IKKUMA RESOURCES CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2017 & 2016

FINANCIAL AND OPERATING HIGHLIGHTS

(Expressed in thousands of Canadian dollars except per boe and share amounts)	Three Months ended December 31, 2017	2016	Year Ended December 31, 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 revenues [(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.

NON-IFRS MEASURES

FUNDS FLOW FROM OPERATIONS AND ADJUSTED FUNDS FLOW

One of the benchmarks Ikkuma Resources Corp. ("Ikkuma" or the "Corporation") uses to evaluate its performance is "funds flow from operations", which is separate and distinct from "cash (used in) provided by operating activities". Funds flow from operations is a non-IFRS measure and is commonly used in the oil and gas industry. It represents cash (used in) provided by operating activities before changes in operating non-cash working capital. Adjusted funds flow represents cash (used in) provided by operating activities before changes in non-cash working capital, decommissioning obligation expenditures incurred and acquisition costs. The Corporation considers it a key measure as it demonstrates the ability of the Corporation's continuing operations to generate the cash flow necessary to fund future growth through capital investment. Funds flow from operations or adjusted funds flow should not be considered an alternative to or more meaningful than cash (used in) provided by operating activities as determined in accordance with IFRS as an indicator of the Corporation's performance. Ikkuma's determination of funds flow from operations or adjusted funds flow may not be comparable with other companies. Ikkuma also presents funds flow from (used in) operations and adjusted funds flow per share whereby per share amounts are calculated using the weighted average shares outstanding consistent with the calculation of net loss per share. The following table reconciles Ikkuma's cash (used in) provided by operating activities to funds flow from (used in) operations and adjusted funds flow:

(thousands of dollars)	**Three Months Ended December 31,**		**Year Ended December 31,**	
	2017	2016	**2017**	2016
Cash (used in) provided by operating activities	**$ (4,826)**	$ 3,665	**$ 1,617**	$ 9,105
Changes in non-cash working capital balances relating to operating activities	**2,065**	(602)	**(816)**	951
Funds flow from (used in) operations	**$ (2,761)**	$ 3,063	**$ 801**	$ 10,056
Decommissioning obligation expenditures	**144**	153	**331**	314
Acquisition costs	**1,995**	-	**2,572**	-
Adjusted funds flow	**$ (622)**	$ 3,216	**$ 3,704**	$ 10,370

FINDING, DEVELOPMENT & ACQUISITION COSTS AND RECYCLE RATIO

Finding, development & acquisition ("FD&A") costs is measured as the increase (decrease) in future development costs for the year, capital expenditures and decommissioning obligations acquired or disposed. The total amount of FD&A costs is divided by proved plus probable reserves acquired in the year to determine the FD&A costs per barrel ("FD&A/bbl"). The recycle ratio is measured as the operating netback divided by FD&A/bbl. FD&A is used by management in order to determine the Corporation's efficiency in respect of reserve additions.

NET DEBT, NET BANK DEBT AND WORKING CAPITAL DEFICIENCY (SURPLUS)

Net Bank debt is measured as bank indebtedness and net working capital deficiency (surplus). Net working capital deficiency (surplus) includes total current assets and current liabilities excluding short-term derivative assets and liabilities related to the Corporation's risk management activities. Net debt includes net Bank debt and the principal amount of the Term debt. Net Bank debt and net debt are used by management to analyze borrowing capacity.

OPERATING NETBACK AND OPERATING INCOME

Management uses certain industry benchmarks such as operating netback and operating income as derived from the netback to analyze financial and operating performance. These benchmarks as presented do not have any standardized meanings prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback equals petroleum and natural gas revenue including realized gains and losses on commodity risk management contracts less royalties, operating expenses and transportation expenses calculated on a boe basis. Operating income is calculated in the same method as the operating netback, but is presented on a total basis rather than on a boe basis. Management considers operating netback and operating income as important measures to evaluate its operational performance as these measures demonstrate Ikkuma's field level profitability relative to current commodity prices.

RESULTS OF OPERATIONS

OVERVIEW

The Corporation 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 and expanded the existing crude oil development drilling inventory to more than 200 low-risk drilling locations.

The Corporation also closed 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 Infrastructure Disposition has an effective date of September 1, 2017 and the proceeds were used to partially fund the Foothills Acquisition.

In 2017, the Corporation achieved a finding, development and acquisition cost of $1.50/boe and a recycle ratio of 3.3 times.

Ikkuma achieved an 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 is due to the 10 days of production volumes related to the Foothills Acquisition.

The Corporation generated $4.8 million ($2.08/boe) in realized gains associated with the Corporation's risk management program in the year ended 2017. In addition, 17% of the Corporation's expected average daily natural gas production for 2018 has been hedged at an average price of $2.55/GJ.

In May 2017, the Corporation strengthened its liquidity by completing a financing with Alberta Investment Management Corporation ("AIMCo") for a $45 million second lien senior secured Term debt, 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 an exercise price of $0.86 per common share.

PRODUCTION

	Three Months Ended December 31,		**Year Ended December 31,**	
	2017	2016	**2017**	2016
Natural gas (mcf/d)	**42,760**	34,734	**37,121**	37,186
Light oil (bbls/d)	**59**	72	**54**	18
NGL (bbls/d)	**138**	106	**125**	95
Total boepd	**7,324**	5,967	**6,366**	6,310
% Natural gas	**97**	97	**97**	98

Ikkuma's natural gas production for the three months ended December 31, 2017 is higher than the comparable period of 2016 by 23% due to the increased production from the Foothills Acquisition which closed on December 21, 2017. Ikkuma's natural gas production for the year ended December 31, 2017 is comparable to the same period of 2016. The low natural decline of Ikkuma's historical properties was offset by the 10 days of production volumes related to the Foothills Acquisition.

PETROLEUM AND NATURAL GAS REVENUE

(thousands of dollars, except per boe)	Three Months Ended December 31,		Year Ended December 31,	
	2017	**2016**	**2017**	2016
Revenue				
Natural gas	**$ 6,943**	$ 9,959	**$ 29,612**	$ 29,224
Light oil	**317**	373	**1,138**	373
NGLs	**488**	340	**1,588**	913
Sulphur	**637**	(3)	**824**	301
Total	**$ 8,385**	$ 10,669	**$ 33,162**	$ 30,811
Realized Prices				
Natural gas ($/mcf)	**$ 1.76**	$ 3.12	**$ 2.19**	$ 2.15
Light oil ($/bbl)	**$ 57.96**	$ 56.30	**$ 57.41**	$ 56.30
NGLs ($/bbl)	**$ 38.57**	$ 34.96	**$ 34.83**	$ 26.37
Average price ($/boe)	**$ 12.45**	$ 19.43	**$ 14.27**	$ 13.34
Benchmark Pricing				
Light Oil Edmonton Par (Cdn $/bbl)	**$ 68.91**	$ 61.27	**$ 62.84**	$ 52.75
Natural gas AECO (7A) monthly index (Cdn $/mcf)	**$ 1.95**	$ 2.80	**$ 2.42**	$ 2.08
Natural gas AECO (5A) daily index (Cdn $/mcf)	**$ 1.68**	$ 3.08	**$ 2.15**	$ 2.15

Ikkuma's revenue of $8.4 million for the three months ended December 31, 2017 is 21% lower than the $10.7 million reported in the same period of 2016. This decrease is due to the reduction in natural gas prices period over period. Revenue for the year ended December 31, 2017 increased 8% to $33.1 million from $30.8 million compared to the same period in the prior year. This is due to the increase in light oil, ngl and sulphur revenue.

Ikkuma's realized natural gas price for the three months ended December 31, 2017 decreased 44% over the same period of 2016, consistent with the weakening of AECO, the Corporation's benchmark pricing. The erosion of the AECO benchmark pricing, which began in the third quarter of 2017, continued throughout the fourth quarter of 2017. Ikkuma's realized natural gas price for the year ended December 31, 2017 is 2% higher than the same period of 2016. In the fourth quarter of 2017, the Corporation expanded its natural gas sales portfolio by selling gas on the AECO monthly index, in addition to the AECO daily index.

Ikkuma's realized gas prices are higher than the AECO reference price due to higher heat content. The Corporation's realized gas price for the three months and year ended December 31, 2017 was 105% and 102% of the AECO reference price respectively, compared to the 101% and 100% of AECO reported in the same periods of 2016. This increase is due to the higher heat content gas acquired from the Foothills Acquisition.

RISK MANAGEMENT CONTRACTS

The Corporation enters into risk management commodity contracts in order to reduce volatility in financial results and protect the Corporation's financial position. Ikkuma's strategy focuses on the use of costless collars, swaps and call options to limit exposure to fluctuations in commodity prices while allowing for participation in commodity price increases. The Corporation's financial risk management activities are conducted pursuant to the Corporation's Risk Management Policy approved by the Board of Directors. These contracts had the following impact on the statement of loss and comprehensive loss:

(thousands of dollars, except per boe)	Three Months Ended December 31,				Year Ended December 31,			
		2017		2016		**2017**		2016
Realized gain (loss) on risk management contracts	**$**	**2,243**	$	(6)	**$**	**4,843**	$	9,304
Per boe	**$**	**3.33**	$	(0.01)	**$**	**2.08**	$	4.03
Unrealized gain (loss) on risk management contracts	**$**	**1,607**	$	(6,650)	**$**	**11,450**	$	(11,465)

At December 31, 2017 the Corporation held the following risk management commodity contracts:

Natural Gas (AECO $Cdn)

Remaining Term	Option Traded	Volume (GJ/d)	Strike Price
January 1, 2018 - March 31, 2018	Fixed price swap	1,000	$2.36
January 1, 2018 - March 31, 2018	Fixed price swap	3,000	$2.41
January 1, 2018 - December 31, 2018	Fixed price swap	5,000	$2.70
January 1, 2018 - December 31, 2018	Fixed price swap	5,500	$2.72
January 1, 2018 - December 31, 2018	Fixed price swap [(1)]	2,500	$2.80
January 1, 2019 - December 31, 2019	Call option - sold	7,000	$3.00
January 1, 2019 - December 31, 2019	Call option - sold	6,000	$3.00

[(1)] This contract has a European option whereby if the price on settlement each month exceeds $2.80/GJ the contract doubles to 5,000 GJ @ $2.80.

At December 31, 2017, a 10% decrease to the natural gas price outlined in the contracts above would result in an approximate $0.8 million decrease in net loss (December 31, 2016 – $2.4 million).

Subsequent to December 31, 2017, the Corporation entered into the following risk management commodity contracts:

Natural Gas (AECO $Cdn)

Remaining Term	Option Traded	Volume (GJ/d)	Strike Price
November 1, 2018 – March 31, 2019	Swap - sell	10,000	$1.89

Light Oil (WTI $Cdn)

Remaining Term	Option Traded	Volume (GJ/d)	Strike Price
February 1, 2018 - December 31, 2018	Call	200	$77.50

ROYALTIES

(thousands of dollars, except per boe)	Three Months Ended December 31,				Year Ended December 31,			
		2017		2016		**2017**		2016
Royalties	**$**	**284**	$	607	**$**	**824**	$	677
Per boe		**0.42**		1.11		**0.35**		0.29
Percentage of revenue ("Royalty Rate")		**3%**		6%		**2%**		2%

Ikkuma's royalty rate for the three months ended December 31, 2017 of 3% is lower than the 6% reported in the comparable period of 2016 due to the reduction in the Corporation's realized gas pricing.

Ikkuma's Royalty Rate for the year ended December 31, 2017 of 2% is consistent with the rate reported in the same period of 2016. The Corporation recorded $1.2 million of gas cost allowance credits in the year ended December 31, 2017 and $1.4 million in the same period of 2016, which contributed to the reduced Royalty Rate in both periods.

OPERATING EXPENSES

(thousands of dollars, except per boe)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Operating expenses	**$ 7,557**	$ 4,198	**$ 21,743**	$ 19,096
Per boe	**11.22**	7.65	**9.36**	8.27

Ikkuma's per unit operating expenses for the three months and year ended December 31, 2017 are, respectively, 47% and 13% higher than the comparable periods in 2016. This increase is primarily due to the higher per unit operating costs associated with the Foothills Acquisition properties. Field optimization initiatives are expected to reduce operating costs in 2018 on the assets acquired in the Foothills Acquisition.

TRANSPORTATION EXPENSES

(thousands of dollars, except per boe)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Gas transportation	**$ 876**	$ 1,050	**$ 3,907**	$ 4,180
Oil transportation	**33**	82	**147**	82
Total transportation expenses	**$ 909**	$ 1,132	**$ 4,054**	$ 4,262
Per boe	**1.35**	2.06	**1.74**	1.85

Ikkuma's per unit transportation expenses for the three months ended December 31, 2017 are 34% lower than the comparable period of 2016. The decrease is due to mitigation of Ikkuma's firm service commitments. Also, the Foothills Acquisition properties have lower transportation expenses compared to Ikkuma's historical transportation costs. Per unit transportation expense for the year ended December 31, 2017 is 6% lower than the comparable period, also due to mitigation of Ikkuma's firm service commitments.

OPERATING INCOME & OPERATING NETBACKS

Operating Income *(thousands of dollars)*	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Revenue	**$ 8,385**	$ 10,669	**$ 33,162**	$ 30,811
Realized gain (loss) on risk management contracts	**2,243**	(6)	**4,843**	9,304
Royalties	**(284)**	(607)	**(824)**	(677)
Operating expenses	**(7,557)**	(4,198)	**(21,743)**	(19,096)
Transportation expenses	**(909)**	(1,132)	**(4,054)**	(4,262)
Operating income	**$ 1,878**	$ 4,726	**$ 11,384**	$ 16,080

Operating Netbacks *(dollars per boe)*	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Revenue	**$ 12.45**	$ 19.43	**$ 14.27**	$ 13.34
Realized gain (loss) on risk management contracts	**3.33**	(0.01)	**2.08**	4.03
Royalties	**(0.42)**	(1.11)	**(0.35)**	(0.29)
Operating expenses	**(11.22)**	(7.65)	**(9.36)**	(8.27)
Transportation expenses	**(1.35)**	(2.06)	**(1.74)**	(1.85)
Operating netbacks	**$ 2.79**	$ 8.60	**$ 4.90**	$ 6.96

Ikkuma's operating netback for the three months ended December 31, 2017 is lower than the comparable periods due to the significant reduction in revenues as well as an increase in operating expenses. These reductions were partially offset by an increase in realized gains from the Corporation's risk management program and reduced transportation expenses and royalties.

Ikkuma's operating netback for the year ended December 31, 2017 is lower than the comparable period in 2016 due to higher operating costs and a decrease in the realized gains from the Corporation's risk management program. Field optimization initiatives are expected to reduce operating costs in 2018 on the assets acquired in the Foothills Acquisition.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSES

(thousands of dollars, except per boe)	**Three Months Ended December 31,**		**Year Ended December 31,**	
	2017	2016	**2017**	2016
Gross expenses	**$ 1,957**	$ 1,680	**$ 6,848**	$ 5,804
Operator's recoveries	**(164)**	(123)	**(587)**	(360)
Capitalized expenses	**(240)**	(318)	**(1,267)**	(1,155)
G&A expenses	**$ 1,553**	$ 1,239	**$ 4,994**	$ 4,289
Per boe	**$ 2.30**	$ 2.26	**$ 2.15**	$ 1.86

Per unit expenses for the three months ended December 31, 2017 are comparable to the comparable period in 2016. Gross G&A expenses for the year ended December 31, 2017 are 18% higher than the comparable period, primarily due to costs associated with personnel changes during the year of $0.5 million.

ACQUISITION COSTS

(thousands of dollars, except per boe)	**Three Months Ended December 31,**		**Year Ended December 31,**	
	2017	2016	**2017**	2016
Acquisition costs	**$ 1,995**	$ -	**$ 2,572**	$ -
Per boe	**2.96**	-	**1.10**	-

The Corporation incurred acquisition costs of $2.0 million for the three months ended December 31, 2017 and $2.6 million for the year ended December 31, 2017 related to the Foothills Acquisition.

FINANCE EXPENSE

(thousands of dollars)	**Three months ended December 31,**		**Year Ended December 31,**	
	2017	2016	**2017**	2016
Interest and fees on Bank debt	**$ 115**	$ 272	**$ 720**	$ 1,421
Interest expense on Term debt	**822**	-	**1,966**	-
Accretion of deferred financing costs	**97**	-	**273**	-
Accretion on decommissioning obligations	**309**	224	**1,000**	867
Total finance expense	**$ 1,343**	$ 496	**$ 3,959**	$ 2,288
Per boe	**$ 1.99**	$ 0.90	**$ 1.70**	$ 0.99

On May 25, 2017, Ikkuma entered into a $45.0 million second lien senior secured term loan facility (the "Term debt") that is repayable March 31, 2022 and bears interest at 7.25% per annum with semi-annual interest payments due June 30 and December 31 of each year. Accordingly, interest expense on the Term debt for the three months and year ended December 31, 2017 was $0.8 million and $2.0 million, respectively. The Term debt was used to repay outstanding bank indebtedness, reducing the average drawings on the Corporation's Bank debt for the three months and year ended December 31, 2017 relative to the prior periods and also lowering interest expense on the bank debt.

Accretion on decommissioning obligations for the three months and year ending December 31, 2017 of $0.3 million and $1.0 million represent a 38% and a 15% percent increase respectively. This is due to the incremental accretion expense associated with the additional wells and facilities from the Foothills Acquisition.

Accretion on deferred financing costs are comprised of debt issue costs of $0.6 million and the fair value of the warrants issued to AIMCo of $1.6 million and are being amortized over the life of the Term debt.

SHARE-BASED COMPENSATION

(thousands of dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Gross costs	**$ 268**	$ 50	**$ 697**	$ 207
Capitalized costs	**(49)**	(13)	**(132)**	(47)
Total share-based compensation	**$ 219**	$ 37	**$ 565**	$ 160

At December 31, 2017, the Corporation had 6,480,100 stock options outstanding with a weighted average exercise price of $0.90. The Corporation granted 6,159,500 stock options at an exercise price of $0.86 on June 8, 2017. As a result, share-based compensation for the three months and year ended December 31, 2017 increased substantially compared to the same periods in 2016.

Stock options granted have a five year term to expiry and a three year vesting period from the date of grant.

DEPLETION AND DEPRECIATION

(thousands of dollars, except per boe)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Depletion and depreciation expense	**$ 4,852**	$ 4,569	**$ 18,565**	$ 17,953
Per boe	**7.20**	8.32	**7.99**	7.77

Per unit depletion and depreciation expenses for the three months ended December 31, 2017 is 13% lower than the comparable period of 2016 due to the lower depletion rates associated with the assets acquired in the Foothills Acquisition. The Corporation's 2017 capital program added proved plus probable reserves at FD&A costs of $1.51/boe which also contributed to lower depletion rates in the fourth quarter of 2017 compared to the prior year.

Per unit depletion and depreciation expenses for the year ended December 31, 2017 is comparable to 2016.

IMPAIRMENT

(thousands of dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Property, plant and equipment	**$ 63,000**	$ 3,150	**$ 63,000**	$ 3,150

As at December 31, 2017, primarily due to further declines in forward natural gas prices and less than expected drilling results, the Corporation determined a trigger to be present across two of its cash generating units ("CGUs") and completed impairment tests accordingly. It was determined that the carrying value of the Ojay/Narraway CGU exceeded the recoverable amount by $41.6 million and the Northern Foothills CGU exceeded the recoverable amount by $21.4 million, and accordingly a $63 million impairment charge was recorded in 2017.

As at December 31, 2016, due to declines in forward natural gas prices, the Corporation determined a trigger to be present across all of its CGUs and completed impairment tests. It was determined that the carrying value of the Ojay/Narraway CGU exceeded the recoverable amount by $1.7 million and the Northern Foothills CGU exceeded the recoverable amount by $1.5 million, and accordingly a $3.2 million impairment charge was recorded in 2016.

No impairment indicators were noted on the Corporation's exploration and evaluation assets in 2017 or 2016.

GAIN ON SALE OF PROPERTY, PLANT & EQUIPMENT

During the fourth quarter of 2017, the Corporation completed the disposition of its trunk-line and associated facilities in its existing northern Alberta Foothills properties for a total cash consideration of $20.1 million. The Corporation recognized a gain on sale in the amount of $19.7 million in response to this disposal.

CAPITAL EXPENDITURES

(thousands of dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Land and seismic	**$ 127**	$ 223	**$ 608**	$ 733
Drilling and completions	**2,483**	5,705	**19,998**	12,982
Facilities, equipment and pipelines	**596**	1,021	**3,795**	1,150
Other	**16**	-	**29**	4
Total exploration and development	**$ 3,222**	$ 6,949	**$ 24,430**	$ 14,869
Property acquisitions	**33,541**	-	**33,541**	2,761
Property dispositions	**(20,082)**	-	**(20,082)**	-
Total capital expenditures	**$ 16,681**	$ 6,949	**$ 37,889**	$ 17,630

In 2017, the Corporation spent a total of $24.4 million on exploration and development expenditures. The Corporation's focus in 2017 was on the development of the Cardium oil play and included drilling and completing two gross (2.0 net) horizontal oil wells and one gross (1.0 net) vertical well recompletion in a new oil pool. The results of the drilling program were less than expected, but confirms the oil fairway as previously defined. The well performance in 2017 provides more technical data in support of further development of the Corporation's extensive drilling inventory. The Corporation also spent $3.8 million on facilities, equipment and pipelines. This included $2.1 million for scheduled turnaround maintenance and $0.7 million on facility modifications to restart a sour gas facility and associated wells.

In the fourth quarter of 2017, the Corporation spent a total of $3.2 million on exploration and development expenditures including $2.5 million on drilling and completions.

On October 23, 2017, the Corporation closed the Infrastructure Disposition in its existing northern Alberta Foothills properties for a total cash consideration of $20.1 million. The Infrastructure Disposition has an effective date of September 1, 2017 and the proceeds were used to partially fund the Foothills Acquisition.

On December 21, 2017, the Corporation closed the Foothills Acquisition for cash consideration of $33.5 million net of adjustments. The acquisition has an effective date of July 1, 2017. The Foothills Acquisition expanded the existing crude oil development drilling inventory to more than 200 low-risk drilling locations and more than tripled the Corporation's production base.

FINDING, DEVELOPMENT & ACQUISITION COSTS AND RECYCLE RATIO

FD&A Costs *(thousands of dollars)*	Based on Proved + Probable Reserves "2P" 2017	2016
Future development cost – end of year	**$ 74,626**	$ 39,587
Future development cost – beginning of year	**(39,587)**	(32,543)
Increase in future development cost	**$ 35,039**	$ 7,044
Capital expenditures	**37,889**	17,630
Decommissioning obligation on acquired assets	**52,281**	2,200
Decommissioning obligation on disposed assets	**(2,828)**	-
Total FD&A costs	**$ 122,381**	$ 26,874
Proved plus Probable Reserve Additions (MBOE)	**81,422**	2,307
FD&A Costs ($/BOE)	**$ 1.50**	**$** 11.65

As a result of the Foothills Acquisition, Ikkuma generated an FD&A cost of $1.50/BOE on proved plus probable reserve additions. The recycle ratio, based on a $4.90/boe operating netback, was 3.3 times in 2017.

DECOMMISSIONING OBLIGATIONS

As at December 31, 2017, the decommissioning obligation of the Corporation was $153.5 million (2016 - $44.3 million). Ikkuma recorded an obligation of $52.3 million (based on a fair value discount) for the Foothills Acquisition closed during the year. The decommissioning obligation for the Foothills Acquisition was subsequently revalued using the risk-free rate of 2.26% resulting in an additional $59.0 million obligation.

CASH (USED IN) PROVIDED BY OPERATING ACTVITIES, ADJUSTED FUNDS FLOW AND NET LOSS

(thousands of dollars, except per share amounts)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Cash (used in) provided by operating activities	**$ (4,826)**	$ 3,665	**$ 1,617**	$ 9,105
Adjusted Funds Flow	**$ (622)**	$ 3,216	**$ 3,704**	$ 10,370
Per share – basic and diluted	**$ (0.01)**	$ 0.03	**$ 0.04**	$ 0.12
Net loss	**$ (34,120)**	$ (8,971)	**$ (35,949)**	$ (17,937)
Per share – basic and diluted	**$ (0.31)**	$ (0.10)	**$ (0.36)**	$ (0.20)

Cash (used in) operating activities for the three months ended December 31, 2017 is lower than the comparable periods due to the increase in operating expenses, acquisition costs of $2.0 million related to the Foothills Acquisition and the reduction in natural gas revenues. Changes in non-cash working capital also contributed to the reduction in cash (used in) provided by operating activities for the fourth quarter of 2017. Cash provided by operating activities for the year ended December 31, 2017 is lower than the comparable period due to acquisition costs of $2.6 million related to the Foothills Acquisition, higher operating expenses and incremental G&A expenses due to personnel changes.

Adjusted funds flow for the three months ended December 31, 2017 is lower than the comparable period due to the significant reduction in natural gas revenues. Adjusted funds flow for the year ended December 31, 2017 is lower than the comparable period primarily due to the increase in royalty expense, higher interest expense and G&A expenses of $0.5M due to personnel changes.

Ikkuma's net loss for the three months and year ended December 31, 2017 of $34.1 million ($0.31/share) and $35.9 million ($0.36/share) respectively was lower than the comparable periods of 2016 due to the recognition of $63 million in impairment expense, incremental finance expenses related to the Term debt and acquisition costs related to the

Foothills Acquisition. These expenses were partially offset by the gain on sale of property, plant and equipment of $19.7 million.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's approach to managing liquidity is to ensure that they will have sufficient liquidity to meet its short-term and long-term financial obligations when due, under both normal and unusual conditions, without incurring unacceptable losses or risking harm to the Corporation's reputation.

The Corporation's financial liabilities include accounts payable and accrued liabilities which are due within the next year. The Corporation also has a Term debt outstanding of $45.0 million, with a maturity date of March 31, 2022, and a credit facility in the amount of $25.0 million, of which $10.5 million was drawn as at December 31, 2017 (the "Bank debt").

CAPITAL MANAGEMENT

The Corporation's objective is to maintain a flexible capital structure which will allow it to execute on its capital expenditure program, which includes expenditures on oil and gas activities which may or may not be successful. The Corporation monitors the level of risk incurred in its capital expenditures to balance the proportion of debt and equity in its capital structure.

The Corporation considers its capital structure to include working capital, Bank debt, Term debt and shareholders' equity. Ikkuma's primary capital management objective is to maintain a strong financial position in order to continue the future growth of the Corporation. Ikkuma monitors its capital structure and makes adjustments on an ongoing basis in order to maintain the flexibility needed to achieve the Corporation's long-term objectives. To manage the capital structure the Corporation may adjust capital spending, hedge future revenue and costs, issue new equity, issue new debt, amend, revise or extend the terms of the existing Term debt and Bank debt or repay existing debt through non-core asset sales.

NET DEBT

Management's goal is to maintain its balance sheet while managing risk and providing capital to fund expansion of the business.

(thousands of dollars)	**Year Ended December 31, 2017**	Year Ended December 31, 2016
Net working capital deficiency (excluding risk management contracts)	**$ 2,506**	$ 7,333
Bank debt	**10,449**	25,132
Net Bank debt	**$ 12,955**	**$** 32,465
Term debt (measured at principal amount)	**45,000**	-
Net debt	**$ 57,955**	$ 32,465

CAPITAL FUNDING

The Corporation has a credit facility with a syndicate of Canadian banks consisting of a revolving line of credit of $10.0 million and an operating line of credit of $15.0 million collectively, (the "Facility"). The Facility revolves for a 364 day period and will be subject to its next 364 day extension at the next borrowing base review. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.5 percent and all outstanding advances thereunder will become repayable in one year from the extension date. The available lending limits are reviewed semi-annually and are based on the bank syndicate's interpretation of the Corporation's reserves and future commodity prices. The Facility is secured by a floating charge debenture and a general security agreement on the assets of the Corporation. There can be no assurance that the amount of the available Facility will not be adjusted at the next scheduled borrowing base review on or before May 31, 2018.

During the fourth quarter of 2017, the Corporation entered into an Amending Agreement with respect to its existing Facility with its banking syndicate whereby the financial covenant was amended as follows:

As at December 31, 2017, the debt to EBITDA ratio will not exceed 4.0 to 1. Subsequent to December 31, 2017, the 4.0 to 1 debt to EBITDA ratio will no longer exist and the following covenants will be in effect:

- As at March 31, 2019 and for each quarter end thereafter, the Interest Coverage Ratio must exceed 2.0 to 1, where Interest Coverage is defined as the ratio of EBITDA for the 12 months ending at each quarter end to interest expense for the 12 months ending at each quarter end.
- As at March 31, 2019 and for each quarter end thereafter, the senior debt to EBITDA ratio will not exceed 2.5 to 1, where senior debt is defined as the outstanding principal amount of the Bank debt, plus outstanding letters of credit, less unrestricted cash.

As at December 31, 2017, the Corporation is in compliance with all Facility covenants.

On May 25, 2017 Ikkuma entered into a $45.0 million second lien senior secured term loan facility with AIMCo that is repayable March 31, 2022 and bears interest at 7.25% per annum. In conjunction with funding the Term debt, AIMCo received, for no additional consideration, 6,750,000 warrants to acquire common shares on a one for one basis, at an exercise price of $0.86 per share at any time prior to May 25, 2020. The Term debt is subject to the same covenants as the Facility and the Corporation is in compliance with all covenants at December 31, 2017.

SHARE CAPITAL

In September 2017, the Corporation completed a non-brokered private placement of 15,091,221 flow-through shares at a price of $0.82 per flow-through share, resulting in gross proceeds of $12.4 million. The implied premium on the flow-through shares was determined to be $1.7 million or $0.12 per flow-through share, assuming a market price of $0.70 per ordinary common share. Pursuant to the provisions of the Income Tax Act (Canada), the Corporation is committed to incur eligible Canadian exploration expenses after the closing date and prior to December 31, 2018 in the aggregate amount of not less than the total gross proceeds raised from the offering. Ikkuma renounced the Qualifying Expenditures of $12.4 million on December 31, 2017.

DEFERRED TAX

The Corporation's oil and natural gas reserves generate sufficient future cash flows to make it probable that future taxable profits will be available for which the Corporation can utilize the benefit of tax deductions. Accordingly, the Corporation has recognized a deferred tax asset of $32.4 million relating to deductible temporary differences.

Ikkuma has tax pools of approximately $248.4 million including $71.5 million of non-capital loss carry-forwards, available for deduction against future taxable income.

COMMITMENTS

Throughout the course of its ongoing business, the Corporation enters into various commitments such as credit agreements, purchase of services, royalty agreements, operating agreements, processing agreements, right of way agreements and lease obligations for office space and field equipment. These obligations reflect market conditions prevailing at the time of contract. Ikkuma believes it has adequate sources of capital to fund all commitments as they come due. The following are the obligations of the Corporation representing future commitments.

(thousands of dollars)	2018	2019	2020	2021	2022	Thereafter	Total
Operating leases	$ 473	$ 116	$ -	$ -	$ -	$ -	589
Flow-through shares	12,119	-	-	-	-	-	12,119
Interest on Term debt	3,263	3,263	3,271	3,263	804	-	13,864
Firm transportation	6,212	4,269	2,717	1,671	1,348	4,157	20,374
Total	**$ 22,067**	**$ 7,648**	**$ 5,988**	**$ 4,934**	**$ 2,152**	**$ 4,157**	**$ 46,946**

RELATED PARTY TRANSACTIONS

The Corporation did not have any related party transactions in the year ended December 31, 2017 or December 31, 2016.

COMMON SHARE INFORMATION

	Three Months Ended December 31,		**Year Ended December 31,**	
	2017	2016	**2017**	2016
Outstanding common shares end of period	**109,334,987**	94,243,766	**109,334,987**	94,243,766
Weighted average outstanding common shares (1)				
basic and diluted	**109,334,987**	94,243,766	**98,984,081**	89,150,013

(1)The Corporation's stock options and warrants are antidilutive

At April 24, 2018, the Corporation had 109,334,987 common shares, 6,480,100 stock options ($0.90 average strike price), 3,333,333 warrants ($1.00 strike price) and 6,750,000 warrants ($0.86 strike price) outstanding. At April 24, 2018, there were no preferred shares issued or outstanding.

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 issuance. The remainder of the capital expenditure program will be on necessary maintenance, equipping, tie-in and low cost high-return optimization initiatives.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation did not have any off balance sheet arrangements in the year ended December 31, 2017 or December 31, 2016.

ADDITIONAL DISCLOSURE

QUARTERLY ANALYSIS

(thousands of dollars, except daily production, average wellhead price and per share amounts)	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**
Average daily production (boe/d)	7,324	5,707	5,861	6,571	5,967	5,866	5,921	7,497
Petroleum and natural gas revenue	8,385	5,120	9,362	10,295	10,669	7,670	4,576	7,896
Average wellhead price ($/boe)	12.45	9.75	17.55	17.41	19.43	14.21	8.49	11.57
Exploration and development								
expenditures	3,222	10,050	2,388	8,769	6,949	4,111	694	3,115
Property acquisitions	33,541	-	-	-	-	27	2,713	21
Property dispositions	(20,082)	-	-	-	-	-	-	-
Cash (used in) provided by operating activities	(4,826)	969	2,204	3,270	3,665	519	2,709	2,212
Per share – basic and diluted	(0.04)	0.01	0.02	0.03	0.04	0.01	0.03	0.03
Funds flow from (used in) operations	(2,761)	(1,212)	2,045	2,729	3,063	2,554	2,285	2,154
Per share – basic and diluted	(0.03)	(0.01)	0.02	0.03	0.03	0.03	0.03	0.03
Adjusted funds flow	(622)	(576)	2,064	2,828	3,216	2,563	2,397	2,194
Per share – basic and diluted	(0.01)	(0.01)	0.02	0.03	0.03	0.03	0.03	0.03
Net income (loss) and comprehensive income (loss)	(34,120)	(3,394)	(898)	2,464	(8,971)	(1,952)	(9,441)	2,427
Per share – basic and diluted	(0.31)	(0.03)	(0.01)	0.03	(0.10)	(0.02)	(0.11)	0.03

Significant factors and trends that have impacted the Corporation's results during the above periods include:

- Q4 2017 production increased from Q3 2017 as a result of the production related to the Foothills Acquisition.
- Q4 2017 adjusted funds flow of $(0.6) million is due to the 44% decrease in realized natural gas pricing from the prior year quarter.
- Q4 2017 net loss of $36.5 million is primarily attributed to impairment expense of $63.0 million recognized on the Ojay/Narraway and Northern Foothills CGUs. This expense is partially offset by the gain on sale of property plant and equipment of $19.7 million and an increase in realized and unrealized gain on risk management commodity contracts.
- Q3 2017 adjusted funds flow of $(0.6) million is due to the 37% reduction in realized natural gas pricing from the prior year quarter and non-recurring G&A expenses of $0.2 million.
- Q2 2017 average daily production decreased from Q1 2017 due to scheduled turnaround maintenance.
- Q1 2017 net income of $2.5 million is due to a $6.4 million unrealized gain on risk management commodity contracts.
- Q4 2016 net loss of $9.0 million is primarily due to a $6.6 million unrealized loss on risk management commodity contracts and a $3.2 million impairment expense.
- Q3 2016 oil and natural gas revenue increase as natural gas prices improve in the quarter.
- Q2 2016 exploration and development expenses are lower due to spring breakup.
- Q2 2016 average daily production dropped from Q1 2016 due to shutting-in of uneconomic sour gas production along with downtime in June 2016 for scheduled turnaround maintenance.
- Q2 2016 oil and natural gas revenues were lower than previous quarters due to lower production volumes and a 30% drop in natural gas realized prices.
- Net income reported in Q1 2016 is primarily due to the $6.5 million unrealized gain on risk management commodity contracts.

SELECTED ANNUAL INFORMATION

(thousands of dollars, except daily production, average wellhead price and per share amounts)		**Year ended December 31, 2017**		Year ended December 31, 2016		Year ended December 31, 2015
Average daily production (boe/d)		**6,366**		6,310		6,925
Finding, development and acquisition costs ($/boe)	**$**	**1.50**	**$**	11.65	$	7.64
Petroleum and natural gas revenue	**$**	**33,162**	**$**	30,811	$	43,157
Average wellhead price ($/boe)	**$**	**14.27**	**$**	13.34	$	17.08
Total assets	**$**	**326,278**	**$**	217,741	$	219,430
Net debt	**$**	**57,955**	**$**	32,465	$	34,212
Cash provided by operating activities	**$**	**1,617**	**$**	9,105	$	14,013
Per share – basic and diluted	**$**	**0.02**	**$**	0.10	$	0.17
Funds flow from operations	**$**	**801**	**$**	10,056	$	9,804
Per share – basic and diluted	**$**	**0.01**	**$**	0.11	$	0.12
Adjusted funds flow	**$**	**3,704**	**$**	10,370	$	10,329
Per share – basic and diluted	**$**	**0.04**	**$**	0.12	$	0.13
Net loss and comprehensive loss	**$**	**(35,949)**	**$**	(17,937)	$	(28,770)
Per share – basic and diluted	**$**	**(0.36)**	$	(0.20)	$	(0.36)

FUTURE ACCOUNTING PRONOUNCEMENTS

The Corporation has reviewed the following new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation's financial statements:

(a) Financial Instruments:

As of January 1, 2018, the Corporation will adopt IFRS-9 Financial Instruments, which is the result of the first phase of the IASB project to replace IAS-39 Financial Instruments: Recognition and Measurement. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has two classification categories: amortized cost and fair value. In addition, updates have also been applied surrounding hedge accounting requirements which are now more aligned with an entity's risk management activities. Ikkuma does not currently apply hedge accounting to its financial instrument contracts and does not currently intend to apply hedge accounting to any of its financial instrument contracts upon adoption of IFRS 9.

(b) Revenue from Contracts with Customers:

As of January 1, 2018, the Corporation has adopted IFRS-15 Revenue from Contracts with Customers. The standard replaces IAS-11 Construction Contracts; IAS-18 Revenue, IFRIC-13 Customer Loyalty Programmes, IFRIC-15 Agreements for the Construction of Real Estate, IFRIC-18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services. The standard dictates the recognition and measurement requirements for reporting the nature, amount, timing and uncertainty of revenue resulting from an entity's contracts with customers. The standard has been adopted using the modified retrospective approach effective January 1, 2018. The Corporation is in the process of reviewing its revenue streams and underlying contracts with customers and, at this time, does not anticipate that there will be a material impact on its earnings.

(c) Leases:

As of January 1, 2019, the Corporation will be required to adopt IFRS-16 Leases. For lessees applying the new standard, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard may be applied retrospectively or using a modified retrospective approach. Ikkuma is in the process of identifying and gathering contracts impacted by the new standard. It is anticipated that the adoption of IFRS 16 will have an impact on the Corporation's statement of financial position.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

Ikkuma's significant accounting policies are disclosed in note 4 to the December 31, 2017 financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Ikkuma continuously refines its management and reporting systems to ensure that accurate, timely and useful information is gathered and disseminated. Ikkuma's financial and operating results incorporate certain estimates including the following:

- Estimated accruals for revenues, royalties and operating expenses where actual revenues and expenses have not been received;
- Estimated capital expenditures where actual costs have not been received or for projects that are in progress;
- Estimated depletion and depreciation charges are based on estimates of oil and gas reserves that Ikkuma expects to recover in the future. As a key component in the calculation, the reserve estimates have a significant impact on net earnings and the Company's financial results could differ if there is a revision in the estimate of reserve quantities;
- Estimated future recoverable value of petroleum and natural gas properties & equipment and any related impairment charges or recoveries are assessed for impairment when circumstances suggest the carrying amount may exceed its recoverable amount. The recoverable amount calculation requires the use of estimates which are subject to change as new information becomes available. Changes in assumptions used in determining the recoverable amount could affect the carrying value of the related assets;
- Estimated fair values of derivative contracts which are used to manage commodity price, foreign currency and interest rates are determined using valuation models which require assumptions regarding the amount and timing of future cash flows and discount rates. As the Corporation's assumptions rely on external market data, the resulting fair value estimates may not be indicative of the amounts realized or settled and are therefore subject to market uncertainty;
- Decommissioning obligations are based on assumptions which take into consideration current economic factors and experience to date which we believe are reasonable. The actual cost of the Corporation's decommissioning obligations may change in response to numerous factors;
- Estimated deferred tax assets and liabilities are based on current tax interpretations, regulations and legislation which are subject to change. As a result, there are usually a number of tax matters under review and therefore income taxes are subject to measurement uncertainty.

Ikkuma employs and engages qualified consultants who have the expertise to ensure these estimates are accurate and ensures departments with the most knowledge of the activity are responsible for the estimates. Past estimates are reviewed and analyzed regularly to ensure future estimates continue to track actuals. The emergence of new information and changed circumstances may result in actual results or changes to estimate amounts that differ materially from current estimates.

ADVISORIES

Management's discussion and analysis ("MD&A") is Ikkuma's explanation of its financial performance for the period covered by the financial statements along with an analysis of the Corporation's financial position. Comments relate to and should be read in conjunction with the audited financial statements of the Corporation for the years ended December 31, 2017 and 2016. The financial statements for the year ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is dated April 24, 2018 and based on information available to that date. All figures provided in the MD&A and in the December 31, 2017 audited financial statements are reported in Canadian dollars.

FORWARD-LOOKING STATEMENTS

Ikkuma is a Canadian-based corporation whose common shares are traded on the TSX Venture Exchange under the symbol "IKM". This MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. 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. In particular this MD&A contains forward-looking statements pertaining to the following: Field optimization initiatives are expected to reduce operating costs in 2018 on the assets acquired in the Foothills Acquisition, potential non-core asset divestments and fulfilling the Corporation's commitment associated with the 2017 flow-through issuance. In addition, management's assessment of future plans and operations, drilling plans, and the timing thereof, capital expenditures, timing of capital expenditures, and methods of financing capital expenditures and the ability to fund financial liabilities, production estimates, expected commodity mix and prices, future operating costs, future transportation costs, expected royalty rates, general and administrative expenses, interest rates, debt levels, funds flow from operations and the timing of and impact of implementing accounting policies, estimates regarding undeveloped land position and estimated future drilling, completion, recompletion or reactivation locations and anticipated impact on the Corporation's forecasts in respect of 2018 capital spending and funds flow from operations may constitute forward-looking statements and information under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefit of acquisitions, the inability to fully realize the benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and inability to access sufficient capital from internal and external sources. As a consequence, the Corporation's actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information is based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Corporation believes that the expectations and assumptions reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Corporation cannot give any assurance that they will prove to be correct. In addition to other factors and assumptions which may be identified in this document and other documents filed by the Corporation, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Corporation has an interest in to operate the field in a safe, efficient and effective manner; the Corporation's ability to obtain financing on acceptable terms; changes in the Corporation's banking Facility; field production rates and decline rates; the ability to reduce operating costs; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of the Corporation to secure adequate product transportation; future petroleum and natural gas prices; currency exchange and interest rates; the regulatory framework regarding royalties, taxes, and environmental matters in the jurisdictions in which the Corporation operates; and the Corporation's ability to successfully market its petroleum and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Corporation's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or at the Corporation's website (www.ikkumarescorp.com). Furthermore, the forward-looking statements contained in this MD&A are made as at the *date of this MD&A and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be 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.

CONVERSIONS

The oil and gas industry commonly expresses production volumes and reserves on a "barrel of oil equivalent" basis ("boe") whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants.

Throughout this MD&A the Corporation has used the 6:1 boe measure which is the approximate energy equivalency of the two commodities during combustion. Boe does not represent a value equivalency at the wellhead nor at the plant gate which is where the Corporation sells its production volumes, and therefore, may be a misleading measure, particularly if used in isolation. 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 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.