

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

CALGARY, Nov. 24, 2015 /CNW/ - Ikkuma Resources Corp. ("Ikkuma" or the "Corporation") (TSXV: IKM) is pleased to report its financial and operating results for the three and nine months ended September 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 nine months ended September 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.

Q3 2015 HIGHLIGHTS

- Achieved production capability of approximately 9,500 – 10,500 boe/d during the quarter with the tie-in of two recompleted gas wells. The two wells have flowed intermittently for the last two months, and initial rates have confirmed the high unstimulated recompletion gas rates, as disclosed previously.
- Produced an average of 6,541 boe/d in the third quarter which is significantly lower than the Corporation's capability, due to multiple planned and unplanned third party gas volume restrictions and curtailments.
- Increased Ikkuma's hedged natural gas position for 2016 to 30.6 mmcf (5,100 boe/d) at approximately \$3.06/mcf.
- Sold a non-core natural gas asset for proceeds of \$3.0 million and negotiated the sale of the legacy central Alberta assets for gross proceeds of \$0.4 million which closed October 15, 2015. The proceeds from these sales improves Ikkuma's balance sheet and financial flexibility.
- Generated funds flow from operations in the third quarter of \$2.7 million (\$0.03/share), a 77% increase over the \$1.5 million (\$0.02/share) in Q3 last year.
- Completed the semi-annual renewal process of the Corporation's credit facility with Ikkuma choosing to reduce the borrowing base to \$65 million. This lowers the Corporation's finance costs while still providing sufficient financial flexibility.

<i>(Expressed in thousands of Canadian dollars except per boe and Share amounts; unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
OPERATIONS				
Average daily production				
Natural gas (mcf/d)	38,248	22,453	39,797	7,734
Light oil (bbls/d)	32	39	39	40
NGL's (bbl/d)	135	9	136	6
Total equivalent (boe/d)	6,541	3,790	6,808	1,335
Average prices and operating netback				
Natural gas (\$/mcf)	\$ 2.92	\$ 3.96	\$ 2.78	\$ 3.98
Light oil (\$/bbl)	40.13	81.76	41.92	84.61
NGL (\$/bbl)	20.68	82.51	21.03	75.07
Revenue (\$/boe)	18.37	24.55	17.54	25.98
Realized gain on commodity contracts (\$/boe)	0.98	-	1.11	-
Royalties (\$/boe)	(1.48)	(5.76)	(1.62)	(5.95)
Operating (\$/boe)	(9.39)	(7.46)	(8.87)	(8.44)
Transportation costs (\$/boe)	(1.70)	(1.89)	(1.59)	(2.02)
Operating netback ⁽¹⁾ (\$/boe)	\$ 6.78	\$ 9.44	\$ 6.57	\$ 9.57

FINANCIAL

Oil and natural gas sales	\$ 11,054	\$ 8,560	\$ 32,595	\$ 9,463
Funds flow from operations ⁽¹⁾	\$ 2,696	\$ 1,520	\$ 8,069	\$ (365)
Per share – basic and diluted	\$ 0.03	\$ 0.02	\$ 0.10	\$ (0.01)
Income (loss)	\$ (3,662)	\$ 1,499	\$ (12,185)	\$ (5,225)
Per share – basic and diluted	\$ (0.05)	\$ 0.02	\$ (0.15)	\$ (0.19)
Capital expenditures	\$ 10,434	\$ 5,285	\$ 33,027	\$ 5,826
Property acquisitions (dispositions)	\$ (2,968)	\$ 110,674	\$ (2,943)	\$ 110,674
Net debt (working capital) ⁽¹⁾	\$ 32,073	\$ 21,591	\$ 32,073	\$ 21,591
Bank loan	\$ 26,603	\$ -	\$ 26,603	\$ -
Shares outstanding (000) ⁽²⁾	80,159	80,159	80,159	80,159
Weighted average shares outstanding				
Basic and diluted (000) ⁽²⁾	80,159	63,064	80,159	27,023

- (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

Due to the continued pipeline service restrictions and curtailments, Ikkuma has had to manage natural gas production levels to effectively match its firm fixed sales commitments. Accordingly, the Corporation is producing at approximately 70% of production capability. If pipeline service restrictions continue to year-end, Ikkuma's average production for 2015 will be approximately 6,500 to 7,500, below its current guidance of 7,500 to 8,000 boe/d. At this time, it is uncertain as to when third-party gas volume restrictions will be lifted and when the Corporation's full productive capability of 9,500 – 10,500 boe/d will be realized. Although there is minimal capital activity planned for the fourth quarter, year-end net debt could range from \$28 to \$32 million depending on the extent of the gas production restrictions.

The Corporation is committed to managing its 2016 capital program within cash flow. The 2016 capital budget will be finalized and communicated to shareholders before the end of Q1, 2016.

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 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 netback 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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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/2015-11-24-Ikkuma-Resources-Corp-Announces-Third-Quarter-2015-Financial-and-Operating-Results>