

# InPlay Oil Corp. Oil and Gas, Exploration and Production

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**Rating**  
**BUY**  
unchanged

**Price Target**  
**C\$13.00↓**  
from C\$15.00

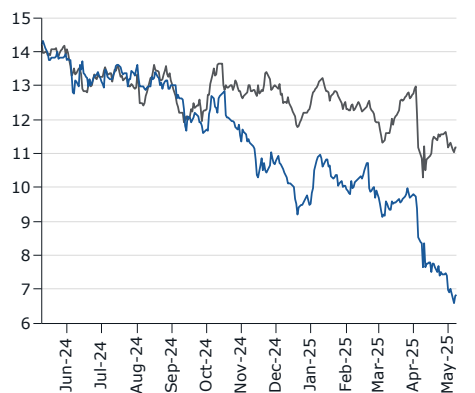
**IPO-TSX**

**Price**  
**C\$7.45**

## Market Data

52-Week Range (C\$) :	6.54 - 14.46
Avg Daily Vol (000s) :	172
Avg Daily Vol (M) :	0.03
Market Cap (C\$M) :	208.8
Dividend /Shr (C\$) :	1.08
Dividend Yield (%) :	14.5
Shares Out., Basic (M) :	28
Net Debt (Cash) (C\$M) :	238.7
Enterprise Value (C\$M) :	447.4
NAV /Shr (C\$) :	18.58

FYE Dec	2024A	2025E	2026E
Total Production (boe/d)	8,712	16,391	18,511
D/CF	0.9	1.7↓	1.4↓
Previous	-	1.8	1.7
Gas (%)	42.4	39.3	39.0
CFPS (C\$)	4.34	5.10↓	4.86↑
Previous	-	5.11	4.75
EV/BOEPD (C\$)	30,957	25,940	21,562
EV/DACF (x)	3.6	2.8	2.5



Source: FactSet

Priced as of close of business 8 May 2025

InPlay Oil Corp. is a growth-oriented light oil E&P company focused on the Cardium and Duvernay plays in Central Alberta, Canada.

## Updated budget sees lower-than-expected capex driven by strong well performance

Thursday morning, IPO reported Q1/25 results. Production averaged 9,076 boe/d last quarter, ahead of our 8,815 boe/d forecast and consensus at 8,900 boe/d, while CFPS of \$1.07 met Street expectations of \$1.06 and fell short of our \$1.15 estimate on lower realized pricing.

With the Pembina Cardium acquisition closing last month, IPO provided updated 2025 guidance which will see lower-than-anticipated capital expenditures (~25% below our previous estimates) with production in line with expectations. This is largely being driven by outperformance from its Pembina Cardium Unit #7 (PCU-7) wells, with two recently drilled wells coming online more than double the company's internal type curve. Additionally, four wells drilled on the acquired assets (drilled by the previous operator) are also producing well above expectations.

We reiterate our BUY rating on IPO but have lowered our price target to \$13.00 (from \$15.00), reflecting a 3.9x 2025E EV/DACF multiple. IPO currently trades at 2.8x 2025E EV/DACF, compared to the peer group average of 2.9x.

### Highlights:

**Quarterly results.** Q1/25 production averaged 9,076 boe/d, slightly above our 8,815 boe/d forecast and consensus at 8,900 boe/d. CFPS of \$1.07 met consensus expectations of \$1.06 but was below our \$1.15 forecast on lower-than-expected realized pricing. IPO exited Q1/25 with net debt of \$63M (1.0x D/CF, TTM).

**Operational update.** The quarterly production beat comes in part as a result of outperformance from recently drilled PCU-7 wells. A two-well pad in the unit recorded an average IP-30 of 677 boe/d (75% liquids) and an IP-60 of 492 boe/d (66% liquids), with production from these wells being more than double the company's internal type curve. Additionally, on the acquired assets, four wells drilled by the previous operator last quarter have come online above type curve. The first two wells have achieved average IP-30 rates of 304 boe/d (91% liquids) and an IP-60 of 295 boe/d (85% liquids), ~50% above type curve. The remaining two wells, brought online in late March, have exceeded type curve by over 350% with average IP-30 rates of 887 boe/d (88% liquids).

**Updated 2025 guidance.** With the release, IPO provided pro forma 2025 guidance with closing of the acquired Pembina Cardium assets in April. Capital expenditures are now expected to total \$53-60M, below our previous estimate of \$75.5M, to generate average annual production of 16,000-18,000 boe/d (versus our previous estimate of 16,180 boe/d). The lower-than-expected capex is accommodated by strong performance out of DCU-7. The budgeted \$53-60M capex will see the drilling of 5.5-7.5 net ERH Cardium wells over the balance of the year.

**Estimate changes.** Our updated estimates are summarized in Figure 2.

**Valuation and recommendation.** We reiterate our BUY rating on IPO but have lowered our price target to \$13.00 (from \$15.00), reflecting a 3.9x 2025E EV/DACF multiple. IPO currently trades at 2.8x 2025E EV/DACF, compared to the peer group average of 2.9x.

**Figure 1: Quarterly results comparison**

IPO Q1/25		Estimates			% difference vs.	
		Actual	CG	Consensus	CG	Consensus
<b>Production</b>						
Liquids	[bbls/d]	5,001	5,102	4,906	-2.0%	1.9%
Natural gas	[mmcf/d]	24.5	22.3	24.0	9.8%	1.9%
Total production	[boe/d]	9,076	8,815	8,900	3.0%	2.0%
<b>Financial</b>						
Capex	[\$000]	\$13,888	\$15,000	\$16,000	-7.4%	-13.2%
Cash flow	[\$000]	\$16,222	\$18,708	\$16,100	-13.3%	0.8%
CFPS (Basic)	[\$/shr]	\$1.07	\$1.15	\$1.06	-7.2%	0.6%

Source: Company Reports, FactSet, Canaccord Genuity estimates

**Figure 2: Estimate changes**

		Q1/25A Results			Q2/25E Estimates			2025E Estimates			2026E Estimates		
		Actual	CG Est.	% Diff.	Current	Previous	% Change	Current	Previous	% Change	Current	Previous	% Change
Production													
Liquids	[bbls/d]	5,001	5,102	-2%	11,724	11,794	-1%	9,953	10,088	-1%	11,291	11,747	-4%
Gas	[mmcf/d]	24.5	22.3	10%	43.4	41.0	6%	38.6	36.6	6%	43.3	42.5	2%
Total	[boe/d]	9,076	8,815	3%	18,965	18,628	2%	16,391	16,180	1%	18,511	18,825	-2%
Realized pricing													
Oil	[\$/bbl]	\$75.13	\$78.30	-4%	\$75.48	\$75.96	-1%	\$71.86	\$72.72	-1%	\$67.86	\$67.84	0%
Gas	[\$/mcf]	\$2.33	\$2.45	-5%	\$2.55	\$2.55	0%	\$2.52	\$2.54	-1%	\$3.25	\$3.25	0%
Hedging gain	[\$/boe]	\$0.06	\$0.32	-80%	\$0.22	\$0.61	-63%	\$0.89	\$0.73	23%	-\$0.04	-\$0.09	57%
Netback													
Blended price	[\$/boe]	\$47.73	\$51.85	-8%	\$52.73	\$54.32	-3%	\$50.46	\$51.80	-3%	\$48.96	\$49.58	-1%
Royalties	[\$/boe]	\$5.84	\$6.70	-13%	\$6.30	\$7.25	-13%	\$5.97	\$6.86	-13%	\$5.88	\$6.70	-12%
Opex/Transp.	[\$/boe]	\$16.10	\$15.30	5%	\$17.20	\$18.05	-5%	\$16.88	\$17.68	-5%	\$16.90	\$18.05	-6%
Field Netback	[\$/boe]	\$25.79	\$29.85	-14%	\$29.23	\$29.02	1%	\$27.62	\$27.26	1%	\$26.18	\$24.82	5%
G&A	[\$/boe]	\$3.25	\$3.09	5%	\$2.25	\$2.00	13%	\$2.39	\$2.15	11%	\$2.35	\$2.00	18%
Interest/Other	[\$/boe]	\$1.99	\$1.92	4%	\$3.24	\$2.79	16%	\$3.01	\$2.84	6%	\$2.77	\$3.00	-8%
Cash Netback	[\$/boe]	\$20.54	\$24.84	-17%	\$23.73	\$24.23	-2%	\$22.22	\$22.27	0%	\$21.06	\$19.82	6%
Financial													
Cash flow	[\$000]	\$16,222	\$18,708	-13%	\$39,212	\$39,570	-1%	\$126,939	\$126,001	1%	\$136,299	\$130,176	5%
CFPS (Basic)	[\$/shr]	\$1.07	\$1.15	-7%	\$1.40	\$1.44	-3%	\$5.10	\$5.11	0%	\$4.86	\$4.75	2%
Capex	[\$000]	-\$13,888	-\$15,000	7%	-\$9,000	-\$9,000	0%	-\$57,000	-\$75,500	25%	-\$80,000	-\$95,000	16%
Net debt	[\$000]	\$63,286	\$30,443	108%	\$238,653	\$232,042	3%	\$216,393	\$230,608	-6%	\$190,362	\$225,008	-15%

Source: Company Reports, Canaccord Genuity estimates

**Figure 3: Comparables; ratings, targets, and valuation multiples**

Company	Ticker	Analyst	Rating	Target (\$/share)	Price (\$/share)	Yield (%)	Total Return (%)	Market Cap (\$M)	EV (\$M)	EV/DACF				2P NAV		
										CG deck		Futures		CG deck		
										2025E (x)	2026E (x)	2025E (x)	2026E (x)	NAV (\$/share)	P/NAV (x)	Tgt/NAV (x)
Highwood Asset Management Ltd.	HAM	MM	BUY	\$9.00	\$5.61	0.0%	60%	\$85	\$183	2.6x	3.1x	2.8x	3.6x	\$18.18	0.3x	0.5x
InPlay Oil Corp.	IPO	MM	BUY	\$13.00	\$7.45	14.5%	89%	\$209	\$447	2.8x	2.5x	3.0x	2.9x	\$16.88	0.4x	0.8x
Pine Cliff Energy Ltd.	PNE	MM	BUY	\$0.90	\$0.57	2.6%	61%	\$204	\$266	4.5x	2.9x	4.3x	2.5x	\$0.95	0.6x	1.0x
Surge Energy Inc.	SGY	MM	BUY	\$8.00	\$4.84	10.7%	76%	\$486	\$733	2.5x	3.6x	2.7x	4.7x	\$9.73	0.5x	0.8x
Saturn Oil & Gas Inc.	SOIL	MM	BUY	\$3.00	\$1.59	0.0%	89%	\$317	\$1,177	2.0x	2.2x	2.1x	2.6x	\$3.03	0.5x	1.0x
<b>Average</b>						<b>5.6%</b>	<b>75%</b>			<b>2.9x</b>	<b>2.8x</b>	<b>3.0x</b>	<b>3.3x</b>		<b>0.5x</b>	<b>0.8x</b>
InPlay Oil Corp.	IPO	MM	BUY	\$13.00	\$7.45	14.5%	89%	\$209	\$447	2.8x	2.5x	3.0x	2.9x	\$16.88	0.4x	0.8x

Source: FactSet, Company Reports, Canaccord Genuity estimates

**Figure 4: Comparables; leverage, FCF yield, and production metrics**

Company	Ticker	D/CF				FCF yield				EV/boe/d		Production		% Gas	
		CG deck		Futures		CG deck		Futures		2025E (\$/boe/d)	2026E (\$/boe/d)	2025E (mboe/d)	2026E (mboe/d)	2025E (%)	2026E (%)
		2025E (x)	2026E (x)	2025E (x)	2026E (x)	2025E (%)	2026E (%)	2025E (%)	2026E (%)						
Highwood Asset Management Ltd.	HAM	1.7x	2.1x	1.9x	2.6x	-6%	-9%	-9%	-17%	\$29,569	\$29,697	6.4	6.6	24%	22%
InPlay Oil Corp.	IPO	1.7x	1.4x	1.9x	1.8x	33%	27%	29%	20%	\$25,940	\$21,562	16.4	18.5	39%	39%
Pine Cliff Energy Ltd.	PNE	1.1x	0.2x	1.0x	0.0x	13%	20%	14%	24%	\$11,703	\$9,620	21.3	22.2	79%	79%
Surge Energy Inc.	SGY	0.9x	1.6x	1.1x	2.6x	16%	-1%	12%	-9%	\$31,490	\$33,593	22.7	23.0	11%	11%
Saturn Oil & Gas Inc.	SOIL	1.7x	1.9x	1.9x	2.4x	38%	21%	31%	5%	\$26,736	\$25,336	40.0	39.6	16%	13%
<b>Average</b>		<b>1.4x</b>	<b>1.4x</b>	<b>1.5x</b>	<b>1.9x</b>	<b>19%</b>	<b>12%</b>	<b>15%</b>	<b>4%</b>	<b>\$25,087</b>	<b>\$23,962</b>			<b>34%</b>	<b>33%</b>
InPlay Oil Corp.	IPO	1.7x	1.4x	1.9x	1.8x	33%	27%	29%	20%	\$25,940	\$21,562	16.4	18.5	39%	39%



Source: FactSet, Company Reports, Canaccord Genuity estimates

**Figure 5: Comparables; cash flow, dividends, capex, and payout ratios**

Company	Ticker	Cash flow				Dividend payout				Capex		All-in payout			
		CG deck		Futures		CG deck		Futures		(excl. M&A)		CG deck		Futures	
		2025E (\$M)	2026E (\$M)	2025E (\$M)	2026E (\$M)	2025E (%)	2026E (%)	2025E (%)	2026E (%)	2025E (\$M)	2026E (\$M)	2025E (%)	2026E (%)	2025E (%)	2026E (%)
Highwood Asset Management Ltd.	HAM	\$60	\$53	\$57	\$46	0%	0%	0%	0%	\$65	\$60	109%	114%	114%	132%
InPlay Oil Corp.	IPO	\$127	\$136	\$118	\$121	21%	22%	23%	25%	\$57	\$80	66%	81%	71%	91%
Pine Cliff Energy Ltd.	PNE	\$42	\$64	\$44	\$71	22%	8%	22%	8%	\$16	\$23	60%	44%	58%	39%
Surge Energy Inc.	SGY	\$248	\$174	\$230	\$134	21%	30%	23%	39%	\$170	\$180	89%	133%	96%	173%
Saturn Oil & Gas Inc.	SOIL	\$430	\$365	\$409	\$317	0%	0%	0%	0%	\$310	\$300	72%	82%	76%	95%
<b>Average</b>						<b>13%</b>	<b>12%</b>	<b>13%</b>	<b>14%</b>			<b>79%</b>	<b>91%</b>	<b>83%</b>	<b>106%</b>
InPlay Oil Corp.	IPO	\$127	\$136	\$118	\$121	21%	22%	23%	25%	\$57	\$80	66%	81%	71%	91%

Source: FactSet, Company Reports, Canaccord Genuity estimates

**Figure 6: Company overview**

InPlay Oil Corp. (IPO-TSX)				Rating: BUY	Target: \$13.00									
COMPANY STATISTICS						FINANCIAL SUMMARY								
Price:				\$7.45			2024A	2025E	2026E					
Shares outstanding (M):				28		Cash flow (\$M)	\$65.2	\$126.9	\$136.3					
Shares fully diluted (M):				29		CFPS - basic	\$4.34	\$5.10	\$4.86					
Market capitalization (C\$M):				\$208.8		CFPS - fd	\$4.19	\$5.07	\$4.86					
Enterprise value (C\$M):				\$447.4		Capex inc. M&A (\$M)	\$63.0	\$358.3	\$80.0					
52-Week trading range (C\$):		\$6.54		\$14.46		Dividend (\$M)	\$16.4	\$26.8	\$30.3					
Average daily trading volume (000) (100 Day):				33.4		Dividend/share	\$1.08	\$1.08	\$1.08					
Dividend yield:				14.5%		Net debt (surplus) (\$M)	\$60.9	\$216.4	\$190.4					
Projected 12-month return:				89.0%		Trailing net debt/cash flow	0.9x	1.7x	1.4x					
OPERATING AREAS						CREDIT FACILITY (\$M)								
						\$110.0	\$330.0	\$330.0						
						NETBACKS (\$/boe)						2024A	2025E	2026E
						Revenue (post hedging)	\$49.07	\$50.46	\$48.96					
						Royalties	\$6.26	\$5.97	\$5.88					
						Operating costs	\$15.12	\$15.93	\$16.00					
						Transportation costs	\$0.97	\$0.95	\$0.90					
						Field netback	\$26.73	\$27.62	\$26.18					
						G&A costs	\$3.06	\$2.39	\$2.35					
						Interest/taxes/other	\$2.18	\$3.01	\$2.77					
						After tax netback	\$21.49	\$22.22	\$21.06					
VALUATION						2024A	2025E	2026E						
P/CF	1.7x	1.5x	1.5x											
EV/DACF	3.6x	2.8x	2.5x											
EV/boe/d	\$30,957	\$25,940	\$21,562											
EV/2P boe	\$7.62													
Base NAV	\$13.91													
P/NAV	0.5x													
Target EV/DACF	5.7x	3.9x	3.5x											
Target EV/boe/d	\$49,052	\$35,557	\$30,078											
Target EV/2P boe	\$10.30													
Target P/NAV	0.9x													
COMMODITY PRICE ASSUMPTIONS						2024A	2025E	2026E						
WTI oil (US\$/bbl)	\$75.90	\$63.60	\$60.00											
NYMEX gas (US\$/mmbtu)	\$2.25	\$4.06	\$4.00											
Realized oil & NGL (C\$/bbl)	\$76.48	\$71.86	\$67.86											
Realized natural gas (C\$/mcf)	\$1.62	\$2.52	\$3.25											
PRODUCTION FORECAST						2024A	2025E	2026E						
Liquids (bbl/d)	5,022	9,953	11,291											
Natural gas (mmcf/d)	22,139	38,631	43,325											
Total production (boe/d)	8,712	16,391	18,511											
% Natural gas	42%	39%	39%											
RESERVE DATA						2022A	2023A	2024A						
Liquids (mbbls)	38,781	38,821	35,809											
Natural Gas (bcf)	138,366	136,639	137,486											
Total P+P (mboes)	61,842	61,594	58,724											
Mike Mueller, P.Geo., CFA, Analyst						mmueller@cgf.com								
						403.691.7808								

Source: Company Reports, Canaccord Genuity estimates

# Appendix: Important Disclosures

## Analyst Certification

Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research, and (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer.

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Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

## Investment Recommendation

Date and time of first dissemination: May 08, 2025, 17:14 ET

Date and time of production: May 08, 2025, 17:14 ET

## Target Price / Valuation Methodology:

InPlay Oil Corp. - IPO

Our target price is a blended NAV-based and EV/DACF-based approach and maps to a 2025E EV/DACF of 3.9x and is 0.8x our C-NAV estimate.

## Risks to achieving Target Price / Valuation:

InPlay Oil Corp. - IPO

Company-specific risks

Investors need to be aware of company-specific risks that could affect our valuation of InPlay Oil. Without limitation, these include:

- **Drop in commodity prices:** The capitulation of oil and gas prices would have an impact on IPO's operating margins. All else equal, lower oil and gas prices will lead to a reduction in share price.
- **Well performance:** Lower-than-expected production rates could have a material impact on valuation. However, IPO's track record gives us confidence in the company's ability to deliver strong well results.
- **Higher well costs:** With activity in the basin increasing and with the current inflationary environment, well costs may see increases through the balance of the year. If these costs are higher than our forecasts, it could reduce our valuation.

Industry-specific risks

Investors need to be aware of the risks inherent in the oil and gas industry that could affect our valuation of IPO. Without limitation, these include:

- Trading liquidity risks.
- Geological, engineering, regulatory, and environmental risks related to the exploration for and development of crude oil and natural gas resources.
- Volatility in crude oil and natural gas prices can materially affect the financial performance of the company and the accuracy of our estimates. All else equal, lower oil and gas prices will lead to a reduction in share price.
- Risks also include government tax and potential changes to the royalty regime and regulatory policy pertaining to the oil and gas industry.

## Distribution of Ratings:

### Global Stock Ratings (as of 05/08/25)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	642	69.71%	26.64%
Hold	123	13.36%	13.82%
Sell	11	1.19%	0.00%
Speculative Buy	136	14.77%	55.88%
	921*	100.0%	

\*Total includes stocks that are Under Review

## Canaccord Genuity Ratings System

**BUY:** The stock is expected to generate returns greater than 10% during the next 12 months.

**HOLD:** The stock is expected to generate returns from -10% to 10% during the next 12 months.

**SELL:** The stock is expected to generate returns less than -10% during the next 12 months.

**NOT RATED:** Canaccord Genuity does not provide research coverage of the relevant issuer.

Given the inherent volatility of some stocks under coverage, price targets for some stocks may imply target returns that vary temporarily from the ratings criteria above.

\*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

## Risk Qualifier

**SPECULATIVE:** The stock bears significantly above-average risk and volatility. Investments in the stock may result in material loss.

## 12-Month Recommendation History (as of date same as the Global Stock Ratings table)

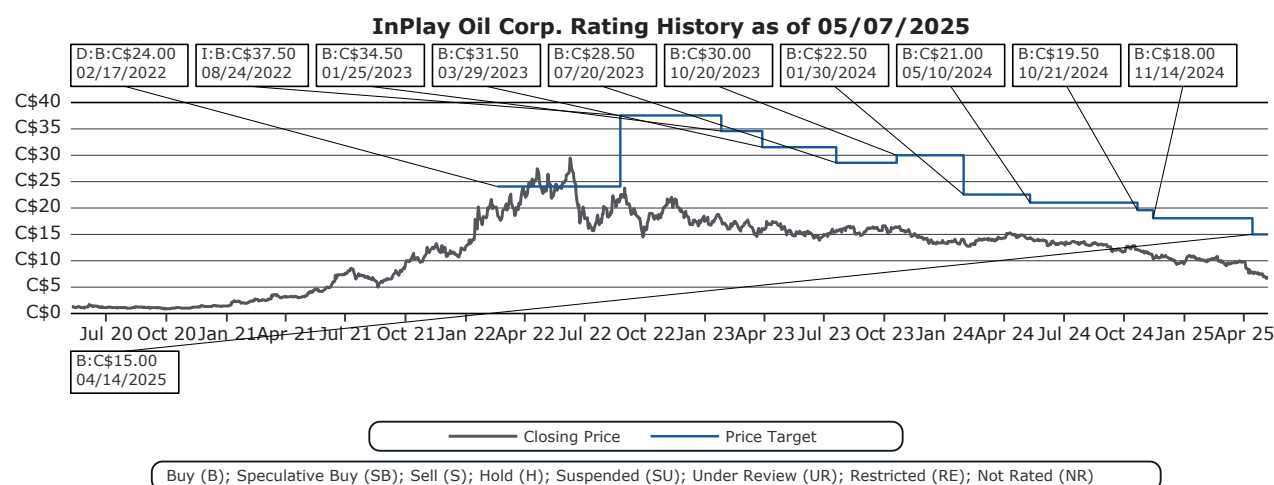
A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx>

## Required Company-Specific Disclosures (as of date of this publication)

InPlay Oil Corp. currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided investment banking services to InPlay Oil Corp..

In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Investment Banking services from InPlay Oil Corp. .

Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Investment Banking services from InPlay Oil Corp. in the next three months.



## Past performance

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