

CALGARY, June 8, 2016 /CNW/ - [Northern Blizzard Resources Inc.](#) ("Northern Blizzard" or "the Company") (TSX: NBZ) announces a 46 (42.3 net) well drilling program and an amended credit facility.

Increased 2016 capital program

Northern Blizzard has increased its 2016 capital program to \$55 million from \$40 million, which includes the drilling of 46 (42.3 net) wells. The Company expects to drill the wells in the third quarter of 2016 with the drilling program focused on the Cactus Lake, Winter and Coleville areas.

The drilling program is expected to result in fourth quarter production of over 20,000 boe/d and a modest increase to annual 2016 production. Based on a WTI price of US\$50/bbl for the remainder of the year, funds from operations are expected to increase by \$15 million to \$135 million.

Northern Blizzard operates and controls over 95% of its development program and has the ability to increase or decrease capital spending as circumstances dictate.

Amended credit facility

The semi-annual borrowing base review of Northern Blizzard's credit facility has been completed. The credit facility, which is undrawn, was set at \$300 million (previously \$475 million) and provides the Company with significant liquidity. The revised facility will also result in reduced commitment and standby fees. The syndicate was reduced to nine banks (previously 13), allowing certain banks to take a more meaningful role in Northern Blizzard's capital structure.

Borrowing rates and standby fees are based on a pricing grid that is dependent on Northern Blizzard's debt to EBITDA ratio. There was no change to the pricing grid and the financial covenants remain unchanged. Northern Blizzard is in compliance with the financial covenants.

The revolving period under the credit facility was extended to July 14, 2017 and the maturity date to July 14, 2018. The revolving period is extendible annually by 364 days at the Company's request, subject to the approval of each lender to extend its pro-rata borrowings outstanding. Any outstanding borrowings of non-extending lenders are converted to a one year term loan.

Northern Blizzard's capital structure also includes US\$276.3 million of senior unsecured notes. The senior unsecured notes are due in 2022 and have no financial maintenance covenants.

About 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 Company'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.

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.

Additional IFRS Measures

This news release makes reference to the additional IFRS measure "funds from operations". Funds from operations is used by the Company to analyze operating performance and its ability to fund capital investments. Funds from operations is calculated as cash flow from operating activities (as determined in accordance with IFRS) before purchasing shares for the Incentive Plan, settling vested Incentive Plan Awards with cash, decommissioning costs incurred and changes in non-cash operating working

capital. Management considers funds from operations to be a key measure of the results generated by its principal business activities before the consideration of how those activities are financed or how the results are taxed and before decommissioning expenditures. Funds from operations should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with IFRS.

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 may contain forward-looking statements pertaining to the following:

- Business plans and strategies;
- Drilling program;
- Capital expenditure programs;
- Anticipated oil and natural gas production levels;
- Future oil and natural gas prices; and
- Future funds from operations;

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. The foregoing risks and other risks are described in more detail in the Company's annual information form for the year ended December 31, 2015. 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.

Future Oriented Financial Information:

Readers are cautioned that future-oriented financial information, as defined in applicable securities laws, contained in this news

released should not be used for purposes other than those for which it is disclosed herein. Because this information is highly subjective, it should not be relied on as indicative of future results.

SOURCE [Northern Blizzard Resources Inc.](#)

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