

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Caza Oil & Gas, Inc. ("Caza" or the "Company") (TSX:CAZ)(AIM:CAZA) announced today that it has entered into an agreement (the "Subscription Agreement") with Talara Opportunities V, LP ("Talara") pursuant to which the Company will issue and sell to Talara (the "Private Placement") common shares ("Common Shares") in the capital of the Company for gross proceeds of US\$45.5 million. Immediately following the Private Placement, Talara will own 97.16% of the outstanding Common Shares, assuming (a) the intended exchange by certain members of management of the Company ("Management") and certain members of the board of directors of the Company (the "Board") of all of their exchangeable shares of Caza Petroleum, Inc., a majority-owned subsidiary of the Company, for a total of 26.502 million Common Shares in accordance with that certain Share Exchange and Shareholders Agreement (the "Exchange Agreement") dated September 22, 2006, as amended, to which the exchangeable shares are currently subject (the "Exchange"), and (b) the return and cancellation of approximately 29.9 million Common Shares held or controlled by the Yorkville Parties (as defined below) (the "Cancellation"), being all of the Common Shares held by them. The transaction was negotiated with Talara at arm's length and unanimously approved by a special committee of the Board composed solely of independent directors (the "Special Committee"). Talara, which is a private investment fund advised by Talara Capital Management, LLC, does not hold any Common Shares or other securities of the Company.

Based on the current number of Common Shares outstanding, the Company estimates that Talara will acquire approximately 9,467,400,000 Common Shares (the "Issued Shares") and that there will be approximately 9,744,154,000 Common Shares outstanding. The Private Placement will result in estimated dilution for the existing holders of Common Shares of approximately 3520% and materially affect the control of Caza. Upon Closing of the Private Placement, Talara and Management will hold approximately 97.38% of the outstanding Common Shares (assuming completion of the Exchange and the Cancellation). The Issued Shares will be issued at an effective price (the "Effective Price") of approximately US\$0.0048 per share (equivalent to approximately 0.32 pence per Common Share). Such price represents a 34% discount to the five day volume weighted average price of the Common Shares on the TSX on December 14, 2015 and a premium of 23.2% to the five day volume weighted average price of 0.26 pence per Common Share on AIM on December 14, 2015.

The Private Placement is expected to close on or about December 23, 2015 (the "Closing"), subject to satisfaction of certain conditions, including the conditional approval of the Toronto Stock Exchange (the "TSX") and receipt of certain exemptions sought from the TSX under the financial hardship exemption as described below (collectively, the "TSX Approvals"). The Issued Shares will be subject to a four-month hold period under Canadian securities laws. Application will also be made to London Stock Exchange plc for admission of the Issued Shares to trading on AIM.

The Company has also entered into settlement agreements (the "Lender Settlement Agreements") with Apollo Investment Corporation ("Apollo") and with YA Global Master SPV Ltd. and GSC SICAV p.l.c. (the "Yorkville Parties") whereby all debts and obligations owing to Apollo and the Yorkville Parties, including those under certain secured credit facilities, together with all oil and gas interests previously granted by Caza Petroleum in favor of Apollo, will be extinguished in consideration for aggregate payments by the Company of approximately US\$43.5 million upon Closing. The Lender Settlement Agreements were entered into in contemplation of the Private Placement and will terminate if the Company does not make the payments thereunder by December 31, 2015, in the case of Apollo, and January 15, 2016, in the case of the Yorkville Parties. The remaining proceeds will be allocated to working capital for general corporate purposes, including reasonable out-of-pocket fees and expenses related to the Private Placement. The Company has also entered into settlement agreements with certain trade creditors in order to significantly reduce its outstanding payables (the "Trade Creditor Settlement Agreements").

Completion of the Private Placement and, with the proceeds thereof, fulfilling settlements with the Company's lenders and trade creditors, will substantially and materially reduce the Company's working capital deficiency and improve its cash flow through the elimination of monthly interest payments to Apollo of approximately US\$450,000 and of the existing overriding royalty revenues currently in Apollo's favour. These significant improvements in the Company's financial position will materially improve its ability to continue as a going concern and eliminate the significant uncertainties associated with its covenant breaches under the Apollo credit facility and inability to repay that debt, and should also allow it to obtain lower cost capital, which may be used to implement its business plan when commodity prices improve.

In addition, the Board will be reconstituted at Closing, subject to certain customary background clearances, so that it will include David Zusman, David Young, Andrew Heyman and Sharon O'Shea, being Talara nominees, J. Russell Porter, Cornelius Dupré II and W. Michael Ford. Messrs Porter and Dupré currently sit on the Board as non-executive directors, and Mr. Ford currently serves as the Company's Chief Executive Officer and sits on the Board. Further information regarding the Board and Management changes will be announced in due course.

Members of Management have also entered into new employment contracts and other agreements relating to compensation and incentive matters (collectively, the "Management Compensation Arrangements") which will become effective at Closing.

Description of Private Placement

As disclosed above, the Company will issue and sell to Talara for gross proceeds of US\$45.5 million, such number of Common Shares as results in Talara owning, immediately following the Private Placement, 97.16% of the outstanding Common Shares, assuming the completion of the Exchange and the Cancellation. Based on the number of Common Shares currently outstanding, this would represent the issue and sale of approximately 9,467,400,000 Common Shares at an effective price of approximately US\$0.0048 per share (equivalent to approximately 0.32 pence per Common Share).

Closing of the Private Placement is subject to the satisfaction or waiver of the conditions set forth in the Subscription Agreement, which include the receipt of the TSX Approvals, the reconstitution of the Board, and the Lender Settlement Agreements, Trade Creditor Settlement Agreements and Management Compensation Arrangements all being in full force and effect, as well as other customary conditions to closing.

The Private Placement is not subject to a financing condition and Talara has represented that it has cash funds sufficient to fund the purchase of the Issued Shares under the Private Placement.

In the event Talara proposes a business combination transaction or a take-over bid with respect to the Company following Closing, pursuant to which it or any of its affiliates would acquire, directly or indirectly, all shares of the Company that it does not already hold, it has agreed that: (i) all holders of affected Common Shares (including members of Management) will receive, directly or indirectly, pursuant to completion of such transaction, the same consideration on a per share basis (and, for the avoidance of doubt, all Common Shares owned or issuable to members of Management prior to such transaction, other than any Issued Shares, will be acquired, converted or cancelled in such transaction for such same consideration); (ii) if such transaction is completed within six months of Closing, the consideration per share payable to holders of Common Shares pursuant to such transaction will be not less than the Effective Price per Issued Share pursuant to the Private Placement; and (iii) if such transaction is completed thereafter, a formal valuation will be prepared in respect of such transaction in accordance with Multilateral Instrument 61-101, regardless of whether a formal valuation would otherwise be required to be prepared thereunder, and the consideration per share payable to holders of affected shares, directly or indirectly, pursuant to the completion of such transaction, will be not less than any minimum value determined in the valuation.

Debt Restructuring

The Company has entered into a Lender Settlement Agreement with each of Apollo and the Yorkville Parties whereby all debts and obligations owing to them (including all obligations under the Yorkville Parties' existing convertible note and Common Share purchase warrants), together with all oil and gas interests previously granted by Caza Petroleum in favour of Apollo, will be extinguished in consideration for payments by the Company in an aggregate amount of approximately US\$43.5 million upon Closing. The Lender Settlement Agreements were entered into in contemplation of the Private Placement and will terminate if the Company does not make the payments thereunder by December 31, 2015, in the case of Apollo, and January 15, 2016, in the case of the Yorkville Parties. The Yorkville Parties have also agreed, in their Lender Settlement Agreement, to return to the Company all Common Shares held or controlled by them for cancellation for no additional consideration upon Closing. Such agreements also contain terms and conditions which are customary for transactions of this nature.

The Company has also entered into Trade Creditor Settlement Agreements with certain trade creditors in an effort to significantly reduce its outstanding payables. A remaining number of unpaid Trade Creditor Settlement Agreements require payment by December 31, 2015.

Completion of the Private Placement will substantially and materially improve the Company's financial position, and materially improve its ability to continue as a going concern and eliminate the significant uncertainties associated with its covenant breaches under the Apollo credit facility and inability to repay that debt, and should also allow it to obtain lower cost capital, which may be used to implement its business plan when commodity prices improve.

Management Compensation Arrangements

Management has entered the Management Compensation Arrangements, which will become effective at Closing. Pursuant to such arrangements, Management has waived all rights and entitlements under existing employment agreements and incentive plans, including all existing rights to change of control or severance payments and all grants and options awarded to them under the Company's incentive plans. The new employment contracts contain customary terms and conditions and provide that Management may be entitled to receive severance payments equal to three months' base salary in certain circumstances. Certain members of the Board (W. Michael Ford and John McGoldrick) and Management (Jim Markgraf, Rich Albro and Tony Sam) have also indicated that they intend to complete the Exchange in accordance with the Exchange Agreement concurrently with Closing. All other holders of incentive compensation options have agreed to surrender them for cancellation. As part of the Management Compensation Arrangements, it is also expected that Management will agree to purchase (the "Management Purchase") approximately 1.87% of the Issued Shares from Talara on a post-Closing basis at the Effective Price for an aggregate subscription price of US\$850,000 in order to satisfy Talara's equity ownership requirements and policies applicable to the management teams of Talara's portfolio companies.

Pursuant to the Exchange Agreement, certain members of Management and one non-executive director have the right at any time to exchange the shares they hold in the capital of the Company's subsidiary, Caza Petroleum, for an aggregate of 26,502,000 Common Shares based on an exchange ratio of 2,800 Common Shares for each Caza Petroleum share held. The

exchange ratio was established when the Exchange Agreement was entered into in 2006. All such individuals have indicated that they intend to complete the Exchange in accordance with the terms of the Exchange Agreement in conjunction with the completion of the Private Placement.

The following table shows the number of Common Shares anticipated to be acquired by members of the Board and Management pursuant to the Management Purchase and pursuant to existing rights under the Exchange:

Name	Common Shares Currently Held	Common Shares to be Acquired from Talara	Common Shares to be Acquired Pursuant to Exchange	Total Common Shares Held After Private Placement
W. Michael Ford	575,968	62,422,549	6,790,000	69,788,517
James Markgraf	344,019	10,403,758	840,000	11,587,777
Rich Albro	303,848	10,403,758	5,292,000	15,999,606
Tony Sam	437,543	62,422,549	6,790,000	69,650,092
Randy Nickerson	469,833	31,211,275	-	31,681,108
John McGoldrick ¹	312,500	-	6,790,000	7,102,500

¹ Mr. McGoldrick is a non-executive director and not a member of Management.

Following the Private Placement, assuming the completion of the Management Purchase, the Exchange and the Cancellation, it is anticipated that Management will collectively hold approximately 198,700,000 Common Shares, representing approximately 2.04% of the outstanding Common Shares and that Talara will hold approximately 9,290,556,000 Common Shares, representing 95.38% of the outstanding Common Shares.

TSX Financial Hardship Exemption

The Private Placement would normally be subject to shareholder approval pursuant to the TSX Company Manual because the transaction will materially affect control of Caza and the transaction will result in the issuance of a number of Common Shares that is greater than 25% of the number of Common Shares which are outstanding, at a price per share that is less than the market price. Caza is, however, in serious financial difficulty as a result of the severe decline in commodity prices over the past 12 months and has immediate capital needs and no ability to fund its current obligations. In particular, Caza's cash flows, revenues and financial condition have all been materially and adversely impacted by the decrease in oil and natural gas prices over the past year. This has led to declining production, negative cash flows and the cessation of substantially all drilling operations.

The Company's financial position has deteriorated, with material liabilities that include approximately US\$45 million owing to Apollo, US\$3.9 million owing to the Yorkville Parties and accounts payable outstanding for more than 120 days of US\$5.1 million and a continuing monthly interest payment to Apollo of US\$450,000. In addition, trade creditors have begun to initiate claims against the Company and to threaten insolvency actions. Given the situation, unless new financing is imminently arranged under the Private Placement, the Company cannot meet its current obligations and will not be able to meet its recurring and future obligations as they fall due, which may also lead its lenders or other creditors to file an involuntary bankruptcy petition against the Company.

In particular, the Company has breached its covenants and obligations under its secured Note Purchase Agreement (the "Note Agreement") dated May 23, 2013 with Apollo. As a result of these breaches, Apollo is entitled to accelerate maturity of the debt and the Company was directed by its auditors to reclassify the outstanding balance as a current liability (inserting a going concern note in its quarterly financial statements) as of December 31, 2014. In February 2015, Apollo waived the financial covenants under the Note Agreement until September 30, 2015. Apollo has subsequently agreed on three separate occasions to forbear from exercising certain rights under the Note Agreement thru December 31, 2015. The forbearance arrangement permits Apollo to terminate the forbearance period on three days' notice if it determines that the Company and Talara are not diligently pursuing a transaction substantially similar to the Private Placement. Apollo has no affiliation with Talara.

Although the Private Placement will require Apollo to accept a reduced settlement, it has determined to support the Private Placement in light of the lack of other alternatives. However, Apollo has indicated that it will be supportive of the Private Placement only for a limited time, and the Lender Settlement Agreement with Apollo will terminate if the Company does not make payment thereunder by December 31, 2015.

Accordingly, an application has been made to the TSX pursuant to Section 604(e) of the TSX Company Manual to be exempted from the requirement to obtain shareholder approval for the Private Placement. Caza is seeking this exemption from the TSX on the basis that the Company is in serious financial difficulty and the immediacy of its capital needs and the requirements of its lenders do not afford it sufficient time to seek shareholder approval prior to the issuance of the Issued Shares pursuant to the Private Placement.

In accordance with TSX requirements, the Board and Special Committee have each reviewed and considered the Company's

financial position, commitments, prospects and funding requirements and the terms of the proposed Private Placement, and under the existing circumstances, each has unanimously determined that the financial hardship application should be made to the TSX, that the Company is in serious financial difficulty in light of its immediate capital requirements, and that the proposed Private Placement, if completed, should improve the Company's financial situation, is reasonable for Caza under existing circumstances, and represents the only solution practicably available to the Company that will enable it to continue as a going concern. The completion of the Private Placement is subject to receipt of the exemptions sought from the TSX under the financial hardship exemption application.

Certain aspects of the Management Compensation Arrangements may constitute a "related party transaction" for the purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* and therefore subject to the formal valuation and minority approval requirements of that regulation, as applicable. The Company is relying on exemptions from such requirements, which would otherwise apply in respect of such related party transaction, that are akin to the "financial hardship" exemption under TSX rules and are based on the same determinations of the Special Committee and Board described above regarding the Company's financial position.

Listing Matters

The Company expects that, as a consequence of its financial hardship application, the TSX will place Caza under remedial delisting review, which is normal practice when a listed company seeks to rely on this exemption. In order to comply with the TSX's continued listing requirements, the Company anticipates that it may need to implement the share consolidation approved by shareholders at its annual and special meeting of shareholders held on June 30, 2015. There can be no assurance that Caza will be able to comply with the TSX's continued listing requirements or that the Common Shares will continue to be traded on such exchange following the delisting review. In addition, the Company confirms that it is its current intention to seek a delisting from AIM in due course in accordance with AIM rules, and to initiate the relevant proceedings to effect the delisting shortly following Closing.

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 (West Texas and Southeast New Mexico) and Texas and Louisiana Gulf Coast (on-shore).

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

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", "hope", "project", "predict", "potential", "intend", "could", "might", "should", "believe", "develop", "test", "anticipate", "enhance" and similar expressions. In particular, information regarding the terms, timing and completion of the Private Placement, the use of proceeds upon completion of the Private Placement, the Company's continued listing on any stock exchange and the Company's ability to continue as a going concern or future financial position contained in this news release constitutes forward-looking information within the meaning of securities laws.

Such forward-looking information is subject to certain risks, assumptions and uncertainties including the risk that the Private Placement and the associated transactions are not completed. For more exhaustive information on these risks, assumptions 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.

This news release is not for dissemination in the United States or to any United States news services. The New Common Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws, and may not be sold or offered for sale in the United States absent registration with the U.S. Securities and Exchange Commission except pursuant to an applicable exemption from registration thereunder, in each case in accordance with the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state in the United States in which such offer, solicitation or sale would be unlawful.

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