



Northern Frontier Corp. Announces its Fourth Quarter and Fiscal 2015 Financial Results

March 14, 2016 - Calgary, Alberta – Northern Frontier Corp. (TSXV: FFF) ("Northern Frontier" or the "Corporation") announces its fourth quarter and fiscal 2015 financial results.

2015 was a significant challenge for the Corporation and in particular, the fourth quarter. Activity levels dropped rapidly in October and work scheduled for start-up in November and December was either cancelled or subject to deferral. As a result, revenues and margins eroded below levels required to cover indirect operating and selling, general & administrative expenses which drove the Corporation into loss positions across all operating divisions. Increased project costs and declining activity combined to account for the majority of the EBITDA loss in the fourth quarter.

Current market dynamics for 2016 appear weak for the Corporation's primary steam assisted gravity drainage ("SAGD") market. Persistent low activity levels and downward pressure on Canadian oil markets coupled with increasing uncertainty regarding timing of a recovery has driven revenue pricing and contracting models to be incongruent with the Corporation's long term strategy. Management has taken steps to mitigate lower revenues in the form of salary reductions, deferral of variable cash compensation programs, elimination of all non-essential overtime and reductions in total number of employees.

Northern Frontier has made the decision to refocus and concentrate on its Logistics and Facilities businesses to take advantage of opportunities for diversification and market growth. The Corporation has also made the decision to divest of a material portion of its Civil operations as it is no longer aligned with Northern Frontier's strategy.

The Logistics operation will be focused on diversifying its client base further and expanding its services offering across environmental and water use markets. The Facilities operation will continue to expand its markets as they have had some success in consolidating the camp construction services market and has positive momentum with expanding into other modular and facilities construction sectors.

Currently, visibility post Q1 2016 for the Facilities and Logistics operations is strengthening with opportunities and work programs expected to improve from current conditions. The Corporation has had success in adding new customers and regions in both our water and camps construction businesses and therefore, has an expectation to build off of a good foundation through the remainder of 2016.

For fiscal 2015 management completed a number of steps in its strategy to build on our integrated industrial energy services strategy. During 2015 Northern Frontier:

- completed the acquisition of Northern Frontier Facilities LP for aggregate consideration of \$11.6 million (including contingent consideration) and SL Oilfield Construction Ltd. for aggregate consideration of \$0.8 million;
- generated \$77.3 million in *pro forma* revenue; and
- realized *pro forma* Adjusted EBITDA of \$5.4 million.

Pro forma financial information

Northern Frontier acquired all of the issued and outstanding shares of 1908982 AB Ltd., a wholly owned subsidiary of Black Diamond Limited Partnership on July 30, 2015, SL Oilfield Construction Ltd. on September 1, 2015, and Central Water & Equipment Services Ltd. on August 28, 2014. Actual financial results of the Corporation only reflect the activities of these acquisitions subsequent to their purchase dates.

Assuming Northern Frontier acquired these entities on January 1, 2014, the *pro forma* consolidated financial results would have been as follows:

(in 000's CAD, except as noted)	For the three months ended Dec 31,			For the year ended Dec 31,		
	2015	2014	% change	2015	2014	% change
	(unaudited)	(unaudited)				
Revenue	\$ 10,650	\$ 31,699	(66)	\$ 77,258	\$ 122,810	(37)
Gross (loss) profit	(1,415)	9,130	(115)	16,771	35,618	(53)
as a % of revenue	(13.3)	28.8		21.7	29.0	
EBITDA ⁽¹⁾	(3,514)	7,846	(145)	4,796	23,810	(80)
as a % of revenue	(33.0)	24.8		6.2	19.0	
Adjusted EBITDA ⁽¹⁾	(3,514)	8,497	(141)	5,356	24,461	(77)
as a % of revenue	(33.0)	26.8		6.9	19.0	

(1) EBITDA (earnings before finance costs, taxes, depreciation and amortization, gain/loss on disposal of property and equipment, share-based compensation and other specified items) and Adjusted EBITDA are not recognized measures under IFRS. Refer to "Non-GAAP Measures".

Select financial information

The following results only reflect the activities of the acquired businesses mentioned above subsequent to their respective acquisition dates.

Financial results

(in 000's CAD, except as noted)	For the three months ended Dec 31,			For the year ended Dec 31,		
	2015	2014	% change	2015	2014	% change
	(unaudited)	(unaudited)				
Revenue	\$ 10,652	\$ 18,444	27	\$ 48,254	\$ 63,321	322
Gross (loss) profit	(1,410)	\$ 5,766	95	\$ 9,469	\$ 16,505	436
as a % of revenue	(13.2)	31.3		19.6	26.0	
EBITDA ⁽¹⁾	\$ (3,514)	\$ 4,114	98	\$ 1,548	\$ 11,434	512
per share – basic and diluted	(0.12)	0.18		0.06	0.74	
as a % of revenue	(33.0)	22.3		3.2	18.1	
Adjusted EBITDA ⁽¹⁾	\$ (3,514)	\$ 4,446	107	\$ 2,108	\$ 12,085	526
per share – basic and diluted	(0.12)	0.19		0.08	0.79	
as a % of revenue	(33.0)	24.1		4.4	19.1	
Net loss and comprehensive loss	\$ (20,550)	\$ (22,685)	5,515	\$ (23,061)	\$ (27,430)	1,295
per share – basic and diluted	(0.80)	(0.98)		(0.91)	(1.78)	
Cash generated by (used in) operations (before non-cash Working Capital)	\$ (4,019)	\$ 3,458	164	\$ (845)	\$ 5,645	N/A
per share – basic and diluted	(0.14)	0.15		(0.03)	0.37	
Capital expenditures	\$ 371	\$ 391		\$ 1,837	\$ 8,131	
Capital management: ⁽²⁾						
Funded debt to EBITDA				8.58	2.61	
Fixed charge coverage ratio ⁽³⁾				0.60	2.19	
Weighted average common shares outstanding – basic and diluted	28,698,071	23,215,727		25,464,056	15,367,315	

Financial position

As at December 31, (in 000's CAD, except as noted)	2015	2014
Working Capital ⁽⁴⁾	\$ 6,552	\$ 3,878
Total assets	\$ 63,527	\$ 82,871
Senior Funded Debt ⁽⁵⁾	\$ 40,643	\$ 38,329
Funded Debt ⁽⁶⁾	\$ 47,995	\$ 38,329
Equity	\$ 6,452	\$ 26,887
Common shares outstanding	28,698,071	23,250,944
Common share purchase warrants outstanding	11,933,403	17,049,042

(1) EBITDA (earnings before finance costs, taxes, depreciation and amortization, gain/loss on disposal of property and equipment, share-based compensation and other specified items) and Adjusted EBITDA are not recognized measures under IFRS. Refer to "Non-GAAP Measures".

(2) The definition of these measures are in accordance with the lending agreements and are calculated based on the lenders' interpretation, which may not be equal to individual financial statement amounts.

(3) Fixed coverage ratio is defined as EBITDA less cash taxes, unfunded capital expenditures and distributions to required principal and interest payments on funded debt.

(4) Working Capital (current assets excluding cash and cash equivalents and restricted cash less current liabilities excluding current portion of loans and borrowings and obligations under finance lease) is not a recognized measure under IFRS. Refer to "Non-GAAP Measures".

(5) Senior Funded Debt (senior secured loans and borrowings (before unamortized debt issue costs) and obligations under finance lease less cash and cash equivalents and restricted cash) is not a recognized measure under IFRS. Refer to "Non-GAAP Measures".

(6) Funded Debt (loans and borrowings (before unamortized debt issue costs) and obligations under finance lease less cash and cash equivalents and restricted cash) is not a recognized measure under IFRS. Refer to "Non-GAAP Measures".

In addition to the commentary already provided on the financial results, included in the fourth quarter 2015 net loss of \$20.6 million (fiscal 2014 - \$22.7 million) was \$17.2 million (fiscal 2014 - \$26.9 million) in impairment losses on long-lived assets. The impairments reflect management's lower near-term expectations of discounted future cash flows based on risk-adjusted visibility on future industry activity as at December 31, 2015.

Subsequent Events

Temporary waiver

On December 24, 2015, extended February 16, 2016, the Corporation obtained a temporary waiver of the funded debt to EBITDA ratio and the minimum fixed charge coverage ratio requirements for the December 31, 2015 and March 31, 2016 financial reporting periods. The temporary waiver expires on March 31, 2016 and is conditional on the following:

- the Corporation entering into an amended and restated credit agreement (defined herein as the Senior Credit Facilities);
- during the temporary waiver period, Senior Facility A is limited to \$6.5 million;
- Senior Facility A is permanently reduced to \$10.0 million; and
- Senior Facility C is permanently reduced to \$nil.

As part of the temporary waiver, the Corporation has deferred making its January 31, 2016 interest payment of \$0.2 million on the promissory note under terms of the interim credit agreement with the Corporation's lenders.

The temporary waiver expires on March 31, 2016, at which time the Corporation expects to resolve the matter.

Operating segment divestiture

On March 11, 2016, the Board made the formal decision to enter into a process to divest the Corporation's Civil operations. The divestiture may take the form of the sale of all or part of the business and/or all or part of the assets of the business. Net proceeds, if any, from the divestiture will be used to reduce the Senior Credit Facilities and general corporate purposes. Timing of the divestiture and receipt of net proceeds, if any, is not determinable.

Additional information

Northern Frontier's audited consolidated financial statements for the years ended December 31, 2015 and December 31, 2014 and management's discussion and analysis ("MD&A") for year ended December 31, 2015 have been filed with the Canadian securities regulatory authorities and may be accessed under the Corporation's profile on SEDAR at www.sedar.com.

Conference call

Management will hold a conference call on Monday, March 14, 2016, at 9:30 a.m. Calgary / 11:30 a.m. Toronto time. The call will feature remarks by Chris Yellowga, President and CEO and Monty Balderston, Executive Vice President and CFO regarding the financial results.

Conference dial-in instructions are as follows:

Toronto: 416.340.2216
North America: 1.866.223.7781

A replay of the call will be available 24 hours after the event until 11:59 p.m. EST on March 21, 2016. To access the archived conference call, please dial 905.694.9451 or 1.800.408.3053 and enter passcode 8491085.

About Northern Frontier Corp.

Northern Frontier's strategic objective is to create a large industrial and environmental services business through a buy and build growth strategy. Currently, the Corporation provides: civil construction, excavation, fabrication and maintenance services to the industrial industry, bulk water transfer logistic services and installs and dismantles remote workforce lodging and modular offices in western Canada.

The Corporation's common shares are listed on the TSX Venture Exchange under the trading symbol "FFF".

Reader Advisory

Forward-Looking Statements

This news release includes certain statements that constitute forward-looking statements under applicable securities legislation. All statements other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. These forward-looking statements include, among other things, statements in respect of:

- *expectations of future financial performance of the Corporation; and*
- *the diversification of the Corporation's operations.*

These statements are only predictions and are based upon current expectations, estimates, projections and assumptions, which the Corporation believes are reasonable but which may prove to be incorrect and therefore such forward-looking statements should not be unduly relied upon. In making such forward-looking statements, assumptions have been made regarding, among other things, industry activity, the state of financial markets, business conditions, continued availability of capital and financing, future oil and natural gas prices and the ability of the Corporation

to obtain necessary regulatory approvals. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Investors are cautioned that forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. The Corporation has no obligation to update any forward-looking statements set out in this news release, except as required by applicable law.

Non-GAAP Measures

Selected financial information for the three and 12 month periods ended December 31, 2015 and December 31, 2014 are set out above and includes the following measures that are not recognized under International Financial Reporting Standards ("IFRS") and are non-generally accepted accounting principles ("**non-GAAP**") measures: EBITDA, Adjusted EBITDA, Working Capital and Funded Debt. This information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015 and December 31, 2014 and the Corporation's MD&A for the year ended December 31, 2015 available under the Corporation's profile on SEDAR at www.sedar.com. Further information regarding these non-GAAP measures is contained in the Corporation's MD&A.

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