

## Ikkuma Resources Corp. Announces First Quarter 2015 Financial and Operating Results and Increased Production Guidance

CALGARY, May 21, 2015 /CNW/ - Ikkuma Resources Corp. ("Ikkuma" or the "Corporation") (TSXV: IKM) is pleased to report its financial and operating results for the three months ended March 31, 2015. Selected financial and operational information is set out below and should be read in conjunction with Ikkuma's interim condensed financial statements and the related management's discussion and analysis ("MD&A") for the three months ended March 31, 2015. Ikkuma's condensed interim financial statements and MD&A are available for review at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.ikkumarescorp.com](http://www.ikkumarescorp.com).

### Q1 2015 HIGHLIGHTS

- Achieved record average production of 7,121 boe/d in the first quarter (97% gas).
- Oil and natural gas sales were 36% lower at \$10.8 million from the \$14.7 million reported in Q4 2014, due to the significant decline in commodity prices.
- Mitigated the impact of the decline in gas price with realized gains from the Corporation's hedging program of \$0.80 per boe or \$0.13/mcf.
- Generated funds flow from operations in the first quarter of \$1.9 million (\$0.02/share) despite significantly lower commodity prices.
- To date and as previously announced, the capital program has tested 5,500 – 6,000 boe/d (99% gas) of production which is expected to largely come on stream by Q4 2015.
- Earned 16 gross sections (13.75 net) of undeveloped land in the Northern foothills by reaching earning depth in the second well drilled.

	Three months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
<i>(Cdn\$000s except per boe and Share amounts)</i>			
<b>Operations</b>			
Average daily production			
Natural gas (mcf/d)	41,629	41,238	222
Light Oil (bbls/d)	50	43	34
NGL's (bbl/d)	134	92	4
Total equivalent (boe/d)	7,121	7,008	75
Average product prices			
Natural gas (\$/mcf)	\$ 2.69	\$ 3.64	\$ 5.54
Light Oil (\$/bbl)	\$ 38.87	\$ 58.55	\$ 82.75
NGL (\$/bbl)	\$ 18.06	\$ 42.28	\$ 67.72
Revenue (\$/boe)	\$ 16.84	\$ 22.85	\$ 57.42
Realized gain on commodity contracts (\$/boe)	\$ 0.80	\$ -	\$ -
Royalties (\$/boe)	\$ 1.88	\$ 1.42	\$ 14.24
Operating (\$/boe)	\$ 9.23	\$ 9.17	\$ 33.39

Transportation costs (\$/boe)	\$ 1.53	\$ 1.74	\$ 4.04
Operating netback <sup>(1)</sup> (\$/boe)	\$ 5.00	\$ 10.52	\$ 5.75

### Financial (\$000)

Oil and natural gas sales	\$ 10,793	\$ 14,731	\$ 387
Funds flow from operations <sup>(1)</sup>	\$ 1,945	\$ 4,810	\$ (162)
Per share – basic and diluted	\$ 0.02	\$ 0.06	\$ (0.06)
Loss	\$ (4,853)	\$ (3,711)	\$ (2,228)
Per share – basic & diluted	\$ (0.06)	\$ (0.05)	\$ (0.77)
Capital expenditures	\$ 18,741	\$ 16,857	\$ 101
Property Acquisitions (dispositions)	\$ 25	\$ 21,732	\$ -
Net debt <sup>(1)</sup>	\$ 26,802	\$ 9,924	\$ 1,480
Bank loan	\$ 14,933	\$ -	\$ 878
Shares outstanding (000) <sup>(2)</sup>	80,159	80,159	2,878
Weighted average shares outstanding			
Basic & diluted (000) <sup>(2)</sup>	80,159	80,159	2,878

(1) *Funds flow from operations, operating netback and net debt are non-IFRS measures. See "Non-IFRS Measures".*

(2) *On September 17, 2014, the shareholders' of the Corporation approved a 10 for 1 share consolidation. The number of shares, warrants and options outstanding have been adjusted on a retroactive basis.*

## OUTLOOK

Ikkuma's 2015 capital budget has been increased from \$23 million to \$28 million. The increase is due to the additional costs incurred for the second well drilled and higher than expected tie-in costs for the successful recompletions. The majority of Ikkuma's remaining 2015 capital program will be used to tie-in tested volumes, which is expected to be largely completed by Q4 2015. Guidance has been increased for production as follows: 2015 exit rate of 9,000 to 9,300 boe/d; and 2015 average production of 7,500 to 8,000 boe/d.

Ikkuma will continue to monitor capital spending and forecasted cash flows to ensure the Corporation maintains its financial strength. Ikkuma benefits from a low production decline of approximately 15% and given the significance of the previously announced tested gas rates, the Corporation is well positioned to continue to grow in a low commodity price environment.

## CORPORATE UPDATE

Ikkuma is pleased to announce the promotion of James Richmond (Rich) Rowe to Vice President, Land effective immediately. Mr. Rowe has performed the duties of Land Manager of Ikkuma since the recapitalization in May of 2014 and has been a key member of our Foothills team in the past.

## ABOUT IKKUMA

Ikkuma Resources Corp. is a diversified junior public oil and gas company listed on the TSXV under the symbol "IKM", with holdings in both conventional and unconventional projects in Western Canada. The technical team has worked together for over a decade in the Foothills Region of Western Canada, through two successful, publicly traded companies. The unique skills and repeat success at exploiting a complex,

potentially prolific play type are fundamental ingredients for a successful growth-oriented company in Western Canada. Corporate information can be found at: [www.ikkumarescorp.com](http://www.ikkumarescorp.com).

## **Forward-Looking Statements and Information and Cautionary Statements**

*This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking statements or information. In particular, this press release contains forward-looking statements concerning tieing-in and bringing on stream tested gas production by Q4 2015. Although Ikkuma believes that the expectations and assumptions on which the forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Ikkuma cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include but are not limited to the risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; failure to obtain necessary regulatory approvals for planned operations; health, safety and environmental risks; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; volatility of commodity prices, currency exchange rate fluctuations; imprecision of reserve estimates; and competition from other explorers) as well as general economic conditions, stock market volatility, and the ability to access sufficient capital. We caution that the foregoing list of risks and uncertainties is not exhaustive.*

*In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements and information contained in this press release are made as of the date hereof and Ikkuma undertakes no obligation to update publicly or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

*Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Ikkuma's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.*

## **Non-IFRS Measures**

*This press release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Funds flow from operations, operating netback and net debt are not recognized measures under IFRS. Management believes that in addition to net income (loss), funds flow from operations, operating netback and net debt are useful supplemental measures that demonstrate the Corporation's ability to generate the cash necessary to repay debt or fund future capital investment. Investors are cautioned, however, that these measures should not be construed as an alternative to net income (loss), determined in accordance with IFRS, as an indication of Ikkuma's performance. Funds flow from operations is calculated by adjusting net income (loss) for depletion and depreciation, exploration and evaluation expense, impairment, gain (loss) on sale of petroleum, natural gas and equipment, share-based payments, unrealized gain (loss) on financial instruments and accretion. Operating equals the total of petroleum and natural gas*

*sales, realized gains or losses on commodity contracts, less royalties, transportation and operating expenses. Net debt is the total of cash and cash equivalents plus accounts receivable, plus prepaids and deposits, less accounts payable and accrued liabilities and bank debt.*

## **Oil and Gas Advisory**

*In this press release, the abbreviation BOE means a barrel of oil equivalent derived by converting gas to oil in the ratio of 6 Mcf of gas to 1 bbl of oil (6 Mcf:1 bbl). 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 from the energy equivalency of 6 Mcf:1 bbl, utilizing a conversion ratio on a 6 Mcf of gas to 1 bbl of oil basis may be misleading as an indication of value.*

**NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**

SOURCE Ikkuma Resources Corp.

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<http://www.ikkumarescorp.com/2015-05-21-Ikkuma-Resources-Corp-Announces-First-Quarter-2015-Financial-and-Operating-Results-and-Increased-Production-Guidance>