

Ikkuma Resources Corp. Announces First Quarter 2017 Financial and Operating Results

CALGARY, May 30, 2017 /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, 2017. 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, 2017. 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

- Strengthened Ikkuma's liquidity and secured funding for the Corporation to continue developing its Cardium oil play by:
 - a) completing a financing with Alberta Investment Management Corporation ("AIMCo") on May 25, 2017 for a \$45 million second lien senior secured term loan, which bears interest at 7.25% and matures on March 31, 2022. As part of this transaction Ikkuma issued 6.75 million warrants to AIMCo to purchase common shares exercisable over the next three years at \$0.86 per common share; and
 - b) entering into an Amended and Restated Credit Agreement with respect to its existing credit facilities with its banking syndicate whereby the borrowing base was re-determined at \$25.0 million and the maturity date was extended to May 31, 2019.

The proceeds from the second lien facility were used to pay down all outstanding indebtedness under the syndicated credit facilities resulting in approximately \$10 million of cash deposits and an undrawn \$25 million of credit facilities.

- Generated funds flow from operations in the first quarter of \$2.8 million (\$0.03/share), a 27% increase over the first quarter of 2016.
- Achieved net income for the quarter of \$2.5 million (\$0.03/share).
- Drilled two Cardium oil wells to be completed and brought on production after spring breakup.
- Recompleted a vertical oil well in Northern Alberta foothills establishing another new Cardium oil pool.

<i>(Expressed in thousands of Canadian dollars except per boe and Share amounts)</i>	Three months ended	
	March 31,	
	2017	2016
OPERATIONS		
Average daily production		
Natural gas (mcf/d)	38,248	44,220
Light oil (bbls/d)	80	-
NGL's (bbl/d)	117	127
Total equivalent (boe/d)	6,572	7,497
Average prices and operating netback		

Natural gas (\$/mcf)	\$ 2.72	\$ 1.85
Light oil (\$/bbl)	60.15	-
NGL (\$/bbl)	40.37	19.62
Revenue (\$/boe)	17.41	11.57
Realized gain on commodity contracts (\$/boe)	0.14	4.52
Royalties (\$/boe)	(0.57)	(1.00)
Operating (\$/boe)	(8.08)	(8.00)
Transportation costs (\$/boe)	(2.00)	(1.83)
Operating netback ⁽¹⁾ (\$/boe)	\$ 6.90	\$ 5.26
FINANCIAL		
Oil and natural gas sales	\$ 10,295	\$ 7,896
Funds flow from operations ⁽¹⁾	\$ 2,828	\$ 2,194
Per share – basic and diluted	\$ 0.03	\$ 0.03
Net income	\$ 2,464	\$ 2,427
Per share – basic and diluted	\$ 0.03	\$ 0.03
Capital expenditures	\$ 8,769	\$ 3,115
Property acquisitions	\$ -	\$ 21
Net debt ⁽¹⁾	\$ 38,505	\$ 34,018
Bank loan	\$ 29,689	\$ 29,232
Shares outstanding (000)	94,244	80,159
Weighted average shares outstanding		
Basic and diluted (000)	94,244	80,159

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

OUTLOOK

Capital spending for 2017 will continue to be focused on the Cardium light oil play. The Corporation anticipates spending \$20 million to \$29 million for the year of which \$10 million has been spent to date. The higher end of this range includes drilling two Cardium light oil wells in the fourth quarter. Timing of spudding of these wells is dependent on production history of the four existing horizontal oil wells. Ikkuma expects exit production for 2017 to range between 6,500 - 7,100 boe/d (5 - 10% oil).

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 2017 capital program focusing on the Cardium oil play; 2017 capital budget ranging from \$20 million to \$28 million; and exit production for 2017 to range between 6,500 - 7,100 boe/d (5 - 10% oil). 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.

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.

For further information: Tim de Freitas, President & CEO; Carrie Yuill, VP Finance & CFO; Ikkuma Resources Corp., 2700, 605-5th Avenue S.W. Calgary, AB, T2P 3H5, Phone: 403-261-5900, Fax: 403-261-5902

<http://www.ikkumarescorp.com/2017-05-30-Ikkuma-Resources-Corp-Announces-First-Quarter-2017-Financial-and-Operating-Results>