

Ikkuma Resources Corp. Announces Fourth Quarter and Year End 2016 Financial and Operating Results

CALGARY, April 20, 2017 /CNW/ - Ikkuma Resources Corp. ("Ikkuma" or the "Corporation") (TSXV: IKM) is pleased to report its financial and operating results for the three months and year ended December 31, 2016. Selected financial and operational information is set out below and should be read in conjunction with Ikkuma's December 31, 2016 audited annual financial statements and the related management's discussion and analysis ("MD&A"). In addition, the Corporation today announces the filing of its Annual Information Form ("AIF") for the year ended December 31, 2016 which contains the Corporation's reserves and other oil and natural gas information, as required under National Instrument 51-101 *Standards of Disclosure of Oil and Gas Activities*. The AIF, financial statements and MD&A are available for review at www.sedar.com and on the Corporation's website at www.ikkumarescorp.com.

HIGHLIGHTS

- Generated funds flow from operations in the fourth quarter of \$3.2 million (\$0.03/share) and \$10.4 million (\$0.12/share) year to date despite weak natural gas prices.
- Reduced per unit operating expenses in the fourth quarter of 2016 and for the year by 12% and 6%, respectively, from the same periods in 2015.
- Drilled and completed the first two oil wells in Ikkuma's new Cardium oil play accounting for substantially all of the \$14.9 million of exploration and development capital spending in 2016.
- The Corporation expanded its land position in its emerging Cardium oil play by 30% (8,160 net acres). At present, Ikkuma has an 89% working interest in 31,800 gross acres prospective for Cardium oil.
- Completed a strategic acquisition of certain Foothills natural gas assets for \$2.7 million, net of adjustments, which increases the Corporation's working interest in existing producing gas wells and facilities, allows Ikkuma to farm-in on lands strategic to Ikkuma's development of its Cardium oil play and provides clear access to certain gas recompletions.
- Ikkuma's land position grew by 15% to 233,000 net acres (avg WI 72%). Over 70% of the Corporation's net acres are undeveloped.
- Raised \$10 million of equity in May 2016 through the issuance of 14.1 million flow-through common shares at \$0.71/share.

<i>(Expressed in thousands of Canadian dollars except per boe and Share amounts)</i>	Three months ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
OPERATIONS				
Average daily production				
Natural gas (mcf/d)	34,734	42,790	37,186	40,552
Light oil (bbls/d)	72	7	18	31
NGL's (bbl/d)	106	131	95	135
Total equivalent (boe/d)	5,967	7,270	6,310	6,925
Average prices and operating netback				
Natural gas (\$/mcf)	\$ 3.12	\$ 2.51	\$ 2.15	\$ 2.71
Light oil (\$/bbl)	56.30	42.79	56.30	41.97
NGL (\$/bbl)	34.96	25.29	26.37	22.07
Revenue (\$/boe)	19.43	15.79	13.34	17.08
Realized gain on commodity contracts (\$/boe)	(0.01)	1.71	4.03	1.27

Royalties (\$/boe)	(1.11)	(1.40)	(0.27)	(1.00)
Operating (\$/boe)	(7.65)	(8.72)	(8.27)	(8.83)
Transportation costs (\$/boe)	(2.06)	(1.78)	(1.85)	(1.64)
Operating netback ⁽¹⁾ (\$/boe)	\$ 8.60	\$ 5.54	\$ 6.96	\$ 6.30

FINANCIAL

Oil and natural gas sales	\$ 10,669	\$ 10,562	\$ 30,811	\$ 43,157
Funds flow from operations ⁽¹⁾	\$ 3,216	\$ 2,260	\$ 10,370	\$ 10,329
Per share – basic and diluted	\$ 0.03	\$ 0.03	\$ 0.12	\$ 0.13
Net loss	\$ (8,971)	\$ (16,585)	\$ (17,937)	\$ (28,770)
Per share – basic and diluted	\$ (0.10)	\$ (0.21)	\$ (0.20)	\$ (0.36)
Capital expenditures	\$ 6,949	\$ 4,121	\$ 14,869	\$ 37,148
Property acquisitions (dispositions)	\$ -	\$ (399)	\$ 2,761	\$ (3,342)
Net debt ⁽¹⁾	\$ 32,465	\$ 34,212	\$ 32,465	\$ 34,212
Bank loan	\$ 25,132	\$ 27,859	\$ 25,132	\$ 27,859
Shares outstanding (000)	94,244	80,159	94,244	80,159
Weighted average shares outstanding				
Basic and diluted (000)	94,244	80,159	89,150	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 and Information" 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, farm-n opportunities on land strategic to the development of Ikkuma's Cardium oil play and Ikkuma's clear access to certain gas recompletions. 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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SOURCE Ikkuma Resources Corp.

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<http://www.ikkumarescorp.com/2017-04-20-Ikkuma-Resources-Corp-Announces-Fourth-Quarter-and-Year-End-2016-Financial-and-Operating-Results>