Ikkuma Resources Corp.

Ikkuma Resources Corp. Announces Fourth Quarter and Year End 2017 Financial and Operating Results

CALGARY, April 25, 2018 /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, 2017. Financial and operational information is set out below and should be read in conjunction with Ikkuma's December 31, 2017 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, 2017 that 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.

FINANCIAL AND OPERATING HIGHLIGHTS

- Successfully closed the acquisition of assets located in the Alberta Foothills and British Columbia Deep Basin (the "Foothills Acquisition") on December 21, 2017 for cash consideration of $33.5 million.
- The Foothills Acquisition was transformational for Ikkuma as it more than tripled the Corporation's production to a current average daily production in excess of 19,000 boe/d.
- The Foothills Acquisition further expanded Ikkuma's proved plus probable reserves to 106.6 MMBOE and the existing crude oil development drilling inventory to more than 200 low-risk drilling locations.
- Completed the disposition of 51% of its trunk line and associated facilities in its existing northern Alberta Foothills properties (the "Infrastructure Disposition") on October 23, 2017 for cash consideration of $20.1 million. The proceeds from the Infrastructure Disposition financed the majority of the cost of the Foothills Acquisition.
- Achieved average production for the fourth quarter of 2017 of 7,324 boe/d, an increase of 23% compared to the 5,967 boe/d reported in the fourth quarter of 2016. The increase was primarily due to production volumes related to the Foothills Acquisition.
- Capital expenditures for the year ended December 31, 2017 were $24.4 million.
- Proved and probable reserve additions of 81.4 MMBOE from the capital expenditure program and the Foothills Acquisition achieved a finding, development and acquisition cost of $1.50/boe and a recycle ratio of 3.3 times in 2017.
- Generated adjusted funds flow of $3.7 million for the year ended December 31, 2017, which included realized gains associated with the Corporation's risk management program.

(Expressed in thousands of Canadian dollars except per boe and share amounts)	**Three Months Ended December 31,**		**Year Ended December 31,**	
	2017	**2016**	**2017**	**2016**
OPERATIONS				
Average daily production				
Natural gas (mcf/d)	**42,760**	34,734	**37,121**	37,186
Light oil (bbls/d)	**59**	72	**54**	18
NGL's (bbl/d)	**138**	106	**125**	95
Total equivalent (boe/d)	**7,324**	5,967	**6,366**	6,310
Average prices				
Natural gas ($/mcf)	**$ 1.76**	$ 3.12	**$ 2.19**	$ 2.15
Light oil ($/bbl)	**57.96**	56.30	**57.41**	56.30

NGL ($/bbl)	**38.57**	34.96	**34.83**	26.37
Operating netback				
Revenue ($/boe)	**$ 12.45**	$ 19.43	**$ 14.27**	$ 13.34
Realized gain (loss) on risk management contracts ($/boe)	**3.33**	(0.01)	**2.08**	4.03
Royalties ($/boe)	**(0.42)**	(1.11)	**(0.35)**	(0.29)
Operating expenses ($/boe)	**(11.22)**	(7.65)	**(9.36)**	(8.27)
Transportation expenses ($/boe)	**(1.35)**	(2.06)	**(1.74)**	(1.85)
Operating netback (1) ($/boe)	**$ 2.79**	$ 8.60	**$ 4.90**	$ 6.96
FINANCIAL				
Petroleum and natural gas revenue (2)	**$ 8,385**	$ 10,669	**$ 33,162**	$ 30,811
Cash (used in) provided by operating activities	**$ (4,826)**	$ 3,665	**$ 1,617**	$ 9,105
Per share – basic and diluted	**$ (0.04)**	$ 0.04	**$ 0.02**	$ 0.10
Funds flow from (used in) operations (1)	**$ (2,761)**	$ 3,063	**$ 801**	$ 10,056
Per share – basic and diluted	**$ (0.03)**	$ 0.03	**$ 0.01**	$ 0.11
Adjusted funds flow (1)	**$ (622)**	$ 3,216	**$ 3,704**	$ 10,370
Per share – basic and diluted	**$ (0.01)**	$ 0.03	**$ 0.04**	$ 0.12
Net loss and comprehensive loss	**$ (34,120)**	$ (8,971)	**$ (35,949)**	$ (17,937)
Per share – basic and diluted	**$ (0.31)**	$ (0.10)	**$ (0.36)**	$ (0.20)
Capital expenditures	**$ 3,222**	$ 6,949	**$ 24,430**	$ 14,869
Property acquisitions	**$ 33,541**	$ -	**$ 33,541**	$ 2,761
Property dispositions	**$ (20,082)**	$ -	**$ (20,082)**	$ -
Net debt (1,3)	**$ 57,955**	$ 32,465	**$ 57,955**	$ 32,465
Shares outstanding ('000s)	**109,335**	94,244	**109,335**	94,244
Weighted average shares outstanding Basic and diluted ('000s)	**109,335**	94,244	**98,984**	89,150

(1) *Operating netback, funds flow from (used in) operations, adjusted funds and net debt are non-IFRS measures. See "Non- IFRS Measures".*

(2) *Before royalties.*

(3) *Net debt includes bank debt under its Credit Facilities (as hereinafter defined), Term debt (as hereinafter defined) and working capital deficiency (surplus), excluding fair value of risk management contracts.*

LIQUIDITY

The Corporation strengthened its liquidity by completing a financing in May 2017 with Alberta Investment Management Corporation for a $45.0 million second lien senior secured term debt ("Term debt"), which bears interest at 7.25% and matures on March 31, 2022.

The Corporation completed a non-brokered private placement of 15,091,221 flow-through shares in September 2017 at a price of $0.82 per flow-through share, resulting in gross proceeds of $12.4 million.

For 2018, approximately 17% of the Corporation's expected average daily natural gas production has been hedged at an average price of $2.55/GJ.

Pursuant to the Corporation's credit agreement, Ikkuma anticipates a borrowing base re-determination by May 31, 2018.

GUIDANCE

Guidance for 2018 average daily production is expected to be in the range of 17,500 – 18,500 boe/d considering the impact of production declines throughout the year. Production guidance excludes potential non-core asset divestments. Ikkuma's 2018 capital program will focus on fulfilling the Corporation's commitment associated with the 2017 flow-through share issuance. The remainder of the capital expenditure program will be incurred on necessary maintenance, equipping, tie-in and low-cost/high-return optimization initiatives.

ABOUT IKKUMA

Ikkuma Resources Corp. is a diversified growth-oriented public oil and gas company listed on the TSX Venture Exchange under the symbol "IKM", with holdings in both conventional and unconventional projects in Western Canada. The Company is focused in the Foothills Region of Western Canada with a team that has extensive experience in the area with the unique skills at successfully exploiting a complex and potentially prolific play type. 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, potential non-core asset divestments, fulfilling the Corporation's commitment associated with the 2017 flow-through share issuance, the anticipation of a borrowing base re-determination by May 31, 2018 and the expected uses for the remainder of the 2018 capital expenditures program. 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.

SOURCE Ikkuma Resources Corp.

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http://www.ikkumarescorp.com/2018-04-25-Ikkuma-Resources-Corp-Announces-Fourth-Quarter-and-Year-End-2017-Financial-and-Operating-Results