

CALGARY, Dec. 5, 2016 /CNW/ - [Northern Blizzard Resources Inc.](#) ("Northern Blizzard" or the "Company") (TSX: NBZ) is pleased to announce a revised monthly dividend of \$0.02 per common share, the discontinuance of stock dividends under its Stock Dividend Program, the intention to purchase up to \$75.0 million of its common shares under a substantial issuer bid and 2017 guidance.

## DIVIDEND

Northern Blizzard's Board of Directors (the "Board") considers a number of factors in determining the dividend, including free cash flow, payout ratios, liquidity of the Company and overall returns to shareholders. In order to reduce shareholder dilution and better align the dividend yield with the current commodity price environment, the Board has approved a revised monthly dividend of \$0.02 per common share ("Share"), down from \$0.04 per Share currently. In addition, stock dividends under the Stock Dividend Program ("SDP") will be discontinued.

The revised monthly dividend of \$0.02 per Share will be effective for the December 2016 dividend, payable on January 16, 2017.

The annualized dividend of \$0.24 per Share represents an annual yield of approximately 6% based on the five-day volume weighted average trading price of Northern Blizzard's Shares of \$3.73 per share (as of December 2, 2016).

The Company's dividend payable on December 15, 2016 (\$0.04 per Share) will be paid to shareholders as previously announced and will be the last dividend eligible for the SDP until further notice.

Northern Blizzard continually assesses dividend levels in light of commodity prices, hedge position, capital expenditure programs and production volumes to ensure that dividends are in line with the Company's long-term strategy and objectives. The actual amount of future monthly dividends is subject to the discretion of the Board.

## SUBSTANTIAL ISSUER BID

Northern Blizzard intends to commence a substantial issuer bid (the "Offer") pursuant to which the Company will offer to purchase for cancellation up to \$75.0 million of its Shares at a price of \$4.00 per Share. The maximum number of Shares that may be purchased by the Company is 18,750,000, representing approximately 15.3% of the currently issued and outstanding Shares (122,539,239 as of December 2, 2016). The purchase price of \$4.00 per share represents a 7% premium over the five-day volume weighted average trading price of Northern Blizzard's Shares of \$3.73 per share (as of December 2, 2016). The purchase will be funded using cash on hand.

Details of the Offer, including the full terms and conditions of the Offer and instructions for tendering Shares to the Offer will be included in the formal offer to purchase and issuer bid circular and other related documents (the "Offer Documents"), which are expected to be mailed to shareholders, filed with securities regulators and made available in mid-December on the Company's website at [www.northernblizzard.com](http://www.northernblizzard.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The Offer will not be conditional on any minimum number of Shares being tendered, except as described below, although it is subject to various other conditions that are typical for a transaction of this nature. The Offer is expected to remain open for acceptance until the second half of January 2017, unless withdrawn or extended by the Company. If more than 18,750,000 Shares (or such greater number as the Company determines it is willing to take up and pay for) are properly tendered to the Offer, the Company will take-up and pay for the tendered Shares on a pro-rata basis according to the number of Shares tendered (with adjustments and to avoid the purchase of fractional Shares).

NGP IX Northern Blizzard S.à.r.l. ("NGP IX") and R/C Canada Coöperatief U.A. ("R/C Canada"), the Company's significant shareholders, have indicated that they intend to tender all of their shares pursuant to the Offer. Collectively, NGP IX and R/C Canada own 71.3% Northern Blizzard's currently issued and outstanding Shares.

Neither the Company or the Board make any recommendation to shareholders as to whether to tender or refrain from tendering Shares to the Offer. Shareholders should review the Offer Documents carefully and are strongly encouraged to consult with their financial, tax and legal advisors prior to making any decision with respect to the Offer.

This news release is neither an offer to purchase nor a solicitation of an offer to sell any Shares. The solicitation and the offer to purchase Shares by the Company will be made pursuant to the Offer Documents that the Company will file with the Canadian securities regulatory authorities and that it will distribute to its shareholders.

## 2017 GUIDANCE

2017 guidance and assumptions are as follows:

Production (boe/d)	17,100
Pricing	
WTI (US\$/bbl)	55.00
WTI / WCS differential (US\$/bbl)	(15.00)
CAD/USD exchange rate	1.300
WCS (\$/bbl)	52.00
AECO (\$/mcf)	2.75
Expenses	
Average royalty rate (%)	11%
Operating (\$/boe)	15.40
Transportation (\$/boe)	1.90
Corporate costs <sup>(1)</sup> (\$/boe)	5.70
Including hedging	
Funds from operations (\$ millions)	110
Funds from operations per boe (\$/boe)	17.65
Excluding hedging	
Funds from operations (\$ millions)	125
Funds from operations per boe (\$/boe)	20.15
Capital expenditures and decommissioning costs (\$ millions)	60
Payout ratio	78%

Note:

(1) Corporate costs include general and administrative expenses, cash finance costs and other miscellaneous cash items.

Production for 2017 includes the recently completed sale of the Coleville property for \$58.0 million (see news release dated November 28, 2016) and pending non-core asset sales for approximately \$30.0 million. The pending asset sales are expected to close by the end of December 2016. Production from the properties for the month of November 2016 was approximately 1,200 boe/d (based on field estimates).

The guidance provided in the table above is based on a number of material assumptions and factors set out above and under the heading "Forward-Looking Statements" in this news release. This financial outlook is included to provide readers with an understanding of the Company's operations for 2017. Readers are cautioned that the information may not be appropriate for other purposes. The actual results of Northern Blizzard's operations will likely vary from the amounts set forth in the table above, and such variations may be material. See "Forward-Looking Statements" in this news release for a discussion of the risks that could cause actual results to vary. The foregoing guidance has been approved by management as of the date of this news release.

Northern Blizzard

Northern Blizzard is a 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 southwest Saskatchewan. Northern Blizzard's 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.

## Non / 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. Funds from operations per boe is calculated using barrels of oil equivalent sales volume for the period.

This news release makes reference to the non-IFRS measure "total payout ratio". Total payout ratio represents the ratio of the sum of cash dividends declared plus capital expenditures divided by funds from operations. Total payout ratio is a key measure to assess Northern Blizzard's ability to finance capital expenditures and dividends. There is no IFRS measures that is reasonably comparable to total payout ratio.

## 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:

- The Company's intention to commence the Offer;
- The expected terms and conditions of the Offer;
- The completion of the Offer and the transactions to be contemplated by any arrangements that may be entered into with the Company's significant shareholders;
- Business plans and strategies;
- Completion of the pending asset sales;
- Capital expenditure programs;
- Anticipated oil and natural gas production levels;
- Future oil and natural gas prices;
- Future costs including operating, transportation and corporate costs and royalty rates;
- Future funds from operations;
- Future payout ratio; 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 or disposition activities, including the risk of not completing the pending asset sales on terms or conditions satisfactory to the Company, or at all. 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.](#)

#### Contact

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