

Ikkuma Resources Corp. Announces Significant New Cardium Oil Pool Discovery and Third Quarter 2016 Financial and Operating Results

CALGARY, Nov. 24, 2016 /CNW/ - Ikkuma Resources Corp. ("Ikkuma" or the "Corporation") (TSXV: IKM) is pleased to report an operations update and its financial and operating results for the three months ended September 30, 2016.

OPERATIONS UPDATE

In October, the Corporation completed the stimulation of the 670 m horizontal Cardium oil well drilled in the first quarter of this year. The stimulation was a 16 stage slick-water fracture operation. After 28 days and under mechanical pump production operations, daily fluid rates have varied between 158 and 334 bbl/d. The proportion of frac water has decreased steadily and is currently approximately 40% of the total pumped fluid. As we move towards full recovery of the frac fluid, we expect the well will pump at about 150 – 250 boe/d, which includes about 40 – 45 boe/d gas. The balance of the production consists of approximately 50⁰ API oil, attracting a premium price to Edmonton par. Ikkuma completed drilling the second (offset) horizontal Cardium oil well by mid-October. The lateral length of this well is 1.4 times longer than that of the first horizontal well drilled in the pool, and the Corporation anticipates executing a 25 stage slick-water frac before year end. The second well is in a more favourable structural position to encounter a higher number of natural fractures, which typically translates into higher initial production rates. Unfortunately, stimulation has been delayed due to unseasonable weather in the early fall and, more recently, to a backlog of fracture stimulation operations in the region.

This initial well result is the first in a light oil play which may include more than 150 well locations, net to Ikkuma. The current rates are comparable to those in the deep basin, despite having a horizontal section which is less than half of most deep basin Cardium wells. Once the second well has been stimulated, further delineation of the program will occur through early 2017, followed by a continuous pad-based operation, pending budgetary considerations and new well results. As the Corporation moves forward with this oil play, it will continue to make modifications to the drilling/completions "recipe" with the objective of improving well results.

Ikkuma's gas recompletion operations have also been delayed by weather. The Corporation plans to execute one gas recompletion prior to year-end. In aggregate Ikkuma's 2016 capital program is still forecasted to aggregate \$15 - \$17 million.

THIRD QUARTER 2016

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 September 30, 2016. 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.

Highlights

- Produced an average of 5,866 boe/d for the quarter with approximately 1,000 boe/d of shut-in gas production due to economics and third party curtailments.

- Achieved funds flow from operations of \$2.6 million (\$0.03/share) for the third quarter and \$7.2 million (\$0.08/share) for the nine months ended September 30, 2016.
- Resumed Foothills drilling and completion operations during the quarter spending \$4.1 million; however, due to wet weather delays the stimulation of the Cardium horizontal oil well drilled in the first quarter and the second Cardium horizontal oil drill were in progress at quarter end rather than completed, as planned.
- Achieved top quartile per unit G&A costs of \$1.67/boe for the third quarter and \$1.73/boe for the nine months ended September 30, 2016.

<i>(Expressed in thousands of Canadian dollars except per boe and Share amounts; unaudited)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
OPERATIONS				
Average daily production				
Natural gas (mcf/d)	34,487	38,248	38,009	39,797
Light Oil (bbls/d)	-	32	-	39
NGL's (bbl/d)	118	135	91	136
Total equivalent (boe/d)	5,866	6,541	6,426	6,808
Average prices and operating netback				
Natural gas (\$/mcf)	\$ 2.34	\$ 2.92	\$ 1.85	\$ 2.77
Light Oil (\$/bbl)	-	40.13	-	41.92
NGL (\$/bbl)	21.81	20.68	23.01	21.03
Revenue (\$/boe)	14.21	18.37	11.44	17.54
Realized gain on commodity contracts (\$/boe)	3.39	0.98	5.29	1.11
Royalties (\$/boe)	0.41	(1.48)	(0.04)	(1.62)
Operating expenses (\$/boe)	(9.01)	(9.39)	(8.46)	(8.87)
Transportation costs (\$/boe)	(1.72)	(1.70)	(1.78)	(1.59)
Operating netback ⁽¹⁾ (\$/boe)	\$ 7.28	\$ 6.78	\$ 6.45	\$ 6.57

<i>(Expressed in thousands of Canadian dollars except per boe and Share amounts; unaudited)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
FINANCIAL				
Oil and natural gas sales	\$ 7,670	\$ 11,054	\$ 20,142	\$ 32,595
Funds flow from operations ⁽¹⁾	\$ 2,563	\$ 2,696	\$ 7,154	\$ 8,069
Per share – basic and diluted	\$ 0.03	\$ 0.03	\$ 0.08	\$ 0.10
Loss	\$ 1,952	\$ 3,662	\$ 8,966	\$ 12,185
Per share – basic and diluted	\$ 0.02	\$ 0.05	\$ 0.10	\$ 0.15
Capital expenditures	\$ 4,111	\$ 10,434	\$ 7,920	\$ 33,027
Property acquisitions (dispositions)	\$ 27	\$ (2,968)	\$ 2,761	\$ (2,943)
Net debt ⁽¹⁾	\$ 27,403	\$ 32,073	\$ 27,403	\$ 32,073
Bank loan	\$ 21,965	\$ 26,603	\$ 21,965	\$ 26,603
Shares outstanding (000) ⁽²⁾	94,244	80,159	94,244	80,159
Weighted average shares outstanding				
Basic and diluted (000) ⁽²⁾	94,244	80,159	87,407	80,159

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

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 Ikkuma's 2016 capital budget ranging from \$15 million to \$17 million and the timing and duration of completion and drilling projects. 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.

Well Locations

Unbooked locations are internal estimates based on the Corporation's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal technical analysis review. Unbooked locations have been identified by management based on evaluation of applicable geologic, seismic, engineering, production and reserves information. Unbooked locations do not have proved or probable reserves attributed to them in the Sproule Report.

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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SOURCE Ikkuma Resources Corp.

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<http://www.ikkumarescorp.com/2016-11-24-Ikkuma-Resources-Corp-Announces-Significant-New-Cardium-Oil-Pool-Discovery-and-Third-Quarter-2016-Financial-and-Operating-Results>