InPlay Oil Corp. Announces Transformative Acquisition of Highly Accretive, Low Decline Pembina Cardium Oil Assets

The prospectus supplement, the corresponding base shelf prospectus and any amendment thereto in connection with the financing will be accessible through SEDAR+ within two business days

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February 19, 2025 - Calgary Alberta – InPlay Oil Corp. (TSX: IPO) (OTCQX: IPOOF) ("**InPlay**" or the "**Company**") is pleased to announce that it has entered into a definitive agreement for the strategic acquisition of Cardium light oil focused assets in the Pembina area of Alberta (the "**Acquired Assets**") for consideration of approximately $309 million, prior to adjustments. Consideration will be made up of a $220 million cash payment, $85 million of InPlay common shares (the **"Share Consideration"**) to be issued to the Vendor (as defined below) at a deemed price of $1.55 per share, and the inclusion of InPlay's non-operated assets at Willesden Green Unit 2, with a year-end 2023 Proved Developed Producing (**"PDP"**) value of approximately $4.4 million [1] (the **"Transaction"**).

ACQUISITION HIGHLIGHTS

- **>100% Increase in Production and >170% Increase in Light Oil Production:** The Acquired Assets more than double InPlay's production to over 18,750 boe/d[2], with oil production increasing to over 9,500 bbl/d.
- **Highly Accretive Acquisition Metrics:** Purchase completed at 2.2x 2025E operating income[3,4], 0.5x PDP NPV10% before tax reserve value[5 6] and 0.4x Proved NPV10% before tax reserve value[5,6]; per-share accretion +45% on 2025E adjusted funds flow ("**AFF**")[7] and +70% on 2025E pre-dividend free funds flow[7].
- **Strengthened Free Funds Flow and Shareholder Return Profile:** InPlay's annual dividend of $0.18/share (11.6% dividend yield[7] based on share price of $1.55/share), is supported by 2025E pro-forma free funds flow[7] of $104 million (42% free funds flow yield[3] based on pro-forma market capitalization[8]) which is more than 3x InPlay's current base dividend[4] .
- **Low Decline, Long-Life Reserves with Deep Drilling Inventory:** Acquired Assets have a 22% PDP decline rate[9], a PDP reserve life index[5] of 8.7 years and a Proved reserve life index[5] of 13.8 years, including a deep inventory of tier 1 Cardium locations[5,10].
- **InPlay to Unlock Operational Synergies:** The Acquired Assets directly offset InPlay's existing asset in Pembina, and are expected to provide significant operational synergies on infrastructure, field operations and optimization of development activities.

TRANSACTION DETAILS:

InPlay has entered into a definitive agreement with Obsidian Energy Ltd. (the "**Vendor**") and certain of the Vendor's affiliates for the purchase of petroleum and natural gas assets producing approximately 10,000 boe/d (68% oil and NGLs)[2] located primarily in the Pembina area of Alberta for a total purchase price of $309 million effective December 1, 2024, prior to adjustments. The Transaction's purchase price represents approximately 2.2x operating income[3 4] and is highly accretive to InPlay on both funds flow and free funds flow per share metrics while maintaining conservative corporate leverage ratios. A summary of the relevant metrics of the Transaction is as follows:

Gross Purchase Price[1]	$309 million
2025E Production[2,11]	10,000 boe/d (68% oil and NGL)
2025E Oil Weighting[11]	61%

Annual Decline Rate[9]	22%
PDP Reserve Life Index[5]	8.7 years
Proved Reserve Life Index[5]	13.8 years
Net Locations[4,12]	138 booked
2025E Operating Netback[5,10]	$37/boe
Reserves[5]	
PDP	31,711 Mboe
Proved	50,504 Mboe
Proved plus Probable	72,600 Mboe
Acquisition Metrics (2025E)	
Multiple of Operating Income[3,4]	2.2x
Free Funds Flow Yield[3]	25%
Multiple of Flowing Barrel Production[11]	$29,670/boe/d
Multiple of PDP Reserves[5]	$9.37/boe
Multiple of Proved Reserves[5]	$5.88/boe

STRATEGIC RATIONALE FOR ACQUISITION AND APPROVALS

The Acquired Assets are consistent with InPlay's business model of acquiring high quality, operated, light crude oil reservoirs with large original oil in-place ("**OOIP**"). The Acquired Assets meet all of InPlay's acquisition criteria and offer low decline, high netback production with extensive infrastructure to facilitate years of future development drilling and waterflood/enhanced oil recovery ("**EOR**") optimization.

The Acquired Assets are expected to strengthen InPlay's ability to drive shareholder returns through consolidation of directly contiguous lands where approximately 100% operated and significant infrastructure overlap with existing assets, and InPlay management has demonstrated operational expertise including execution of Pembina Cardium drilling programs. Following closing of the Transaction, InPlay expects to benefit from materially increased operational scale, higher oil-weighting, enhanced free funds flow generation and the addition of high-quality drilling inventory. Importantly, InPlay also anticipates that shareholder returns become more resilient and will be enhanced through additional free funds flow underpinned by the lower-decline, less capital-intensive nature of the Acquired Assets. InPlay's cash dividend of $0.18/share (annualized) is expected to be supported by $104 million in free funds flow[7] equal to more than 3x the annual base dividend[4], strongly reinforcing the continued sustainability of the Company's 11.6% dividend yield based on an InPlay share price of $1.55/share.

The Transaction is transformational for InPlay and is expected to deliver the following benefits for stakeholders:

- Large OOIP, high value oil pools under waterflood/EOR enhance netbacks and free funds flow generation. The Acquired Assets increase corporate 2025E production by over 100% highlighted by a >170% increase in oil production while reducing corporate declines from approximately 26% to 24%;
- Attractive and accretive acquisition price at 2.2x 2025E operating income[3 4]. Assets acquired for 0.5x PDP NPV10%[5 6] and 0.4x Proved NPV10%[5,6] under year-end 2023 reserves for the Acquired Assets;
- The Acquired Assets are +45% accretive to InPlay's 2025 AFF[7] per share and +70% accretive to InPlay's 2025 pre-dividend free funds flow[7] per share;
- Dividend sustainability expected to be enhanced due to the high oil weighting and low decline oil revenue stream, generating pro-forma free funds flow[7] of $104 million (42% free funds flow yield[3] based on pro-forma market capitalization[8]) equal to more than 3x InPlay's existing base dividend[4];

- With PDP NPV10% reserve value of $792 million[5,6] based on year-end 2023 reserve evaluation and commodity prices, the Transaction is expected to establish InPlay as a leader in the region and one of the largest publicly-listed Pembina Cardium oil operators; and
- The Company will continue to have a strong leverage profile, with estimated 2025E exit net debt to 2025 EBITDA[3,11] ratio of 0.9x.

Completion of the Transaction is subject to customary closing conditions including, without limitation, clearance under the Competition Act (Canada), approval of Toronto Stock Exchange (**"TSX"**) and approval by a majority of the votes cast at a special meeting of InPlay shareholders to approve the issuance of the Share Consideration to the Vendor as partial payment of the Transaction purchase price. The special meeting of InPlay shareholders is expected to be held in early April 2025.

All of the directors and executive officers of InPlay, as well as InPlay's largest institutional shareholder, Carbon Infrastructure Partners, have entered into voting support agreements pursuant to which each has agreed, subject to the terms thereof, to vote their InPlay shares, representing in aggregate 27% of the issued and outstanding InPlay shares, in favour of the Transaction.

The Transaction is currently expected to close in April 2025.

FINANCING

Transaction consideration is made up of a $220 million cash payment, $85 million of InPlay common shares issued to the vendor at a deemed price of $1.55 per share, and the inclusion of InPlay's non-operated assets at Willesden Green Unit 2, with a year-end 2023 PDP value of approximately $4.4 million[1].

The $220 million cash consideration will be funded through proceeds from the New Credit Facilities (as defined below) and a bought-deal subscription receipt financing for aggregate gross proceeds of approximately $20 million (the "**Offering**", as outlined below).

The Share Consideration issued to the Vendor will be subject to a six-month lock up period, which may be shortened in certain circumstances. Following closing of the Transaction, the Vendor will be InPlay's largest shareholder, owning approximately 35% of the common shares outstanding. Under a shareholder rights agreement between InPlay and the Vendor, the Vendor will be entitled to nominate two members to the InPlay Board of Directors for election at the Special Meeting and has agreed to support the resolutions brought before InPlay shareholders at the 2025 and 2026 annual general meeting of shareholders.

BOUGHT DEAL EQUITY FINANCING

In concert with the Transaction, InPlay has entered into a bought deal agreement with a syndicate of underwriters, co-led by ATB Securities Inc., National Bank Financial Inc. and RBC Capital Markets (collectively, the "**Lead Underwriters**"), pursuant to which the Underwriters have agreed to purchase for resale to the public approximately 12.9 million subscription receipts (the "**Subscription Receipts**") on a bought deal basis. The Subscription Receipts will be offered at a price of $1.55 per Subscription Receipt (the "**Offering Price**") for aggregate gross proceeds of approximately $20 million. The Company will use the net proceeds of the Offering to pay for a portion of the cash consideration under the Transaction. The gross proceeds from the Offering will be held in escrow pending the completion of the Transaction.

The Underwriters will have an option to purchase up to an additional 15% of the Subscription Receipts issued under the Offering at the Offering Price to cover over-allotments exercisable in whole or in part at any time up to the earlier of: (i) 30 days following the closing of the Offering; and (ii) the termination of the Transaction.

If all conditions to completion of the Transaction are satisfied or waived and InPlay has confirmed the same to the Underwriters (other than funding the portion of the purchase price therefore to be paid with the net proceeds of, among other sources, the Offering) (the **"Release Time"**) before 5:00 p.m. (Calgary time) on May 30, 2025, then the net proceeds from the sale of the Subscription Receipts, less any amounts required to satisfy any accrued Dividend Equivalent Payments (defined below), will be released from escrow to InPlay and each Subscription Receipt will automatically receive one common share of the Corporation for each Subscription Receipt held and a Dividend Equivalent Payment. If the Transaction is not completed on or before 5:00 p.m. (Calgary time) on May 30, 2025, then the holders of the Subscription Receipts will be entitled to receive, in addition to the full subscription price of such holder's Subscription Receipts, such holders pro rata share of any interest earned or income generated on the net proceeds held in escrow and will not be entitled to any Dividend Equivalent Payment.

While the Subscription Receipts remain outstanding, such receipts will notionally be credited an amount per Subscription Receipt equal to the per InPlay common Share cash dividend, if any, actually paid or payable to holders of common shares in respect of all record dates for such dividends occurring from the closing date of the Offering to, but excluding, the Release Time. Such amounts will only be paid and payable to holders of Subscription Receipts upon the occurrence of the Release Time (any such payment, a "**Dividend Equivalent Payment**"). Any Dividend Equivalent Payments will be made net of any applicable withholding taxes.

Further information regarding the Offering and the Transaction, including related risk factors, will be set out in the prospectus supplement to InPlay's short-form base shelf prospectus dated December 4, 2024 (collectively, the **"Prospectus"**). The prospectus supplement will be filed under the Company's profile on SEDAR+ (www.sedarplus.ca) on February 21, 2025.The Subscription Receipts issued pursuant to the Offering will be distributed by way of the Prospectus. The Subscription Receipts will be offered in all provinces and territories of Canada (other than Quebec) and may also be offered and sold on a private placement basis in the United States pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**").

The Offering is expected to close on or about February 26, 2025, and is subject to certain conditions including, but not limited to, the approval of the TSX. The Company expects that it will seek the approval of the TSX to list the Subscription Receipts once issued, such listing being subject to TSX approval.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States. These securities have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and, accordingly may not be offered or sold in the "United States" or to, or for the account or benefit of, a "U.S. Persons" (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Access to the Prospectus, and any amendments to the documents are provided in accordance with securities legislation relating to procedures for providing access to a base shelf prospectus, a prospectus supplement and any amendment to the documents. The Prospectus will be (within two business days from the date hereof), accessible on SEDAR+ at www.sedarplus.ca. An electronic or paper copy of the Prospectus (when filed), and any amendment to the documents may be obtained, without charge, from ATB Securities Inc. at Suite 410, 585 – 8th Avenue SW, Calgary, Alberta T2P 1G1, by email at atbcm_dealflow@atb.com@atb.com. The Prospectus will contain important detailed information about the Company and the proposed Offering. Prospective investors should read the Prospectus (when filed) and the other documents the Company has filed on SEDAR+ before making an investment decision.

NEW CREDIT FACILITIES

In connection with the Transaction, InPlay has secured fully underwritten financing from ATB Capital Markets ("**ATB**") or an affiliate thereof, and National Bank Financial Markets ("**NBF**") or an affiliate thereof, as co-lead arrangers and joint bookrunners (the "**Bookrunners**") for up to $300 million of credit facilities (collectively the "**New Credit Facilities**") consisting of an increased $180 million two-year, reserve-based, revolving credit facility issued on standard market terms (estimated to be approximately $135 million drawn following the Transaction, assuming an April 1, 2025 closing) and a fully drawn $120 million two-year amortizing term loan.

Neither of the New Credit Facilities are subject to pre-payment restrictions or penalties and upon closing of the Transaction, InPlay expects to have approximately $45 million of undrawn capacity on its revolving credit facility.

INPLAY PRO FORMA

Equity Value[8]	$245 million
Enterprise Value[8]	$505 million
Basic Common Shares Outstanding[8]	158
2025E Production[2,12]	18,750+ boe/d
2025E Oil Weighting[12]	51 %
2025E Total Liquids Weighting[12]	62 %
<u>2025E Financial Highlights[12]:</u> EBITDA[3] Adjusted Funds Flow[7] Free Funds Flow[7]	 $221 million $204 million $104 million
<u>Reserves as at December 31, 2023[5,6]:</u> PDP Proved Proved plus Probable	 49,004 Mboe 96,423 Mboe 134,195 Mboe
<u>Commodity price assumptions:</u> WTI (USD $/bbl) MSW oil differentials (USD $/bbl) AECO natural gas (CAD $/mcf) CAD/USD foreign exchange	 $72.00 $4.50 $1.90 0.70

UPDATED 2025 GUIDANCE

Following closing of the Transaction, InPlay will provide revised guidance for full-year 2025. The guidance will include a full update incorporating the Acquired Assets, as well as any changes to InPlay's current development plans.

ADVISORS

ATB Capital Markets, TPH&Co., the Energy Business of Perella Weinberg Partners, and National Bank Financial Inc. acted as financial advisors to InPlay with respect to the Transaction. Torys LLP and Burnet, Duckworth & Palmer LLP acted as legal advisors to InPlay.

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Notes:

1. *Purchase price includes the inclusion of InPlay's working interest in Willesden Green Unit 2, which has an estimated PDP NPV10 of approximately $4.4 million, as evaluated by Sproule Associates Limited, effective December 31, 2023 using 3 Consultant's Average price deck as at December 31, 2023.*
2. *See "Reader Advisories – Production Breakdown by Product Type"*
3. *See "Reader Advisories – Non-GAAP and Other Financial Measures" for additional details.*
4. *2025 operating income estimate uses strip pricing from January through March 2025 and the following assumptions thereafter: US$72 WTI, US$4.50 MSW differential, $1.90 AECO and 0.70 FX.*
5. *InPlay reserves prepared by Sproule Associates Limited effective December 31, 2023 using 3 Consultant's Average price deck as at December 31, 2023. Acquired Asset reserves prepared by GLJ Ltd. effective December 31, 2023 using 4 Consultant's Average price deck as at January 1, 2024. Acquired Asset booked locations as per GLJ Ltd. Effective December 31, 2023. The pro forma reserves are the sum of the two reserve reports. The actual reserves of the combined company, if evaluated as of December 31, 2024, may differ from the pro forma reserves presented. See "Reader Advisories – Reserves Disclosure" and "Reader Advisories – Drilling Locations" for additional details regarding reserves estimates and drilling locations.*
6. *Estimated future abandonment and reclamation costs relating only to reserve wells and active pipelines and facilities were taken into account by GLJ in determining the aggregate future net revenue therefrom. Estimated future abandonment and reclamation costs related to inactive wells, pipelines and facilities were not taken into account by GLJ in determining the aggregate future net revenue therefrom.*
7. *Capital management measure. See "Reader Advisories – Non-GAAP and Other Financial Measures" contained within this press release.*
8. *InPlay pro forma market capitalization using pro forma basic shares outstanding and bought deal equity offering price of $1.55 per share. Pro forma enterprise value based on estimated net debt[13] at closing, inclusive of transaction costs. Enterprise value is calculated as equity value plus net debt.*
9. *InPlay estimated annual decline rates.*
10. *See "Reader Advisories – Drilling Locations" for additional details regarding drilling locations.*
11. *2025 production and oil weighting estimated using January 2025 actuals and estimated balance of year production.*
12. *2025E pro forma estimates have been presented as though InPlay acquired the Acquired Assets at January 1, 2025 notwithstanding that income from January 1, 2025 to March 31, 2025 represents a purchase price adjustment and such production will not be directly attributed to InPlay. 2025 pro forma estimate uses strip pricing from January through March 2025 and the following assumptions thereafter: US$72 WTI, US$4.50 MSW differential, $1.90 AECO and 0.70 FX.*

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" 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/FAFF per share

Management considers FAFF and FAFF per share important measures 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. FAFF per share is calculated by the Company as FAFF divided by weighted average shares outstanding.

Free Adjusted Funds Flow Yield

InPlay uses "free adjusted funds flow yield" as a key performance indicator. When presented on a corporate basis, free adjusted funds flow is calculated by the Company as free adjusted funds flow divided by the market capitalization of the Company. When presented on an asset basis for acquisition purposes, free adjusted funds flow is calculated by the Company as free adjusted funds flow divided by the operating income of the Acquired Assets. Management considers FAFF yield to be an important performance indicator as it demonstrates a Company or asset's ability to generate cash to pay down debt and provide funds for potential distributions to shareholders.

Operating Income/Operating Netback per boe/Operating Income Multiple

InPlay uses "operating income", "operating netback per boe" and "operating income multiple" 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 multiple is calculated by the Company as Transaction consideration divided by operating income for the Acquired Assets for the relevant period. Management considers operating income multiple a key performance indicator as it is a key metric used to evaluate the Transaction in comparison to other transactions. Refer below for a calculation of the operating income multiple in relation to the Transaction.

		2025E
Net Consideration (after adjustments)	$ millions	$297
Operating Income	$ millions	$137
Operating Income Multiple		2.2x

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.

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 nine months ended September 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 nine months ended September 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.

Free Funds Flow

Management considers free funds flow to be an important measure of InPlay's ability to generate the funds necessary after capital expenditures and decommissioning expenditures to improve its financial condition through debt repayment and its ability to provide returns to shareholders. Free funds flow is comprised of GAAP measures disclosed in the notes to the Company's financial statements for the three and nine months ended September 30, 2024. All references to free funds flow throughout this document are calculated as funds flow less exploration and development capital expenditures and property dispositions (acquisitions).

Preliminary Financial Information

The Company's expectations set forth in its forecasted 2024 guidance are based on, among other things, the Company's anticipated financial results for the three and twelve-month periods ended December 31, 2024. The Company's anticipated financial results are unaudited and preliminary estimates that: (i) represent the most current information available to management as of the date of hereof; (ii) are subject to completion of audit procedures that could result in significant changes to the estimated amounts; and (iii) do not present all information necessary for an understanding of the Company's financial condition as of, and the Company's results of operations for, such periods. The anticipated financial results are subject to the same limitations and risks as discussed under "Forward Looking Information and Statements" below. Accordingly, the Company's anticipated financial results for such periods may change upon the completion and approval of the financial statements for such periods and the changes could be material.

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; the acquisition of the Acquired Assets and anticipated timing and benefits thereof; the pro forma financial and reserves information following completion of the Transaction, the Offering and the amendments to InPlay's credit facilities; the pro forma inventory following completion of the Transaction; the Offering and anticipated terms and timing thereof, including with respect to Dividend Equivalent Payments; all estimates and guidance related to results for the year ended December 31, 2024; InPlay's pro forma 2025 guidance following completion of the Transaction; future total net debt to EBITDA levels; the anticipated Share Consideration issuable to the Vendor; the expected holding of the Special Meeting and the timing thereof; all necessary shareholder, regulatory and other approvals being obtained in connection with the Offering and the Transaction on the timelines and in the manner currently anticipated; all Conditions to the Transaction will be satisfied or waived and the Transaction will not be terminated prior to its completion; the anticipated benefits of the Transaction; the business and operations of InPlay, including that it will continue to operate in a manner consistent with past practice and pursuant to certain industry and market conditions; InPlay's ability to successfully implement its strategic plans and whether such strategic plans will yield the expected benefits; InPlay's pro forma hedging profile and the anticipated timing thereof; 2025 guidance based on the planned capital program and all associated underlying assumptions set forth in this document including, without limitation, forecasts of 2025 annual average production levels, adjusted funds flow, free adjusted funds flow, Net Debt/EBITDA ratio, operating income profit margin, net debt 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 InPlay's planned 2025 capital program; the amount and timing of capital projects; and methods of funding our capital program.

The internal projections, expectations, or beliefs underlying InPlay's board of directors-approved 2025 capital budget and associated guidance are subject to change in light of, among other factors, changes to U.S. economic, regulatory and/or trade policies (including tariffs), 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 2025 financial outlook and revised 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 revised guidance for 2025 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 current U.S. economic, regulatory and/or trade policies; 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; 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. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the InPlay Board of Directors. There can be no assurance that InPlay will pay dividends in the future.

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: changes in industry regulations and legislation (including, but not limited to, tax laws, royalties, and environmental regulations); the risk that the Transaction and/or the Offering may not be completed on the anticipated terms or timing; the risk that the U.S. government imposes tariffs on Canadian goods, including crude oil and natural gas, and that such tariffs (and/or the Canadian government's response to such tariffs) adversely affect the demand and/or market price for InPlay's products and/or otherwise adversely affects InPlay, or lead to the termination of InPlay's financing arrangements for the Transaction, including specifically that the imposition of tariffs or similar measures in excess of 10% would be an adverse tariff event for the purposes of InPlay's New Credit Facilities and that the Lenders may choose not to fund the Transaction; that a tariff event may cause the Underwriters to terminate their obligations in respect of the Offering; the continuing impact of the Russia/Ukraine conflict and war in the Middle East; potential changes to U.S. economic, regulatory and/or trade policies as a result of a change in government; inflation and the risk of a global recession; changes in our planned 2025 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 InPlay operates; changes in the demand for or supply of InPlay's 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 InPlay's properties; changes in InPlay's credit structure, increased debt levels or debt service requirements; inaccurate estimation of InPlay's 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 InPlay's Annual Information Form dated March 27, 2024, the annual management's discussion & analysis for the year ended December 31, 2023 and the interim management's discussion & analysis for the three and nine months ended September 30, 2024.

This document contains future-oriented financial information and financial outlook information (collectively, "FOFI") about InPlay's financial and leverage targets and objectives, potential dividends, and beliefs underlying InPlay board of director approved 2025 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.

<u>Risk Factors to FLI</u>

Risk factors that could materially impact successful execution and actual results of the Company's 2024 and 2025 capital program and associated guidance and estimates include:

- the risk that the U.S. government imposes tariffs on Canadian goods, including crude oil and natural gas, and that such tariffs (and/or the Canadian government's response to such tariffs) adversely affect the demand and/or market price for the Company's products and/or otherwise adversely affects the Company;
- 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 2025 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 and 2025 guidance and 2025 pro-forma estimates are as follows:

		Actuals FY 2023	Guidance FY 2024[(1)]	Guidance FY 2025[(1)]	Pro-forma Estimate FY 2025
WTI	US$/bbl	$77.62	$76.10	$72.00	$72.65
NGL Price	$/boe	$36.51	$33.10	35.40	48.65
AECO	$/GJ	$2.50	$1.33	$1.90	$1.85
Foreign Exchange Rate	CDN$/US$	0.74	0.73	0.70	0.70
MSW Differential	US$/bbl	$3.25	$4.55	$4.50	$4.75
Production	Boe/d	9,025	8,700 – 9,000	8,650 – 9,150	18,750
Revenue	$/boe	54.45	46.00 – 51.00	46.00 – 51.00	56.50 – 61.50
Royalties	$/boe	6.84	5.75 – 7.25	5.50 – 7.00	7.00 – 8.50
Operating Expenses	$/boe	15.05	13.50 – 15.50	13.00 – 15.00	16.00 – 18.00
Transportation	$/boe	0.95	0.85 – 1.10	0.90 – 1.15	0.90 – 1.15
Interest	$/boe	1.65	1.90 – 2.50	1.30 – 1.90	2.20 – 2.80
General and Administrative	$/boe	3.13	2.50 – 3.25	3.00 – 3.75	1.50 – 2.25
Hedging loss (gain)	$/boe	(1.10)	(0.50) – (1.00)	0.00 – 0.25	0.00 – 0.50
Decommissioning Expenditures	$ millions	$3.3	$3.0 – $3.5	$3.0 – $3.5	$6.0
Adjusted Funds Flow	$ millions	$92	$70 – $73	$69 – $75	$204
Dividends	$ millions	$16	$16 – $17	$16.5	$26

		Actuals FY 2023	Guidance FY 2024[(1)]	Guidance FY 2025[(1)]	Pro-forma Estimate FY 2025
Adjusted Funds Flow	$ millions	$92	$70 – $73	$69 – $75	$204
Capital Expenditures	$ millions	$84.5	$63	$41 – $44	$94
Free Adjusted Funds Flow	$ millions	$7	$7 – $10	$25 – $34	$104
Shares outstanding, end of year	# millions	90.3	90.1	90.4	158
Assumed share price	$/share	$2.21	$1.73	$1.65	1.55
Market capitalization	$ millions	$200	$156	$150	245
FAFF Yield	%	4%	4% – 6%	17% – 23%	42%

		Actuals FY 2023	Guidance FY 2024[(1)]	Guidance FY 2025[(1)]	Pro-forma Estimate FY 2025
Revenue	$/boe	54.45	46.00 – 51.00	46.00 – 51.00	56.50 – 61.50
Royalties	$/boe	6.84	5.75 – 7.25	5.50 – 7.00	7.00 – 8.50
Operating Expenses	$/boe	15.05	13.50 – 15.50	13.00 – 15.00	16.00 – 18.00
Transportation	$/boe	0.95	0.85 – 1.10	0.90 – 1.15	0.90 – 1.15
Operating Netback	$/boe	31.61	24.00 – 29.00	24.75 – 29.75	31.50 – 36.50
Operating Income Profit Margin		58%	55%	56%	58%

		Actuals FY 2023	Guidance FY 2024[(1)]	Guidance FY 2025[(1)]	Pro-forma Estimate FY 2025
Adjusted Funds Flow	$ millions	$92	$70 – $73	$69 – $75	$204
Interest	$/boe	1.65	1.90 – 2.50	1.30 – 1.90	2.20 – 2.80
EBITDA	$ millions	$98	$77 – $81	$74 – $80	$221
Net Debt	$ millions	$46	$56 – $59	$52 – $58	$203
Net Debt/EBITDA		0.5	0.7 – 0.8	0.6 – 0.8	0.9

(1) As previously released February 4, 2025.

- 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.

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 (as defined below) 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)
2025 Annual Guidance	3,425	1,510	23,790	8,900(1)
2025 Acquired Assets Production	6,100	700	19,200	10,000
2025 Willesden Green Unit 2 Production	105	8	225	150
2025E Pro Forma Post-Transaction	9,535	2,180	42,215	18,750

Notes:

1. *This reflects the mid-point of the Company's 2025 production guidance range of 8,650 to 9,150 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 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 ("NI 51-101").

Reserves Disclosure

All reserves information in this press release was prepared by an independent reserve evaluator, effective December 31, 2023, using the reserve evaluator's December 31, 2023 forecast prices and costs in accordance with NI 51-101 the most recent publication of the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"). The estimates of reserves and future net revenue for the Transaction may not reflect the same confidence level as estimates of reserves and future net revenue for all of InPlay's properties, due to the effects of aggregation. Reserves are classified according to the degree of certainty associated with the estimates as follows:

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Proved Developed Producing (PDP) Reserves are those proved reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

All reserve references in this press release are "Company gross reserves". Company gross reserves are a company's total working interest reserves before the deduction of any royalties payable by such company and before the consideration of such company's royalty interests. It should not be assumed that the present worth of estimated future cash flow of net revenue presented herein represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of InPlay's crude oil, NGLs and natural gas reserves and those associated with the Acquired Assets, provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein.

All future net revenues are stated prior to provision of general and administrative expenses, interest, but after the deduction of royalties, operating costs, estimated abandonment and reclamation cost for wells with reserves attributed to them; and estimated future capital expenditures to book those reserves. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein are not representative of fair market value.

	Dec. 31, 2023 PDP Reserves (Mboe)	Dec. 31, 2023 TP Reserves (Mboe)	Dec. 31, 2023 TPP Reserves (Mboe)
Acquired Assets	31,711	50,504	72,600
InPlay Assets	17,293	45,919	61,594
Pro-forma Reserves	49,004	96,423	134,195

	Dec. 31, 2023 PDP Reserves NPV BT 10% ($ millions)	Dec. 31, 2023 TP Reserves NPV BT 10% ($ millions)	Dec. 31, 2023 TPP Reserves NPV BT 10% ($ millions)
Acquired Assets[1]	550	693	895
InPlay Assets	242	571	824
Pro-forma Reserve Values	792	1,264	1,718

(1) Estimated future abandonment and reclamation costs relating only to reserve wells and active pipelines and facilities were taken into account by GLJ in determining the aggregate future net revenue therefrom. Estimated future abandonment and reclamation costs related to inactive wells, pipelines and facilities were not taken into account by GLJ in determining the aggregate future net revenue therefrom.

Oil and Gas Measures and Metrics

The Company uses the following metrics in assessing its performance and comparing itself to other companies in the oil and gas industry. These terms do not have a standardized meaning and therefore may not be comparable with the calculation of similar measures by other companies:

Corporate decline ("Decline") is the rate at which production from a grouping of assets falls from the beginning of a fiscal year to the end of that year.

Reserve Life Index ("RLI") is calculated by dividing the quantity of a particular reserve category of reserves by the forecast of the first year's production for the corresponding reserve category.

Analogous Information

Certain information in this press release may constitute "analogous information" as defined in NI 51-101, including but not limited to, information relating to the areas in geographical proximity to lands that are or may be held by InPlay. Such information has been obtained from government sources, regulatory agencies or other industry participants. InPlay believes the information is relevant as it helps to define the reservoir characteristics in which InPlay may hold an interest, however InPlay is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. Such information is not an estimate of the reserves or resources attributable to lands held or potentially to be held by InPlay and there is no certainty that the reservoir data and economics information for the lands held or potentially to be held by InPlay will be similar to the information presented herein. **The reader is cautioned that the data relied upon by InPlay may be in error and/or may not be analogous to such lands to be held by InPlay.**

Net Present Value (NPV) Estimates

It should not be assumed that the net present value of the estimated future net revenues of the reserves of InPlay and/or the Acquired Assets included in this press release represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. NPV10 BT represents NPV10 before tax where NPV10 represents the anticipated net present value of the future net revenue discounted at an annual rate of 10%. PDP NPV10 represents the anticipated net present value of the proved developed producing reserves discounted at an annual rate of 10%.

Drilling Locations

This press release discloses drilling inventory in two categories: (a) proved locations; and (b) probable locations. Proved locations and probable locations are derived from the independent reserves evaluation effective December 31, 2023 for the Acquired Assets and account for drilling locations that have associated proved and/or probable reserves, as applicable. Of the 138 net drilling locations identified herein, 115 are proved locations and 23 are probable locations. The drilling locations considered for future development will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.

Booked locations are proved locations and probable locations derived from InPlay's independent reserves evaluation effective December 31, 2023 and the independent reserves evaluation effective December 31, 2023 for the Acquired Assets, respectively, and account for drilling locations that have associated proved and/or probable reserves, as applicable. We have not risked potential drilling locations, and actual locations drilled and quantities that may be ultimately recovered may differ substantially from estimates. We make no commitment to drill all of the drilling locations that have been identified. Factors affecting ultimate recovery include the scope of our on-going drilling program, which will be directly affected by the availability of capital, drilling, and production costs, availability of drilling and completion services and equipment, drilling results, lease expirations, regulatory approvals, and geological and mechanical factors. Estimates of reserves, type/decline curves, EURs, per-well economics, and resource potential may change significantly as development of our oil and gas assets provides additional data. Additionally, initial production rates are subject to decline over time and should not be reflective of sustained production levels.

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.

Dividends

InPlay's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on InPlay's shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) will be subject to the discretion of the Board of Directors and may depend on a variety of factors, including, without limitation, InPlay's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on InPlay under applicable corporate law. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board of Directors. There can be no assurance that InPlay will pay dividends in the future.

Abbreviations

2025E	Estimate for the year ending December 31, 2025
AECO	Alberta Energy Company "C" Meter Station of the NOVA Pipeline System
bbl	barrel of oil
bbls	barrels of oil

boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
GJ	gigajoules
IFRS	International Financial Reporting Standards
Mbbl	thousand barrels of oil
Mmbbl	million barrels of oil
Mboe	thousand boe
Mmboe	million boe
Mcf	thousand cubic feet
Mmcf	million cubic feet
MSW	Mixed sweet Alberta benchmark oil price
NGL	natural gas liquids
WTI	West Texas Intermediate benchmark Oil price