5.4	4.3	7.1	13.6
Per share – basic	0.06	0.05	0.08	0.15
Per share – diluted	0.06	0.05	0.08	0.15
Dividends	4.1	4.0	8.2	8.0
Capital expenditures – PP&E & E&E	6.2	12.8	31.7	42.3
Property acquisitions (dispositions)	-	-	(0.0)	0.3
Net debt(2)	(50.8)	(41.8)	(50.8)	(41.8)
Shares outstanding	90.1	88.9	90.1	88.9
Basic weighted-average shares	90.1	88.8	90.2	88.4
Diluted weighted-average shares	93.2	91.3	93.2	90.9
Operational				
Daily production volumes				
Light and medium crude oil (bbls/d)	3,671	3,658	3,561	3,722
Natural gas liquids (bbls/d)	1,438	1,187	1,462	1,322
Conventional natural gas (Mcf/d)	21,291	21,772	21,645	22,208
Total (boe/d)	8,657	8,474	8,631	8,746
Realized prices(4)				
Light and medium crude oil & NGLs ($/bbls)	83.24	78.45	78.07	79.92
Conventional natural gas ($/Mcf)	1.43	2.61	2.05	3.01
Total ($/boe)	52.63	51.56	50.58	53.74
Operating netbacks ($/boe)(3)				
Oil and natural gas sales	52.63	51.56	50.58	53.74
Royalties	(6.43)	(4.07)	(6.10)	(6.82)
Transportation expense	(0.98)	(0.97)	(1.04)	(0.94)
Operating costs	(14.81)	(15.21)	(15.09)	(14.95)
Operating netback(3)	30.41	31.31	28.35	31.03
Realized gain on derivative contracts	0.25	2.07	0.27	1.01
Operating netback (including realized derivative contracts) (3)	30.66	33.38	28.62	32.04

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 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 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	
	2024	2023
Adjusted funds flow	**20,145**	21,768
Exploration and dev. capital expenditures	**(6,156)**	(12,774)
Property dispositions (acquisitions)	**-**	-
Free adjusted funds flow	**13,989**	8,994

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. Refer to the "Forward Looking Information and Statements" section for a calculation of forecast operating income, operating netback per boe and operating income profit margin.

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Revenue	**41,460**	39,762	**79,457**	85,063
Royalties	**(5,063)**	(3,137)	**(9,590)**	(10,791)
Operating expenses	**(11,672)**	(11,731)	**(23,701)**	(23,666)
Transportation expenses	**(773)**	(749)	**(1,630)**	(1,492)
Operating income	**23,952**	24,145	**44,536**	49,114
Sales volume (Mboe)	**787.8**	771.1	**1,570.9**	1,582.9
Per boe				
Revenue	**52.63**	51.56	**50.58**	53.74
Royalties	**(6.43)**	(4.07)	**(6.10)**	(6.82)
Operating expenses	**(14.81)**	(15.21)	**(15.09)**	(14.95)
Transportation expenses	**(0.98)**	(0.97)	**(1.04)**	(0.94)
Operating netback per boe	**30.41**	31.31	**28.35**	31.03
Operating income profit margin	**58%**	61%	**56%**	58%

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 and six months ended June 30, 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 and six months ended June 30, 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 document contains forward-looking information and statements pertaining to the following: the Company's business strategy, milestones and objectives; InPlay's ability to deploy its fracking technique to the Glauconite play and the results of the same; 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; the anticipated benefits of the Company's electricity hedge; 2024 guidance based on the planned capital program and all associated underlying assumptions set forth in this document 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; 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 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 defer 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 document 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 document 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 document was made as of the date of this document 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 document should not be used for purposes other than for which it is disclosed herein.

The forward-looking information and statements contained in this document 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 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	$79.38	$79.61
NGL Price	$/boe	$36.51	$35.40	$36.65
AECO	$/GJ	$2.50	$1.85	$1.90
Foreign Exchange Rate	CDN$/US$	0.74	0.73	0.73
MSW Differential	US$/bbl	$3.25	$4.55	$4.50
Production	Boe/d	9,025	8,700 – 9,000	9,000 – 9,500
Revenue	$/boe	54.45	51.00 – 56.00	52.25 – 57.25
Royalties	$/boe	6.84	6.40 – 7.90	6.40 – 7.90
Operating Expenses	$/boe	15.05	13.00 – 15.25	12.75 – 15.75
Transportation	$/boe	0.95	0.85 – 1.10	0.85 – 1.10
Interest	$/boe	1.65	1.80 – 2.40	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) – (0.50)
Decommissioning Expenditures	$ millions	$3.3	$4.0 – $4.5	$4.0 – $4.5
Adjusted Funds Flow	$ millions	$92	$80 – $85	$90 – $97
Dividends	$ millions	$16	$16 – $17	$16 – $17

		Actuals FY 2023	Updated Guidance FY 2024	Previous Guidance FY 2024[(1)]
Adjusted Funds Flow	$ millions	$92	$80 – $85	$90 – $97
Capital Expenditures	$ millions	$84.5	$64 – $67	$64 – $67
Free Adjusted Funds Flow	$ millions	$7	$13 – $21	$23 – $33

		Actuals FY 2023	Updated Guidance FY 2024	Previous Guidance FY 2024[(1)]
Revenue	$/boe	54.45	51.00 – 56.00	52.25 – 57.25
Royalties	$/boe	6.84	6.40 – 7.90	6.40 – 7.90
Operating Expenses	$/boe	15.05	13.00 – 15.25	12.75 – 15.75
Transportation	$/boe	0.95	0.85 – 1.10	0.85 – 1.10
Operating Netback	$/boe	31.61	28.00 – 33.00	30.00 – 35.00
Operating Income Profit Margin		58%	58%	59%

		Actuals FY 2023	Updated Guidance FY 2024	Previous Guidance FY 2024[(1)]
Adjusted Funds Flow	$ millions	$92	$80 – $85	$90 – $97
Interest	$/boe	1.65	1.90 – 2.40	1.50 – 2.00
EBITDA	$ millions	$98	$87 – $92	$96 – $103
Net Debt	$ millions	$46	$48 – $53	$37 – $44
Net Debt/EBITDA		0.5	0.5 – 0.6	0.4 – 0.5

As previously released May 9, 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 document 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
Q2 2023 Average Production	3,658	1,187	21,772	8,474
2023 Average Production	3,822	1,396	22,839	9,025
Q1 2024 Average Production	3,452	1,487	22,000	8,605
Q2 2024 Average Production	3,671	1,438	21,291	8,657
2024 Updated Annual Guidance	3,735	1,435	22,080	8,850(1)
2024 Previous Annual Guidance	4,010	1,455	22,710	9,250(2)

Notes:

1. *This reflects the mid-point of the Company's 2024 updated production guidance range of 8,700 to 9,000 boe/d.*
2. *This reflects the mid-point of the Company's 2024 previous production guidance range of 9,000 to 9,500 boe/d.*
3. *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 document 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.

Analogous Information

Information in this news release regarding initial production rates from offset wells drilled by other industry participants located in geographical proximity to the Company's lands may constitute "analogous information" within the meaning of NI 51-101. This information is derived from publicly available information sources (as at the date of this news release) that InPlay believes (but cannot confirm) to be independent in nature. The Company is unable to confirm that the information was prepared by a qualified reserves evaluator or auditor within the meaning of NI 51-101, or in accordance with the Canadian Oil and Gas Evaluation (COGE) Handbook. Although the Company believes that this information regarding geographically proximate wells helps management understand and define reservoir characteristics of lands in which InPlay has an interest, the data relied upon by the Company may be inaccurate or erroneous, may not in fact be indicative or otherwise analogous to the Company's land holdings, and may not be representative of actual results from wells that may be drilled or completed by the Company in the future.