

CALGARY, Nov. 12, 2015 /CNW/ - [Northern Blizzard Resources Inc.](http://www.northernblizzard.com) ("Northern Blizzard" or the "Company") (TSX: NBZ) announces its operating and financial results for the three and nine months ended September 30, 2015. Northern Blizzard's unaudited financial statements and management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2015 are available on our website at www.northernblizzard.com and on SEDAR at www.sedar.com.

HIGHLIGHTS

- Third quarter 2015 production was 20,445 boe/d (96% oil). Production was 21,497 boe/d for the first nine months of 2015, a 7% increase compared to the same period in 2014.
- Funds from operations were \$38.9 million (\$0.35 per common share) for the third quarter of 2015. Funds from operations were \$157.4 million (\$1.46 per common share) for the first nine months of 2015, a 6% decrease compared to the same period in 2014.
- Operating costs for the third quarter of 2015 were \$16.71 per boe. Operating costs were \$16.77 per boe for the first nine months of 2015, a 20% decrease compared to the same period in 2014. The Company benefited from cost saving measures implemented across all operating areas that reduced downhole, surface maintenance and other operating costs.
- Northern Blizzard has a comprehensive hedging program in place to protect prices on crude oil volumes and maintain the stability of cash flows. We have WTI hedges in place for 0.4 million barrels (4,000 bbl/d) for the fourth quarter of 2015 at an average price of C\$77.54/bbl, 4.2 million barrels (11,500 bbl/d) in 2016 at an average price of C\$79.50/bbl and 0.7 million barrels (2,000 bbl/d) in 2017 at an average price of C\$85.49/bbl.
- Northern Blizzard has an undrawn credit facility of \$475 million, which underpins the Company's strong financial position. Net debt to trailing four quarters funds from operations was 1.7x.
- Cactus Lake: Average production in the third quarter of 7,197 boe/d (96% oil) was supported by positive response from the Bakken polymer flood. An additional 60 drilling locations were recently identified by new 3D seismic, bringing the total drilling inventory to over 300 drilling locations.
- Winter: Production in the third quarter averaged 3,283 boe/d (100% oil). Production from this area is supported by over 400 drilling locations and excellent capital efficiencies.
- Coleville: Production in the third quarter averaged 843 boe/d (94% oil). Northern Blizzard has undeveloped lands with over 300 drilling locations and expects to grow production in this area to over 2,500 boe/d within the next two or three years.
- Plover Lake SAGD: Production from this area averaged 1,141 boe/d (100% oil) in the third quarter. The Company remains optimistic this project will reach expected production rates in excess of 2,000 boe/d.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended		Nine months ended		
	September	June	September	September	September
	30, 2015	30, 2015	30, 2014	30, 2015	30, 2014
Financial (\$000s, except as otherwise noted)					
Oil and natural gas sales	101,853	134,567	170,471	342,459	528,941
Funds from operations ⁽¹⁾	38,850	58,481	60,046	157,391	167,301
Per share – diluted	0.35	0.54	0.64	1.46	1.98
Net income (loss)	(55,693)	(10,466)	(53,734)	(110,066)	(70,130)
Per share – basic	(0.51)	(0.10)	(0.59)	(1.03)	(0.85)
Per share – diluted	(0.52)	(0.10)	(0.59)	(1.03)	(0.85)
Net debt ⁽¹⁾	372,409	366,508	394,363	372,409	394,363
Dividends declared	17,498	25,641	14,171	68,279	14,171
Per share	0.160	0.240	0.139	0.640	0.139
Capital expenditures	14,776	14,403	81,794	51,618	208,736
Weighted average shares outstanding (000s)					
Basic	108,980	106,492	91,729	106,642	82,584
Diluted	110,506	108,643	93,548	108,169	84,403
Shares outstanding at period end (000s)	110,617	107,330	102,053	110,617	102,053

Operating

Average daily production

Heavy oil (bbl/d)	18,751	19,412	18,819	19,333	18,607
Light oil & NGL (bbl/d)	797	1,204	259	1,183	228
Natural gas (mcf/d)	5,384	5,894	7,203	5,885	7,116
Total (boe/d)	20,445	21,598	20,279	21,497	20,021

Average realized price

Heavy oil (\$/bbl) ⁽²⁾	40.99	55.70	81.45	45.41	81.95
Light oil & NGL (\$/bbl)	52.88	62.97	93.47	53.83	96.84
Oil & NGL (\$/bbl)	41.45	56.13	81.61	45.89	82.13
Natural gas (\$/mcf)	2.96	2.53	4.00	2.75	4.75
Combined (\$/boe)	40.45	54.23	78.21	44.56	78.95

Netbacks (\$/boe)

Average realized price	40.45	54.23	78.21	44.56	78.95
Royalties	(4.50)	(6.20)	(11.58)	(4.98)	(11.34)
Production and operating expenses	(16.71)	(17.41)	(21.32)	(16.77)	(21.05)
Transportation expenses	(1.56)	(1.92)	(2.03)	(1.82)	(1.91)
Operating netback ⁽¹⁾	17.68	28.70	43.28	20.99	44.65
Realized gains (losses) on financial derivative contracts	6.86	9.07	(5.44)	11.36	(6.73)
General and administrative expenses	(2.29)	(3.17)	(2.76)	(2.68)	(2.98)
Cash finance costs	(4.07)	(4.03)	(4.86)	(4.10)	(5.16)
Other	1.56	(0.23)	1.91	1.04	0.74
Funds from operations ⁽¹⁾	19.74	30.34	32.13	26.61	30.52

Notes:

(1) Funds from operations, net debt, operating netback and net debt to trailing four quarters funds from operations do not have any standardized meaning prescribed by International Financial Reporting Standards. See "Non-IFRS Financial Measures" and "Additional IFRS Measures" in the MD&A for the three and nine months ended September 30, 2015 and 2014.

(2) Average heavy oil prices received are net of blending expenses.

OPERATIONS REVIEW

Cactus Lake

Capital expenditures at Cactus Lake for the third quarter of 2015 were \$7.6 million, mainly related to the Bakken polymer flood. Average production in the third quarter was 7,197 boe/d, a 4% decrease compared to the second quarter of 2015. The decrease was due to seasonal power outages and a planned facility turnaround.

Cactus Lake Bakken Polymer Flood

Phases 1 and 2 of the Bakken polymer flood continue to demonstrate positive response. Over 30% of the producers in Phase 1 have increasing oil rates and decreasing water cuts. Polymer injection commenced at Phase 1 in early 2013. Further, over 20% of

the producers in Phase 2 are responding to the polymer flood initiated in early 2014.

Phase 3 expansion of the Bakken polymer flood commenced in March 2015 with the inclusion of 12 injectors and 36 producing wells into the existing scheme.

Winter

Capital expenditures at Winter for the third quarter of 2015 were \$3.9 million. Average production in the third quarter was 3,283 boe/d, an 8% decrease compared to the second quarter of 2015.

Coleville

Capital expenditures at the Coleville Viking light oil project for the third quarter of 2015 were \$0.8 million. Average production in the third quarter was 843 boe/d, a 34% decrease compared to the second quarter of 2015.

Thermal Heavy Oil – Steam Assisted Gravity Drainage ("SAGD")

Plover Lake SAGD production averaged 1,141 boe/d during the third quarter of 2015, compared to 1,090 boe/d during the second quarter of 2015. Production is expected to exceed 2,000 boe/d as we continue to establish a consistent steam oil balance.

Wells Drilled

During the three and nine months ended September 30, 2015, Northern Blizzard drilled 15 and 19 wells, respectively, with a 100% success rate. The following table summarizes the drilling program for the first nine months of 2015:

Field	Gross Net	
Cactus Lake ⁽¹⁾	8	8.0
Winter	6	5.5
Coleville	3	3.0
Plover Lake ⁽²⁾	1	1.0
Luseland	1	1.0
Total	19	18.5

Notes:

(1) Wells drilled at Cactus Lake include four observation wells and two water source wells.

(2) Well drilled at Plover Lake was a salt water disposal well.

FINANCIAL REVIEW

Third Quarter 2015

- Production for the third quarter of 2015 of 20,445 boe/d (96% oil) decreased 5% from second quarter of 2015 production of 21,598 boe/d and increased 1% from third quarter 2014 production of 20,279 boe/d. Comparing the third quarter of 2015 to the second quarter of the year, increases from Plover Lake SAGD and drilling in other areas were offset by corporate declines.
- Operating netback (excluding hedging) for the third quarter of 2015 was \$17.68/boe, a decrease of 38% from the second quarter of 2015 and a decrease of 59% from the third quarter of 2014. The change in the operating netback was due primarily to fluctuations in crude oil prices over the comparable periods. Our average realized oil price (excluding hedging) in the third quarter of 2015 was \$41.45/bbl compared to \$56.13/bbl in the second quarter of 2015 and \$81.61/bbl in the third quarter of 2014.

- Funds from operations in the third quarter of 2015 were \$38.9 million, representing a 34% decrease from the second quarter of 2015 and a 35% decrease from the third quarter of 2014. Comparing the third quarter of 2015 to the second quarter of 2015, funds from operations were lower primarily as a result of lower operating netbacks and lower realized gains on financial derivative contracts, partially offset by realized foreign exchange gains. Comparing the third quarter of 2015 to the same period in 2014, the decrease was due to lower operating netbacks, partially offset by realized gains on financial derivative contracts.
- Operating costs per boe for the third quarter of 2015 were \$16.71 per boe, a decrease of 4% from the second quarter of 2015 and a decrease of 22% from the third quarter of 2014.
- Capital expenditures for the third quarter of 2015 totalled \$14.8 million. Spending included the drilling of 15 wells and \$5.1 million related to polymer powder for the Cactus Lake polymer project.
- During the three months ended September 30, 2015, Northern Blizzard declared dividends totalling \$17.5 million (\$0.16 per common share). Shareholders elected to receive stock dividends of \$12.6 million and cash dividends of \$4.9 million. Average participation in Northern Blizzard's Stock Dividend Program ("SDP") was approximately 72% during the third quarter of 2015.
- At September 30, 2015, Northern Blizzard performed an impairment assessment as a result of the decline in commodity prices. The Company concluded that the carrying value of one of its cash generating units exceeded the recoverable amount. As a result, an impairment loss of \$110 million was recorded to property, plant and equipment.
- Net debt at September 30, 2015 of \$372.4 million increased by 2% from the end of the second quarter of 2015. The increase was due to the unrealized foreign exchange loss on Northern Blizzard's senior unsecured notes caused by a weaker Canadian dollar on September 30, 2015 relative to June 30, 2015, partially offset by funds from operations that exceeded capital expenditures and cash dividends by \$17.9 million.

Risk Management

Northern Blizzard has a comprehensive hedging program in place to protect prices on crude oil volumes and maintain the stability of cash flows. A summary of Northern Blizzard's current hedge position is provided in the table below.

(C\$)	Q1	Q2	Q3	Q4	Total
2015					
WTI					
Hedged volumes (bbl/d)	-	-	-	4,000	4,000
Average price (\$/bbl)	-	-	-	77.54	77.54
WTI differential (WCS & LLK physical) ⁽³⁾					
Hedged volumes (bbl/d)	-	-	-	13,000	13,000
Average price (\$/bbl)	-	-	-	(25.71)	(25.71)
2016					
WTI					
Hedged volumes (bbl/d)	11,500	11,500	11,500	11,500	11,500
Average price (\$/bbl)	79.50	79.50	79.50	79.50	79.50
WTI differential (WCS & LLK physical) ⁽³⁾					
Hedged volumes (bbl/d)	11,500	11,500	11,500	11,500	11,500
Average price (\$/bbl)	(19.04)	(19.04)	(19.04)	(19.04)	(19.04)
2017					
WTI					
Hedged volumes (bbl/d)	2,000	2,000	2,000	2,000	2,000
Average price (\$/bbl)	85.49	85.49	85.49	85.49	85.49
WTI differential (WCS)					
Hedged volumes (bbl/d)	1,000	1,000	1,000	1,000	1,000
Average price (\$/bbl)	(18.45)	(18.45)	(18.45)	(18.45)	(18.45)

Notes:

(1) Contracts denominated in US dollars have been converted to Canadian dollars at CAD/USD strip prices as of November 10, 2015.

(2) The prices and volumes in this table represent averages for several contracts over the respective periods presented. The average price of a group of contracts is for indicative purposes only and does not have the same settlement profile as the individual contract. All positions are settled according to the individual contracts disclosed in Note 14 of Northern Blizzard's September 30, 2015 condensed consolidated interim financial statements.

(3) Lloydminster Kerrobert ("LLK").

During the three and nine months ended September 30, 2015, Northern Blizzard realized gains on financial derivative contracts of \$13.5 million and \$67.2 million, respectively. The gains realized on Canadian dollar WTI contracts were due to lower than hedged oil prices and were partially offset by losses on WCS differential contracts due to narrower than hedged heavy oil differentials.

DIVIDEND

Northern Blizzard's Board of Directors considers a number of factors in determining the dividend, including free cash flow, payout ratios, liquidity of the Company and overall returns to shareholders.

Northern Blizzard has an SDP and shareholders holding approximately 72% of the Company's outstanding shares currently participate in the SDP. The SDP allows shareholders to elect to receive their dividends in the form of common shares in lieu of receiving a cash dividend on the dividend payment date. Participation in the SDP is optional; additional information can be found on Northern Blizzard's website at www.northernblizzard.com or by contacting your financial institution or investment advisor. The availability of the SDP and its terms and conditions are subject to the discretion of Northern Blizzard's Board of Directors.

PROACTIVE SUSTAINABILITY MEASURES

The energy industry is experiencing a protracted period of low commodity prices. In response to this challenging environment, Northern Blizzard has taken the following steps to bolster the sustainability of the Company and safeguard shareholder value:

- Implemented rigorous cost structure controls which have resulted in a year-over-year reduction in operating costs per barrel of approximately 20% and a reduction in drilling costs of 25 – 30%.
- Implemented wage rollbacks to all employees, consultants and contractors ranging from 3% to 12%, depending on compensation level.
- Reduced capital expenditures from \$263 million in 2014 to approximately \$80 million in 2015.
- Repaid all bank indebtedness in 2015; the only debt currently outstanding is US\$276.3 million senior unsecured notes due 2022, which have no maintenance covenants.
- Increased and extended our hedge position to approximately 60% of 2016 and 10% of 2017 working interest oil production.
- Reduced the monthly dividend to \$0.04 per share from \$0.08 per share.
- Increased our focus on the mitigation of decline rates; we estimate our average current decline rate to be approximately 15%.

GUIDANCE

Northern Blizzard expects capital expenditures in 2015 to be approximately \$80 million, \$6 million below guidance, which includes the drilling of 24 wells during the balance of 2015. At the current trajectory and after adjusting for natural gas consumed internally, production is expected to be within 2% of guidance.

Preliminary guidance for 2016 is for a modest increase in capital spending to approximately \$100 million in 2016 from \$80 million in 2015. The capital program in 2016 includes the drilling of 120 wells and is expected to maintain production at approximately 20,000 boe/d. We will continue to review and evaluate our capital spending program in light of commodity prices and will align spending with the appropriate economic returns. The Company is in a strong financial position with significant liquidity and we are currently reviewing acquisition opportunities.

Conference Call Today

9:00am MT (11:00am ET)

Northern Blizzard will host a conference call today, November 12, 2015, starting at 9:00am MT (11:00am ET), to review the Company's third quarter 2015 results. Participants can access the conference call by dialing (403) 532-5601 or toll-free (US & Canada) 1 (855) 353-9183 and entering the passcode 98589.

A recording of the conference call will be available until November 26, 2015 and can be accessed by dialing 1 (855) 201-2300 and entering the conference number 1187038 and passcode 98589. The replay will be available approximately one hour following completion of the call. The conference call will also be available on Northern Blizzard's website at www.northernblizzard.com.

Advisories

BOE Conversion and other advisories

In this news release, natural gas has been converted to boe based on a conversion rate of six thousand cubic feet of natural gas to one barrel (6 mcf : 1 bbl), which represents an energy equivalency conversion method applicable at the burner tip and does not represent a value equivalency at the wellhead. While it is useful for comparative measures, it may not accurately reflect individual product values and may be misleading if used in isolation.

Unless otherwise indicated, all currency is in Canadian dollars.

Forward-Looking Statements

This news release contains certain forward-looking statements and forward-looking information (collectively referred to as

"forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements contain words such as "anticipate", "believe", "plan", "continuous", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes.

In particular, this news release contains forward-looking statements pertaining to the following:

- Business plans and strategies;
- Capital expenditure, development and drilling programs for the fourth quarter of 2015 and 2016;
- Methods and ability to finance operations, dividends, capital expenditure programs and working capital requirements;
- Anticipated oil and natural gas production levels, including at Plover Lake SAGD and Coleville;
- Timing and success of development and exploitation activities;
- Expected capital efficiencies for wells at Winter;
- 2016 production;
- Payment of dividends; and
- Expectations regarding the Company's ability to add reserves through exploration and development.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will be realized. Actual results will differ, and the difference may be material and adverse to the Company and its shareholders.

With respect to forward-looking statements contained in this news release, management has made assumptions regarding future production levels; future oil and natural gas prices; future operating costs; timing and amount of capital expenditures; the ability to obtain financing on acceptable terms; availability of skilled labour and drilling and related equipment; general economic and financial market conditions; continuation of existing tax and regulatory regimes; and the ability to market oil and natural gas successfully to current and new customers. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that the goals or figures contained in forward-looking statements will not be achieved. These factors include, but are not limited to, risks associated with fluctuations in market prices for crude oil, natural gas and diluent, general economic, market and business conditions, substantial capital requirements, uncertainties inherent in estimating quantities of reserves and resources, extent of, and cost of compliance with, government laws and regulations and the effect of changes in such laws and regulations from time to time, the need to obtain regulatory approvals on projects before development commences, environmental risks and hazards and the cost of compliance with environmental regulations, aboriginal claims, inherent risks and hazards with operations such as fire, explosion, blowouts, mechanical or pipe failure, cratering, oil spills, vandalism and other dangerous conditions, potential cost overruns, variations in foreign exchange rates, diluent supply shortages, competition for capital, equipment, new leases, pipeline capacity and skilled personnel, credit risks associated with counterparties, the failure of the Company or the holder of licenses, leases and permits to meet requirements of such licenses, leases and permits, reliance on third parties for pipelines and other infrastructure, changes in royalty regimes, failure to accurately estimate decommissioning costs, inaccurate estimates and assumptions by management, effectiveness of internal controls, the potential lack of available drilling equipment and other restrictions, failure to obtain or keep key personnel, title deficiencies with the Company's assets, geo-political risks, risks that the Company does not have adequate insurance coverage, risk of litigation and risks arising from future acquisition activities. Additionally, the payment of dividends is dependent on the satisfaction of the applicable liquidity and solvency tests imposed by the Business Corporations Act (Alberta). The foregoing risks and other risks are described in more detail in the Company's annual information form for the year ended December 31, 2014. Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved may vary from the information provided herein and the variations could be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this news release are made as of the date hereof, and the Company does not undertake any obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Northern Blizzard

Northern Blizzard is a Calgary, Alberta based Canadian crude oil production and development company focused on maximizing oil recovery from its large-scale low viscosity heavy oil resource base. The corporation's operations, infrastructure and concentrated land position are focused in the Kerrobert and Lloydminster areas of Saskatchewan. Northern Blizzard's common shares trade on the Toronto Stock Exchange under the symbol NBZ.

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