CALGARY, Nov. 14, 2016 /CNW/ - Northern Blizzard Resources Inc. ("Northern Blizzard" or the "Company") (TSX: NBZ) announces its operating and financial results for the three and nine months ended September 30, 2016. Northern Blizzard's financia statements and management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2016 are available on our website at www.northernblizzard.com and on SEDAR at www.sedar.com.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended			Nine months ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Financial ($000s,except as otherwise noted)					
Oil and natural gas sales	76,045	81,977	101,853	214,682	342,459
Funds from operations(1)	34,038	33,971	38,850	94,801	157,391
Per share – diluted	0.28	0.28	0.35	0.79	1.46
Net loss	(16,775)	(69,027)	(55,693)	(75,682)	(110,066)
Per share – basic	(0.14)	(0.59)	(0.51)	(0.65)	(1.03)
Per share – diluted	(0.14)	(0.59)	(0.52)	(0.65)	(1.03)
Net debt(1)	335,912	337,535	372,409	335,912	372,409
Dividends declared	14,347	14,062	17,498	42,167	68,279
Per share	0.120	0.120	0.160	0.360	0.640
Capital expenditures	22,111	7,836	14,776	36,869	51,618
Weighted average shares outstanding (000s)					
Basic	118,940	116,718	108,980	116,630	106,642
Diluted	122,355	120,350	110,506	120,240	108,169
Shares outstanding at period end (000s)	120,445	117,972	110,633	120,445	110,633
Operating					
Average daily production					
Heavy oil (bbl/d)	16,924	17,209	18,751	17,461	19,333
Light oil & NGL (bbl/d)	480	570	797	585	1,183
Natural gas (mcf/d)	2,159	2,568	5,384	2,429	5,885
Total (boe/d)	17,764	18,207	20,445	18,451	21,497
Average realized price					
Heavy oil ($/bbl)(2)	38.26	38.02	40.99	32.53	45.41
Light oil & NGL ($/bbl)	49.93	50.00	52.88	44.14	53.83
Oil & NGL ($/bbl)	38.59	38.40	41.45	32.91	45.89
Natural gas ($/mcf)	2.26	1.27	2.96	1.72	2.75
Combined ($/boe)	38.08	37.68	40.45	32.41	44.56

Netbacks ($/boe)

Average realized price	38.08	37.68	40.45	32.41	44.56
Royalties	(4.23)	(4.25)	(4.50)	(3.39)	(4.98)
Production and operating expenses	(17.26)	(16.40)	(16.71)	(16.08)	(16.77)
Transportation expenses	(2.03)	(1.95)	(1.56)	(1.77)	(1.82)
Operating netback(1)	14.56	15.08	17.68	11.17	20.99
Realized gains (losses) on financial derivative contracts	13.44	12.58	6.86	15.72	11.36
General and administrative expenses	(2.87)	(2.79)	(2.29)	(3.38)	(2.68)
Cash finance costs	(4.39)	(4.46)	(4.07)	(4.42)	(4.10)
Other	0.47	0.03	1.56	(0.11)	1.04
Funds from operations(1)	21.21	20.44	19.74	18.98	26.61

Notes:

(1) Funds from operations, net debt and operating netback 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 th and nine months ended September 30, 2016 and 2015.

(2) Average realized heavy oil prices are net of blending expenses and include the impact of physical delivery contracts (when applicable).

OPERATIONAL HIGHLIGHTS

Third quarter 2016 production was 17,764 boe/d (98% oil), a 2% decrease compared to the second quarter of 2016. Northern Blizzard's ability to largely maintain existing production levels with no producing wells brought on stream during the first six months of 2016 demonstrates the low decline nature of the Company's assets. Current production has increased by 6% to approximately 18,800 boe/d as a result of the third quarter drilling program. All of Northern Blizzard's production was from Saskatchewan.

Northern Blizzard drilled 44 (37.5 net) wells during the third quarter of 2016 and 46 (39.0 net) wells during the first nine months of the year. Of the 46 wells, 32 were brought on stream in the third quarter of 2016 and five were brought on stream in the fourth quarter. Six more wells are expected to be completed in the fourth quarter. Northern Blizzard drilled 17 (17.0 net) wells at Cactus Lake, 15 (12.2 net) wells at Winter and 14 (9.8 net) wells at Coleville. To date, the wells that have been brought on stream are producing at or above initial expectations.

Cactus Lake

Cactus Lake third quarter production averaged 8,140 boe/d. Current production at Cactus Lake of 8,600 boe/d represents a 6% increase over the third quarter of 2016.

Cactus Lake's third quarter 2016 operating netback of $24.34/boe at a WTI price of US$44.94/bbl demonstrates the high quality nature of this asset. Cactus Lake benefited from a royalty rate of 8% and operating costs of $10.16/boe during the quarter.

Capital expenditures at Cactus Lake for the third quarter of 2016 were $9.1 million, which included the drilling of 17 (17.0 net) wells. The drilling program supports the Company's plan to down space the north-east portion of the pool. We have received approval for phases 6 and 7 of the polymer flood.

The Cactus Lake polymer flood continues to demonstrate excellent results with stable oil production and stable to declining water-to-oil ratios. Based on the success to date, we recently expanded the polymer flood to cover approximately 63% of the area's oil production.

Northern Blizzard's Cactus Lake property, located in southwest Saskatchewan, is 100% owned and operated and produces from the Basal Mannville and Bakken formations. The Company has over 280 drilling locations at Cactus Lake.

Winter

Winter third quarter 2016 production was 2,662 boe/d. Current production at Winter is over 3,000 boe/d, which represents a 13% increase over the third quarter of 2016.

Capital expenditures at Winter for the third quarter of 2016 were $6.6 million, which included the drilling of 15 (12.2 net) horizontal wells and the expansion of our water handling capacity to over 350,000 bbl/d. Northern Blizzard has drilled over 200 gross wells since 2010 at Winter.

Northern Blizzard's Winter property, located in southwest Saskatchewan, produces from the Cummings formation. The Company holds an average 74% working interest (based on 2P reserves) and operates 99% of the production. The Company has over 400 drilling locations at Winter.

Plover Lake SAGD

Northern Blizzard has been injecting steam at approximately 5,000 cold water equivalent ("CWE") barrels per day. Production from two of the three producers have both achieved over 300 bbl/d. Fluid production from the third well has increased and we are waiting for increased oil cuts.

The process of reinitiating steam is being monitored closely to ensure appropriate reservoir pressures and temperature differences are maintained between the injector and producer wells. The process will include operations designed to ensure optimal producing well performance.

Northern Blizzard's Plover Lake SAGD project, located in southwest Saskatchewan, produces from the McLaren formation.

Wells Drilled

The following table summarizes the drilling program for the first nine months of 2016:

Field	Gross	Net
Cactus Lake	17	17.0
Winter[(1)]	15	12.2
Coleville	14	9.8
Total	46	39.0

Note:

(1) Wells drilled at Winter includes one service well.

QUARTERLY HIGHLIGHTS

- Third quarter 2016 production was 17,764 boe/d (98% oil), a 2% decrease compared to the second quarter of 2016. Cactus Lake continued to demonstrate excellent results from the polymer flood and wells drilled in 2015. The strong results were offse by natural declines on existing production.
- Funds from operations of $34.0 million ($0.28 per common share) were close to the second quarter of 2016. Lower oil and natural gas sales were offset by lower blending expenses.
- Operating costs for the third quarter of 2016 were $17.26 per boe, a 5% increase from the second quarter of 2016 as a decrease in expenses on an absolute dollar basis was offset by fixed operating costs over lower sales volumes. The decrease on an absolute dollar basis was as a result of cost saving measures implemented across all fields.

- Capital expenditures for the three and nine months ended September 30, 2016 totalled $22.1 million and $36.9 million, respectively. Capital expenditures for the first nine months of 2016 included the drilling of 46 wells, polymer powder, a facility expansion and well workovers.
- Northern Blizzard's hedging program contributed realized gains on financial derivative contracts of $21.6 million ($13.44/boe) during the third quarter of 2016.
- Northern Blizzard declared dividends totalling $14.3 million ($0.12 per common share) in the third quarter of 2016. Shareholders elected to receive stock dividends valued at $10.8 million and cash dividends of $3.5 million.
- Northern Blizzard's payout ratio of cash dividends paid plus capital expenditures divided by funds from operations was 75% fo the third quarter of 2016 and 50% for the nine months ended September 30, 2016. Assuming all of the dividends were paid in cash, the ratio for Q3 2016 would have been 107% and 83% for the nine months ended September 30, 2016.
- Northern Blizzard completed the quarter in a strong financial position with net debt of $335.9 million (including $27.3 million of cash) and an undrawn $300.0 million credit facility.

RISK MANAGEMENT

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

(C$)[1,2]	2016	2017	2018
WTI			
Hedged volumes (bbl/d)	11,500	10,000	6,000
Average price ($/bbl)	79.50	66.87	61.04
WTI / WCS differential			
Hedged volumes (bbl/d)	11,500	8,000	-
Average price ($/bbl)	(19.13)	(18.28)	-

Notes:

(1) Contracts denominated in US dollars have been converted to Canadian dollars at CAD/USD strip prices as of November 10, 2016.

(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. Details of the risk management contracts are disclosed in the notes to the Company's condensed consolidated interim financial statements.

During the nine months ended September 30, 2016, Northern Blizzard realized $76.0 million in gains on physical delivery and financial derivative contracts. The gains realized were mainly on Canadian dollar WTI contracts due to lower than hedged oil prices.

FINANCIAL LIQUIDITY

At September 30, 2016, Northern Blizzard had $27.3 million of cash, an undrawn $300.0 million credit facility and $362.4 million (US$276.3 million) of senior unsecured notes outstanding (principal amount).

Northern Blizzard anticipates that funds from operations, together with the revolving credit facility, will be sufficient to finance current operations, cash dividends, planned capital expenditures and working capital requirements.

Northern Blizzard's credit facility has two financial covenants that are calculated quarterly. The calculation for each financial covenant is based on specific definitions and cannot be calculated by referring to Northern Blizzard's consolidated financial statements. At September 30, 2016, the Company was in compliance with the financial covenants.

DIVIDEND

Northern Blizzard currently pays a monthly dividend of $0.04 per share. Northern Blizzard has a Stock Dividend Program ("SDP") which 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. For dividends declared during the third quarter of 2016, shareholders holding approximately 76% of the Company's outstanding shares participated in the SDP, of which approximately 71% were the Company's significant shareholders.

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.

GUIDANCE

Northern Blizzard's guidance is based on annual estimates released on February 12, 2016 and an updated capital program announced on June 8, 2016. We note there are variations between the actual results for the nine months ended September 30, 2016 and the annual estimates mainly due to the nature of operations over the course of a year. Northern Blizzard expects actual 2016 results to be in line with guidance at the end of the year.

Conference Call Today

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

Northern Blizzard will host a conference call today, November 14, 2016, starting at 9:00am MT (11:00am ET), to review the Company's third quarter 2016 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 28, 2016 and can be accessed by dialing 1 (855) 201-2300 and entering the conference number 1206320 and passcode 98589. The replay will be available approximately one hour following completion of the call. The conference call recording 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 expenditures for 2016;
- Methods and ability to finance operations, dividends, capital expenditure programs and working capital requirements;
- Anticipated oil and natural gas production levels in 2016;
- 2016 funds from operations; and
- Payment of dividends.

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, 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.

SOURCE Northern Blizzard Resources Inc.

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