

Ikkuma Resources Corp. Announces Second Quarter 2015 Financial and Operating Results

CALGARY, Aug. 27, 2015 /CNW/ - Ikkuma Resources Corp. ("Ikkuma" or the "Corporation") (TSXV: IKM) is pleased to report its financial and operating results for the three and six months ended June 30, 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 and six months ended June 30, 2015. Ikkuma's condensed interim financial statements and MD&A are available for review at www.sedar.com and on the Corporation's website at www.ikkumarescorp.com.

Q2 2015 HIGHLIGHTS

- Generated funds flow from operations in the second quarter of \$3.4 million (\$0.04/share), a 79% increase over the \$1.9 million (\$0.02/share) reported in Q1 of this year, despite slightly lower average production volumes in Q2 (6,769 boe/d) vs Q1 (7,121 boe/d).
- Mitigated the impact of lower natural gas prices with realized gains from the Corporation's hedging program of \$1.53/boe for the three months ended June 30, 2015 and \$1.17/boe for the six months ended June 30, 2015.
- Achieved record low operating costs in the second quarter of \$7.99/boe; 13% lower than the \$9.23/boe reported in Q1 of this year.
- Generated an operating netback of \$7.94/boe in Q2, a 59% increase over the \$5.00/boe reported in Q1 of this year.
- Renewed the \$75 million credit facility with lenders with no material changes to the existing terms and conditions.
- Added 8,930 net acres of land at an average price of \$18 per acre.

<i>(Expressed in thousands of Canadian dollars except per boe and Share amounts; unaudited)</i>	Three months ended		Six months ended	
	2015	June 30, 2014	2015	June 30, 2014
OPERATIONS				
Average daily production				
Natural gas (mcf/d)	39,522	281	40,585	253
Light Oil (bbls/d)	35	47	42	40
NGL's (bbl/d)	141	4	137	4
Total equivalent (boe/d)	6,769	98	6,944	87
Average prices and operating netback				
Natural gas (\$/mcf)	\$ 2.74	\$ 4.56	\$ 2.72	\$ 4.99
Light Oil (\$/bbl)	47.76	88.36	42.61	86.02
NGL (\$/bbl)	24.14	66.67	21.20	67.20
Revenue (\$/boe)	17.45	58.12	17.14	57.82
Realized gain on commodity contracts (\$/boe)	1.53	-	1.17	-
Royalties (\$/boe)	(1.50)	(6.97)	(1.69)	(10.11)
Operating (\$/boe)	(7.99)	(28.20)	(8.62)	(30.44)
Transportation costs (\$/boe)	(1.55)	(5.42)	(1.54)	(4.82)
Operating netback ⁽¹⁾ (\$/boe)	\$ 7.94	\$ 17.53	\$ 6.46	\$ 12.45

FINANCIAL

Oil and natural gas sales	\$ 10,748	\$ 516	\$ 21,541	\$ 903
Funds flow from operations ⁽¹⁾	\$ 3,428	\$ (1,723)	\$ 5,373	\$ (1,885)
Per share – basic and diluted	\$ 0.04	\$ (0.12)	\$ 0.07	\$ (0.22)
Income (Loss)	\$ (3,670)	\$ (4,496)	\$ (8,523)	\$ (6,724)
Per share – basic and diluted	\$ (0.05)	\$ (0.31)	\$ (0.11)	\$ (0.77)
Capital expenditures	\$ 3,852	\$ 440	\$ 22,618	\$ 541
Property Acquisitions (dispositions)	\$ -	\$ -	\$ 25	\$ -
Net debt (working capital) ⁽¹⁾	\$ 27,325	\$ (4,365)	\$ 27,325	\$ (4,365)
Bank loan	\$ 23,002	\$ -	\$ 23,002	\$ -
Shares outstanding (000) ⁽²⁾	80,159	29,814	80,159	29,814
Weighted average shares outstanding				
Basic and diluted (000) ⁽²⁾	80,159	14,499	80,159	8,704

- (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 has been focused on completing the tie-ins of two of its successful recompletions. One recompleted well which flowed at restricted rates of 3,425 boe/d (announced April 6th, 2015), is now producing. The second recompleted well, which tested at more than 1,600 boe/d (announced January 28th 2015), will be on stream in the next two to three weeks. Although these wells add considerable production capability, the Corporation will not be producing at capacity due to third party volume curtailments, which are expected to continue throughout the third quarter. These third party restrictions were not anticipated in the Corporation's forecasted production volumes, and until these volume restrictions are quantifiable, the Corporation's previously announced average and exit rates (7,500 to 8,000 boe/d and 9,000-9,300 boe/d, respectively) are reiterated.

The Corporation also entered into a purchase and sale agreement to sell approximately 71 boe/d for gross proceeds of \$3 million, subject to adjustments. The sale closed August 26, 2015.

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.

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.

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 including, without limitation, those listed under "Risk Factors" and "Forward-looking Statements" in Ikkuma's Annual Information Form and in its other filings available on SEDAR at www.sedar.com. 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. Forward-looking statements and information in this press release includes, but is not limited to, the on-stream date for Ikkuma's second recompletion well, the expected continuance of third party volume constraints, the quantification of affected production volumes and the effect on previously announced average and exit production rates. 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). Boe 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.

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SOURCE Ikkuma Resources Corp.

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<http://www.ikkumarescorp.com/2015-08-27-Ikkuma-Resources-Corp-Announces-Second-Quarter-2015-Financial-and-Operating-Results>