HOUSTON, TEXAS--(Marketwired - May 15, 2015) - Caza Oil & Gas, Inc. ("Caza" or the "Company") (TSX:CAZ)(AIM:CAZA) is pleased to provide its unaudited financial and operational results for the three-months ended March 31, 2015.

Unaudited First Quarter Financial Results

- Caza's revenues from oil and natural gas sales decreased 27% to US$3,367,214 for the three-month period ended March 31, 2015, from US$4,591,507 for the comparative period in 2014. This also represents a quarter-on-quarter decrease of 30% compared to US$4,823,459 in Q4 2014. These decreases are primarily due to lower oil and natural gas prices.

- Adjusted EBITDA increased by 29% to US$2,756,895 for the three-month period ended March 31, 2015, as compared to US$2,139,210 for the comparative period in 2014.

- Caza's oil and natural gas liquids (NGL) production increased 65% to 73,643 bbls for the three-month period ended March 31, 2015, from 44,724 bbls for the comparative period in 2014. This was also an increase of 0.5% from 73,291 bbls in Q4 2014.

- The Company's oil and NGL production has increased to 89% of the Company's combined oil and natural gas production in Q1 2015 from 73% in Q1 2014.

- Caza's natural gas production decreased 48% to 53,165 Mcf for the three-month period ended March 31, 2015, from 101,709 Mcf for the comparative period in 2014.

- Average net production volumes increased 34% to 917 Boe/d for the three-month period ended March 31, 2015, from 685 Boe/d for the comparative period in 2014.

- Operating net back decreased to $21.02 for the three month period ended March 31, 2015, from $57.76 for the comparative period in 2014.

- The average oil price received by Caza decreased 56% to US$40.60 per bbl during the three-month period ended March 31, 2015, from US$93.28 per bbl during the comparative period in 2014. The average natural gas price received by Caza decreased 35% to US$3.07 per Mcf during the three-month period ended March 31, 2015, from US$4.69 per Mcf during the comparative period in 2014.

- The average combined price received by Caza in Q1 2015 decreased 45% to US$40.81 per Boe compared to US$74.45 per Boe in Q1 2014.

- Caza had a cash and cash equivalents balance of US$6,046,098 as of March 31, 2015, as compared to US$5,060,943 at December 31, 2014. The Company has drawn an aggregate of US$45MM pursuant to its Note Purchase Agreement with Apollo Investment Corporation, an investment fund managed by Apollo Investment Management.

First Quarter Operations

- On March 23, 2015, the Company announced initial production form Marathon Road 15 NC Fed #1H well (the "15NC-1H") in Lea County, New Mexico. The 15NC-1H is the third successful well drilled and completed on the Marathon Road Property and produced at an initial 24 hour gross rate of 1,203 Boe/d, which is comprised of 1,037 bbls of oil and 995 Mcf on a 19/64ths adjustable choke at 1,400 pounds per square inch flowing casing pressure.

  The 15NC-1H well has since produced at a 30 day average rate of 928 Boe/d, which is comprised of 807.3 bbls of oil and 722.3 Mcf. Caza currently has a 14.7% working interest (approximate 9.534% net revenue interest) in the 15NC-1H well.

W. Michael Ford, Chief Executive Officer commented:

"We are pleased to provide our financial and operational results for the first quarter of 2015. Our oil and NGL volumes increased 65% year-on-year. Oil and NGL's now comprise 89% of the Company's combined oil and natural gas production. Our average net production also increased 34% year-on-year. Unfortunately, despite these increases, the Company's revenues have decreased from last year's figures due primarily to the low oil price environment, however adjusted EBITDA did increase by 29%."

"While we have taken the prudent decision to cut back on capital expenditures during this time of low oil prices, many of the Company's Bone Spring properties could deliver acceptable rates of return at current price levels, and we expect to drill one Bone Spring obligation well this year and possibly several development wells later in the year assuming prices continue to rise or maintain the current improved levels."

Copies of the Company's unaudited financial statements for the first quarter ended March 31, 2015, and the accompanying management's discussion and analysis are available on SEDAR at www.sedar.com and the Company's website at www.cazapetro.com.

About Caza

Caza is engaged in the acquisition, exploration, development and production of hydrocarbons in the following regions of the United States of America through its subsidiary, Caza Petroleum, Inc.: Permian Basin (Southeast New Mexico and West Texas) and Texas and Louisiana Gulf Coast (on-shore).

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

In accordance with AIM Rules - Guidance Note for Mining, Oil and Gas Companies, the information contained in this announcement has been reviewed and approved by Anthony B. Sam, Vice President Operations of Caza who is a Petroleum Engineer and a member of The Society of Petroleum Engineers.

ADVISORY STATEMENT

Information in this news release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws. Such information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "schedule", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe", "develop", "test", "anticipation" and similar expressions. In particular, information regarding anticipated drilling operations, production revenue, production and revenue growth and available sources of financing contained in this news release constitutes forward-looking information within the meaning of securities laws.

Implicit in this information, are assumptions regarding the future budgets and costs, commodity prices, success and timing of drilling operations, rig availability, projected production, revenue and expenses and well performance. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Readers are cautioned that actual future operations, operating results and economic performance of the Company are subject to a number of risks and uncertainties, including general economic, market and business conditions and could differ materially from what is currently expected as set out above. In addition, the geotechnical analysis and engineering to be conducted in respect of certain wells may not be complete. Future flow rates from wells may vary, perhaps materially, and wells may prove to be technically or economically unviable. Any future flow rates will be subject to the risks and uncertainties set out herein.

For more exhaustive information on these risks and uncertainties you should refer to the Company's most recently filed annual information form which is available at www.sedar.com and the Company's website at www.cazapetro.com. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time except as may be required by securities laws.

"Adjusted EBITDA" and "operating netback" are are not defined under International Financial Reporting Standards ("IFRS") and should not be considered in isolation or as an alternative to conventional IFRS measures. Adjusted EBITDA consists of net income (loss) plus interest, depreciation, depletion, amortization, accretion, impairment and stock based compensation. Adjusted EBITDA is also adjusted for any gains or losses from extraordinary, unusual or non-recurring items and any gains or losses on disposition of assets. Operating netback is calculated by deducting royalties and operating expenses (production, severance and transportation expenses) from revenues. These measures and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of another entity.

GLOSSARY OF ABBREVIATIONS

bbl	one barrel, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons
bbls/d	barrels per day
MM	million
Boe	barrels of crude oil equivalent derived by converting natural gas to crude oil in the ratio of six thousand cubic feet of natural g to one barrel of crude oil
Boe/d	barrels of crude equivalent per day

The term boe may be misleading, particularly if used in isolation. A boe conversion of six thousand cubic feet per one barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Caza Oil & Gas, Inc.

Condensed Consolidated Statements of Financial Position

(Unaudited) (In United States Dollars)

	March 31, 2015	December 31, 2014
Assets		
Current		
Cash and cash equivalents (Note 7 (c))	$ 6,046,098	$ 5,160,943
Restricted cash (Note 10)	408,277	428,614
Accounts receivable	4,743,634	7,531,803
Derivative assets (Note 9)	5,727,483	6,031,350
Prepaid and other	574,712	650,507
	17,500,204	19,803,217
Exploration and evaluation assets (Note 2)	6,911,342	6,247,564
Petroleum and natural gas properties and equipment (Note 3)	70,184,679	70,914,961
	$ 94,596,225	$ 96,965,742
Liabilities		
Current		
Accounts payable and accrued Liabilities	$ 15,851,258	$ 21,356,234
Notes payable (Note 11)	42,648,993	42,366,370
Derivative liabilities (Notes 10)	314,113	292,088
Decommissioning liabilities (Note 4)	95,500	95,500
	58,909,864	64,110,192
Notes payable (Note 12)	3,595,534	-
Decommissioning liabilities (Note 4)	1,589,429	1,508,155
	64,094,827	65,618,347
Total Equity		
Share capital (Note 5(b))	90,704,742	90,326,588
Warrants (Note 5(b))	156,365	156,365
Share based compensation reserve	11,142,420	11,091,817
Deficit	(68,210,308)	(67,061,796)
Equity attributable to owners of the Company	33,793,219	34,512,974
Non-controlling interests	(3,291,821)	(3,165,579)
Total equity	30,501,398	31,347,395
	$ 94,596,225	$ 96,965,742

See accompanying notes to the condensed consolidated financial statements and note 1 concerning Going Concern

Caza Oil & Gas, Inc.

Condensed Consolidated Statements of Net Loss and Comprehensive Loss

(Unaudited) (In United States Dollars)

For the three month periods ended March 31,	2015	2014
Revenues		
Petroleum and natural gas	$ 3,367,214	$ 4,591,507
Interest income	5	120
	3,367,219	4,591,627
Expenses (Income)		
Production	1,144,498	1,029,369
General and administrative	1,053,930	1,368,370
Depletion and depreciation (Note 3)	1,943,522	1,556,753

Financing costs (Note 13)	1,691,296	1,589,440
Other expense	35,684	9,406
Realized (gain) loss on risk management contracts (Note 9)	(1,530,824)	140,817
Unrealized loss on risk management contracts (Note 9)	303,867	351,684
	4,641,973	6,045,839
Net loss and comprehensive loss	$ (1,274,754)	$ (1,454,212)
Attributable to:		
Owners of the Company	(1,148,512)	(1,275,668)
Non-controlling interests	(126,242)	(178,544)
	$ (1,274,754)	$ (1,454,212)
Net loss per share		
- basic and diluted	$ (0.01)	$ (0.01)
Weighted average shares outstanding		
- basic and diluted [1]	237,306,302	187,917,370

[1] The options and warrants have been excluded from the diluted loss per sharecomputation as they are anti-dilutive

See accompanying notes to the consolidated financial statements

Caza Oil & Gas, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited) (In United States Dollars)

For the three month periods ended March 31,	2015	2014
OPERATING		
Net loss	$ (1,274,754)	$ (1,454,212)
Adjustments for items not affecting cash:		
Depletion and depreciation	1,943,522	1,548,355
Unwinding of the discount (Note 4)	9,658	8,398
Share-based compensation	50,603	88,403
Non-cash financing costs	306,069	345,966
Unrealized currency gain	20,338	(2,329)
Unrealized loss on risk management contracts	303,867	351,684
Interest income	(5)	(120)
Changes in derivative liabilities and other	22,025	7,141
Changes in non-cash working capital (Note 7(a))	1,814,204	(5,487,769)
Cash flows from / (used in) operating activities	3,195,527	(4,594,483)
FINANCING		
Finance costs paid (Notes 12 and 13)	(49,759)	-
Proceeds from the issuance of notes payable and warrants (Note 12)	4,000,000	-
Interest received	5	120
Changes in non-cash working capital (Note 7(a))	68,215	-
Cash flow from financing activities	4,018,461	120
INVESTING		
Exploration and evaluation expenditures (Note 2)	(1,521,131)	(9,437,321)
Development and production expenditures (Note 3)	(284,269)	(177,743)
Purchase of office furniture and equipment (Note 3)	-	(1,586)
Changes in non-cash working capital (Note 7(a))	(4,523,433)	798,328
Cash flows used in investing activities	(6,328,833)	(8,818,322)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	885,155	(13,412,685)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,160,943	18,495,086
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 6,046,098	$ 5,082,401

See accompanying notes to the condensed consolidated financial statements

Caza Oil & Gas, Inc.

Condensed Consolidated Statements of Changes in Equity

(In United States Dollars)

For the three month periods ended March 31,	2015	2014
Share Capital		
Balance, beginning of period	$ 90,326,588	$ 77,967,487
Common shares issued	378,154	927,929
Balance, end of period	90,704,742	78,895,416
Warrants		
Balance, beginning of period	156,365	156,365
Issued	-	-
Balance, end of period	156,365	156,365
Share based compensation reserve		
Balance, beginning of period	11,091,817	10,480,968
Share-based compensation	50,603	88,403
Balance, end of period	11,142,420	10,569,371
Deficit		
Balance, beginning of period	(67,061,796)	(60,759,064)
Net loss allocated to the owners of the Company	(1,148,512)	(1,275,668)
Balance, end of period	(68,210,308)	(62,034,732)
Non-Controlling Interests		
Balance, beginning of period	(3,165,579)	(2,403,833)
Net loss allocated to non-controlling interests	(126,242)	(178,544)
Balance, end of period	(3,291,821)	(2,582,377)
Total Equity	$ 30,501,398	$ 25,004,043

See accompanying notes to the condensed consolidated financial statements

1. Basis of Presentation and Going Concern Discussion

Caza Oil & Gas, Inc. ("Caza" or the "Company") was incorporated under the laws of British Columbia on June 9, 2006 for the purposes of acquiring shares of Caza Petroleum, Inc. ("Caza Petroleum"). The Company and its subsidiaries are engaged in the exploration for and the development, production and acquisition of, petroleum and natural gas reserves. The Company's common shares are listed for trading on the Toronto Stock Exchange trading as the symbol "CAZ" and AIM stock exchange as the symbol "CAZA". The corporate headquarters of the Company is located at 10077 Grogan's Mill Road, Suite 200, The Woodlands, Texas 77380 and the registered office of the Company is located at Suite 2300, 550 Burrard Street Vancouver, British Columbia, V6C 2B5.

The condensed consolidated financial statements (the "Financial Statements") were prepared in accordance with IAS 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Caza's presentation currency is the United States ("U.S.") dollar as the majority of its transactions are denominated in this currency.

These Financial Statements should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2014, which outline the Company's significant accounting policies in Note 2 thereto, as well as the Company's critical accounting judgments and key sources of estimation uncertainty, which have been applied consistently in these Financial Statements. The note disclosure requirements of annual consolidated financial statements provide additional disclosures to that required for the Financial Statements.

These condensed consolidated financial statements were approved for issuance by the Board of Directors on May 12, 2015.

For the period ended March 31, 2015 the Company suffered a net loss of $1,274,754 (year ended December 31, 2014 - net loss of $7,064,478). The Company also had a net working capital deficit of $41,409,660 (December 31, 2014 - $44,306,975) and accumulated deficit of $68,210,308 (December 31, 2014 - $67,061,796). These factors result in a material uncertainty which casts significant doubt upon the Company's ability to continue as a going concern.

Please see Note 12 for a discussion on the Company's covenants. Due to current economic conditions and prices, compliance of financial covenants is highly dependent on realized oil pricing in 2015. The Company is currently not in compliance with all

financial covenants and sustained low WTI prices could cause the Company to not be in compliance with all financial covenants through 2015. The Company is proactive in managing debt levels and seeking out other financing alternatives to be able to be in compliance with its financial covenants.

These financial statements have been prepared on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ongoing activities are dependent upon its ability to obtain sufficient financing to fund its current and future operations. There is no certainty that such financing will be obtained on terms acceptable to management which may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumptions were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of property and equipment, liabilities, the reported expenses, and the classifications used in the statement of financial position. Such adjustments could be material.

2. Exploration and evaluation assets

	March 31, 2015	December 31, 2014
Balance, beginning of period	$ 6,247,564	$ 7,843,846
Additions to exploration and evaluation assets	1,524,074	38,773,781
Transfers to petroleum and natural gas properties and equipment	(860,296)	(39,198,678)
Disposals	-	(125,510)
Impairment	-	(1,045,875)
Balance, end of period	$ 6,911,342	$ 6,247,564

During the period ended December 31, 2014, the Company impaired expired leases in the amount of $1,045,875 relating to expiring leasehold in Southern Louisiana and East Texas and the plugging of the CML 35 State 3H non-operated well located in New Mexico.

3. Petroleum and natural gas properties and equipment

Cost	Development & Production ("D&P") Assets		Corporate Assets	Total
Balance, December 31, 2013	$	72,541,238	$ 830,076	$ 74,371,31
Additions		2,817,135	48,558	2,865,696
Disposal of assets		(29,428,930)	-	(29,428,9
Transfers from E&E		39,198,678	-	39,198,67
Balance, December 31, 2014		86,128,121	878,634	87,006,75
Additions		352,944	-	352,944
Transfers from E&E		860,296	-	860,296
Balance, March 31, 2015	$	87,341,361	$ 878,634	$ 88,219,99

Accumulated Depletion, Depreciation and Impairment		D&P Assets	Corporate Assets	Total
Balance, December 31, 2013	$	26,940,071	$ 813,127	$ 27,753,19
Depletion and depreciation		7,523,843	13,572	7,537,416
Disposal of assets		(19,198,819)		(19,198,8
Balance, December 31, 2014		15,265,095	826,699	16,091,79
Depletion and depreciation		1,941,042	2,480	1,943,522
Balance, March 31, 2015	$	17,206,137	$ 829,179	$ 18,035,31
Carrying amounts				
At December 31, 2014	$	70,863,026	$ 51,935	$ 70,914,96
At March 31, 2015	$	70,135,224	$ 49,455	$ 70,184,67

The Company reviewed each CGU comprising its property and equipment at March 31, 2015 for indicators of impairment and determined that no impairment indicators were present.

4. Decommissioning Liabilities

The following is the continuity schedule of the obligation associated with the retirement of oil and gas properties for the three month period ended March 31, 2015 and year ended December 31, 2014:

	2015	2014
Decommissioning liabilities, beginning of period	$ 1,603,655	$ 972,634
Obligations incurred	12,479	501,676
Revision in estimated cash flows and discount rate	59,137	365,625
Obligations settled and disposed	-	(272,475)
Unwinding of the discount	9,658	36,195
Decommissioning liabilities, end of period	$ 1,684,929	$ 1,603,655
Current portion	95,500	95,500
Long-term decommissioning liabilities	$ 1,589,429	$ 1,508,155

The undiscounted amount of cash flows, required over the estimated reserve life of the underlying assets, to settle the obligation, adjusted for inflation, is estimated at $3,260,022 (December 31, 2014 - $3,254,986). The March 31, 2015 obligation was calculated using a risk free discount rate of 2.3 percent (December 31, 2014 - 2.5%) and an inflation rate of 3 percent (2013 - 3%). The Company expects these obligations to be settled in approximately 1 to 42 years.

5. Share Capital and Warrants

1. Authorized
   Unlimited number of voting common shares.

2. Issued

	March 31, 2015		December 31, 2014	
	Number	$	Number	$
Opening balance common shares	236,355,884	$ 90,326,588	182,965,097	$ 77,967,487
Stock issuances	4,752,091	378,154	53,390,787	12,359,101
Exercise of stock options	-	-	-	-
Balance, end of period	241,107,975	90,704,742	236,355,884	$ 90,326,588
Opening balance warrants	3,584,557	$ 156,365	3,584,557	156,365
Common share warrants issued	-	-	-	-
Balance, end of period	3,584,557	$ 156,365	3,584,557	$ 156,365

1,055,224 warrants are exercisable at $0.33 and expire on November 23, 2015 and 2,529,333 warrants are exercisable at $0.17 and expire on November 1, 2016.

1. Stock options

A summary of the Company's stock option plan as the three month period ended March 31, 2015 and year end December 31, 2014 presented below:

	March 31, 2015		December 31, 2014	
Stock Options	Number of options	Weighted average Exercise price	Number of options	Weighted average exercise price
Beginning of period	16,385,000	$ 0.28	15,985,000	$ 0.28
Granted	-	-	500,000	$ 0.22
Exercised	-	-	-	-
Forfeited	190,002	$ 0.28	100,000	$ 0.28
End of period	16,194,998	$ 0.28	16,385,000	$ 0.28
Exercisable, end of period	14,104,994	$ 0.28	14,071,661	$ 0.29

1. Long term incentive plan

The Company's 2014-2016 Inventive Performance Program consists of three measurement periods of one, two and three years ending at each of the respective years 2014 through 2016. Performance awards are payable after the end of each year, based on a specified percentage of each participant's salary determined by the amount of the total shareholder return of the Company during each measurement period compared to the total shareholder return of 10 companies designated in a peer group. Subject to the discretion of the Board of Directors, performance awards are payable one-half in cash and one-half in common shares. Compensation expense resulting from the Performance Program will be accrued over the term of the program.

The Board of Directors has reserved for issuance an aggregate of 4,289,608 common shares in connection with outstanding performance awards during the three-year performance program, based on the Company's attaining the midpoint of the payout performance range. On March 19, 2015 the Board of Directors approved the issuance of 2,051,308 common shares for the 2014 period under the performance program. The Company recorded an expense of $193,196 to contributed surplus for these shares that will be issued in the second quarter of 2015.

6. Commitments and Contingencies

As of March 31, 2015 the Company is committed under operating leases for its offices in the following aggregate minimum lease payments which are shown below as operating commitments:

2015	$ 243,593
2016	$ 145,646
2017	$ 125,230

The Company is required under the Apollo Note Agreement to convey a proportionately reducible 2% overriding royalty interest in each lease acquired by Caza using the proceeds advanced under this agreement. These amounts are not payable until such a time that these leases produce petroleum and natural gas revenues.

7. Supplementary Information

(a) Net change in non-cash working capital

Three month periods ended March 31,	2015	2014
Provided by (used in)		
Accounts receivable	$ 2,788,169	$ (4,652,810)
Prepaid and other	75,795	(186,281)
Accounts payable and accrued liabilities	(5,504,978)	149,650
	(2,641,014)	(4,689,441)
Summary of changes		
Operating	$ 1,814,204	$ (5,487,769)
Investing	68,215	-
Financing	(4,523,433)	798,328
	$ (2,641,014	$ (4,689,441)

(b) Supplementary cash flow information

Three month periods ended March 31,	2015	2014
Interest paid	$ 1,350,000	$ 1,046,667
Interest received	5	120

(c) Cash and cash equivalents

	March 31, 2015	December 31, 2014
Cash on deposit	$ 5,976,530	$ 5,091,380
Money market instruments	69,568	69,563
Cash and cash equivalents	$ 6,046,098	$ 5,160,943

The money market instruments bear interest at a rate of 0.040% as at March 31, 2015 (December 31, 2014 - 0.010%).

8. Capital Risk Management

The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as shareholders' equity, working capital (excluding current portion of decommissioning liabilities), credit facilities and notes payable when available. The Company manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate equity and working capital to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements.

	March 31, 2015	December 31, 2014
Cash and cash equivalents	$ (6,046,098)	$ (5,160,943)
Other current assets	(5,726,622)	(8,610,924)
Accounts payable and accrued liabilities and short term note payable	58,500,250	63,722,604
Adjusted working capital	$ 46,727,530	$ 49,950,737
Note payable - Long term	3,595,534	-
Shareholders' equity	30,501,398	31,347,395
Total capital	$ 80,824,462	$ 81,298,132

The Company has evaluated its net working capital balance as at March 31, 2015 and December 31, 2014. Due to long lead times on several of the Company's exploration and development projects, from time to time the Company secures capital to fund its investments in petroleum and natural gas exploration projects in advance which has resulted in a net working capital balance. On February 18, 2015 the Company issued $4,000,000 under an unsecured convertible note. During 2014, the Company issued additional notes payable of $10.0 million. As exploration and development projects progress the Company expects the net working capital balance may decrease from current levels, and additional capital may be required to fund additional projects. If the Company is unsuccessful in raising additional capital, the Company may have to sell or farm out certain properties. If the Company cannot sell or farm out certain properties, it will be unable to participate with joint interest partners and may forfeit rights to some of its properties.

The Company prepares annual budgets, which are updated as necessary depending on varying factors, including current and forecast commodity prices, changes in capital structure, execution of the Company's business plan and general industry conditions.

9. Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to commodity price, credit, and foreign exchange risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. Except as noted below there have been no changes in the Company's risks, or the objectives, policies and processes to manage these risks.

1. Commodity Price Risk

The Company is subject to commodity price risk for the sale of oil and natural gas. The Company may enter into contracts for risk management purposes only, in order to protect a portion of its future cash flow from the volatility of oil and natural gas commodity prices. The Company has entered into swap contracts to limit exposure to declining crude oil prices. Under these swaps, the Company receives or pays monthly a cash settlement on the covered production of the difference between the swap price and the month average of the daily closing quoted spot price per barrel of West Texas Intermediate NYMEX crude oil. The fair value of the Company's commodity price derivative contracts represents the estimated amount that would be received for settling the outstanding contracts on March 31, 2015, and will be different than what will eventually be realized. The fair value of these assets at a particular point in time is affected by underlying commodity prices, expected commodity price volatility and the duration of the contract and is determined by the expected future settlements of the underlying commodity. The gain or loss on such contracts is made up of two components; the realized component, which reflects actual settlements that occurred during the period, and the unrealized component, which represents the change in the fair value of the contracts during the period. For the three months ended March 31, 2015 the Company recognized a realized gain of $1,530,824 (2014 - $140,817 loss) on its settled commodity price derivative contracts. For the three months ended March 31, 2015 the Company recorded an unrealized loss of $303,867 (2014 - $351,684 loss) on unsettled commodity price derivative contracts due to higher commodity prices. The fair value of these contracts at March 31, 2015 was $5,727,783 (December 31, 2014 $6,031,350).

The following information presents all outstanding positions by year for commodity financial instruments contracts.

Term	Product	Type	Total Volume	$ Price
2015				
January - December	Oil	Swap	28,411 bbls	87.05
January - December	Oil	Swap	15,069 bbls	83.70
January - December	Oil	Swap	26,639 bbls	89.34
January - December	Oil	Swap	82,062 bbls	80.85
March - October	Oil	Swap	13,277 bbls	52.50
January - December	Gas	Swap	271,322 Mcfs	3.72
January - December	Differential	Swap	143,912 bbls	-4.05
2016				
January - May	Oil	Swap	8,428 bbls	85.23
January - December	Oil	Swap	86,613 bbls	80.00

January - December	Gas	Swap	183,349 Mcfs	3.95
January - December	Differential	Swap	55,906 bbls	-4.25
2017				
January - December	Gas	Swap	146,564 Mcfs	4.05
January - December	Differential	Swap	43,896 bbls	-4.25

1. Credit Risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the consolidated statement of financial position date. A majority of the Company's financial assets at the consolidated statement of financial position date arise from natural gas liquids and natural gas sales and the Company's accounts receivable that are with these customers and joint venture participants in the oil & natural gas industry. Industry standard dictates that commodity sales are settled on the 25th day of the month following the month of production. The Company's natural gas and condensate production is sold to large marketing companies. Typically, the Company's maximum credit exposure to customers is revenue from two months of sales. During the three months ended March 31, 2015, the Company sold 61% (2014 - 51%) of its natural gas and condensates to a single purchaser. These sales were conducted on transaction terms that are typical for the sale of natural gas and condensates in the United States. In addition, when joint operations are conducted on behalf of a joint interest partner relating to capital expenditures, costs of such operations are paid for in advance to the Company by way of a cash call to the partner of the operation being conducted.

Caza management assesses quarterly whether there should be any impairment of the financial assets of the Company. At March 31, 2015, the Company had overdue past due accounts receivable from certain joint interest partners of $21,920 which were outstanding for greater than 60 days (December 31, 2014 - $340,342) and $22,214 that were outstanding for greater than 90 days (December 31, 2014 - $481,887). At March 31, 2015, the Company's three largest joint interest partners represented approximately 13%, 8% and 7% of the Company's receivable balance (December 31, 2014 - 29%, 14% and 4% respectively). The maximum exposure to credit risk is represented by the carrying amount on the consolidated statement of financial position of cash and cash equivalents, accounts receivable and deposits.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is more than 60 days outstanding) are still considered recoverable. The Company manages exposure on cash balances by holding cash with large and reputable financial institutions. The Company also assesses the credit worthiness of each counterparty before entering into contracts and ensures the counterparties meet minimum credit quality requirements.

10. Equity Facility

The Company entered into an Equity Adjustment Agreement (the "Adjustment Agreement") on March 5, 2013 with Global Master SPV Ltd., an investment fund managed by Yorkville Advisors Global, LP ("Yorkville") in conjunction with its SEDA Agreement dated November 23, 2012 with Yorkville. Pursuant to the Adjustment Agreement, during the three months ended March 31, 2013, the Company issued 3,846,154 common shares to Yorkville at a price of £0.13 per share for aggregate proceeds of £500,000 (US$756,451).

Under the terms of the Adjustment Agreement, if on December 31 2014 and now extended until March 31, 2016 and April 30, 2016 settling one half in each period, the common share market price (determined as 95% of the average daily volume weighted average price of common shares (VWAP) during the preceding 22 trading days) is greater than £0.13, then Yorkville will pay to the Company the difference multiplied by the number of New Common Shares, and if the market price is less than £0.13 then the Company will pay to Yorkville the difference multiplied by the number of New Common Shares. This derivative liability is classified as a financial instrument measured at fair value though profit or loss. The fair value of the derivative liability amounted to US$314,113 as of March 31, 2015 (December 31, 2014 - US$292,088 liability) has been included within current assets on the condensed consolidated statement of financial position, and the change in fair value of US$22,025 since December 31, 2014 is included in other income (expenses) in the condensed consolidated statement of net loss and comprehensive loss. The Company has deposited in escrow £275,000 (US$ - $408,277) as security for this contingent payment obligation, which has been recorded within restricted cash on the condensed consolidated statements of financial position.

11. Notes Payable - Apollo

The Company also entered into a Note Purchase Agreement (the "Note Agreement") dated May 23, 2013 with Apollo Investment Corporation ("the Note Holder"), an investment fund managed by Apollo Investment Management, pursuant to which the Note Holder has agreed to purchase from the Company up to US$50,000,000 of its senior secured notes. The Company received US$20,000,000 at the closing of the Note Agreement ("Tranche A Apollo Note") with an additional drawdown of US$5,000,000, US$10,000,000 and US$10,000,000 on September 11, 2013, December 19, 2013 and May 19, 2014, respectively. In addition to these funds, the Company will have the ability to reinvest cash flow from program wells back into the drilling program.

The outstanding balance of the Tranche A Apollo Note as at March 31, 2015 was US$42,648,993 (December 31, 2014 - US$42,366,370) (net of unamortized transaction costs US$2,351,007 (December 31, 2014 - US$2,633,629). This outstanding balance matures on May 23, 2017. The Tranche A Apollo Note bears interest at a floating rate of one-month LIBOR (with a floor of 2%) plus 10% per annum, payable monthly. In an event of default under the Note Purchase Agreement, additional interest will be payable at a default rate of 5% per annum, but only during the period of default.

The Company is required to comply with financial covenants, which are tested quarterly, providing for specified interest coverage ratios beginning in the quarter ending September 30, 2013, and asset coverage ratios and minimum production, beginning in the quarter ending March 31, 2014. Furthermore, the Company is required to maintain a limit on expenditures for general and administrative costs. At March 31, 2015 and December 31, 2014, the Company was not fully in compliance with its financial covenants. In February 2015, the Company and Apollo executed a Third Amendment to the Note Purchase Agreement that provides a waiver of the financial covenants until September 30, 2015. As a result the Company has reclassified the outstanding balance owing as a current liability at March 31, 2015 and December 31, 2014.

12. Convertible Unsecured Loan - Yorkville

On February 18, 2015 the Company entered into an agreement in relation to a $4.0 million convertible unsecured loan (the "Loan") to be made available by YA Global Master SPV Ltd., an investment fund managed by Yorkville and Global Market Neutral Strategies SICAV P.L.C. (collectively, the "Investors"). Outstanding principal of the Facility is convertible at the Investors' option into Common Shares of the Company. The conversion price, which will be determined at the date of each conversion, will be a price per Common Share equal to either (a) 92.5% of the volume weighted average of the volume weighted average prices ("VWAP") of the Common Shares during the 10 trading days on AIM prior to the conversion (such conversion being restricted to a maximum of US$1,000,000 per month) or (b) at Investors' option, a fixed price of £0.12 (such conversion being subject to no maximum amount). The Facility bears interest on outstanding principal at 8% per annum, which interest is payable at the time of each conversion only in Common Shares based on a conversion price equal to 92.5% of the volume weighted average price of the VWAP of the Common Shares during the 10 trading days on AIM prior to the interest payment date. The Facility will mature in two years, which may be extended up to one year by principal balance of the Facility will convert into Common Shares at a conversion price equal to the closing price of the Common Shares on the preceding trading day.

Issuances of Common Shares under the Facility will be delayed in certain circumstances if the issuance would result in an investor beneficially owning or controlling more than 9.99% of the outstanding Common Shares.

The Facility may be prepaid in cash in whole or in part by Caza at any time without penalty if the closing price on AIM of the Common Shares is below £0.12. If the closing price is greater than £0.12, Caza may prepay all or part of the outstanding principal amount of the Facility in cash by paying 110% of the principal amount repaid.

The Facility agreement provides for customary events of default. Upon a declaration of an event of default, the outstanding principal balance of the Facility and accrued interest will generally convert into Common Shares at a conversion price equal to 80% of the average closing price of the Common Shares on the five preceding trading days, although the Facility may become immediately due and payable in certain circumstances.

In connection with the Facility, the Investors received an aggregate implementation and reimbursement fee of US$378,154. The fee was paid through the issuance of 4,752,091 Common Shares on the same basis as shares issued upon conversions of principal and accrued interest.

13. Financing costs

Three months ended March 31,	2015	2014
Unwinding of the discount (Note 5)	$ 9,658	$ 8,399
Amortization of financing fees	306,069	247,836
Interest expense	1,375,569	1,341,603
Total financing costs	$ 1,691,296	$ 1,597,838

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the financial results for Caza Oil & Gas, Inc. ("Caza", "Corporation" or the "Company") should be read in conjunction with the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2015 and the audited consolidated financial statements for the year ended December 31, 2014. Additional information relating to the Company can be found on SEDAR at www.sedar.com. All figures herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise stated. This MD&A is dated May 12, 2015.

FORWARD LOOKING INFORMATION

In addition to historical information, the MD&A contains forward-looking statements that are generally identifiable as any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events of performance (often, but not always, through the use of words or phrases such as "will", "may", "will likely result," "expected," "is anticipated," "believes," "estimated," "intends," "plans," "projection" and "outlook"), are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements.

These statements are based on certain factors and assumptions regarding the results of operations, the performance of projected activities and business opportunities. Specifically, we have used historical knowledge and current industry trends to project budgeted expenditures for 2015. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect.

Actual results achieved will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: risks associated with the volatility of crude oil and natural gas prices and markets; the Company's ability to continue as a going concern; Company's stage of development; competitive conditions; share price volatility; risks associated with crude oil and natural gas exploration and development; risks related to the inherent uncertainty of reserves and resources estimates; possible imperfections in title to properties; environmental regulation and associated risks; loss of key personnel; operating and insurance risks; the inability to add reserves; risks associated with industry conditions; the ability to obtain additional financing on acceptable terms if at all; non operator activities; the inability of investors in certain jurisdictions to bring actions to enforce judgments; equipment unavailability; potential conflicts of interest; risks related to operations through subsidiaries; risks related to foreign operations; currency exchange rate risks and other factors, many of which are beyond the control of the Company. Accordingly, there is no representation by Caza that actual results achieved will be the same as those set forth herein. Actual results may vary, perhaps materially. Further, Caza undertakes no obligation to update or revise any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws.

Financial outlook information contained in this MD&A, if any, about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

NON-IFRS MEASURES

The financial data presented herein has been prepared in accordance with IFRS. The Company has also used certain measures of financial reporting that are commonly used as benchmarks within the oil and natural gas production industry in the following MD&A discussion. The measures are widely accepted measures of performance and value within the industry, and are used by investors and analysts to compare and evaluate oil and natural gas exploration and producing entities. Most notably, these measures include "operating netback", "funds flow from (used in) operations" and "Adjusted EBITDA".

Operating netback is a benchmark used in the crude oil and natural gas industry to measure the contribution of oil and natural gas sales and is calculated by deducting royalties and operating expenses (production, severance and transportation expenses) from revenues. Management utilizes this measure to analyze operating performance.

Funds flow from (used in) operations is cash flow from operating activities before changes in non-cash working capital, and is used to analyze operations, performance and liquidity. The Company considers funds flow from (used in) operations a key measure as it demonstrates the Company's ability to generate the cash flow necessary to fund future growth through capital investment and to repay debt. The Company's calculation of funds flow from operations may not be comparable to that reported by other companies.

The term Adjusted EBITDA consists of net income (loss) plus interest, depreciation, depletion, amortization, accretion, impairment and stock based compensation. Adjusted EBITDA is also adjusted for any gains or losses from extraordinary, unusual or non-recurring items and any gains or losses on disposition of assets. The Company has included Adjusted EBITDA as a supplemental disclosure because its management believes that Adjusted EBITDA provides useful information regarding our ability to service debt and to fund capital expenditures and provides investors a helpful measure for comparing its operating performance with the performance of other companies that have different financing and capital structures or tax rates.

These measures are not defined under IFRS and should not be considered in isolation or as an alternative to conventional IFRS measures. These measures and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of another entity. When these measures are used, they are defined as "Non IFRS" and should be given careful consideration by the reader as non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

NOTE REGARDING BOES AND MCFES

In this MD&A, barrels of oil equivalent ("boe") are derived by converting gas to oil in the ratio of six thousand cubic feet ("Mcf") of

gas to one barrel ("bbl") of oil (6 Mcf: 1 bbl) and one thousand cubic feet of gas equivalent ("Mcfes") are derived by converting oil to gas in the ratio of one bbl of oil to six Mcf (1 bbl: 6 Mcf). Boes and Mcfes may be misleading, particularly if used in isolation. A boe conversion of 6 Mcf of natural gas to 1 bbl of oil, or a Mcfe conversion ratio of 1 bbl of oil to 6 Mcf of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

CURRENCY

References to "dollars" and "$" are to U.S. dollars. References to "CDN$" are to Canadian dollars. References to "£" are to British pounds.

STRATEGY AND ASSETS

Strategy

The Company's strategy is to achieve significant growth in reserves and production through:

- progressing material, internally generated prospects, utilizing cash flows from existing production and exploiting Proven plus Probable reserves; and
- executing strategic acquisitions of assets at all stages of the development cycle to facilitate longer term organic growth.

In the implementation of this strategy, the Company has a clear set of criteria in high-grading projects:

- the Company seeks to retain control of project execution and timing through the operatorship of assets;
- assets should be close to existing established infrastructure, allowing for quick, efficient hook-up and lower operational execution risk;
- drilling targets in close proximity to known producing reservoirs; and
- internal models for core projects should demonstrate the ability to deliver at least a 25% rate-of-return on investment.

Assets

The Company is primarily focused in the Permian Basin of Southeast New Mexico and West Texas, the most prolific oil and gas basin in North America. Independent forecasts have predicted that the Permian Basin will have the greatest oil supply growth of any North American basin over the next five years. This provides the Company with low-risk, liquids-rich development opportunities from many geologic reservoirs and play types. The basin also has a vast operational infrastructure in place. The Company is utilizing recent advances in horizontal drilling and dynamic completion technologies to unlock the significant resources within its asset base and the region.

Management has focused efforts on building a core asset base in the prolific Bone Spring play and has concluded that these assets represent the most significant opportunity for the Company to deliver material production, revenue growth and demonstrable shareholder returns within an acceptable timeframe. The Company expects that expanding and diversifying the producing asset base within the Bone Spring play will not only grow the Company but will also make it more resilient to risks associated with any single project.

As at March 31, 2015, the Company had 306 drilling locations and 32 gross (10.20 net) producing wells on its leasehold position in the Bone Spring play. The majority of the Company's leases in the play are held-by-production with no drilling obligations. Management believes that the Company is well-positioned with excellent assets and approximately 5,100 net acres (11,520 gross acres), which is approximately 22,950 net effective acres (51,840 gross effective acres) in the Bone Spring play, and plans to continue actively monitoring opportunities to build on Caza's current production levels and acreage position.

The Company's Bone Spring inventory includes the following 20 properties: Gramma Ridge, Gateway, Marathon Road, East Marathon Road, Lennox, Forehand Ranch, Forehand Ranch South, Jazzmaster, Mad River, Azotea Mesa, Bradley 29, Two Mesas, Quail Ridge, Rover, West Rover, Copperline, West Copperline, Chaparral 33, Madera and Roja.

The Company's Bone Spring leases are mostly State and Federal leases with primary terms between 5-10 years. In terms of obligations and commitments, one producing well at any depth will hold each lease in its entirety.

Financing

Management believes that once drilling costs come down and commodity prices recover, accelerating and expanding on the 15

Bone Spring play wells drilled in 2014 (including the recently announced Marathon Road 15 NC Fed No. 1H well) will significantly increase both production and cash flows, which will allow the Company to optimize its Bone Spring work program and drive economies of scale.

In this regard, the Company and its advisers have been actively considering all available financing options and may consider other strategic alternatives, including a review of possible asset sales, joint-venture and strategic financing partner options, other debt instruments and equity fundraisings that could provide the Company with sufficient leverage and capital to adequately exploit current and future Bone Spring opportunities.

Outlook

In an effort to maintain shareholder value in the near term, the Company continues to scale back G&A costs and capital expenditures associated with non-obligatory wells and to direct capital towards lease maintenance wells in its Bone Spring drilling program. However, subject to the availability of appropriate financing and dependent upon drilling costs and prevailing commodity prices, the Company's objective is to eventually accelerate and expand its drilling program in the Bone Spring play over the next two years. Management continues to believe that such a program has the potential to increase shareholder value significantly over the period. A program of this type will require additional financing and would utilize excess operational cash flow to fund further development drilling and lease purchases beyond the initial two year period.

Management believes that, subject to a sufficient downward correction to drilling costs and positive recovery to oil prices, such a program can be accomplished by exploiting the Company's existing asset/lease inventory. However, management will also seek to identify appropriate corporate and asset acquisitions that may result from the current price environment, which will enable the Company to increase its position in the horizontal Bone Spring and Wolfcamp plays in the Permian Basin. Accordingly, in line with the Company's stated strategy, management's goal is to achieve significant growth in the Company's reserves and production, thereby raising the Company's profile in the basin and allowing shareholder value to be maximized and, if appropriate, fully matured over the short-to-medium term.

SELECT QUARTERLY INFORMATION

For the three month period ending March 31,	2015	2014	2013
Financial			
Revenue oil & gas	3,367,214	4,591,507	1,279,296
Funds flow from (used in) operations [1]	1,381,323	893,286	(469,941)
Per share - basic and diluted	0.01	0.00	(0.00)
Net loss	(1,274,754)	(1,454,212)	(1,313,035)
Per share - basic and diluted	(0.01)	(0.01)	(0.01)
Capital expenditures	1,805,400	9,616,646	2,563,410
Total assets	94,596,225	78,719,765	41,459,440
Total non-current liabilities	(5,184,963)	(36,252,268)	(813,639)
Cash and working capital	(41,409,660)	(1,397,056)	(2,206,365)
Common shares outstanding, end of period [2]	241,107,975	187,917,370	165,867,263
Operations			
Operating netback ($/boe) [3]			
Revenue oil & gas	40.81	74.45	62.58
Severance tax and transportation expense	(3.40)	(6.76)	(3.06)
Production expenses	(16.39)	(9.93)	(18.17)
Operating netback [3]	21.02	57.76	41.35
Average daily oil production (boe/day)	917	685	230

[1] Calculated based on cash flow from operating activities before changes in non-cash working capital and certain other items. See "Non IFRS Measures".

[2] Outstanding share amounts are calculated based on the number of outstanding common shares before the addition of 26,502,000 of common shares issuable pursuant to a share exchange and shareholders agreement among Caza and members of Caza's senior management.

[3] Calculated by deducting royalties and operating expenses (production, severance and transportation expenses) from revenues. See "Non-IFRS Measures".

Highlights

- Natural gas, natural gas liquids and crude oil production increased by 34% for the period ended March 31, 2015 in comparison to the same period in 2014 averaging 917 boe per day in the first quarter of 2015 (includes associated condensate production). The increase was mainly due to the Company focusing on oil rich prospects for exploration activities.
- In the first quarter of 2015, revenues decreased by 27% to $3,367,214 compared to $4,591,507 in 2014 reflecting the recent 45% decrease in commodity pricing to $40.81 per boe for the period ended March 31, 2015 as compared to $74.45 per boe for the comparable period.

Operating Netback Summary (Non-IFRS)

The following table presents the Company's operating netback which is a non-IFRS measure:

	Three Months ended March 31,	
(on a boe basis)	2015	2014
Oil and natural gas revenue	$ 40.81	$ 74.45
Production expense	(16.39)	(9.93)
Severance expense	(3.35)	(6.50)
Transportation expense	(0.05)	(0.26)
Operating netback (non-IFRS)	21.02	57.76

(1) Calculated by deducting royalties and operating expenses (production, severance and transportation expenses) from revenues. See "Non IFRS Measures

FINANCIAL AND OPERATING RESULTS

Petroleum and Production Revenue

	Three Months ended March 31,	
	2015	2014
Natural gas		
Production (Mcf)	53,165	101,709
Revenue ($)	163,478	476,978
Price ($/Mcf)	3.07	4.69
Light/medium crude oil		
Production (bbls)	66,966	43,443
Revenue ($/bbl)	3,120,686	4,052,190
Price ($/bbl)	40.60	93.28
Natural gas liquids		
Production (bbls)	6,677	1,281
Revenue ($/bbl)	83,050	62,339
Price ($/bbl)	12.44	48.67
Combined		
Production (boe)	82,505	61,675
Revenue ($)	3,367,214	4,591,507
Price ($/boe)	40.81	74.45
Boe/d	917	685
Mcfe/d	5,500	4,112

Revenues from oil and gas sales decreased by 27% to $3,367,214 for the three month period ended March 31, 2015 from $4,591,507 in 2014. The decrease resulted from the increases in production volumes of 34% as a result of new wells brought on line during 2014 and 2015 offset by a 45% decrease in the average sales price to an average sale price of $40.81 per boe.

Average daily production increased by 34% to 917 boe/d for the first quarter ended March 31, 2015 from 685 boe/d in 2014. The increase was mainly due to additional wells coming on line from the drilling program in the New Mexico Bone Spring play. Natural gas production made up 11% of Caza's production during 2015 with natural gas liquids and crude oil comprising the remaining 89%. This is compared to a total production profile comprised of 27% natural gas production in the comparative period in 2014, reflecting a shift toward exploration and production of oil based reserves.

Our future revenue and production volumes will be directly affected by North American natural gas prices, West Texas Intermediate crude oil prices and natural gas liquid prices, the performance of existing wells, drilling success and the timing of the tie-in of wells into gathering systems.

Production Expenses

	Three Months ended March 31,	
	2015	2014
Severance tax ($)	276,270	400,798
Transportation ($)	3,803	16,037
Production ($)	864,425	612,534
Severance, transportation and production ($)	1,144,498	1,029,369
Severance, transportation and production ($/Boe)	13.87	16.69

Severance tax is a tax imposed by states on natural resources such as crude oil, natural gas and condensate extracted from the ground. The tax is calculated by applying a rate to the dollar amount of production from the property or a set dollar amount applied to the volumes produced from the property.

During the three-month period ended March 31, 2015, Caza incurred aggregate production, transportation and severance expenses of $1,144,498 or an average per boe of $13.87. Such expenses on a per boe basis have decreased during the 2015 by 17% as compared to the same period in 2014 as a result of the costs incurred each period in relation to the volumes produced during that period.

Severance taxes and transportation expenses totaled $280,073 ($3.39/boe) for the three-month period ended March 31, 2015, as compared to $416,835 ($6.76/boe) in the comparative period. Severance taxes and the transportation expense decreased 33% as a result of the lower commodity prices in the three-month period ended March 31, 2015 offset by the increase in production volumes as compared to the comparative period.

Production expenses for the three-month period ended March 31, 2015 were $864,425 as compared to $612,534 for the comparative period. Caza's average lifting cost for the three-month period ended March 31, 2015 was $10.48 per boe versus $9.93 per boe for the comparative period. These higher lifting costs during the first quarter of 2015 occurred as a result of several non-recurring workovers in an effort to improve performance and production volumes.

Depletion, Depreciation, Amortization and Accretion

Depletion, depreciation, amortization and accretion expense for the three-month period ended March 31, 2015 increased to $1,953,180 ($23.67/boe) from $1,556,753 ($25.24/boe) in the comparative period.

	Three Months ended March 31,	
	2015	2014
Depletion and depreciation ($)	1,943,522	1,548,355
Accretion ($)	9,658	8,398
Depletion, depreciation and accretion ($)	1,953,180	1,556,753
Depletion, depreciation and accretion ($/Boe)	23.67	25.24

The decreased depletion expense on a per boe basis for the three months ended March 31, 2015 occurred as a result of the relationship of the costs incurred in drilling activities carried out in the Mew Mexico CGU in relation to the associated reserves recorded. This brought about an aggregate 6% decrease in depletion expense on a per boe basis as compared to the respective period in 2014.

Costs of unproved properties of $8,664,056 (2014 - $10,975,164) were excluded from depreciable costs in the exploration and evaluation assets. A proportionate amount of the carrying value will be transferred to the depletable pool as reserves are proven through the execution of Caza's exploration program.

Accretion expense is the increase in the present value of the asset retirement obligation for the current period and the amount of this expense will increase commensurate with the asset retirement obligation as new wells are drilled or acquired through acquisitions.

General and Administrative Expenses

	Three Months ended March 31,	
	2015	2014
General and administrative ($)	1,078,478	1,411,808
Joint venture partner reimbursements ($)	-	-
General and administrative recovery ($)	(24,548)	(43,438)
Net general and administrative ($)	1,053,930	1,368,370
General and administrative ($/Boe)	13,07	22.89
Net general and administrative ($/Boe)	12.77	22.19

Net general and administrative expenses for three-month period ended March 31, 2015 decreased to $1,053,930 from $1,368,370 for 2014 showing a decrease of 22% from the comparative period. On a boe basis the net general and administrative expenses decreased by 42% or the respective three-month period ended March 31, 2015 due to the increase in production volumes and the decrease in general and administrative expenses from the comparative period. Stock-based compensation expense in the amount of $9,603 (2014 - $88,403) is included in general and administrative expenses for the three-month period ended March 31, 2015. During 2015, Caza did not capitalize general and administrative expenses relating to exploration and development activities. Caza recorded forfeitures of 190,002 stock options for the three-month period ended March 31, 2015 (2014 - nil).

Gain (Loss) on Risk Management Contracts

The Company has entered into commodity price derivative contracts to limit exposure to declining crude oil prices in accordance with its covenants under the Note Purchase Agreement (as defined herein). All derivative contracts are approved by management before the Company enters into them. The Company's risk management strategy is dictated in part by covenants in the Note Purchase Agreement which require the Company to hedge approximately 75% of its production. The contracts limit exposure to declining commodity prices, thereby protecting project economics and providing increased stability of cash flows and for capital expenditure programs.

Under these contracts, the Company receives or pays monthly a cash settlement on the covered production of the difference between the swap price specified in the applicable contract and the month average of the daily closing quoted spot price per barrel of West Texas Intermediate NYMEX crude oil.

The following information presents all outstanding positions by year for commodity financial instruments contracts.

Term	Product	Type	Total Volume	$ Price
2015				
January - December	Oil	Swap	28,411 bbls	87.05
January - December	Oil	Swap	15,069 bbls	83.70
January - December	Oil	Swap	26,639 bbls	89.34
January - December	Oil	Swap	82,062 bbls	80.85
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January - December	Gas	Swap	271,322 Mcfs	3.72
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January - May	Oil	Swap	8,428 bbls	85.23
January - December	Oil	Swap	86,613 bbls	80.00
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January - December	Gas	Swap	146,564 Mcfs	4.05
January - December	Differential	Swap	43,896 bbls	-4.25

The fair value of the Company's commodity price derivative contracts represents the estimated amount that would be received for settling the outstanding contracts on March 31, 2015, and will be different than what will eventually be realized. The fair value of these assets at a particular point in time is affected by underlying commodity prices, expected commodity price volatility and the duration of the contract and is determined by the expected future settlements of the underlying commodity. The gain or loss on such contracts is made up of two components; the realized component, which reflects actual settlements that occurred during the period, and the unrealized component, which represents the change in the fair value of the contracts during the period.

For the three month period ended March 31, 2015 the Company recognized a gain of $1,530,824 (2014 - $140,817 loss) on its

settled commodity price derivative contracts and an unrealized loss of $303,867 (2014 - $351,684 loss) on unsettled commodity price derivative contracts due to higher commodity prices.

Net loss

Net loss in 2015 decreased by 12% to $1,274,754 ($0.01 per share, basic and diluted) compared to $1,454,212 (($0.01) per share, basic and diluted) in 2014. The small decrease in net loss during such periods was attributable to higher gains on hedging contracts brought on by the drop in commodity prices offset by lower revenues and a slowing in drilling activity in the Bone Spring play in New Mexico and the unrealized loss on the hedging contracts.

Investments

Interest income for the three-month period ended March 31, 2015 was $5 a decrease from $120 in 2014. Interest was earned on the proceeds received from advances made pursuant the Company's credit facilities and cash on hand. Caza invested these funds in short-term money market funds. The Company does not hold any asset backed commercial paper.

Funds flow from (used in) operations (Non-IFRS)

The following table reconciles the non-IFRS measure "funds flow from (used in) operations" to "net loss", the most comparable measure calculated in accordance with IFRS. Cash flow from operations before changes in non-cash working capital provides better information as it ignores timing differences resulting primarily from fluctuations in payables and receivables. As such it is a common measure used by management in the oil and gas industry.

Three Months ended March 31,	2015	2014
Cash flows from (used in) operating activities	3,195,527	(4,594,483)
Changes in non-cash working capital	1,814,204	(5,487,769)
Funds flow (used in) provided by operations	1,381,323	893,286
Funds loss per share - basic and diluted	(0.01)	(0.00)

The increase in funds flow from (used in) operations as compared to the previous period is associated with decreased revenues due to lower commodity prices during 2015, offset by gains associated with hedging contracts and a decrease in general and administrative expense.

Net Loss Compared to Adjusted EBITDA (Non-IFRS)

	Three Months ended March 31,	
	2015	2014
Net loss	(1,274,754)	(1,454,212)
Add Back:		
Financing costs	1,681,638	1,589,440
Depletion, depreciation and amortization	1,943,522	1,548,355
Accretion	9,658	8,399
Share-based compensation	50,603	88,403
Changes in derivative liabilities	22,024	7,141
Change in restricted cash exchange valuation	20,337	-
Unrealized loss on hedging contacts	303,867	351,684
Adjusted EBITDA	2,756,895	2,139,210
Adjusted EBITDA per share - basic and diluted	0.01	0.01

(1) Adjusted EBITDA consists of net income (loss) plus interest, depreciation, depletion, amortization, accretion, impairment and stock based compensation. Adjusted EBITDA is also adjusted for any gains or losses from extraordinary, unusual or non-recurring items and any gains or losses on disposition of assets. See "Non IFRS Measures".

The table above sets forth a reconciliation of Adjusted EBITDA to net loss, which is the most directly comparable measure of financial performance, calculated under IFRS. The increase in Adjusted EBITDA as compared to the comparative period resulted from the success of the drilling program and increased production in the Bone Spring play in New Mexico.

Capital Expenditures

By Type ($)	Three Months ended March 31, 2015	2014
Drilling and completions	1,794,064	9,633,954
Seismic	-	-
Facilities and lease equipment	-	-
Office furnishings and equipment	-	1,586
Leasehold geological /geophysical	11,336	(18,084)
Other costs (recovery)	-	(810)
Total	1,805,400	9,616,646

During the three months ended March 31, 2015, Caza drilled 1 gross well (0.14 net) with activities concentrated in the Bone Spring play in New Mexico reflecting the environment brought about by a 45% drop in commodity prices as compared to this period in 2014.

Outstanding Share Data

Caza is authorized to issue an unlimited number of common shares without par value. Holders of common shares are entitled to one vote per share on all matters voted on a poll by shareholders, and are entitled to receive dividends when and if declared by the board of directors out of funds legally available for the payment of dividends. Upon Caza's liquidation or winding up or other distribution of its assets among its shareholders for the purpose of winding up its affairs, holders of common shares are entitled to share pro rata in any assets available for distribution to shareholders after payment of all obligations of the Company. Holders of common shares do not have any cumulative voting rights or pre-emptive rights to subscribe for any additional common shares.

At May 12, 2015, 241,107,975 common shares were issued and outstanding. Common shares are issuable pursuant to outstanding incentive compensation arrangements, common share purchase warrants and the 2015 Convertible Loan (as defined below). In addition, the management team has the right at any time to exchange the Caza Petroleum, Inc. ("Caza Petroleum") shares currently held by them for an aggregate of 26,502,000 common shares.

The following table sets forth the classes and number of outstanding equity securities of the Company and the number of issued and issuable common shares on a fully diluted basis.

	Issued and Issuable Securities
Common Shares	
Issued and outstanding	241,107,975
Issuable from exchangeable rights	26,502,000
Issuable from exercise of warrants	3,584,557
Issuable from exercise of stock options	16,194,998
Issuable from exercise of performance awards	2,238,300[1]
Issuable pursuant to 2015 Convertible Loan	- [2]
Total Common Shares issued and issuable	289,627,830
Warrants Issued and Outstanding	
Warrants to purchase common shares outstanding	3,584,557
Stock Options Issued	
Stock options outstanding	16,194,998

(1) The amount payable pursuant to the Company's performance awards shall vary depending on the satisfaction of certain performance thresholds. Subject to the discretion of the board of directors, the performance awards provide that one-half of any award shall be satisfied by a cash payment and the other half-shall be satisfied through an issuance of common shares. The board has authorized the issuance of up to 4,289,608 common shares in connection with the satisfaction of outstanding performance awards. Such number assumes that outstanding awards will be paid at the 100% level (200% being the maximum) and that half of each such award shall be satisfied through the issuance of shares. On March 19, 2015 the Board of Directors authorized the issuance of 2,051,308 shares under this performance awards program that will be issued during May 2015 leaving a balance of 2,238,300 shares issuable.

(2) The Company's obligations under the 2015 Convertible Loan shall be satisfied through the issuance of common shares. The number of common shares issuable pursuant to the 2015 Convertible Loan is not ascertainable at this time and shall vary depending on the trading price on the AIM of the common shares from time-to-time. Accordingly, the shares issuable pursuant to the 2015 Convertible Loan are not reflected in the total number of common shares issued and issuable as disclosed in the above table.

Commitments

The following is a summary of the estimated amounts required to fulfill Caza's remaining contractual commitments as at March

31, 2015:

Type of Obligation ($)	Total	<1 Year	1-3 Years	4-5 Years	Thereafter
Operating leases	514,469	243,593	270,876	-	-
Asset retirement obligations	1,684,930	95,500	-	-	1,589,430
Total contractual commitments	2,199,399	339,093	270,876	-	1,589,430

Liquidity and Capital Resources

Caza's 2015 operating plan calls for participation to be funded from operating cash flows, existing cash resources and available financing under the Note Purchase Agreement or the SEDA (each as defined below). In the event additional sources of financing become available the Company would consider increases to its drilling program. The Company is focused on securing appropriate levels of capitalization to support its business strategy. As commodity prices or production fluctuates, the Company intends to alter its capital program or reduce costs in order to maintain an acceptable level of capitalization.

At March 31, 2015, Caza had a working capital deficit of $41,409,660 as compared to a working capital deficit of $44,306,975 as at December 31, 2014. At March 31, 2015 and December 31, 2014 the Company was not in compliance with its financial covenants (see further discussion below). As a result the Company has reclassified the outstanding balance owing as a current liability at March 31, 2015 and December 31, 2014 resulting in the working capital deficit. Additional changes in working capital resulted from drawdowns from the 2015 Convertible Loan in the amount of $4,000,000 less issuance costs of $404,466, $1,381,323 in funds flow used in operations and stock issuances of $378,154 offset by capital expenditures of $1,805,400 in connection with drilling and lease acquisition activities, other non-cash financing costs of $306,070, derivative valuation changes of $303,867 and miscellaneous costs of $42,359. Caza had a cash balance of $6,046,098 as of March 31, 2015 (2014 - $5,160,943).

The Company prepares annual budgets, which are updated as necessary depending on varying factors, including current and forecast commodity prices, changes in capital structure, execution of the Company's business plan and general industry conditions.

Due to current economic conditions and prices, compliance with financial covenants is highly dependent on realized oil pricing in 2015. The Company is currently not in compliance with all financial covenants. The Company is proactive in managing debt levels and seeking out financial alternatives to be able to be compliant with its financial covenants. Although the Company has received a waiver of such non-compliance until September 30, 2015, sustained low WTI prices could cause the Company to not be in compliance with all financial covenants through all of 2015 and there can be no assurance that further waivers will be available. The Company's ability to continue as a going concern is dependent upon its ability to raise capital, restructure its debt, maintain positive cash flow and the continued support of its lenders. There is no certainty that such events will occur and that sources of financing will be obtained on terms acceptable to management. These uncertainties cast significant doubt about the Company's ability to continue as a going concern.

See "Risk Factors" below

The Company has arranged for funding under the following agreements:

Convertible Loan

On February 18, 2015, the Company obtained a $5,000,000 facility under a convertible unsecured note agreement (the"2015 Convertible Loan") with YA Global Master SPV Ltd., an investment fund managed by Yorkville Advisors LLC and Global Market Neutral Strategies SICAV P.L.C. An aggregate of $4,000,000 has been advanced to Caza under such agreement. Additional tranches may be available with the consent of the lenders. Loan proceeds will be used to cover ongoing operational costs. The injection of the entire initial tranche into the Company resulted in an agreement with its existing debt provider, Apollo Investment Corporation, which deferred determination of finance and performance covenants under the existing Note Agreement (see description below) from March 31, 2015 to September 30, 2015.

Note Purchase Agreement

On May 23, 2013, the Company entered into a Note Purchase Agreement (the "Note Agreement") with Apollo Investment Corporation (the "Note Holder"), an investment fund managed by Apollo Investment Management, pursuant to which the Note Holder agreed to purchase up to $50,000,000 of senior secured notes ("Notes") from the Company. Under the Note Purchase Agreement, the Company is required to comply with financial covenants, which are tested quarterly, providing for specified interest coverage ratios beginning in the quarter ending September 30, 2013, and asset coverage ratios and minimum production, beginning in the quarter ending March 31, 2014. The Company is also required to maintain a limit on general and administrative costs. Due to drilling delays and decreasing commodity prices the Company did not satisfy its financial covenants at March 31, 2015 and December 31, 2014. These have been waived by Apollo. The Company and Apollo have executed a

Third Amendment to the Note Purchase Agreement that provides a waiver of the financial covenants until September 30, 2015. As a result the Company has reclassified the outstanding balance owing as a current liability at March 31, 2015 and December 31, 2014. Any outstanding balances of the Notes may be prepaid at the option of the Company at any time subject to premiums that expire in May of 2015. The Note Purchase Agreement is also subject to a mandatory prepayment from the proceeds of the sale of assets and from funds received from transactions outside of the ordinary course of business. Certain mandatory payments are also required if in any period the Company fails to comply with any financial or performance covenants. The Note Agreement provides for customary events of default. Additionally, an event of default would occur upon a change of control of the Company, which consists of (i) a shareholder acquiring more than 35% of the Company's outstanding common shares, (ii) a change in the composition of the board of directors by more than 1/3 during a 12-month period or (iii) a termination of service by any three of the five executive officers of the Company. Outstanding balances under the Notes are secured by first-priority security interests in all of the Company's assets.

In addition to a 2% overriding royalty interest conveyed at the closing of the Note Agreement in its properties in Eddy and Lea Counties, New Mexico, the Company is also required to convey a proportionately reducible 2% overriding royalty interest in each lease acquired with proceeds from the Note Agreement. Upon full repayment of the Notes, the overriding royalty interests will convert to a 25% net profits interest in each property, proportionately reduced to reflect the Company's working interest as provided in the Note Agreement, which will reduce to a 12 1/2% net profits interest at such time as the Note Holder achieves specified investment criteria pursuant to the Note Agreement.

The Company received $20,000,000 at the closing of the Note Agreement with an additional drawdown of $5,000,000, $10,000,000 and $10,000,000 on September 11, 2013, December 19, 2013 and May 19, 2014, respectively. In addition to these funds, the Company will have the ability to reinvest cash flow from program wells back into the drilling program.

The outstanding balance of the Notes as at March 31, 2015 was $45,000,000 (exclusive of unamortized transaction costs $2,351,007 (December 31, 2014 - $45,000,000 (exclusive of unamortized transaction costs $2,633,629). The Notes bear interest at a floating rate of one-month LIBOR (with a floor of 2%) plus 10% per annum, payable monthly and mature on May 23, 2017. In an event of default under the Note Purchase Agreement, additional interest will be payable at a default rate of 5% per annum, but only during the period of default.

In connection with the sale of the Notes, the Company incurred a total of $1,667,500 in transaction costs (consisting of $1,540,000 in issuance costs and $127,500 relating to the fair value of the 2% overriding royalty conveyed at the closing of the Note Purchase Agreement). In addition, the Company also incurred structuring fees of $2,399,912 in connection with the Note Purchase Agreement. The Notes are classified as other financial liabilities and are measured at amortized cost.

Standby Equity Distribution Agreement

The Company and Yorkville are party to a £6 million Standby Equity Distribution Agreement ("SEDA") dated November 23, 2012. The SEDA allows Caza to issue equity at a 5% discount to market to fund loan repayments or well costs in certain circumstances. As at March 31, 2015 the company has drawn down £nil (December 31, 2014 - £nil) under the SEDA. During 2015, the Company issued nil (2014 - nil) common shares under the SEDA at an average price of £nil (2013 - £nil) per share for gross proceeds of $nil (2013 - $2,154,210). The Company did not draw down on the SEDA facility during the first quarter of 2015 and 2014. The SEDA expires on April 30, 2016.

Equity Adjustment Agreement

The Company entered into an Equity Adjustment Agreement (the "Adjustment Agreement") on March 5, 2013 with Yorkville. Pursuant to the Adjustment Agreement, during the three months ended March 31, 2013, the Company issued 3,846,154 common shares to Yorkville at a price of £0.13 per share for aggregate proceeds of £500,000.

Transactions with Related Parties

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is comparable to those negotiated with third parties.

Caza and its subsidiary Caza Petroleum Inc. may be considered to be "related parties" for the purposes of Multilateral Instrument 61-101 of the Canadian Securities Administrators. As a result, Caza may be required to obtain a formal valuation or disinterested shareholder approval before completing certain transactions with Caza Petroleum.

Summary of Quarterly Results

	Three months ended March 31, 2015	Three months ended December 31, 2014	Three months ended September 30, 2014	Three months ended June 30, 2014
Petroleum and natural gas sales	3,367,214	4,823,460	7,244,752	6,286,049
Net income (loss)	(1,274,754)	2,896,659	(7,743,772)	(763,150)
Per share - basic and diluted	(0.01)	0.01	(0.04)	(0.01)
Funds flow from operations (See note) *(1)*	1,381,323	386,715	2,634,496	2,381,414
Per share - basic and diluted	0.01	0.00	0.01	0.01
Net capital expenditures	1,805,400	11,798,613	5,865,917	13,681,171
Average daily production (boe/d)	917	901	1,210	937
Weighted average shares outstanding	237,306,302	236,355,884	214,210,273	199,323,039

	Three months ended March 31, 2014	Three months ended December 31, 2013	Three months ended September 30, 2013	Three months ended June 30, 2013
Petroleum and natural gas sales	4,591,507	3,381,486	2,583,753	1,067,991
Net income (loss)	(1,454,212)	(2,851,860)	(1,370,132)	(3,039,336)
Per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)
Funds flow from(used in) operations (See note) *(1)*	893,286	276,913	(128,852)	(1,277,772)
Per share - basic and diluted	0.00	0.00	(0.00)	(0.00)
Net capital expenditures	9,616,646	10,031,758	19,190,280	5,275,110
Average daily production (boe/d)	685	503	397	223
Weighted average shares outstanding	187,917,370	182,965,097	177,701,939	170,879,773

(1) Calculated based on cash flow from operations before changes in non-cash working capital.

Factors that have caused variations over the quarters:

- Revenues have increased as a result of the Company's increased oil production except for the last two quarters due to the decreasing commodity prices.
- During 2014 and 2015 Caza commenced drilling 15 (5.87 net) wells. 13 (4.75 net) of the 15 wells were completed during that period. As at March 31, 2015, one (0.5 net) of the wells is undergoing completion activities and one (0.63 net) well was commissioned as a disposal well.
- Capital expenditures decreased during the period ended March 31, 2015 as a result of the effects of falling commodity prices.

Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to commodity price, credit, share price and foreign exchange risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. See notes 9 of the Company's financial statements for the three-month period ended March 31, 2015 and the disclosure under the heading "Gain (Loss) on Risk Management Contracts" herein for further details of the Company's financial instruments.

Critical Accounting Estimates

The policies discussed below are considered particularly important as they require management to make informed judgments, some of which may relate to matters that are inherently uncertain. The financial statements have been prepared in accordance with Canadian IFRS. In preparing financial statements, management makes certain assumptions, judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. The basis for these estimates is historical experience and various other assumptions that management believes to be reasonable. Actual results could differ from the estimates under different assumptions or conditions.

Reserves - The Company engages independent qualified reserve evaluators to evaluate its reserves each year. Reserve determinations involve forecasts based on property performance, future prices, future production and the timing of expenditures; all these are subject to uncertainty. Reserve estimates have a significant impact on reported financial results as they are the basis for the calculation of depreciation and depletion. Revisions can change reported depletion and depreciation and earnings; downward revisions could result in a ceiling test write down.

Decommissioning Liabilities - The Company provides for the estimated abandonment costs using a fair value method based on cost estimates determined under current legislative requirements and industry practice. The amount of the liability is affected by the estimated cost per well, the timing of the expenditures and the discount factor used. These estimates will change and the revisions will impact future accretion, depletion and depreciation rates.

Income taxes - The utilization of future tax assets subject to an expiry date are based on estimates of future cash flows and profitability. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes of estimates in future periods could be significant.

Stock based Compensation - The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. This model is used to value the stock options granted. In addition, option pricing models require the input of highly subjective assumptions including the expected stock price volatility. Changes in the subjective input assumptions can materially affect the fair value estimates as reflected in the consolidated financial statements

Certain of our accounting policies require that we make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. For a discussion about those accounting policies, please refer to our annual management's discussion and analysis and Note 2 of the corresponding audited consolidated financial statements for the year ended December 31, 2014 available at www.sedar.com.

Future Accounting Pronouncements

The Company will continue to monitor standards development as issued by the IASB and the AcSB as well as regulatory developments as issued by the CSA, which may affect the timing, nature or disclosure of its adoption of IFRS.

Risk Factors

For a discussion about risk and uncertainties, please refer to our Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2014 available at www.sedar.com.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting (ICFR), as such term is defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* for Caza. They have, as at the three months ended March 31, 2015, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework our officers used to design Caza's ICFR is the *Internal Control -- Integrated Framework* (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Under the supervision of the Chief Executive Officer and the Chief Financial Officer, Caza conducted an evaluation of the effectiveness of our ICFR as at March 31, 2015 based on the COSO Framework. Based on this evaluation, the officers concluded that Caza's ICFR was effective as of March 31, 2015.

There were no changes in our ICFR during the three months ended March 31, 2015 that materially affected, or are reasonably likely to materially affect, Caza's internal control over financial reporting.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Caza's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to Caza's Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. Such officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of Caza's disclosure controls and procedures at the financial year end of the Company and have concluded that the Company's disclosure controls and procedures are effective at the financial year end of the Company.

ADDITIONAL INFORMATION

Further information regarding the Company, including its Annual Information Form, can be accessed under the Company's

public filings found at http://www.sedar.com and on the Company's website at www.cazapetro.com.

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