

# Caza Oil & Gas, Inc. Announces Execution of Senior Secured Reserve-Based Revolving Credit Facility

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Caza Oil & Gas, Inc. ("Caza" or the "Company") (TSX:CAZ) (AIM:CAZA) is pleased to announce today that its wholly owned subsidiary, Caza Petroleum, Inc. ("Caza Petroleum"), has entered into a credit agreement for a five-year, senior secured, reserve-based, revolving credit facility (the "Credit Facility") with JPMorgan Chase Bank, N.A., as Lender and Administrative Agent ("JPMorgan"), with J.P. Morgan Securities LLC, acting as sole lead arranger and sole bookrunner of the Credit Facility.

## Facility Commitment

Pursuant to the credit agreement, the Credit Facility commitment is a maximum US\$100.0 million, governed by an initial borrowing base of US\$15.0 million, including a sub-facility for the issuance of letters of credit up to a maximum aggregate face amount of 10% of the borrowing base in effect. Interest on loans under the Credit Facility may be elected by Caza Petroleum to be based on LIBOR or a base rate (determined as the greatest of the prime rate, federal funds rate + 0.50% and adjusted LIBOR + 1%) from time to time, plus a margin determined based upon utilization of the borrowing base ranging from 2% to 3% for LIBOR loans and ranging from 1% to 2% for base rate loans. The Credit Facility also requires Caza Petroleum to pay a commitment fee equal to 0.50% per annum based on the average daily unused portion of the borrowing base. Additionally, upfront fees will be paid to JPMorgan at closing in an amount equal to 0.50% of the initial borrowing base.

## Borrowing Base

The borrowing base is the loan value to be assigned to the proved reserves attributable to the Company's proved oil and gas properties, as evaluated in the most recent reserve report(s) and delivered pursuant to the credit agreement. As of the closing date, the borrowing base was set at US\$15.0 million until the next scheduled redetermination or as the borrowing base is otherwise adjusted or redetermined.

Redeterminations based on updated reserve reports are scheduled semi-annually, and each of Caza Petroleum and JPMorgan have the ability to request one interim redetermination in each 6 month period between scheduled redeterminations. The initial borrowing base redetermination will occur on July 1, 2016, unless the borrowing base is adjusted or redetermined before such date in accordance with the terms of the Credit Facility.

## Security Granted

The Credit Facility is guaranteed by Caza Petroleum's wholly owned subsidiary, Caza Operating, LLC ("Caza Operating"), and the collateral provided to secure the Credit Facility (and any hedges or cash management obligations owing to JPMorgan) consists of substantially all of Caza Petroleum's and Caza Operating's respective now owned or hereafter acquired personal property, as well as at least 80% of the PV-9 of their oil and gas properties.

## Financial Covenants

The Credit Facility includes financial covenants tested on a quarterly basis, including a maximum funded debt to EBITDAX ratio of 4.0x and a minimum current assets to current liabilities ratio of 1.0x, each tested on a consolidated basis for Caza Petroleum and its subsidiaries. The Credit Facility also includes representations, warranties, affirmative and negative covenants, events of default, remedial provisions and

other terms that are usual and customary for secured reserve-based credit facilities.

#### Availability and Maturity

Subject to the borrowing base in effect, the Credit Facility is available on a revolving basis during the period commencing on the closing date and ending on the fifth anniversary of the closing date, which is January 21, 2021.

#### Use of Proceeds

Caza Petroleum and Caza Operating will use the proceeds of the loans for (i) the payment of transaction fees and expenses in connection with the closing of the Credit Facility; and (ii) funding the working capital, capital expenditures and other general corporate purposes of Caza Petroleum and Caza Operating.

#### 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.

#### 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", "excellent", "may", "will", "hope", "project", "predict", "potential", "intend", "could", "might", "should", "believe", "develop", "test", "anticipation", "looks to be" and similar expressions. In particular, information regarding timing and scope of future oil and gas operations, the availability of the Credit Facility, the use of proceeds under the Credit Facility and any implication to increase production, cash flow, reserves or shareholder value contained in this news release constitutes forward-looking information within the meaning of securities laws.

Implicit in this information, are assumptions regarding the success of oil and gas operations, rig availability, projected production, projected 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, well performance and operating risks and could differ materially from what is currently expected as set out above.

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](http://www.sedar.com) and the Company's website at [www.cazapetro.com](http://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.

#### Contact

Caza Oil & Gas, Inc.  
Michael Ford, CEO  
+1 432 682 7424 (Midland)

Caza Oil & Gas, Inc.  
Richard R. Albro, VP

+1 832 381 3853 (Houston)

Cenkos Securities plc  
Neil McDonald  
+44 131 220 6939 (Edinburgh)

Cenkos Securities plc  
Nick Tulloch  
+44 131 220 9772 (Edinburgh)

VIGO Communications  
Chris McMahon  
+44 20 7016 9570 (London)

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