

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-35330

**Lilis Energy, Inc.**

(Name of registrant as specified in its charter)

Nevada

74-3231613

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

1800 Bering Drive, Suite 510, Houston, Texas 77057  
(Address of principal executive offices, including zip code)

Registrant's telephone number including area code: (817) 585-9001

Securities registered under Section 12(b) of the Act:

Common Stock, \$0.0001 par value

NYSE American

Title of class

Name of exchange on which registered

Securities registered under Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes  No

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2018, the aggregate market value of the voting and non-voting shares of common stock of the registrant issued and outstanding on such date, excluding shares held by affiliates of the registrant as a group was \$211,811,267 based on the closing sales price of \$5.20 per share of the registrant's common stock on June 30, 2018 on the NYSE American.

As of March 5, 2019, 71,496,979 shares of the registrant's common stock were issued and outstanding.

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**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive Proxy Statement of Lilis Energy, Inc. (to be filed no later than 120 days after December 31, 2018) relating to the Company's 2019 Annual Meeting of Stockholders are incorporated into Part III of this Form 10-K.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements may include the words “may,” “should,” “could,” “estimate,” “intend,” “plan,” “project,” “continue,” “believe,” “predict,” “expect,” “anticipate,” “goal,” “forecast,” “target” or other similar words.

All statements, other than statements of historical fact, that are included in this Annual Report that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning future production, reserves or other resource development opportunities; any projected well performance or economics, or potential joint ventures or strategic partnerships; any statements regarding future economic conditions or performance; any statements regarding future capital-raising activities; any statements of belief; commodity price risk management activities and the impact on our average realized price; and any statements of assumptions underlying any of the foregoing.

Although we believe that the expectations, plans, and intentions reflected in or suggested by our forward-looking statements are reasonable, we can give no assurance that these plans, intentions, or expectations will be achieved, and our actual results could differ materially from those projected or assumed in any of our forward-looking statements.

Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, many of which are beyond our control. Some of the factors, which could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements include but are not limited to, the Risk Factors set forth in this Annual Report in Part I, “Item 1A. Risk Factors.” Should one or more of the risks or uncertainties described in this Annual Report Form occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those in any forward-looking statements.

The forward-looking statements in this Annual Report present our estimates and assumptions only as of the date of this Annual Report. Except as required by law, we specifically disclaim all responsibility to publicly update any information contained in any forward-looking statement and, therefore, disclaim any resulting liability for potentially related damages. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

For a detailed description of factors that could cause actual results to differ materially from those expressed in any forward-looking statement, we urge you to carefully review and consider the disclosures made in the “Risk Factors” sections of our SEC filings, available free of charge at the website of the U.S. Securities Exchange Commission (the “SEC”) - [www.sec.gov](http://www.sec.gov).

*Unless the context otherwise requires, all references in this report to “Lilis,” “we,” “us,” “our,” “ours,” or “the Company” are to Lilis Energy, Inc. and its subsidiaries.*

## PART I

### Items 1 and 2. Business and Properties

#### Overview

Lilis is an independent oil and gas company focused on the exploration, development, production, and acquisition of oil, natural gas and natural gas liquids, or NGLs, from properties in the Permian Basin. Our operations are focused in the Delaware Basin of the Permian in Winkler, Loving, and Reeves Counties, Texas and Lea County, New Mexico, where the production is approximately 74% crude oil and NGLs, or Liquids, a relatively high liquid production ratio compared to many of our peers. Over 90% our of revenues are generated from the sale of Liquids.

The Company is managed by a focused and experienced management team that is dedicated to rapidly increasing the Company's production, reserves, and acreage position.

#### Our History

The Company was incorporated in the State of Nevada in 2007. The name of the corporation was changed to "Lilis Energy, Inc." in December 2013, and at such time, the Company was primarily focused on the exploration, development and production of oil and natural gas properties in the Denver-Julesburg (DJ) Basin.

In June 2016, we completed a transformative merger transaction with Brushy Resources, Inc. ("Brushy Resources" or "Brushy"), which resulted in the acquisition of a substantial portion of the Company's current assets in the Permian Basin. Given the stacked-pay opportunities and high rates of return in the Permian Basin, the Company determined that it would focus exclusively on expanding and developing its core Permian Basin assets and completed the divestiture of all of its oil and gas properties located in the DJ Basin in March 2017.

#### Our Business

We are a pure play Permian Basin company focused on realizing the highest returns and delineating our acreage position to increase the value of our stock for our stockholders.

#### Our Business Strategy

Our goal is to grow our Company and increase stockholder value by generating cash flow primarily from new production of Liquids, as well as through delineation drilling on our existing acreage.

We continue to focus on developing our existing acreage position, growing our production and reserves, and expanding our core assets in the Delaware Basin through strategic acquisitions, acreage exchanges, and organic leasing. We plan to achieve our objectives by implementing a business strategy focused on the following:

***Leverage our Extensive Operational Expertise to Reduce Costs and Plan for Cash Flow Neutrality.*** We actively manage the level of our development, leasing and acquisition activity in response to commodity prices, access to capital, and the performance of our wells. We recently announced our recapitalization, which allows us to better manage our assets (See "2019 Second Lien Term Loan Conversion and Borrowing Base Redetermination" and "Subsequent Events" for further information regarding our recapitalization).

As of December 31, 2018, we operated approximately 99% of our acreage position, giving us significant control over the pace of our development and allowing us to increase value through operational and cost efficiencies. We intend to obtain the highest possible returns on the capital we expend on our development projects using results from the wells we have completed and the operational expertise of our management team. We will continue to focus on operational efficiencies, including midstream costs, salt water disposal, and capital costs of our development wells in order to maximize returns to our stockholders. We have increased our operational efficiency by entering into various infrastructure transactions, and we have structured our balance sheet with the intent to achieve cash flow neutrality in 2019 and significantly reduce our leverage profile over time. Additionally, we have an active hedging program to provide certainty regarding our cash flow and protect returns from our development activity in the event of decreases in the prices received for our production.

**Realizing Highest Returns and Delineating Acreage.** We plan to drill and develop our existing acreage base of approximately 28,500 gross (20,400 net) acres in the Delaware Basin, which we believe will maximize our resource potential and increase value to our stockholders. Our drilling activity during 2018 was predominantly focused on the horizontal development and delineation of our core acreage position in the Delaware Basin. We increased our net sales production volumes by 215% to 4,965 BOE/d in 2018, as compared to 2017. We averaged 8,081 net BOE/d from December 25 through December 31, 2018, achieving our 2018 year-end exit rate target of 8,000 BOE/d. Additionally, as a result of our development efforts, acreage exchanges and acquisitions, our proved reserves increased 273% from December 31, 2017, to approximately 42,707 MBOE (thousand barrels of oil equivalent) as of December 31, 2018. Our proved reserves were Liquids rich, being comprised of approximately 69% Liquids (50% oil and 19% NGLs) and 31% natural gas.

Through the continued development of our properties, we plan to de-risk our acreage position and substantially increase our Liquids production and cash flow, thereby increasing the value of our properties. Our current leasehold position in the Delaware Basin has significant stacked-pay potential, which we believe includes at least five to seven productive zones in the Wolfcamp and Bone Springs formations. We estimate that all productive zones within our properties may support approximately 1,175 future drilling locations.

**Increasing our Inventory and Improving Delineation.** We plan to expand our inventory through delineation drilling of zones on our existing acreage and through acquisitions, acreage exchanges, and organic leasing. Since entering the Delaware Basin in June 2016, we have extensively grown our acreage position by over 500% from 7,200 gross (3,400 net) acres to approximately 28,500 gross (20,400 net) acres and increased our average operated working interest to approximately 76% at December 31, 2018, through various strategic acquisitions, acreage exchanges, and organic leasing, and we operate approximately 99% of our acreage. Our acquisitions to date have added over 17,000 acres which represent a multi-year inventory of approximately 1,175 identified, potential drilling locations across at least five to seven productive pay zones.

We plan to continue evaluating opportunities for strategic acquisitions, acreage exchanges, and organic leasing in our core areas of operation. We also expect that our drilling activity will grow our inventory and the identified resource potential of our Delaware Basin properties. Throughout 2018, we successfully drilled and announced our average 24-hour, 30-day initial production data on 12 wells targeting the Wolfcamp A, Wolfcamp B, Wolfcamp XY, 2nd Bone Spring, and 3rd Bone Spring formations. We believe that our current reserves represent only a small portion of the resource potential within our acreage. Our development plan for 2019 contemplates the continued delineation of our acreage both geographically and geologically and by drilling and completing wells within additional prospective benches.

**Utilizing our Cost-Efficient Infrastructure Solutions.** To support our operations and sales of our production, we have entered into various infrastructure and sales agreements that we believe secures cost-effective movement of our Liquids and natural gas in Texas and New Mexico.

- We entered into several agreements with Salt Creek Midstream ("SCM") and its affiliates to provide crude gathering and transportation and water gathering and disposal infrastructure and services, including a crude oil transportation and sales agreement to secure pipeline capacity on a long-haul crude oil pipeline to the Gulf Coast, pursuant to which all volumes will have Gulf Coast pricing based on Magellan East Houston pricing throughout the 5-year term. We anticipate significantly lower crude transportation costs from approximately \$5.15 per Bbl at December 31, 2018, to approximately \$0.75 per Bbl commencing in March 2019, as a result of increased pipeline transportation of our crude oil under the gathering agreement with SCM. As a result of our infrastructure agreements, our salt water disposal costs decreased from approximately \$2.50 per barrel in 2018 to approximately \$0.49 per barrel in 2019.
- In 2017, we entered into a long-term gas gathering and processing agreement with an affiliate of Lucid Energy Group ("Lucid") to support our active drilling program in the Delaware Basin. Pursuant to our agreement with Lucid, there are no minimum volume commitments and all gas transported via Lucid is sent to Lucid's 310 million cubic feet per day Red Hills Natural Gas Process Complex located in Lea County, New Mexico, where it is treated and processed then transported pursuant to transportation contracts through various long-haul pipelines with access to west coast markets, gulf coast markets, Permian markets and MidCon markets. Lucid is responsible for all capital costs in New Mexico and Texas, other than gathering lines from the wellhead to various Lucid receipt points.

We believe that our infrastructure and sales agreements will further our operational efficiency, as well as provide us significant cost savings, advantaged crude pricing in the Gulf Coast markets, and more consistent production flowing to sales in 2019 and future years.

## Our Strengths

**Established Acreage Position in the Core of the Delaware Basin.** We believe we have assembled a substantial portfolio of Delaware Basin properties that offers high rate of return exploration and development opportunities. As of December 31, 2018, we held over 28,500 gross (20,400 net) acres in the core of the Delaware Basin, where we had an average operated working interest of approximately 76%. As of December 31, 2018, we operated approximately 99% of such acreage. Our acreage is geographically concentrated and highly contiguous, allowing us to capitalize on economies of scale with respect to drilling and production costs. We believe those efficiencies provide us with an advantage in competing for acquisitions, acreage exchanges, and organic leasing opportunities on and around our acreage.

**Multi-year Portfolio of Drilling and Development Opportunities.** We have a significant inventory of drilling and development locations in Winkler, Loving and Reeves Counties, Texas and Lea County, New Mexico. We believe our properties form part of the core of the Delaware Basin. Based on our drilling to date and results from nearby wells, we have identified approximately 1,175 potential horizontal well locations on our acreage, including approximately 700 longer lateral locations. Our leasehold position has significant stacked-pay potential, which we believe includes at least five to seven productive zones. We believe that our inventory of drilling locations will allow us to grow our reserves and production at attractive rates of return based on current expectations for commodity prices.

**High Degree of Operational Control.** We operate approximately 99% of our acreage, which gives us significant control over the pace of our development and the ability to design a more efficient and profitable drilling program to maximize recovery of oil and natural gas. Based on our drilling and production results to date and well-established offset operator activity in and around our project areas, we believe there are relatively low geologic risks and ample repeatable drilling opportunities across our core acreage.

**Strengthening Financial Position and Flexibility.** We believe our financial position is strong and sufficient to fund our drilling and completion operations currently planned for 2019. In October 2018, we announced our entry into a new five-year \$500 million senior secured reserve based revolving credit facility ("Revolving Credit Agreement") with an initial borrowing base of \$95 million, that refinanced our first-lien term loan with Riverstone Credit Partners, LLC. As of December 7, 2018, the borrowing base of our Revolving Credit Agreement had increased to \$108 million. The Company enhanced liquidity through the Revolving Credit Agreement and through a tack-on to the outstanding Series C Preferred Stock (as hereinafter defined). Additionally, the Company converted a portion of its Second Lien Term Loan (as hereinafter defined) to a combination of preferred and common equity, which resulted in a significant paid-in-kind interest expense savings. We have a solid relationship with Vårde Partners, Inc. and its affiliates, who have partnered with us since the time of the Brushy Resources transaction and provided us with access to significant capital resources and financing opportunities. The Company had increased its liquidity to \$54.1 million as of year-end 2018, including \$33 million in availability under its Revolving Credit Agreement and \$21.1 million in cash. Additionally, we recently announced our recapitalization, which allows us to better manage our assets (See "2019 Second Lien Term Loan Conversion and Borrowing Base Redetermination" and "Subsequent Events" for further information regarding our recapitalization).

We believe our financial liquidity position provides us operational flexibility and a path toward continued growth in our oil and natural gas production, proved reserves, and cash flows.

**Experienced Management Team.** We have an experienced and skilled management team with a long track record of driving growth through asset development and strategic acquisitions. We believe that our team's operational expertise and extensive experience through various commodity price cycles position us to operate effectively and efficiently and, in turn, will help increase returns and value to our stockholders.

## Oil and Natural Gas Properties

As of December 31, 2018, we owned leasehold acreage in approximately 28,500 gross (20,400 net) acres in the Delaware Basin, comprised of approximately 16,300 net acres in Winkler, Loving, and Reeves Counties, Texas and approximately 4,100 net acres in Lea County, New Mexico. Average net sales production volumes from our properties increased approximately 215% to 4,965 BOE/d in 2018 from 1,576 BOE/d in 2017. We averaged 8,081 net BOE/d from December 25 through December 31, 2018, achieving our 2018 year-end exit rate target of 8,000 BOE/d.

We currently estimate our properties include at least five to seven productive zones and hold approximately 1,175 future drilling locations across all of the productive zones within this position. Our reserve estimates include 37 horizontal PUD wells, as well as the capital costs required to develop these wells.

## Reserve Data

### Proved Reserves

The following table presents our estimated net proved oil and natural gas reserves as of December 31, 2018, 2017 and 2016, based on the reserve reports prepared by Cawley, Gillespie & Associates, Inc. Each reserve report has been prepared in accordance with the rules and regulations of the SEC. All of our proved reserves included in the reserve reports are located in the Delaware Basin of the Permian Basin:

#### Summary of Oil and Gas Reserves

	For the Year Ended December 31,		
	2018	2017	2016
<b>Proved Developed Reserves</b>			
Oil (MBbls)	6,278	2,531	551
NGLs (MBbls)	2,654	645	3
Total Liquids (MBbls)	8,932	3,176	554
Natural Gas (MMcf)	27,046	6,594	3,872
Total MBOE	13,440	4,275	1,199
<b>Proved Undeveloped Reserves</b>			
Oil (MBbls)	14,927	4,640	—
NGLs (MBbls)	5,723	960	—
Total Liquids (MBbls)	20,650	5,600	—
Natural Gas (MMcf)	51,703	9,466	—
Total MBOE	29,267	7,178	—
<b>Total Proved Reserves</b>			
Oil (MBbls)	21,205	7,171	551
NGLs (MBbls)	8,377	1,605	3
Total Liquids (MBbls)	29,582	8,776	554
Natural Gas (MMcf)	78,749	16,060	3,872
Total MBOE	42,707	11,453	1,199

### Proved Undeveloped Reserves

As of December 31, 2018, we had a total of 29,267 MBOE proved undeveloped reserves. During 2018, we added 22,088 MBOE of proved undeveloped ("PUD") reserves through the extension of proved acreage, primarily as a result of successful drilling on properties in the core of the Delaware Basin in Winkler, Loving, and Reeves Counties, Texas and Lea County, New Mexico.

The increase in our PUDs was partially offset by the reclassification of 2,470 MBOE, previously included in the year-end 2017 PUDs, to PDPs as a result of our horizontal development of our properties. Costs incurred relating to the development of PUDs were approximately \$68.3 million during 2018.

Estimated future development costs relating to the development of PUDs are projected to be approximately \$34.3 million in 2019, \$128.0 million in 2020, \$104.0 million in 2021 and \$72.1 million in 2022.

Our estimates of proved undeveloped reserve quantities are limited by development drilling activity that we intend to undertake during the 2019 to 2022 timeframe. At December 31, 2018, we had no reserves that remained undeveloped for five or more years, and all PUD drilling locations are currently scheduled to be drilled within five years of their initial recording. For

additional information regarding the changes in our proved reserves, see our “Supplementary Information on Oil and Natural Gas Exploration, Development and Production Activities” to our consolidated financial statements in Item 15 of this Annual Report

### ***Control over Reserve Estimates***

Our reserve data and estimates were compiled and prepared internally and audited by our third-party independent consultants, Cawley, Gillespie & Associates, Inc. (“CG&A”), as described in more detail herein, in compliance with SEC definitions and guidance and in accordance with generally accepted petroleum engineering principles.

#### *Internal Controls over Reserves Estimate*

Our policy regarding internal controls over the recording of reserves is structured to objectively and accurately estimate our oil and gas reserve quantities and values in compliance with the regulations of the SEC. Responsibility for compliance in reserve bookings is delegated to our Chief Financial Officer with assistance from our senior geologist and a senior reservoir engineer.

Technical reviews are performed throughout the year by our senior reservoir engineer and our senior geologist and other consultants who evaluate all available geological and engineering data, under the guidance of our Chief Financial Officer. This data, in conjunction with economic data and ownership information, is used in making a determination of estimated proved reserve quantities. Chris Cantrell, our senior reservoir engineer, has overseen our reserve processes since 2016. Mr. Cantrell received a Bachelor of Science degree in Petroleum Engineering from Texas A&M University in 1995. He is a registered professional engineer licensed in the State of Texas. He has been continuously involved in evaluating oil and gas properties since 1997 and is a member of the Society of Petroleum Engineers and the American Petroleum Institute.

Our Reserves Committee, a committee of our Board of Directors, assists management and the Board with their oversight of our reserves estimation and certification process and the work of our independent reserve engineer. The members of the Reserves Committee currently consist of R. Glenn Dawson, John Johanning, and Nicholas Steinsberger. Mr. Dawson serves as the Chairman of the Reserves Committee. The Committee’s charter specifies the oversight responsibilities of the Reserves Committee, which include, without limitation, oversight of the Company’s reserve estimates and related disclosures of same by the Company; oversight of the qualifications, training, and independence of the independent reservoir petroleum engineers and other geoscientists proposed to be engaged to audit or report on the reserves of the Company; oversight of the evaluation of oil and gas producing activities and operations and acquisition opportunities; and oversight of hydrocarbon reserve and resource matters as deemed necessary or appropriate in the interest of the Company and its stockholders.

Our reserves estimates and the corresponding report from CG&A, along with the process for developing such estimates, are also reviewed by our geologist and the Audit Committee of our Board of Directors to ensure compliance with SEC disclosure and internal control requirements and to verify the independence of our third-party consultants. The Audit Committee of our Board of Directors reviews the final reserves estimate in conjunction with CG&A’s audit letter.

#### *Third-Party Reserves Study*

Our controls over reserve estimates include retaining an independent third-party consultant, CG&A, as our independent petroleum engineering consulting firm to perform a reserves audit of our reserves estimates. We provided to CG&A information about our oil and gas properties, including production information, prices and costs, and CG&A performed reserve studies using its own engineering assumptions and the economic data provided by us. All of our total calculated proved reserve value was audited by CG&A, and all of the information regarding our 2018, 2017, and 2016 reserves in this Annual Report is derived from CG&A’s reports.

CG&A is an independent petroleum engineering consulting firm that has been providing petroleum engineering consulting services for over 20 years. The individual at CG&A primarily responsible for overseeing our reserve audit is Todd Brooker, President of CG&A, who received a Bachelor of Science degree in Petroleum Engineering from the University of Texas and is a registered Professional Engineer in the State of Texas. He is also a member of the Society of Petroleum Engineers. Mr. Brooker and the other technical persons employed by CG&A engaged in the reserve study met the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Natural Gas Reserves Information promulgated by the Society of Petroleum Engineers.

Oil and natural gas reserves and the estimates of the present value of future net cash flows therefrom were determined based on prices and costs as prescribed by the SEC and Financial Accounting Standards Board (“FASB”) guidelines. Reserve calculations involve the estimate of future net recoverable reserves of oil and natural gas and the timing and amount of future net

cash flows to be received therefrom. Such estimates are not precise and are based on assumptions regarding a variety of factors, many of which are variable and uncertain. Proved reserves were estimated in accordance with guidelines established by the SEC and the FASB, which require that reserve estimates be prepared under existing economic and operating conditions with no provision for price and cost escalations except by contractual arrangements. For the years ended December 31, 2018, 2017, and 2016, we based the estimated discounted future net cash flows from proved reserves on the 12-month average oil and natural gas index prices, calculated as the un-weighted arithmetic average for the first-day-of-the-month price for each month and costs in effect on the date of the estimate, holding the prices and costs constant throughout the life of the properties.

## Oil and Gas Production, Production Prices, and Production Costs

### *Production Volumes and Sales Prices*

The following table summarizes the average volumes and realized prices of oil and natural gas produced from our properties during the periods indicated:

	For the Years Ended December 31,		
	2018	2017	2016
<b>Production</b>			
Oil (Bbls)-net production	1,089,724	371,993	61,088
Oil (per Bbl)-average realized price	\$ 53.26	\$ 47.92	\$ 39.59
Natural gas liquids (Bbls)-net production	246,425	73,875	11,355
Natural gas liquids (per Bbl)-average realized price	\$ 28.11	\$ 22.49	\$ 15.22
Natural Gas (Mcf)-production	2,855,739	776,164	332,643
Natural Gas (per Mcf)-average realized price	\$ 1.84	\$ 2.74	\$ 2.54
Barrels of oil equivalent (BOE)	1,812,106	575,229	127,863
Average daily net production (BOE)	4,965	1,576	350
Average Sales Price per BOE	\$ 38.75	\$ 37.57	\$ 26.87

### *Oil and Natural Gas Production Costs, Production Taxes, Depreciation, Depletion, and Amortization*

The following table sets forth certain information regarding oil and natural gas production costs, production taxes, and depreciation, depletion and amortization:

	For the Years Ended December 31,		
	2018	2017	2016
Production costs per BOE	\$ 9.51	\$ 12.21	\$ 12.43
Production taxes per BOE	2.05	2.06	(1.30)
Depreciation, depletion, and amortization per BOE	14.00	12.21	12.25
Total operating costs per BOE	\$ 25.56	\$ 26.48	\$ 23.38

The average oil and NGL sales prices above are calculated by dividing revenue from oil sales by volume of oil sold, in barrels "Bbls." The average natural gas sales prices above are calculated by dividing revenue from natural gas sales by the volume of natural gas sold, in thousand cubic feet "Mcf." The total average sales price amounts are calculated by dividing total revenues by total volume sold, in BOE. The average production costs above are calculated by dividing production costs by total production in BOE.

### **Acreage**

The following table sets forth our approximate gross and net developed and undeveloped leasehold acreage as of December 31, 2018:



	Undeveloped Acreage		Developed Acreage		Total	
	Gross	Net	Gross	Net	Gross	Net
Delaware Basin	14,200	9,000	14,300	11,400	28,500	20,400

#### Undeveloped Acreage Expirations

Many of the leases comprising the undeveloped acreage set forth in the table above will expire at the end of their respective primary terms unless production from the leasehold acreage has been established prior to such date, in which event the lease will remain in effect until the cessation of production. The following table sets forth the net undeveloped acreage, as of December 31, 2018, that will expire over the next three years unless production is established within the spacing units covering the acreage or the lease is renewed or extended under continuous drilling provisions prior to the primary term expiration dates:

	2019	2020	2021
Delaware Basin	1,840	6,197	1,350

We plan to maintain our undeveloped acreage by establishing production within the spacing units covering the acreage or extending or renewing the leases prior to their expiration.

#### Productive Wells

As of December 31, 2018, we have had 27.0 gross (24.9 net) oil wells and 11.0 gross (8.1 net) natural gas wells. A net well is our percentage ownership interest in a gross well.

Productive wells are either wells producing in commercial quantities or wells capable of commercial production, including natural gas wells awaiting pipeline connections to commence deliveries and oil wells awaiting connection to production facilities. Multiple completions in the same wellbore are counted as one well. A well is categorized under state reporting regulations as an oil well or a natural gas well based on the ratio of natural gas to oil produced when it first commenced production, and such designation may not be indicative of current production.

#### Drilling Activity

For the year ended December 31, 2018, we drilled 16.0 gross (13.5 net) horizontal wells in the Delaware Basin. We completed and placed on production 15.0 gross (14.3 net) horizontal wells. As of December 31, 2018, 6.0 gross (3.8 net) wells were drilled but not yet completed. All of these wells were successful, and none were a dry hole.

The following table sets forth information with respect to the number of wells completed during the periods indicated. Each of these wells was drilled in the Delaware Basin in the Permian Basin.

	Year Ended December 31,					
	2018		2017		2016	
	Gross	Net	Gross	Net	Gross	Net
Exploratory:						
Productive	9.00	8.7	5.0	4.2	—	—
Dry	—	—	—	—	—	—
Development:						
Productive	6.0	5.6	—	—	—	—
Dry	—	—	—	—	—	—
Total:						
Productive	15.0	14.3	5.0	4.2	—	—
Dry	—	—	—	—	—	—

#### Present Activities

As of December 31, 2018, we had 6.0 gross (3.8 net) wells in the process of drilling, completing, dewatering or shut-in awaiting infrastructure.

## **Title to Properties**

We generally conduct a preliminary title examination prior to the acquisition of properties or leasehold interests. Prior to commencement of operations on such acreage, a thorough title examination will usually be conducted and any significant defects will be remedied before proceeding with operations. We believe the title to our leasehold properties is good, defensible and customary with practices in the oil and natural gas industry, subject to such exceptions that we believe do not materially detract from the use of such properties. Our properties are potentially subject to customary royalty and other interests, liens for current taxes, and other burdens which we do not materially interfere with the use of or affect our carrying value of the properties. The majority of our Delaware Basin leasehold position is also subject to mortgages securing indebtedness under our credit and guarantee agreement.

With respect to our properties of which we are not the record owner, we rely on contracts with the owner or operator of the property or assignment of leases, pursuant to which, among other things, we generally have the right to have our interest placed on record.

## **Competitive Business Conditions**

The oil and gas industry is intensely competitive, particularly with respect to acquiring prospective oil and natural gas properties. We face intense competition from a substantial number of major and independent oil and gas companies, many of which have larger technical staffs and greater financial and operational resources. These companies may be able to pay more for productive oil and natural gas properties and exploratory prospects. We also compete with other oil and gas companies to secure drilling rigs and other equipment and services necessary for the drilling, completion, production, processing and maintenance of our wells, and we could face shortages or delays in securing these services from time to time if availability is limited. In addition, we compete to hire and retain professionals, including experienced geologists, geophysicists, engineers, and other professionals and consultants. We believe the location of our acreage, our technical expertise, available technologies, our financial resources, and the experience and knowledge of our management enables us to compete effectively in our core operating areas, but we recognize that many of our competitors have greater financial and operational resources.

The oil and gas industry also faces competition from alternative fuel sources, including other fossil fuels such as coal and imported liquefied natural gas. Competitive conditions may also be affected by future new energy, climate-related, financial, and other policies, legislation, and regulations.

## **Marketing and Pricing**

We derive our revenue and cash flow principally from the sale of oil, natural gas and NGLs. As a result, our revenues are determined, to a large degree, by prevailing prices for crude oil, natural gas and NGLs. We sell our oil and natural gas on the open market at prevailing market prices or through forward delivery contracts. Because some of our operations are located outside major markets, we are directly impacted by regional prices regardless of Henry Hub, WTI or other major market pricing. The market price for oil, natural gas and NGLs is dictated by supply and demand; consequently, we cannot accurately predict or control the price we may receive for our oil, natural gas and NGLs.

We have an active hedging program to provide certainty regarding our cash flow and to protect returns from our development activity in the event of decreases in the prices received for our production; however, hedging arrangements may expose us to risk of significant financial loss in some circumstances and may limit the benefit we would receive from increases in the prices for oil, natural gas and NGLs.

## **Major Customers**

We sell our production to a small number of customers which is common in the oil and gas industry. The following table outlines our major customers and their percentage contribution to our total revenues for the years ended December 31, 2018 and 2017:

	Year Ended December 31,	
	2018	2017
Texican Crude & Hydrocarbons	87%	85%
ETC Field Services	2%	14%
Lucid Energy	10%	—%
Others below 10%	1%	1%
	100%	100%

#### **Delivery Commitments**

As of December 31, 2018, we were not committed to providing a fixed quantity of oil or natural gas under any existing contracts.

#### **Regulation of the Oil and Natural Gas Industry**

##### *General*

Our oil and natural gas exploration, production, and related operations are subject to extensive federal, state and local laws and regulations. These laws and regulations, which are under continued review for amendment, include matters relating to drilling and production practices; the disposal of water from operations and the processing, handling and disposal of hazardous materials; bonding, permitting and licensing, and reporting requirements; taxation; and marketing, transportation and pricing practices.

The failure to comply with these laws and regulations could result in substantial penalties, including administrative, civil, or criminal penalties. These laws and regulations increase our cost of doing business and can potentially affect our profitability.

##### *Regulation of Production of Oil and Natural Gas*

The production of oil and natural gas is subject to regulation under a wide range of federal, state and local laws, orders and regulations. These statutes and regulations require permits for drilling operations, drilling bonds and reports concerning operations. The states in which we own and operate properties have regulations governing conservation matters, including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum allowable rates of production from oil and natural gas wells, the regulation of well spacing or density, and plugging and abandonment of wells. The effect of these regulations is to limit the amount of oil and natural gas that we can produce from our wells and to limit the number of wells or the locations at which we can drill, although we can apply for exceptions to such regulations or to have reductions in well spacing or density. We believe we are in substantial compliance with these laws and regulations; however, should we fail to comply with these laws and regulations, we could face substantial penalties.

##### *Environmental, Health, and Safety Regulations*

Our operations are subject to stringent federal, state, and local laws and regulations relating to the protection of the environment and human health and safety (“EHS”). There are various governmental agencies, including the U.S. Environmental Protection Agency (“EPA”), the U.S. Occupational Safety and Health Administration (“OSHA”) and analogous state agencies that have the authority to enforce compliance with these laws and regulations. Environmental laws and regulations may require that permits be obtained before drilling commences or facilities are commissioned; restrict the types, quantities, and concentration of various substances that can be released into the environment in connection with drilling and production activities; govern the handling and disposal of waste material; and limit or prohibit drilling and exploitation activities on certain lands lying within wilderness, wetlands, and other protected areas, including areas containing threatened or endangered animal species.

We do not believe that our environmental risks are materially different from those of comparable companies in the oil and gas industry. We believe our present activities substantially comply, in all material respects, with existing environmental laws and regulations. Nevertheless, environmental laws may result in a curtailment of production or material increases in the cost of production, development or exploration, and may otherwise adversely affect our financial condition and results of operations. Although we maintain liability insurance coverage for liabilities from pollution, environmental risks are generally not fully insurable. We are committed to strict compliance with these regulations. During the years ended December 31, 2018 and 2017, we incurred approximately \$38,000 and approximately \$32,000, respectively, related to compliance with environmental laws for our oil and natural gas properties.

The following is a summary of the more significant existing and proposed environmental and occupational health and safety laws and regulations to which our business operations are or may be subject and for which compliance may have a material adverse impact on our capital expenditures, results of operations or financial position:

The Resource Conservation and Recovery Act. The Resource Conservation and Recovery Act, as amended (“RCRA”), and the comparable state statutes, regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. The RCRA imposes stringent operating requirements, and liability for failure to meet such requirements, on a person who is either a “generator” or “transporter” of hazardous waste or an “owner” or “operator” of a hazardous waste treatment, storage or disposal facility. The RCRA includes an exemption that allows certain oil and natural gas exploration and production waste to be classified as nonhazardous waste. A similar exemption is contained in many of the state counterparts to RCRA. As a result, we are not required to comply with a substantial portion of RCRA’s hazardous waste requirements. At various times in the past, proposals have been made to amend the RCRA to rescind the exemption that excludes oil and natural gas exploration and production wastes from regulation as hazardous waste. In 2016, the EPA agreed in a consent decree to review its regulation of oil and gas waste and has until March 2019 to determine whether revisions are necessary.

In the event that we fail to comply with requirements for the handling of hazardous waste, administrative, civil and criminal penalties can be imposed. We believe that we are in substantial compliance with applicable requirements related to hazardous waste handling. Repeal or modification of the RCRA oil and gas exemption, or modification of similar exemptions in applicable state statutes, would increase the volume of hazardous waste we are required to manage and dispose of and would cause us to incur potentially significant increased operating expenses.

Water Discharges. The Federal Water Pollution Control Act (also known as the Clean Water Act), the Safe Drinking Water Act, the Oil Pollution Act and analogous state laws and regulations impose restrictions and controls on the discharge of produced waters and other oil and natural gas wastes into navigable waters of the United States, as well as state waters. Permits must be obtained to discharge pollutants into state and federal waters and to discharge pollutants into regulated waters and wetlands. Spill Prevention, Control, and Countermeasure requirements of the Clean Water Act require appropriate secondary containment loadout controls, piping controls, berms and other measures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon spill, rupture or leak. In June 2015, the EPA and the U.S. Army Corps of Engineers jointly promulgated rules redefining the scope of waters protected under the Clean Water Act, and in October 2015, the U.S. Court of Appeals for the Sixth Circuit stayed them nationwide. The EPA and U.S. Army Corps of Engineers have resumed nationwide use of the agencies’ prior regulations defining the term “waters of the United States.” On February 28, 2017, President Trump directed the EPA to review the rules and “publish for notice and comment a proposed rule rescinding or revising the rules, as appropriate and consistent with law.” The Clean Water Act and comparable state statutes provide for civil, criminal and administrative penalties for unauthorized discharges of crude oil and other pollutants and impose liability on parties responsible for those discharges for the costs of cleaning up any environmental damage caused by the release and for natural resource damages resulting from the release.

The Oil Pollution Act of 1990 (“Oil Pollution Act”) and regulations thereunder are the primary federal law for oil spill liability. The Oil Pollution Act contains numerous requirements relating to the prevention of and response to petroleum releases into waters in the United States and imposes a variety of regulations on “responsible parties” related to the prevention of oil spills and liability for damages resulting from such spills in United States waters. The Oil Pollution Act subjects each responsible party to strict liability for oil removal costs and a variety of public and private damages, including, all containment and cleanup costs and certain other damages arising from a release, including, but not limited to, the costs of responding to a release of oil to surface waters and natural resource damages.

The Safe Drinking Water Act, as amended, establishes a regulatory framework for the underground injection of a variety of wastes, including brine produced and separated from crude oil and natural gas production, with the main goal being the protection of usable aquifers. The primary objective of injection well operating permits and requirements is to ensure the mechanical integrity of the wellbore and to prevent migration of fluids from the injection zone into underground sources of drinking water.

In response to recent seismic events near underground injection wells used for the disposal of oil and gas-related wastewaters, federal and state agencies have been investigating whether such wells have caused increased seismic activity, and some states have shut down or imposed moratoria on the use of such injection wells. In Texas, the Texas Railroad Commission (“RRC”) regulates the disposal of produced water by injection well. The RRC requires operators to obtain a permit for the operation of saltwater disposal wells and establishes minimum standards for injection well operations. The RRC has adopted permit rules for injection wells to address these seismic activity concerns within the state. These rules could impact the availability of injection wells for disposal of wastewater from our operations. Increased costs associated with the transportation and disposal of produced water, including the cost of complying with regulations concerning produced water disposal, may reduce our profitability; however, we do not believe that the costs associated with the disposal of produced water will have a material adverse effect on our operations.

Failure to comply with these regulations may result in substantial administrative, civil and criminal penalties, as well as injunctive obligations. We believe we are in material compliance with the requirements of each of these laws.

Air Pollutant Emissions. The federal Clean Air Act (the “Clean Air Act”), and comparable state and local air pollution laws, provide a framework for national, state and local efforts to protect air quality. Our operations utilize equipment that emits air pollutants which may be subject to federal and state air pollution control laws. These laws generally require utilization of air emissions control equipment to achieve prescribed emissions limitations and ambient air quality standards, as well as operating permits for existing equipment and construction permits for new and modified equipment. In May 2016, the EPA issued a final rule regarding the criteria for aggregating multiple small surface sites into a single source for air-quality permitting purposes applicable to the oil and gas industry. This rule could cause small facilities, on an aggregate basis, to be deemed a major source, which would subject operators to more stringent air permitting processes and requirements. These laws and regulations may increase our costs of compliance, and we may face administrative, civil and criminal penalties if we fail to comply with the requirements of the federal Clean Air Act and associated state laws and regulations. We believe that we are in compliance in all material respects with the requirements of applicable federal and state air pollution control laws.

Regulation of “Greenhouse Gas” Emissions. The EPA has adopted regulations that, among other things, establish Prevention of Significant Deterioration (“PSD”), construction, and Title V operating permit requirements for certain new and modified large stationary sources to address findings that emissions of carbon dioxide, methane and other greenhouse gases (“GHGs”) present an endangerment to public health and the environment. Facilities required to comply with PSD requirements for their GHG emissions will be required to meet “best available control technology” standards for those emissions, which will be established on a case-by-case basis. The EPA has also issued rules requiring the monitoring and reporting of GHG emissions, which include the reporting of GHG emissions from gathering and boosting systems, completions and workovers of oil wells using hydraulic fracturing, and blowdowns of natural gas transmission pipelines.

While Congress has from time to time considered legislation to reduce emissions of GHGs, there has not been significant activity in the form of adopted federal legislation to reduce GHG emissions in recent years. In the absence of such federal climate legislation, a number of state and regional cap and trade programs have emerged that typically require major sources of GHG emissions, such as electric power plants, to acquire and surrender emission allowances in return for emitting GHGs. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact our business, any such future laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations.

Restrictions on GHG emissions that may be imposed could adversely affect our operations and restrict or delay our ability to obtain air permits for new or modified sources, as well as increase our costs of operations.

Hydraulic Fracturing Activities. Hydraulic fracturing is a common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight unconventional formations. Federal and state occupational safety and health laws require us to organize and maintain information about hazardous materials used, released, or produced in our operations. Some of this information must be provided to our employees, state and local governmental authorities, and local citizens. We are also subject to the requirements and reporting framework set forth in the federal workplace standards.

Several states and local jurisdictions have adopted, or are considering adopting, regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids. For example, the Texas Legislature adopted legislation requiring oil and gas operators to publicly disclose the chemicals used in the hydraulic fracturing process. The RRC adopted rules and regulations implementing this legislation that apply to all wells for which the RRC issues an initial drilling permit. The law requires that the well operator disclose the list of chemical ingredients subject to the requirements of OSHA for disclosure on an internet website and also file the list of chemicals with the RRC with the well completion report. The total volume of water used to hydraulically fracture a well must also be disclosed to the public and filed with the RRC. The RRC also adopted rules governing well casing, cementing and other standards for ensuring that hydraulic fracturing operations do not contaminate nearby water resources. Local government also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular or prohibit the performance of well drilling in general or hydraulic fracturing in particular.

We believe that we follow applicable standard industry practices and legal requirements for groundwater protection in our hydraulic fracturing activities; however, if new or more stringent federal, state, or local restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps

even be precluded from drilling wells. For additional information about hydraulic fracturing and related regulatory matters, see “Risk Factors-Risks Relating to the Oil and Gas Industry.”

Comprehensive Environmental Response, Compensation and Liability Act. The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as the “superfund law,” imposes joint and several liabilities, regardless of fault or the legality of the original conduct, on some classes of persons that are considered to have contributed to the release of a “hazardous substance” into the environment. These persons include the owner or operator of a disposal site or sites where the release occurred and companies that transport, dispose, or arrange for disposal of the hazardous substance(s) released. Persons who are or were responsible for releases of hazardous substances under CERCLA may be jointly and severally liable for the costs of cleaning up the hazardous substances and for damages to natural resources.

We generate materials in the course of our operations that may be regulated as hazardous substances. Despite the “petroleum exclusion” of CERCLA, which currently encompasses natural gas, we may handle other hazardous substances within the meaning of CERCLA, or similar state statutes, in the course of our ordinary operations. In addition, we currently own, lease, or operate numerous properties that have been used for oil and natural gas exploration, production and processing for many years and some of our properties have been operated by third parties or by previous owners or operators whose treatment and disposal of hazardous substances, wastes, or hydrocarbons was not under our control. Although we believe that we have utilized operating and waste disposal practices that were standard in the industry at the time, hazardous substances, wastes, or hydrocarbons may have been released on, under or from the properties owned or leased by us, or on, under or from other locations, including off-site locations, where such substances have been taken for disposal. These properties and the substances disposed or released on, under or from them may be subject to CERCLA, RCRA and analogous state and local laws. Under these laws, we could be required to undertake investigatory, response, or corrective measures, which could include soil and groundwater sampling, the removal of previously disposed substances and wastes, the cleanup of contaminated property, or performance of remedial plugging or pit closure operations to prevent future contamination, the costs of which could be substantial.

Endangered Species Act and Migratory Birds. The Endangered Species Act (“ESA”) restricts activities that may affect federally identified endangered and threatened species or their habitats through the implementation of operating restrictions or a temporary, seasonal, or permanent ban in affected areas. Pursuant to the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species’ habitat. We may conduct operations under oil and natural gas leases in areas where certain species that are listed as threatened or endangered are known to exist and where other species that potentially could be listed as threatened or endangered under the ESA may exist.

The U.S. Fish and Wildlife Service may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species. A critical habitat or suitable habitat designation could result in further material restrictions to land use and may materially delay or prohibit land access for oil and natural gas development. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act. The identification or designation of previously unprotected species as threatened or endangered in areas where underlying property operations are conducted could cause us to incur increased costs arising from species protection measures or could result in limitations on our exploration and production activities that could have an adverse impact on our ability to develop and produce reserves. If we were to have a portion of our leases designated as critical or suitable habitat, it could adversely impact the value of our leases.

OSHA. We are subject to the requirements of the OSHA and comparable state statutes whose purpose is to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the Emergency Planning and Community Right-to-Know Act and comparable state statutes and regulations require that we organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens. We believe that we are in substantial compliance with all applicable laws and regulations relating to worker health and safety.

State Laws. There are numerous state laws and regulations in the states where we operate that relate to the environmental aspects of our business. Some of those laws and regulations are discussed above. They relate to, among other things, requirements to remediate spills of deleterious substances associated with oil and gas activities, the conduct of salt water disposal operations, and the methods of plugging and abandonment of oil and gas wells which have been unproductive. Numerous state laws and regulations also relate to air and water quality. We believe that we are in substantial compliance with all state laws governing environmental matters and all permitting requirements; however, in the event that we fail to comply with such laws, we may face substantial penalties and incur significant costs.

### ***Natural Gas Sales and Transportation***

Historically, federal legislation and regulatory controls have affected the price of the natural gas we produce and the manner in which we market our production. The Federal Energy Regulatory Commission, or FERC, has jurisdiction over the transportation and sale for resale of natural gas in interstate commerce by natural gas companies.

Under the Energy Policy Act of 2005, FERC has substantial enforcement authority to prohibit the manipulation of natural gas markets and enforce its rules and orders, including the ability to assess substantial civil penalties. FERC also regulates interstate natural gas transportation rates and service conditions and establishes the terms under which we may use interstate natural gas pipeline capacity, which affects the marketing of natural gas that we produce, as well as the revenues we receive for sales of our natural gas and release of our natural gas pipeline capacity. FERC has also promulgated a series of orders, regulations and rules to foster competition in the business of transporting and marketing gas. Today, interstate pipeline companies are required to provide nondiscriminatory transportation services to producers, marketers and other shippers, regardless of whether such shippers are affiliated with an interstate pipeline company.

Under FERC's current regulatory regime, transmission services are provided on an open-access, non-discriminatory basis at cost-based rates or negotiated rates. Gathering service, which occurs upstream of jurisdictional transmission services, is regulated by the states onshore and in state waters. Although its policy is still in flux, FERC has in the past reclassified certain jurisdictional transmission facilities as non-jurisdictional gathering facilities, which has the tendency to increase our costs of transporting natural gas to point-of-sale locations.

Additionally, we are required to comply with anti-market manipulation laws and regulations promulgated by FERC and the Commodity Future Trading Commission with regard to our physical purchases and sales of energy commodities and any related hedging activities, and if we fail to comply, we could be subject to penalties and potential third-party damage claims.

### ***Oil Sales and Transportation***

Sales of crude oil, condensate and NGLs are not currently regulated and are made at negotiated prices. Our crude oil sales are affected by the availability, terms and cost of transportation.

The transportation of oil in common carrier pipelines is subject to rate regulation. FERC regulates interstate oil pipeline transportation rates under the Interstate Commerce Act and intrastate oil pipeline transportation rates are subject to regulation by state regulatory commissions. The basis for intrastate oil pipeline regulation, and the degree of regulatory oversight and scrutiny given to intrastate oil pipeline rates, varies from state to state. We believe that the regulation of oil transportation rates will not affect our operations in any materially different way than such regulation will affect the operations of our competitors, as effective interstate and intrastate rates are equally applicable to all comparable shippers.

Further, interstate and intrastate common carrier oil pipelines must provide service on a non-discriminatory basis. Under this open access standard, common carriers must offer service to all shippers requesting service on the same terms and under the same rates. When oil pipelines operate at full capacity, access is governed by pro-rationing provisions set forth in the pipelines' published tariffs. Accordingly, we believe that access to oil pipeline transportation services generally will be available to us to the same extent as to our competitors.

### ***Federal Income Tax and State Severance Taxes***

Federal income tax laws significantly affect our operations. The principal provisions that affect us are those that permit us, subject to certain limitations, to deduct as incurred, rather than to capitalize and amortize/depreciate, our domestic "intangible drilling and development costs" and to claim depletion on a portion of our domestic oil and natural gas properties based on 15% of our oil and natural gas gross income from such properties (up to an aggregate of 1,000 barrels per day of domestic crude oil and/or equivalent units of domestic natural gas).

Additionally, each state generally imposes a production or severance tax with respect to the production and sale of oil, natural gas and NGLs within its jurisdiction. Texas and New Mexico currently impose a severance tax on oil production of 4.60% and 8.39%, respectively, and a severance tax on natural gas production of 7.50% and 9.24%, respectively.



### ***Federal Leases***

Operations on federal oil and natural gas leases must comply with certain regulatory restrictions, including various non-discrimination statutes, and certain of such operations must be conducted pursuant to certain on-site security regulations and other permits issued by federal agencies. In addition, on federal lands in the United States, the Office of Natural Resources Revenue (“ONRR”) prescribes, and in some cases limits, the types of costs that are deductible transportation costs for purposes of royalty valuation of production sold off the lease, including the deduction of costs associated with marketer fees, cash out and other pipeline imbalance penalties, or long-term storage fees. The ONRR has also been engaged in a process of promulgating new rules and procedures for determining the value of crude oil produced from federal lands for purposes of calculating royalties owed to the government. We cannot predict what, if any, effect any new rule will have on our operations.

Some of our operations are conducted on federal lands pursuant to oil and gas leases administered by the Bureau of Land Management, or BLM. These leases contain relatively standardized terms and require compliance with detailed regulations and orders, which are subject to change. In addition to permits required from other regulatory agencies, lessees must obtain a permit from the BLM before drilling and comply with regulations governing, among other things, engineering and construction specifications for production facilities, safety procedures, the valuation of production and payment of royalties, the removal of facilities, and the posting of bonds to ensure that lessee obligations are met. Under certain circumstances, the BLM may require our operations on federal leases to be suspended or terminated.

### ***Other Laws and Regulations***

Various laws and regulations require permits for drilling wells and also cover spacing of wells, the prevention of waste of natural gas and oil, rates of production and other matters. The effect of these laws and regulations, as well as other regulations that could be promulgated in the jurisdictions in which we have production, could be to limit the number of wells that could be drilled on our properties and to limit the allowable production from the successful wells completed on our properties, thereby limiting our revenues.

### ***Seasonal Nature of Business***

Generally, the demand for oil and natural gas fluctuates depending on the time of year. Generally, demand for oil increases during the summer months and decreases during the winter months while natural gas decreases during the summer months and increases during the winter months. Seasonal anomalies such as mild winters or hot summers may sometimes lessen this fluctuation. Further, pipelines, utilities, local distribution companies, and industrial end users utilize oil and natural gas storage facilities and purchase some of their anticipated winter requirements during the summer, which can also lessen seasonal demand.

### ***Operational Hazards and Insurance***

The oil and natural gas business involves a variety of operating risks, including the risk of fire, explosions, blow outs, hydrogen sulfide emissions or releases, pipe failures and, in some cases, abnormally high pressure formations which could lead to environmental hazards such as oil spills, natural gas leaks and the discharge of toxic gases. If any of these should occur, we could be required to pay amounts due to injury; loss of life; damage or destruction to property, natural resources and equipment; pollution or environmental damage; regulatory investigation; and penalties and suspension of operations.

In accordance with industry practice, we maintain insurance against some, but not all, of the operating risks to which our business is exposed. We evaluate the purchase of insurance, coverage limits and deductibles on an annual basis.

### ***Current Employees***

As of December 31, 2018, we had 39 employees, all of whom were full-time employees, and we intend to continue to add personnel as our operational requirements grow. Our employees are not represented by any labor union or covered by any collective bargaining agreements.

We also retain certain independent consultants and contractors to provide various professional services, including additional land, legal, engineering, geology, environmental and tax services on a contract or fee basis as necessary for our operations.

## Principal Executive Office and Corporate Offices

Our principal executive offices are in leased office space located at 1800 Bering Drive, Suite 510, Houston, Texas 77057, and our telephone number is (817) 585-9001. We also maintain offices in leased office space in Fort Worth, Texas and San Antonio, Texas.

## Availability of Company Reports

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934 will be available through our Internet website at <https://www.lilisenergy.com> as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC. The information on, or that can be accessed through, our website is not incorporated by reference into this Annual Report and should not be considered part of this Annual Report.

## Item 1A. Risk Factors

*Investing in our shares of common stock involves significant risks, including the potential loss of all or part of your investment. These risks could materially affect our business, financial condition and results of operations and cause a decline in the market price of our common stock. You should carefully consider all of the risks described in this Annual Report, in addition to the other information contained in this Annual Report, before you make an investment in our common stock. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business. In addition to other matters identified or described by us from time to time in filings with the SEC, there are several important factors that could cause our future results to differ materially from historical results or trends, results anticipated or planned by us, or results that are reflected from time to time in any forward-looking statement. Some of these important factors, but not necessarily all important factors include the following:*

### Risks Relating to Our Business

*If we are unable to access additional capital, it could negatively impact our production, our income and ultimately our ability to retain our leases.*

Our principal sources of liquidity historically have been equity contributions, borrowings under our credit facilities, net cash provided by operating activities, and net proceeds from the issuance of preferred stock. Our capital program may require additional financing above the level of cash generated by our operations to fund our growth. If our expected cash flow from operations decreases as a result of lower commodity prices or otherwise, our ability to expend the capital necessary to replace our proved reserves, maintain our leasehold acreage or maintain production may be limited, resulting in decreased production and proved reserves over time.

We plan to finance our capital expenditures with cash on hand, cash flow from operations and future issuances of debt and/or equity securities. Our cash flow from operations and access to capital is subject to a number of factors, including:

- our estimated proved oil and natural gas reserves;
- the amount of oil and natural gas we produce from existing wells;
- the prices at which we sell our production;
- the costs of developing and producing our oil and natural gas reserves;
- our ability to acquire, locate and produce new reserves;
- the ability and willingness of banks to lend to us; and
- our ability to access the equity and debt capital markets.

Our operations and capital resources may not provide cash in sufficient funds to maintain planned or future levels of capital expenditures. Further, our actual capital expenditures in 2019 could exceed our capital expenditure budget. In the event our capital expenditure requirements at any time are greater than the amount of capital we have available, we could be required to seek additional sources of capital, which may include refinancing existing debt, joint venture partnerships, production payment financings, offerings of debt or equity securities or other means.

*Oil, natural gas and NGL prices are highly volatile. If commodity prices experience substantial decline, our operations, financial condition, and level of expenditures for the development of our oil, natural gas and NGL reserves may be materially and adversely affected.*

The prices we receive for our oil, natural gas, and NGL production heavily influence our revenue, operating results, profitability, access to capital, future rate of growth and carrying value of our properties. Oil, natural gas, and NGLs are commodities, and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand.

Historically, the commodities markets have been volatile, and these markets will likely continue to be volatile in the future. If the prices of oil, natural gas and NGLs experience a substantial decline, our operations, financial condition and level of expenditures for the development of our oil, natural gas and NGL reserves may be materially and adversely affected. The prices we receive for our production, and the levels of our production, depend on numerous factors beyond our control, including:

- changes in global supply and demand for oil and natural gas;
- the actions of the Organization of Petroleum Exporting Countries, or OPEC;
- the price and quantity of imports of foreign oil and natural gas;
- political conditions, including embargoes, affecting oil-producing activity;
- the level of global oil and natural gas exploration and production activity;
- the level of global oil and natural gas inventories;
- weather conditions;
- technological advances affecting energy consumption; and
- the price and availability of alternative fuels.

Our revenues, operating results, profitability and future rate of growth depend primarily upon the prices we receive for oil and, to a lesser extent, natural gas that we sell. Prices also affect the amount of cash flow available for capital expenditures and our ability to borrow money or raise additional capital. In addition, we may be required to record asset carrying value write-downs if prices fall. A significant decline in the prices of natural gas or oil could adversely affect our financial position, financial results, cash flows, access to capital and ability to grow.

***Our level of indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from meeting our obligations under our indebtedness.***

We entered into the Second Lien Credit Agreement in 2017 and the Revolving Credit Agreement in 2018 (hereinafter defined and described in more detail). As of December 31, 2018, \$75.0 million was outstanding under our Revolving Credit Agreement and \$111.6 million was outstanding under our Second Lien Credit Agreement.

We may incur additional debt, including secured indebtedness, or issue preferred stock in order to maintain adequate liquidity and develop and acquire properties to the extent desired. If we further utilize our credit facilities in the future or obtain additional financing, our level of indebtedness could affect our operations, including limiting our ability to obtain additional debt or equity financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes. Additionally, if we increase our indebtedness, the debt service requirements of the additional indebtedness could make it more difficult for us to satisfy our financial obligations; and a substantial portion of our cash flows from operations would be dedicated to the payment of principal and interest on our indebtedness and would not be available for other purposes, including our operations, capital expenditures and future business opportunities. A higher level of indebtedness and/or preferred stock also increases the risk that we may default on our obligations.

The UK's Financial Conduct Authority, or FCA, which regulates LIBOR, stated on July 27, 2017, that following 2021 it will no longer encourage panel banks to contribute to LIBOR, as it has done to date. Borrowings under our Revolving Credit Agreement bear interest at a floating rate of either LIBOR or a specified base rate plus a margin determined based upon the usage of the borrowing base. In the event LIBOR becomes unavailable prior to the maturity of our Revolving Credit Agreement, the rate of interest payable on our Revolving Credit Agreement may change. Uncertainty regarding the future of or changes to LIBOR or the unavailability of LIBOR could adversely affect our financial condition.

***The Revolving Credit Agreement and Second Lien Credit Agreement, guaranteed and further secured by substantially all our assets, contain restrictive covenants that may limit our ability to respond to changes in market conditions or pursue business opportunities.***

Our Revolving Credit Agreement and Second Lien Credit Agreement contain restrictive covenants that limit our ability to, among other things:

- incur additional indebtedness;
- create additional liens;

- incur fundamental changes;
- sell certain of our assets;
- merge or consolidate with another entity;
- pay dividends or make other distributions;
- engage in transactions with affiliates; and
- enter into certain swap agreements.

The requirement that we comply with these provisions may have a material adverse effect on our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures or withstand a continuing or future downturn in our business.

We may from time to time enter into alternative or additional debt agreements that contain restrictive covenants that may prevent us from taking actions that we believe would be in the best interest of our business, require us to sell assets or take other actions to reduce indebtedness to meet such covenants, or make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted.

In addition, our Revolving Credit Agreement requires us to maintain certain financial ratios. We may from time to time be out of compliance with covenants under our debt agreements, which will require us to seek waivers from our lenders. In connection with the preparation of this Form 10-K and the associated financial statements, the Company became aware, and promptly informed its Lenders, that it did not satisfy the leverage ratio covenant in the Revolving Credit Agreement, as of the fiscal quarter ended December 31, 2018. Accordingly, the Company requested that the Lenders consent to a waiver with respect to such provision. On March 1, 2019, the Company entered into that certain First Amendment and Waiver to Second Amended and Restated Credit Agreement, whereby the Lenders granted a waiver with respect to the breach of the leverage ratio covenant. If we fail to comply with these provisions or other financial and operating covenants in the Revolving Credit Agreement, we could be in default under the terms of the agreement. In the event of such default, our lenders could elect to declare all the funds borrowed thereunder to be due and payable, together with the accrued and unpaid interest, and the lenders under our Revolving Credit Agreement could elect to terminate their commitments thereunder.

***Värde Partners, Inc., its portfolio companies, and its affiliates (collectively, “Värde”) beneficially own a significant portion of our common stock. Värde is not limited in their ability to compete with us, and the waiver of the corporate opportunity provisions in the certificates of designation relating to our Series C Preferred Stock and Series D Preferred Stock may allow Värde to benefit from corporate opportunities that might otherwise be available to us. As a result, conflicts of interest could arise in the future between us and Värde concerning conflicts over our operations or business opportunities.***

Värde is a family of private investment funds that beneficially owns a significant portion of our common stock as a result of the conversion rights available to them under the Second Lien Credit Agreement, the Series C Preferred Stock (as hereinafter defined and described) and the Series D Preferred Stock (as hereinafter defined and described). Värde also has investments in other companies in the energy industry. The certificates of designation governing the preferences, rights and limitations of the Series C Preferred Stock and the Series D Preferred Stock provide that Värde is not restricted from owning assets or engaging in businesses that compete directly or indirectly with us. In particular, subject to the limitations of applicable law, if Värde, or any agent, shareholder, member, partner, director, officer, employee, investment manager or investment advisor of Värde who is also one of our directors or officers, becomes aware of a potential business opportunity, transaction or other matter, they will have no duty to communicate or offer that opportunity to us.

As such, Värde may become aware, from time to time, of certain business opportunities (such as acquisition opportunities) and may direct such opportunities to other businesses in which they have invested, in which case those opportunities may not be available to us or may be more expensive for us to pursue. Additionally, any actual or perceived conflicts of interest with respect to the foregoing could have an adverse impact on the trading price of our common stock. As of March 5, 2019, we converted our outstanding Second Lien Loans under our Second Lien Credit Agreement to a combination of two newly created series of preferred stock, Series E convertible preferred stock ("Series E Preferred Stock") and Series F non-convertible preferred stock ("Series F Preferred Stock"), and common stock and eliminated the conversion features and voting rights on our existing Series C Preferred Stock and Series D Preferred Stock, reducing potential dilution of our common stockholders. Our Series E Preferred Stock is convertible and, if converted, could result in dilution to our common stockholders.

***Our disclosure controls and procedures and internal controls over financial reporting may not detect errors or potential acts of fraud.***

Our disclosure controls and procedures and internal controls may not prevent all possible errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the control

system are being met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls are evaluated relative to their costs. Because of the inherent limitations in all control systems, no evaluation of our controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur without detection, which could have a material adverse effect on our business.

***Failure to maintain an effective system of internal control over financial reporting may have an adverse effect on our stock price.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, and the rules and regulations promulgated by the SEC to implement Section 404, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we are required to conduct an evaluation of the effectiveness of our internal control over financial reporting based on framework of internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our reputation and operating results could be harmed. Further, the complexities of our quarter-end and year-end closing processes increase the risk that a weakness in internal controls over financial reporting may go undetected. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.

A material weakness in our internal control over financial reporting could adversely impact our ability to provide timely and accurate financial information. If we are unable to report financial information timely and accurately or to maintain effective disclosure controls and procedures, we could be subject to, among other things, regulatory or enforcement actions by the SEC and the NYSE American, including a delisting from the NYSE American, securities litigation, debt rating agency downgrades or rating withdrawals, any one of which could adversely affect the valuation of our common stock and could adversely affect our business prospects.

***Decreases in oil and natural gas prices may require us to take write-downs of the carrying values of our oil and natural gas properties, potentially requiring earlier than anticipated debt repayment and negatively impacting the trading value of our securities.***

Accounting rules require that we periodically review the carrying value of our oil and natural gas properties for possible impairment through the performance of a ceiling test. Based on specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, we may be required to write down the carrying value of our oil and natural gas properties.

We perform the ceiling test at least quarterly and, in the event capitalized costs of the full cost pool exceed this ceiling, we would recognize an impairment expense. We did not incur an impairment expense for the year ended December 31, 2018. We recognized an impairment expense of approximately \$10.5 million for the year ended December 31, 2017.

Future write-downs could occur for numerous reasons, including, but not limited to, continued reductions in oil and natural gas prices that lower the estimate of future net revenues from proved oil and natural gas reserves, revisions to reserve estimates, or from the addition of non-productive capitalized costs to the full cost pool that do not result in a corresponding increase in oil and natural gas reserves. Impairments of plugging and abandonment of wells in progress are other areas where costs may be capitalized into the full cost pool, without any corresponding increase in reserve values. As such, these situations could result in additional impairment expenses in the future. Impairment charges would not affect cash flow from operating activities but could have a material adverse effect on our net income and stockholders’ equity.

***Our estimated reserves are based on many assumptions that may prove inaccurate. Any significant inaccuracies in our reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.***

Oil and natural gas reserve engineering requires subjective estimates of underground accumulations of oil and natural gas and assumptions concerning future oil and natural gas prices, production levels, and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions could materially affect the quantities and present value of our reserves which could adversely affect our business, results of operations, and financial condition.

In order to prepare estimates, we must project production rates and the timing of development expenditures and analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Although the reserve information contained herein is reviewed by independent reserve engineers, estimates of oil and natural gas reserves are inherently imprecise.

Further, the present value of future net cash flows from proved reserves may not be the current market value of estimated oil and natural gas reserves. If our reserve estimates or the underlying assumptions prove inaccurate, it could have a negative impact on our earnings and net income, as well as the trading price of our securities.

***Hedging transactions may limit our potential gains or result in losses.***

In order to comply with the requirements of our Revolving Credit Agreement and to manage our exposure to price risks in the marketing of our oil and natural gas, we have entered into derivative contracts that economically hedge our oil and gas price on a portion of our production. These contracts may limit our potential gains if oil and natural gas prices were to rise substantially over the price established by the contract. In addition, such transactions may expose us to the risk of financial loss in certain circumstances, including instances in which there is a change in the expected differential between the underlying price in the hedging agreement and actual prices received; our production and/or sales of oil or natural gas are less than expected; payments owed under derivative hedging contracts come due prior to receipt of the hedged month's production revenue; or the other party to the hedging contract defaults on its contract obligations.

Hedging transactions that we have entered into, or may enter into in the future, may not adequately protect us from declines in the prices of oil and natural gas. In addition, the counterparties under our current or future derivatives contracts may fail to fulfill their contractual obligations to us.

***Our identified drilling locations are scheduled to be drilled over a period of several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of our drilling.***

Our management has specifically identified and scheduled drilling locations as an estimation of future multi-year drilling activities on our existing acreage. These scheduled drilling locations represent a significant component of our growth strategy. Our ability to drill and develop these locations depends on a number of uncertainties, including oil and natural gas prices, the availability of capital, costs, drilling results, and regulatory approvals. Because of these uncertainties, we do not know if the potential drilling locations previously identified will ever be drilled or if we will be able to produce oil or natural gas from our potential drilling locations. As such, actual drilling activities may materially differ from those presently identified, which could adversely affect our business.

***Drilling for and producing oil and natural gas is a speculative activity and involves numerous risks and substantial and uncertain costs that could adversely affect us.***

Our success will depend on the success of our drilling program. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities as such studies are merely an interpretive tool.

Drilling for oil and natural gas involves numerous risks, including the risk that no commercially productive natural gas or oil reservoirs will be discovered. The cost of drilling, completing, and operating wells is substantial and uncertain, and drilling operations may be curtailed, delayed, or canceled as a result of a variety of factors beyond our control, including:

- unexpected or adverse drilling conditions;
- elevated pressure or irregularities in geologic formations;
- equipment failures or accidents;
- adverse weather conditions;
- compliance with governmental requirements; and
- shortages or delays in the availability of drilling rigs, crews, and equipment.

Additionally, the budgeted costs of planning, drilling, completing and operating wells are often exceeded and such costs can increase significantly due to various complications that may arise during the drilling and operating processes. If actual drilling and development costs are significantly more than the current estimated costs, we may not be able to continue operations as proposed and could be forced to modify our drilling plans. A productive well may become uneconomical if water or other deleterious substances are encountered which impair or prevent the production of oil and/or natural gas from the well. Unsuccessful drilling activities could result in a significant decline in production and revenues and materially affect our operations and financial condition by reducing available cash and resources.

***Financial difficulties encountered by our oil and natural gas purchasers, third-party operators or other third parties could decrease cash flow from operations and adversely affect our exploration and development activities.***

We derive essentially all of our revenues from the sale of our oil, natural gas and NGLs to unaffiliated third-party purchasers, independent marketing companies and midstream companies. Any delays in payments from such purchasers caused by their financial problems will have an immediate negative effect on our results of operations and cash flows.

Additionally, liquidity and cash flow problems encountered by our working interest co-owners or the third-party operators of our non-operated properties may prevent or delay the drilling of a well or the development of a project. Our working interest co-owners may be unwilling or unable to pay their share of the costs of projects as they become due. In the case of a working interest owner, we could be required to pay the working interest owner's share of the project costs.

***Our industry is highly competitive, which may adversely affect our operations and performance.***

We operate in a highly competitive environment. In addition to capital, the principle resources necessary for the exploration and production of oil and natural gas include: leasehold prospects under which oil and natural gas reserves may be discovered; drilling rigs and related equipment to explore for such reserves; and knowledgeable personnel to conduct all phases of oil and natural gas operations. We must compete for such resources with both major oil and natural gas companies and independent operators.

Many of our competitors have financial and other resources substantially greater than ours. The capital, materials and resources needed for our operations may not be available when needed. If we are unable to access capital, material and resources when needed, we may face various consequences, including the breach of our obligations under our oil and natural gas leases and the potential loss of those leasehold interests; damage to our reputation in the oil and gas community; inability to retain personnel or attract capital; a slowdown in our operations and decline in revenue; and a decline in the market price of our common stock.

***Properties that we acquire may not produce oil or natural gas as projected, and we may be unable to determine reserve potential, identify liabilities associated with the properties or obtain protection from sellers against them, which could cause us to incur losses.***

One of our growth strategies is to pursue selective acquisitions of undeveloped acreage potentially containing oil and natural gas reserves. If we choose to pursue an acquisition, we will perform a review of the target properties. However, these reviews are inherently incomplete as they are based on the quality, availability and interpretation of the reviewed data and the acumen and the assumptions of the evaluation personnel. Generally, it is not feasible to review in depth every individual property, well, facility and/or file involved in an acquisition. Even a detailed review of records and properties may not reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential. We may not perform an inspection on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, we may not be able to obtain effective contractual protection against all or part of those problems, and we may assume environmental and other risks and liabilities in connection with the acquired properties. If we acquire properties with risks or liabilities that were unknown or not assessed correctly, our financial condition, results of operations and cash flows could be adversely affected as claims are settled and cleanup costs related to the liabilities are incurred.

***We may incur losses or costs as a result of title deficiencies in the properties in which we invest.***

Prior to the drilling of an oil and natural gas well, it is customary practice in the oil and natural gas industry for the operator of the well to obtain a preliminary title review of the spacing unit within which the proposed oil and natural gas well is to be drilled to ensure there are no obvious deficiencies in title to the well. Frequently, as a result of such examinations, certain curative work must be done to correct deficiencies in the marketability of the title, and such curative work entails expense. Failure to cure any title defects may adversely impact our ability in the future to increase production and reserves. In the future, we may suffer a monetary loss from title defects or title failure. Additionally, unproved and unevaluated acreage has greater risk of title defects than developed acreage. If there are any title defects or defects in assignment of leasehold rights in properties in which we hold an interest or acquire, we will suffer a financial loss which could adversely affect our financial condition, results of operations and cash flows.

***Our producing properties are all located in the Delaware Basin, making us vulnerable to risks associated with operating in one major geographic area.***

As of December 31, 2018, all of our estimated proved reserves were located in the Delaware Basin in Winkler, Loving, and Reeves Counties, Texas and Lea County, New Mexico. As a result of this concentration, we may be disproportionately exposed to the impact of delays or interruptions of production from these wells caused by transportation capacity constraints, curtailment of production, availability of equipment, facilities, personnel or services, governmental regulation, natural disasters, adverse weather conditions, plant closures for scheduled maintenance or interruption of transportation of oil or natural gas produced from the wells in this area.

In addition, the effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and natural gas producing areas, which may cause these conditions to occur with greater frequency or magnify the effect of these conditions. Due to the concentrated nature of our portfolio of properties, a number of our properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on our financial condition and results of operations.

***We may not be the operator on all of our drilling locations, and, therefore, we will not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non-operated assets.***

Currently, we are the operator of approximately 99% of our acreage. As we carry out our exploration and development programs, we may enter into arrangements with respect to existing or future drilling locations that result in wells being operated by others. As a result, we may have limited ability to exercise influence over the operations of the drilling locations operated by our partners. Dependence on the operator could prevent us from realizing target returns for those locations. The success and timing of exploration and development activities operated by our partners will depend on a number of factors that will be largely outside of our control and may adversely affect our financial condition and results of operation.

***The marketability of our production is dependent upon transportation and processing facilities and third parties over which or whom we may have no control.***

The marketability of our production depends in part upon the availability, proximity and capacity of pipelines, natural gas gathering systems, rail service, and processing facilities in addition to competing oil and natural gas production available to third-party purchasers. We deliver our produced crude oil and natural gas through trucking, gathering systems and pipelines. The lack of availability of capacity on third-party systems and facilities could reduce the price offered for our production or result in the shut-in of producing wells or the delay or discontinuance of our development plans.

Although we have contractual control over the transportation of our production through firm transportation arrangements, third-party systems and facilities may be temporarily unavailable due to market conditions, mechanical issues, adverse weather conditions, work-loads, or other reasons outside of our control. Additionally, if our natural gas contains levels of hydrogen sulfide that require treatment prior to transportation, it could cause delays in the transportation and marketing of our production. Any significant changes affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities, could delay our production, which could negatively impact our results of operations, cash flows, and financial condition.



***The shut-in of our wells could negatively impact our production, liquidity, and, ultimately, our operations, results, and performance.***

Our production depends, in part, upon our wells that are capable of commercial production not being shut-in (i.e., suspended from production). The lack of availability of capacity on third-party systems and facilities or the shut-in of an oil field's production could result in the shut-in of our wells. As of December 31, 2018, we had 3 gross (2.60 net) wells shut-in.

The producing wells in which we have an interest occasionally experience reduced or terminated production. These curtailments can result from mechanical failures, contract terms, pipeline and processing plant interruptions, market conditions, operator priorities, and weather conditions. These curtailments can last from a few days to many months, any of which could have an adverse effect on our results of operations.

If we experience low oil production volumes due to the shut-in of our wells or other mechanical failures or interruptions, it would impact our ability to generate cash flows from operations and we could experience a reduction in our available liquidity. A decrease in our liquidity could adversely affect our ability to meet our anticipated working capital, debt service, and other liquidity needs.

***Unless we find new oil and natural gas reserves to replace our actual production, our reserves and production will decline, which would materially and adversely affect our business, financial condition, and results of operations.***

Producing oil and natural gas reservoirs generally are characterized by declining production rates and depletion that vary depending upon various factors, including reservoir characteristics and subsurface and surface pressures. Our future oil and natural gas reserves and production and, therefore, our cash flow and revenue are highly dependent on our success in efficiently obtaining additional reserves. We may not be able to develop, find or acquire reserves to replace our current and future production at costs or other terms acceptable to us, or at all, in which case our business, financial condition and results of operations would be materially and adversely affected.

***The results of our planned exploratory and development drilling are subject to drilling and completion execution risks, and drilling results may not meet our economic expectations for reserves or production.***

Unconventional operations involve utilizing drilling and completion techniques as developed by us and our service providers. Risks that we face while drilling include, but are not limited to, not reaching the desired objective due to drilling problems, not landing our wellbore in the desired drilling zone or specific target, not staying in the desired drilling zone while drilling horizontally through the formation, not running our casing the entire length of the wellbore and not being able to run tools and other equipment consistently through the horizontal wellbore. Risks that we face while completing our wells include, but are not limited to, insufficient mechanical integrity, not being able to hydraulic fracture stimulate the planned number of stages, not being able to run tools the entire length of the wellbore, improper design and engineering for the reservoir parameters, and unsuccessfully cleaning out the wellbore after completion of the final fracture stimulation stage.

The success of our drilling and completion techniques can only be developed over time as more wells are drilled and production profiles are established. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital constraints, lease expirations, access to gathering systems or otherwise, the return on our investment in these areas may not be as attractive as we anticipate and we could incur material write-downs of undeveloped properties and the value of our undeveloped acreage could decline in the future.

***The unavailability or high cost of drilling rigs, equipment supplies, or personnel could adversely affect our ability to execute our exploration and development plans.***

The oil and gas industry is cyclical and, from time to time, there are shortages of drilling rigs, equipment, supplies or qualified personnel. During these periods, the costs of and demand for rigs, equipment and supplies may increase substantially and their availability may be limited. In addition, the demand for, and wage rates of, qualified personnel, including drilling rig crews, may rise as the number of rigs in service increases. If drilling rigs, equipment, supplies or qualified personnel are unavailable to us due to excessive costs or demand or otherwise, our ability to execute our exploration and development plans could be materially and adversely affected and, as a result, our financial condition and results of operations could be materially and adversely affected.

***Terrorist attacks aimed at energy operations could adversely affect our business.***

The continued threat of terrorism and the impact of military and other government action have led and may lead to further increased volatility in prices for oil and natural gas and could affect these commodity markets or the financial markets used by us. In addition, the U.S. government has issued warnings that energy assets may be a future target of terrorist organizations. These developments have subjected oil and natural gas operations to increased risks. Any future terrorist attack on our facilities, customer facilities, the infrastructure depended upon for transportation of products, and, in some cases, those of other energy companies, could have a material adverse effect on our business.

***We are exposed to operating hazards and uninsured risks.***

Our oil and natural gas exploration and production activities are subject to the operating risks and hazards associated with drilling for and producing oil and natural gas, including fires, explosions and blowouts; negligence of personnel; inclement weather; equipment or pipeline failure; abnormally pressured formations; and environmental pollution. These events may result in substantial losses or costs to our Company, including losses and costs resulting from injury or loss of life; severe damage to or destruction of property, natural resources or equipment; pollution or environmental damage; clean-up responsibilities; regulatory investigations; penalties and/or suspension of operations; or fees and other expenses incurred in the prosecution or defense of litigation relating to such events.

In accordance with customary industry practices, we maintain insurance against some, but not all, of these risks. Our insurance may not be adequate to cover all losses or liabilities. We do not carry business interruption insurance, and we cannot fully insure against pollution and environmental risks. We may elect not to carry certain types of insurance if our management believes that the cost of available insurance is excessive relative to the risks presented. The occurrence of an event not fully covered by insurance could have a material adverse effect on our financial condition and results of operations. The impact of natural disasters or weather events in the areas where we operate has resulted in escalating insurance costs and less favorable coverage terms. Losses and liabilities arising from uninsured or underinsured events may have a material adverse effect on our financial condition and operations, including the loss of our total investment in a particular prospect.

***A failure of technology systems, data breach or cyberattack could materially affect our operations.***

Our information technology systems may be vulnerable to security breaches, including those involving cyberattacks using viruses, worms or other destructive software, process breakdowns, phishing or other malicious activities, or any combination of the foregoing. Such breaches could result in unauthorized access to information, including customer, employee, or other confidential data. We do not carry insurance against these risks, although we do invest in security technology, perform penetration tests, and design our business processes to attempt to mitigate the risk of such breaches. However, there can be no assurance that security breaches will not occur. Moreover, the development and maintenance of these measures requires continuous monitoring as technologies change and security measures evolve. We have experienced, and expect to continue to experience, cyber security threats and incidents, none of which has been material to us to date. However, a successful breach or attack could have a material negative impact on our operations or business reputation and subject us to consequences such as litigation and direct costs associated with incident response.

Information technology solution failures, network disruptions, breaches of data security and cyberattacks could disrupt our operations by causing delays, impeding processing of transactions and reporting financial results, resulting in the unintentional disclosure of customer, employee or our information, or damage to our reputation. A system failure, data security breach or cyberattack could have a material adverse effect on our financial condition, results of operations or cash flows. In the past, we have experienced data security breaches resulting from unauthorized access to our e-mail systems, which to date have not had a material impact on our business; however, there is no assurance that such impacts will not be material in the future.

***We may not be able to keep pace with technological developments in the industry.***

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, we may be placed at a competitive disadvantage or competitive pressures may force us to implement those new technologies at substantial costs. In addition, other oil and natural gas companies may have greater financial, technical, and personnel resources that allow them to enjoy technological advantages and, in the future, may allow them to implement new technologies before we are in a position to do so. We may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies used now or in the future were to become obsolete or if we are unable to use the most advanced commercially available technology, the business, financial condition, and results of operations could be materially adversely affected.

***We have limited management and staff and may be dependent upon partnering arrangements.***

As of December 31, 2018, we had 39 full-time employees. We leverage the services of independent consultants and contractors to perform various professional services, including engineering, oil and natural gas well planning and supervision, and land, legal, environmental, accounting and tax services. We also pursue alliances with partners in the areas of geological and geophysical services and prospect generation, evaluation and prospect leasing.

Our dependence on third-party consultants and service providers creates a number of risks, including but not limited to, the possibility that such third parties may not be available to us as and when needed and the possibility that we may not be able to properly control the timing and quality of work conducted with respect to our projects. If we experience significant delays in obtaining the services of such third parties or poor performance by such parties, our results of operations and stock price could be materially adversely affected.

***Our business may suffer with the loss of key personnel or changes to our Board of Directors.***

We depend to a large extent on the services of certain key management personnel and other executive officers and key employees. These individuals have extensive experience and expertise in evaluating and analyzing producing oil and natural gas properties and drilling prospects, maximizing production from oil and natural gas properties, marketing oil and natural gas production and developing and executing financing and hedging strategies. The loss of any of these individuals could have a material adverse effect on operations. We do not maintain key-man life insurance with respect to any of our employees. Our success will be dependent on our ability to continue to employ and retain skilled technical personnel.

We have an active board of directors that meets several times throughout the year and is intimately involved in the business and the determination of various operational strategies. Members of our board of directors work closely with management to identify potential prospects, acquisitions and areas for further development. If any directors resign or become unable to continue in their present role, it may be difficult to find replacements with the same knowledge and experience and as a result, operations may be adversely affected.

***We may be subject to risks in connection with acquisitions, and the integration of significant acquisitions may be difficult.***

Our business strategy is based on our ability to acquire additional reserves, oil and natural gas properties, prospects and leaseholds. Significant acquisitions and other strategic transactions may involve risks, including:

- diversion of our management's attention to evaluating, negotiating and integrating significant acquisitions and strategic transactions;
- challenge and cost of integrating acquired operations, information management and other technology systems and business cultures with those of ours while carrying on our ongoing business;
- difficulty associated with coordinating geographically separate organizations;
- challenge of attracting and retaining capable personnel associated with acquired operations; and
- failure to realize the full benefit that we expect in estimated proved reserves, production volume, cost savings from operating synergies or other benefits anticipated from an acquisition, or to realize these benefits within the expected time frame.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of our business. Members of our senior management and other staff may be required to devote considerable amounts of time to the integration process, which will decrease the time they will have to manage our business. If our senior management and staff are not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer.

***We may face difficulties in securing and operating under authorizations and permits to drill, complete or operate our wells.***

The continued growth in oil and natural gas exploration in the United States has drawn intense scrutiny from environmental and community interest groups, regulatory agencies and other governmental entities. As a result, we may face significant opposition to, or increased regulation of, our operations, that may make it difficult or impossible to obtain permits and other needed authorizations to drill, complete or operate, which could result in operational delays or otherwise make oil and natural gas exploration more costly or difficult.

***Our operations are substantially dependent on the availability of water. Restrictions on our ability to obtain water may have an adverse effect on our financial condition, results of operations and cash flows.***

Water is an essential component of deep shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Historically, we have been able to purchase water from local land owners for use in our operations. However, Texas has endured severe drought conditions over the past several years. These drought conditions have led governmental authorities to restrict the use of water subject to their jurisdiction for hydraulic fracturing to protect local water supplies. If we are unable to obtain water to use in our operations from local sources, we may be unable to produce oil and natural gas economically, which could have an adverse effect on our financial condition, results of operations and cash flows.

***Legislative and regulatory initiatives related to global warming and climate change could have an adverse effect on our operations and the demand for oil and natural gas.***

The EPA has determined that emissions of carbon dioxide, methane and other “greenhouse gases,” or “GHGs,” endanger public health and the environment because emissions of such gases are, according to the EPA, contributing to climatic changes. Based on these findings, the EPA, under the Clean Air Act, has adopted and implemented regulations to restrict emissions of greenhouse gases.

In addition, the U.S. Congress has from time to time considered adopting legislation to reduce GHG emissions and almost one-half of the states have already taken legal measures to reduce GHG emissions, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Most of these GHG cap and trade programs work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and natural gas processing plants, to acquire and surrender emission allowances. The number of allowances available for purchase is reduced each year in an effort to achieve the overall GHG emission reduction goal.

The adoption of legislation or regulatory programs to reduce GHG emissions could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, the oil, natural gas and NGLs we produce. Consequently, legislation and regulatory programs to reduce GHG emissions could have an adverse effect on our business.

***Legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays in the completion of oil and natural gas wells.***

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations, and we routinely implement hydraulic fracturing techniques in many of our drilling and completion programs. The process is typically regulated by state oil and natural gas commissions, but the EPA, under the federal Safe Drinking Water Act (“SDWA”), has asserted federal regulatory authority over certain hydraulic fracturing activities involving diesel fuel.

At the state level, several states have adopted or are considering legal requirements that could impose more stringent permitting, disclosure and well construction requirements on hydraulic fracturing activities. Additionally, local government may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular or prohibit the performance of well drilling in general or hydraulic fracturing in particular. If new or more stringent federal, state, or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in our exploration, development, or production activities, and perhaps even be precluded from drilling wells.

In addition, a number of federal agencies are analyzing, or have been requested to review, environmental issues associated with hydraulic fracturing. These types of studies, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory mechanisms.

***Current water regulation relating to hydraulic fracturing, particularly water source and groundwater regulation, could result in increased operational costs, operating restrictions and delays.***

Hydraulic fracturing can require between three to five million gallons of water per horizontal well. We may face regulatory concerns in both the sourcing and the discharge of water used in hydraulic fracturing.

In order to source water from the local water supply for hydraulic fracturing we may need to pay premium rates and be subject to a lower priority if the local area becomes subject to water restrictions. We may also seek water from alternative providers supporting the hydraulic fracturing industry. If we have an insufficient water supply, we will be unable to engage in hydraulic fracturing until such supply is located.

In addition, hydraulic fracturing results in water discharges that must be treated and disposed of in accordance with applicable regulatory requirements. Environmental regulations governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing may increase operating costs and cause delays, interruptions or termination of operations, the extent of which cannot be predicted, and all of which could have an adverse effect on operations and financial performance. Our ability to remove and dispose of water will affect production, and the cost of water treatment and disposal may affect profitability. The imposition of new environmental initiatives and regulations could also include restrictions on our ability to conduct hydraulic fracturing or disposal of produced water, drilling fluids and other substances associated with the exploration, development and production of oil and natural gas.

***We are subject to numerous federal, state, local and other laws and regulations that can adversely affect the cost, manner or feasibility of doing business.***

Our operations are subject to extensive federal, state and local laws and regulations relating to the exploration, production and sale of oil and natural gas. Future laws or regulations, any adverse change in the interpretation of existing laws and regulations or our failure to comply with existing legal requirements may result in substantial penalties and harm to our business and could affect our results of operations and financial condition. We may be required to make large and unanticipated capital expenditures to comply with applicable laws and governmental regulations, including regulations governing land use restrictions; lease permit restrictions; drilling bonds and other financial responsibility in connection with operations, such as plugging and abandonment bonds; well spacing; unitization and pooling of properties; safety precautions; operational reporting; eminent domain and government takings; and taxation.

Our operations could be significantly delayed or curtailed and our cost of operations could significantly increase as a result of future changes in federal, state or local laws, regulatory requirements or restrictions.

***We may incur substantial expenses, and potentially resulting liabilities, to ensure our operations are in compliance with environmental laws and regulations.***

Our oil and natural gas operations are subject to stringent federal, state and local laws and regulations relating to environmental protection, including laws and regulations relating to the release and disposal of materials into the environment. These laws and regulations, among other things, require a permit to be obtained before drilling or facility mobilization and commissioning, or injection or disposal commences; limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas; and impose substantial liabilities for pollution resulting from our operations.

Changes in environmental laws and regulations occur frequently and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to reach and maintain compliance and may otherwise have a material adverse effect on our industry in general and on our own results of operations, competitive position or financial condition. Under these environmental laws and regulations, we could be held strictly liable for the removal or remediation of previously released materials or property contamination regardless of whether we were responsible for the release or contamination or if our operations met previous standards in the industry at the time they were performed.

#### **Risks Relating to Our Securities**

***The market price of our common stock may be volatile, which may depress the market price of our securities and result in substantial losses to investors if they are unable to sell their securities at or above their purchase price.***

The market price of our securities may fluctuate substantially for the foreseeable future, primarily due to a number of factors, including:

- our status as a company with a limited operating history and limited revenues to date, which may make risk-averse investors more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the shares of a seasoned issuer in the event of negative news or lack of progress;
- announcements of technological innovations or new products by us or our existing or future competitors;

- the timing and development of our products;
- general and industry-specific economic conditions;
- actual or anticipated fluctuations in our operating results;
- liquidity;
- actions by our stockholders;
- changes in our cash flow from operations or earnings estimates;
- changes in market valuations of similar companies;
- our capital commitments;
- the sale or attempted sale of a large amount of common stock into the market; and
- the loss of any of our key management personnel.

Many of these factors are beyond our control and may decrease the market price of our common stock, regardless of our operating performance.

***We may issue shares of our preferred stock with greater rights than our common stock.***

Our articles of incorporation authorize our board of directors to issue one or more series of preferred stock and set the terms of the preferred stock without seeking any further approval from our stockholders. Any preferred stock that is issued may rank ahead of our common stock, in terms of dividends, liquidation rights and voting rights. We currently have two series of preferred stock issued and outstanding, which ranks senior to our common stock with respect to dividends and rights on the liquidation, dissolution or winding up of the Company, amongst other preferences and rights.

***There may be future dilution of our common stock.***

We have a significant amount of derivative securities outstanding, which upon exercise or conversion, would result in substantial dilution of our common stock. To the extent outstanding restricted stock units, warrants or options to purchase our common stock under our 2016 Omnibus Incentive Plan or our 2012 Equity Incentive Plan are exercised, the price vesting triggers under the performance shares granted to our executive officers are satisfied, or additional shares of restricted stock are issued to our employees, holders of our common stock will experience dilution. Furthermore, the sale of additional equity or convertible debt securities could result in further dilution to our existing stockholders and cause the price of our outstanding securities to decline.

***We do not expect to pay dividends on our common stock.***

We have never paid dividends with respect to our common stock, and we do not expect to pay any dividends, in cash or otherwise, in the foreseeable future. We intend to retain any earnings for use in our business. In addition, our credit facilities and preferred stock prohibit us from paying any dividends. In the future, we may agree to further restrictions. Any return to stockholders will therefore be limited to the appreciation of their stock.

***Securities analysts may not initiate coverage of our shares or may issue negative reports, which may adversely affect the trading price of the shares.***

Securities analysts may not provide research reports on our Company. If securities analysts do not cover our Company, the lack of coverage may adversely affect the trading price of our shares. The trading market for our shares will rely in part on the research and reports that securities analysts publish about us and our business. If one or more of the analysts who cover our Company downgrades our shares, the trading price of our shares may decline. If one or more of these analysts ceases to cover our Company, we could lose visibility in the market, which, in turn, could also cause the trading price of our shares to decline. Further, because of our small market capitalization, it may be difficult for us to attract securities analysts to cover our Company, which could significantly and adversely affect the trading price of our shares.

***Anti-takeover effects of certain provisions of Nevada state law hinder a potential takeover of our Company.***

The existence of certain provisions under Nevada law could delay or prevent a change in control of the Company, which could adversely affect the price of our common stock. Additionally, Nevada law imposes certain restrictions on mergers and other business combinations between us and any holder of 10% or more of our outstanding common stock.

**Item 1B. Unresolved Staff Comments**

As a smaller reporting company, we are not required to provide disclosure pursuant to this Item.

**Item 3. Legal Proceedings**

We may from time to time be involved in various legal actions arising in the normal course of business. However, we do not believe there is any currently pending litigation that could have, individually or in the aggregate, a material adverse effect on our results of operations or financial condition.

**Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market Information

Our common stock trades on the NYSE American under the symbol "LLEX."

#### Holders

As of March 5, 2019, there were 147 holders of record of our common stock.

#### Dividend Policy

Holders of shares of preferred stock are entitled to receive cumulative preferential dividends, payable and compounded quarterly in arrears. Dividends on our preferred stock are payable, at the Company's option, (i) in cash, (ii) in kind, or (iii) in a combination thereof. In 2018, we did not pay cash dividends on our outstanding preferred stock. As of December 31, 2018, the Company accrued a cumulative balance of \$10.7 million of paid-in-kinds dividends. See Note 13 to our Consolidated Financial Statements.

We have never paid cash dividends on our common stock and do not anticipate paying dividends in the foreseeable future. Our current business plan is to retain any future earnings to finance the expansion and development of our business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors, and will be dependent upon our financial condition, results of operations, capital requirements and other factors as our Board of Directors may deem relevant at that time.

We are currently restricted from declaring dividends pursuant to the terms of our Second Lien Credit Agreement and outstanding preferred stock. Our Revolving Credit Agreement also includes customary limitations on our ability to pay dividends. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - "Liquidity and Capital Resources" for further information.

#### Recent Sales of Unregistered Securities

None

#### Equity Compensation Plan Information

The following table summarizes information regarding the number of shares of our common stock that are available for issuance under all of our existing equity compensation plans as of December 31, 2018:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,031,578	\$ 2.67	6,692,285
Equity compensation plans not approved by security holders	—	—	—
Total	5,031,578	\$ 2.67	6,692,285

For additional information regarding the Company's benefit plans and share-based compensation expense, see Note 15 in Notes to Consolidated Financial Statements.



## Item 6. Selected Financial Data

As a smaller reporting company, we are not required to provide the information required by this Item 6.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report. The following discussion includes forward-looking statements, including, without limitation, statements relating to our plans, strategies, objectives, expectations, intentions and resources. Our actual results could differ materially from those discussed in these forward-looking statements as a result of many factors, including those discussed under "Risk Factors" and elsewhere in this Annual Report.*

### Our Company

We are a focused Permian Basin company engaged in the exploration, production, development, and acquisition of oil, natural gas, and NGLs, with all of our properties and operations in the Delaware Basin, with a focus on Liquids. In each of the past two years, over 90% of our revenues have been generated from the sale of Liquids (crude oil and NGLs). We have a highly contiguous acreage position with significant stacked-pay potential, which we believe includes at least five to seven productive zones and approximately 1,175 future drilling locations.

Our focus is growing our Company and increasing value to our stockholders by generating cash flow from our existing acreage base, as well as through delineation drilling on our acreage and future acquisitions, acreage exchanges and organic leasing.

### 2018 Operational and Financial Highlights

- Increased our net sales production volumes by 215% to 4,965 BOE/d, as compared to 2017;
- Increased our proved reserves by 273% to 42,707 MBOE (69% Liquids), as compared to 2017;
- Averaged 8,081 net BOE/d from December 25 through December 31, 2018, achieving our 2018 year-end exit rate target of 8,000 BOE/d;
- Increased our net acreage in the Delaware Basin to 28,500 gross (20,400 net) acres, where we have increased our average operated working interest to 76% and our operatorship to approximately 99% through acquisitions, acreage exchanges, and organic leasing;
- Entered into several significant infrastructure and sales agreements, including agreements providing for crude gathering and transportation and water gathering and water disposal infrastructure, which we believe will provide us significant cost savings in 2019, advantaged crude pricing in the Gulf Coast markets, and more consistent production flowing to sales;
- Reducing our crude transportation costs from approximately \$5.15 per Bbl at December 31, 2018, to approximately \$0.75 per Bbl in March 2019 through our infrastructure and sales agreements;
- Reducing our salt water disposal costs from approximately \$2.50 per Bbl to approximately \$0.49 as of December 2018 through our infrastructure and sales agreements;
- Entered into a new \$500 million senior secured revolving credit facility with an initial borrowing base of \$95 million (which was subsequently increased to \$108 million in December 2018 as a result of our scheduled borrowing base redetermination), that re-financed our first-lien term loan with Riverstone Credit Partners, LLC and lowered our cost of capital and enhanced our liquidity;
- Improved our capital structure through the conversion of approximately \$68.0 million of our Second Lien Loans under our Second Lien Credit Agreement to a combination of preferred stock and common stock, of which 57.5% was converted into a new class of Series D Preferred Stock and 42.5% was converted into common stock based on a \$5.00 per share conversion price, resulting in approximately \$2.4 million in annualized PIK interest expense savings as a result of the conversion and also through the issuance of 25,000 shares of Series C-2 9.75% Convertible Participating Preferred Stock for \$25.0 million; and
- Decreased our general and administrative expense by 33% to \$33.3 million in 2018 from \$49.9 million in 2017.

## 2019 Updates

- Improved our capital structure through the exchange and conversion of our outstanding Second Lien Loans under our Second Lien Credit Agreement to a combination of two newly created series of preferred stock (Series E Preferred Stock and Series F Preferred Stock) and common stock;
- Eliminated the conversion features and voting rights on our existing Series C Preferred Stock and Series D Preferred Stock and reduced the redemption premium for the Series C Preferred Stock;
- Increased the number of directors constituting our Board of Directors by two directors (to total eleven), which such vacancies created by the increase will be filled by the person designated by the holders of the Series E Preferred Stock and the person designated by the holders of the Series F Preferred Stock; and
- Realized a 16% increase our borrowing base from \$108 million to \$125 million on March 1, 2019, as a result of our accelerated borrowing base redetermination.

## Production Growth

Our producing properties are all located in the Delaware Basin of the Permian Basin in Winkler, Loving and Reeves Counties, Texas and Lea County, New Mexico. As a result of our horizontal development efforts, in 2018, we increased our net sales production volumes by 215% to 4,965 BOE/d in 2018 from 1,576 BOE/d in 2017.

## Reserves Growth

As a result of our development efforts, acreage exchanges and acquisitions, our proved reserves increased 273% to approximately 42,707 MBOE as of December 31, 2018. Our reserves are Liquids rich, being comprised of approximately 69% Liquids (50% oil and 19% NGLs) and 31% natural gas. We believe that our current reserves represent only a small portion of the resource potential within our acreage, and we plan to further expand our inventory through continued delineation of our acreage both geographically and geologically and by drilling and completing additional prospective benches within our acreage position.

## 2018 Acreage Transactions

In 2018, we completed several acquisitions and acreage exchanges which increased our gross and net acreage position and proved reserves. As a result of our acquisitions, acreage exchanges and organic leasing, we increased our acreage position by 29% to 28,500 gross (20,400 net) acres and increased our operated working interest to an average of 76% and operated properties to approximately 99% of our acreage.

Below is a summary of some of the key transactions we completed in 2018:

- In February 2018, we completed the acquisition of certain leasehold interests and other oil and gas assets in Loving and Winkler Counties, Texas from VPD Texas, L.P., for total cash consideration of approximately \$10.7 million;
- In March 2018, we closed the purchase of certain oil and natural gas properties and related assets in the Delaware Basin in Lea County, New Mexico, from OneEnergy Partners Operating, LLC, for stock and cash consideration valued at approximately \$64.9 million, before acquisition costs and customary purchase price adjustments;
- In May 2018, we completed the acquisition of certain leasehold interests and other oil and gas assets, including unproved leaseholds and non-consent proved producing oil and natural gas properties in Loving and Winkler Counties, Texas, from Anadarko for cash consideration of \$7.1 million;
- In June 2018, we closed a Leasehold Exchange Agreement with Felix Energy Holdings II, LLC (“Felix”) to exchange certain leasehold interest located in Loving and Winkler Counties, Texas, owned by us for certain leasehold interest located in the same counties owned by Felix and acquired certain working interests in two wells operated by us in Winkler County, Texas;
- In August 2018, we closed an acre-for-acre trade of approximately 750 net acres in the Delaware Basin in Lea County, New Mexico, and assumed the working interests in four wells, pursuant to a Leasehold Exchange Agreement with Ameredev II, LLC. This exchange agreement increased our gross working interest in our Delaware Basin acreage in New Mexico up to 100% in core areas of our operations; and
- In October 2018, we acquired the position of Southwest Royalties, Inc., our largest non-operating working interest partner in our core area of operations, which included approximately 570 net acres and 349 BOE/d production, for total cash consideration of \$17.0 million.

## Access to Infrastructure

We entered into several significant infrastructure agreements to support the sales of our production of Liquids and natural gas, including transportation and sales agreements and salt water gathering and disposal agreements. We believe these agreements secure us cost effective movement of our Liquids and natural production in Texas and Mexico.

In May 2018, we entered into a crude oil gathering agreement and option agreement with Salt Creek Midstream, LLC (“SCM”). The crude oil gathering agreement (the “Gathering Agreement”) enables SCM to (i) design, engineer, and construct a gathering system which will provide gathering services for our crude oil and (ii) gather our crude oil on the gathering system in certain production areas located in Winkler and Loving Counties, Texas and Lea County, New Mexico. The Gathering Agreement has a term of 12 years that automatically renews on a year to year basis until terminated by either party. In the Option Agreement, we granted an option to SCM to provide certain midstream services related to natural gas in Winkler and Loving Counties, Texas and Lea County, New Mexico, subject to expiration and terms of our existing gas agreement. The Option Agreement has a term commencing May 21, 2018 and terminating on January 1, 2027, pursuant to its one-time option. As consideration for this option, we received a one-time of payment \$35 million from SCM.

In July 2018, the Company entered into a water gathering and disposal agreement and various ancillary agreements with SCM Water, LLC (“SCM Water”), an affiliate of SCM. The agreements support our strategic efforts to secure long-term infrastructure solutions for our operations in the Delaware Basin. The water gathering project will complement our existing water disposal infrastructure, and we have reserved the right to recycle our produced water. SCM Water will commence, upon receipt of regulatory approval, to build out new gathering and disposal infrastructure to our current and future well locations in Lea County, New Mexico, and Winkler County, Texas. All future capital expenditures will be funded by SCM Water and will be designed to accommodate the water produced by our operations. We will act as contract operator of SCM Water’s salt water disposal wells (SWD). We have sold to SCM Water for cash consideration of up to \$20 million, with \$15 million upfront, an option to acquire our existing water infrastructure, a system which is comprised of approximately 14 miles of pipeline and one SWD. We anticipate that the majority of our water will be disposed through the future SCM Water system at a competitive gathering rate under the agreement.

In August 2018, we secured pricing into a crude oil transportation and sales agreement with SCM Crude, LLC, an affiliate of SCM, to secure firm pipeline capacity on a long-haul crude oil pipeline to the Gulf Coast. Under the terms of the agreement, 6,000 Bbl/d of firm capacity will be delivered to the Gulf Coast for one year, beginning on July 1, 2019. During the next four years, from July 1, 2020 through June 30, 2024, firm capacity will adjust to 5,000 Bbl/d. All volumes will have Gulf Coast pricing based on Magellan East Houston pricing throughout the 5-year term. We also have the ability to expand our capacity during the term of the agreement as we believe having flexibility with barrels in the future is desirable.

In 2017, we entered into our long-term gas gathering and processing agreement with an affiliate of Lucid Energy Group (“Lucid”) to support our drilling program. Lucid has commenced receiving, gathering, and processing our gas production for certain areas in Winkler and Loving Counties, Texas and Lea County, New Mexico. Our agreement with Lucid secures sufficient term and capacity in the production areas committed to the agreement. Pursuant to our agreements with Lucid, there are no minimum volume commitments and all gas transported via Lucid is sent to Lucid’s 310 million cubic feet per day Red Hills Natural Gas Process Complex located in Lea County, New Mexico, where it is treated and processed then transported pursuant to transportation contracts through various long-haul pipelines with access to west coast markets, gulf coast markets, Permian markets and MidCon markets. Lucid is responsible for all capital costs in New Mexico and Texas, other than gathering lines from wellhead to various Lucid receipt points.

We believe these infrastructure and sales agreements will significantly reduce our operational costs in 2019 and future years, as well as more efficiently move our production to market.

## Financial Resources

We have increased our liquidity position through several transactions in 2018, which we believe puts us in a financial position to fund our drilling and completion operations for 2019. On October 10, 2018, we announced our entry into the Revolving Credit Agreement, a new five-year senior secured reserve based revolving credit facility with an initial borrowing base of \$95 million, that refinanced our first-lien term loan with Riverstone Credit Partners, LLC. The Company enhanced liquidity by \$60 million, including \$35 million in initial capacity under the Revolving Credit Agreement and \$25 million raised through a tack-on to the outstanding Series C preferred stock. The Company reduced interest expense associated with the Riverstone First Lien Loans by 4.00%, from LIBOR plus 6.75% to LIBOR plus 2.75%. On December 7, 2018, the Company’s borrowing base under the Revolving Credit Agreement was increased to \$108 million as a result of its regularly scheduled fall redetermination process.

Additionally, the Company converted approximately \$68 million of the loans under its Second Lien Credit Agreement (as defined below) to a combination of preferred stock and common stock, of which 57.5% was converted into a new class of Series D preferred stock and 42.5% was converted into common stock based on a \$5.00 per share conversion price. The Company realized approximately \$2.4 million in annualized PIK interest expense savings as a result of the conversion.

The Company had \$54.1 million in liquidity as of year-end 2018, including \$33 million in availability under the Revolving Credit Agreement and \$21.1 million in cash. We believe that our existing liquidity, Revolving Credit Agreement, and cash flow from operations will provide sufficient capital to execute our business plan for 2019, and we are currently targeting cash flow neutrality in 2019.

### **2019 Second Lien Term Loan Conversion and Borrowing Base Redetermination**

On March 5, 2019, the Company agreed to convert the remaining Second Lien Loans with a face value of approximately \$133.6 million for a combination of preferred stock and common stock, of which \$60.0 million was converted into a new class of convertible preferred stock (Series E Preferred Stock), \$55.0 million was converted into a new class of non-convertible preferred stock (Series F Preferred Stock), and \$18.6 million was converted into common stock based on a \$1.88 per share issuance price. The conversion of the Second Lien Loans in their entirety substantially improves our capital structure, resulting in the elimination of debt repayments and quarterly interest obligations on the Second Lien Loans. Subsequent to the conversion, our long-term debt consists solely of our Revolving Credit Agreement with no scheduled principle requirements until maturity in 2021.

Additionally, the conversion features and voting rights on the existing Series C Preferred Stock and Series D Preferred Stock were eliminated in exchange for the issuance of approximately 7.8 million shares of our common stock. The potential dilution of our common stockholders resulting from the conversion of the Second Lien Loans, the Series C Preferred Stock and Series D Preferred Stock was reduced from approximately 53.5 million shares of common stock to approximately 41.6 million shares of common stock, including the issuance of approximately 17.6 million shares of common stock and the effect of the possible conversion of the Series E Preferred Stock. The newly created Series E Preferred Stock is the only potentially dilutive instrument outstanding.

Concurrently, we accelerated our May Revolving Credit borrowing base redetermination resulting in an increase in our borrowing base to \$125.0 million as of March 1, 2019. We added an additional borrowing base redetermination in July that will include results of our 2019 drilling activity. Subsequent redeterminations are scheduled in November and May of each year.

See "Subsequent Events" below for further information regarding our 2019 recapitalization transactions.

### **Market Conditions and Commodity Pricing**

Our financial results depend on many factors, including the price of oil, natural gas and NGLs and our ability to market our production on economically attractive terms. We generate the majority of our revenues from sales of Liquids and, to a lesser extent, the sale of natural gas. The prices of these products are critical factors to our success and volatility in these prices could impact our results of operations. In addition, our business requires substantial capital to acquire properties and develop our non-producing properties. Declines in the prices of oil, natural gas and NGLs would reduce our revenues and result in lower cash inflow which would make it more difficult for us to pursue our plans to acquire new properties and develop our existing properties. Declines in oil, natural gas, and NGL prices may also adversely affect our ability to obtain additional funding on favorable terms.

We believe that we are well-positioned to manage the challenges presented in a lower pricing environment, and we can execute our planned 2019 development program and capital expenditures with our current cash on hand, proceeds from operations and draws from the existing revolving credit facility as required.

### **Results of Operations**

During the year ended December 31, 2018, we worked actively to increase our natural gas transportation, processing, and sales capacity for our expanding production. We successfully brought online our fourth Wolfcamp horizontal well. This well is our most geologically eastern well and is the closest well to the Central Basin Platform in our current acreage position. As of December 31, 2018, we have production flowing from our 24 horizontal wells and 14 legacy vertical wells.

### ***Year Ended December 31, 2018 Compared to Year Ended December 31, 2017***

The following sets forth selected revenue and sales data for the years ended December 31, 2018 and 2017:

	<b>For the Year Ended December 31,</b>			<b>% Change</b>
	<b>2018</b>	<b>2017</b>	<b>Change</b>	
<b>Net sales volumes:</b>				
Oil (Bbls)	1,089,724	371,993	717,731	193 %
Natural gas (Mcf)	2,855,739	776,164	2,079,575	268 %
NGL (Bbls)	246,425	73,875	172,550	234 %
Total (BOE)	1,812,106	575,229	1,236,877	215 %
Average daily sales volume (BOE/d)	4,965	1,576	3,389	215 %
<b>Average realized sales price:</b>				
Oil (per Bbl)	\$ 53.26	\$ 47.92	\$ 5.34	11 %
Natural gas (per Mcf)	1.84	2.74	(0.90)	(33)%
NGL (per Bbl)	28.11	22.49	5.62	25 %
Total (per BOE)	\$ 38.75	\$ 37.57	\$ 1.18	3 %
<b>Oil, natural gas and NGL revenues (in thousands):</b>				
Oil revenue	\$ 58,042	\$ 17,826	\$ 40,216	226 %
Natural gas revenue	5,246	2,125	3,121	147 %
NGL revenue	6,928	1,661	5,267	317 %
Total	<u>\$ 70,216</u>	<u>\$ 21,612</u>	<u>\$ 48,604</u>	225 %

#### Revenues

Total revenue increased \$48.6 million to \$70.2 million for the year ended December 31, 2018, as compared to \$21.6 million for the year ended December 31, 2017, representing a 225% increase. Our significant increase in total revenue in 2018 is primarily attributable to an additional 15 wells being placed on production in the Delaware Basin during 2018. Total sales volume climbed 215% to 1,812,106 BOE during 2018, compared to 575,229 BOE in 2017, an increase of 1,236,877 BOE.

The Company's increase in revenues in 2018 was partially offset by increased crude transportation costs, which are deducted from the Company's gross revenue for crude oil sales. For the year ended December 31, 2018, transportation costs related to crude oil sales increased by \$3.7 million to \$4.7 million, compared to \$1.0 million for the same period in 2017. The Company expects to lower its crude transportation and gathering costs in 2019 as a result of increased pipeline transportation of the Company's crude oil under the Gathering Agreement with SCM. The Company anticipates savings of approximately \$4.50 per Bbl, equal to a decrease of approximately 87.4% in transportation costs utilizing pipe gathering as opposed to trucking.

#### Oil and Natural Gas Production Costs, Production Taxes, Depreciation, Depletion, and Amortization

Our production during the year ended December 31, 2018, increased from 575,229 BOE in 2017 to 1,812,106 BOE in 2018, an increase of 215%. This increase in production was primarily attributable to 15 additional wells being completed and placed on production.

The following table shows a comparison of production costs for the years ended December 31, 2018 and 2017:

**For the Year Ended  
December 31,**

	2018	2017	Change	% Change
<b>Operating Expenses per BOE:</b>				
Production costs <sup>(1)</sup>	\$ 7.64	\$ 10.14	\$ (2.50)	(25)%
Gathering, processing and transportation	1.87	2.07	(0.20)	(10)%
Production taxes	2.05	2.06	(0.01)	(1)%
General and administrative	18.35	86.66	(68.31)	(79)%
Depreciation, depletion, amortization and accretion	14.00	12.21	1.79	15 %
Impairment of evaluated oil and natural gas properties	—	18.27	(18.27)	(100)%
Total (BOE)	<u>\$ 43.91</u>	<u>\$ 131.41</u>	<u>\$ (87.50)</u>	<u>(67)%</u>
<b>Operating Expenses</b>				
Production costs	\$ 13,843	\$ 5,832	\$ 8,011	137 %
Gathering, processing and transportation	3,392	1,191	2,201	185 %
Production taxes	3,709	1,187	2,522	212 %
General and administrative	33,251	49,851	(16,600)	(33)%
Depreciation, depletion, amortization and accretion	25,367	7,025	18,342	261 %
Impairment of evaluated oil and natural gas properties	—	10,505	(10,505)	(100)%
Total Operating Expenses	<u>\$ 79,562</u>	<u>\$ 75,591</u>	<u>\$ 3,971</u>	<u>5 %</u>

<sup>(1)</sup> Production costs include ad valorem taxes.

*Production Costs*

Production costs increased by \$8.0 million, or 137%, to \$13.8 million for the year ended December 31, 2018 compared to \$5.8 million for the year ended December 31, 2017, primarily due to an increase in production volumes. Our production costs on a per BOE basis decreased by \$2.50, or 25%, from \$10.14 per BOE for the year ended December 31, 2017 to \$7.64 for the year ended December 31, 2018. The decreased production costs per BOE are reflective of higher product sales relative to saltwater disposal costs. Product sales were also higher relative to various other costs, particularly workovers and repairs, rentals, and testing.

*Gathering, Processing and Transportation*

Gathering, processing and transportation costs related to natural gas sales increased by \$2.2 million to \$3.4 million for the year ended December 31, 2018, compared to \$1.2 million during the same period in 2017. This cost increase was primarily the result of higher natural gas sales volumes. The cost decrease on a per BOE basis was due to lower gathering and treating rates during the year ended December 31, 2018.

*Production Taxes*

Production taxes increased by \$2.5 million, or 212%, to \$3.7 million for the year ended December 31, 2018, compared to \$1.2 million for the year ended December 31, 2017, due to the increase in sales volumes. Our production taxes of \$2.05 per BOE for the year ended December 31, 2018, had no material variance from the \$2.06 per BOE for the year ended December 31, 2017, which is a reflection of stable taxation rates in our areas of operation.

*General and Administrative Expenses*

General and administrative expenses (“G&A”) were \$33.3 million during the year ended December 31, 2018, compared to \$49.9 million during the year ended December 31, 2017, a decrease of \$16.6 million or 33%. The decrease in G&A was primarily due to a decrease of \$8.3 million in bonuses paid in 2018 offset by an increase of \$4.1 million in professional and legal fees plus a significant decrease of \$12.4 million in stock based compensation expense. The decrease of \$12.4 million in stock based compensation was primarily attributed to \$2.8 million in restricted stock bonuses granted to executive officers that vested at grant date, \$6.2 million in restricted stock granted to employees and non-employee directors in October 2017, \$1.6 million in incremental expense associated with the modification of stock options awarded to former Chief Executive Officer in 2017 and \$1.8 million in restricted stock and stock options granted to three new executive officers hired during the year ended December 31, 2017.

During the year ended December 31, 2018, the \$9.0 million of stock based compensation includes primarily \$5.4 million of amortized expense recognized on stock awards granted in prior years and \$3.6 million of expense recognized on vested stock awards granted in 2018.

#### *Depreciation, Depletion, and Amortization*

Depreciation, depletion, and amortization (“DD&A”) was \$25.3 million during the year ended December 31, 2018, compared to \$7.0 million during the year ended December 31, 2017, an increase of \$18.3 million, or 261%. Our DD&A rate increased to \$14.00 per BOE during the year ended December 31, 2018, from \$12.21 per BOE during the year ended December 31, 2017. DD&A expense increased due to a sales volume increase of 1,236,877 BOE or 215% from 575,229 BOE during the year ended December 31, 2017, to 1,812,106 BOE during the year ended December 31, 2018.

#### *Impairment of Evaluated Oil and Natural Gas Properties*

There were no impairment charges for the year ended December 31, 2018. We recorded impairment charges of \$10.5 million during the year ended December 31, 2017. Under the full cost method of accounting, we are required on a quarterly basis to determine whether the book value of our oil and natural gas properties is less than or equal to the “ceiling,” based upon the expected after-tax present value of the future net cash flows discounted at 10% from our proved reserves. Any excess of the net book value of our oil and natural gas properties over the ceiling must be recognized as a non-cash impairment expense. For the year ended December 31, 2017, higher capital expenditures with slower than expected development of proved reserves contributed to the excess of net book value of our oil and natural gas properties over the ceiling resulting in the recognition of an impairment charge of \$10.5 million.

#### *Other Income and Expense*

The following table shows a comparison of other income and expenses for the years ended December 31, 2018 and December 31, 2017:

	<b>Years Ended December 31,</b>		<b>Variance</b>	<b>%</b>
	<b>2018</b>	<b>2017</b>		
	<i>(In Thousands)</i>			
<b>Other income (expense):</b>				
Other income	\$ 2	\$ 18	\$ (16)	(89)%
Loss on early extinguishment of debt	(20,370)	—	(20,370)	(100)%
Gain (loss) from commodity derivatives	55	(1,063)	1,118	(105)%
Gain (loss) from embedded derivatives	58,343	(6,260)	64,603	(1,032)%
Loss from conditionally redeemable preferred stock	—	(41)	41	(100)%
Interest expense	(32,827)	(18,757)	(14,070)	75 %
Total other income (expense)	\$ 5,203	\$ (26,103)	\$ 31,306	(120)%

#### *Loss on Early Extinguishment of Debt*

On October 10, 2018, we converted approximately \$68.3 million of our Second Lien Credit Agreement into a combination of 39,254 shares of Series D Preferred Stock, stated value of \$1,000 per share, and 5,952,763 shares of common stock. As a result of such transactions, we recorded a loss of approximately \$12.3 million on early extinguishment of debt.

Concurrently, we executed the Revolving Credit Agreement, from which we received proceeds of \$60.0 million that were used to pay off the outstanding balance of the Riverstone First Lien Credit Agreement totaling \$57.0 million, including accrued interest and prepayment penalties. As a result of the prepayment of the Riverstone First Lien Credit Agreement, we recorded a loss of approximately \$8.1 on early extinguishment of debt.

#### *Gain (Loss) from Commodity Derivatives*

Gain on our commodity derivatives increased by \$1.1 million or 105% during the year ended December 31, 2018, which primarily resulted from the function of fluctuations in the underlying commodity prices versus fixed hedge prices and the monthly

settlement of the hedged instruments. During the year ended December 31, 2018, we had unrealized net gains of \$1.9 million on mark-to-market adjustments on unsettled positions, which were partially offset by net losses of \$1.9 million on cash settlement and resulted in a net gain of \$55,000. During the year ended 2017, our net loss from commodity derivatives consisted primarily of net losses of \$0.2 million on cash settlements and \$0.9 million on mark-to-market adjustments on unsettled position.

#### *Gain (Loss) from Fair Value Changes of Debt Conversion and Warrant Derivatives*

The change in fair values of derivative instruments consisted of a gain of \$58.3 million during the year ended December 31, 2018, as compared to a loss of \$6.3 million during the year ended December 31, 2017. The \$58.3 million gain was primarily attributed to the change in fair value of embedded derivatives resulting from the decrease of the Company's stock price to \$1.37 per share at December 31, 2018, as compared to \$5.11 per share at December 31, 2017, net of the embedded derivatives associated with the partial conversion of the Second Lien Loans on October 10, 2018.

#### *Interest Expense*

Interest expense was \$32.8 million for the year ended December 31, 2018, compared to \$18.8 million for the year ended December 31, 2017. For the year ended December 31, 2018, we incurred interest expense of \$3.0 million for quarterly interest payments and amortized debt issuance costs on the Riverstone First Lien Loans and the incremental bridge loans under the First Lien Credit Agreement, \$12.2 million of paid-in-kind ("PIK") interest, \$14.4 million related to amortized debt discount on our Second Lien Term Loan and \$3.2 million of amortized debt issuance costs. During the year ended December 31, 2017, we incurred \$18.8 million of interest expense relating to amortized debt issuance costs on debentures, convertible notes and non-convertible notes.

#### **Liquidity and Capital Resources**

We establish a capital budget at the beginning of each calendar year and review it throughout the course of the year. Our capital budgets are based upon our estimate of internally generated sources of cash, as well as cash on hand and the available borrowing capacity of our Revolving Credit Agreement.

We ended the year with \$54.1 million of liquidity consisting of \$33 million of availability under our Revolving Credit Agreement and \$21.1 million of cash and cash equivalents on hand. Accounts payable, which were \$47.1 million as of December 31, 2018, have been reduced to \$38.8 million as of March 4, 2019. We are focused on reducing payables in 2019 using cash flows from operation while continuing to execute its one rig drilling program and bringing more wells into production.

As operator of over 99% of our properties, we have the ability to structure our capital budget to align with our existing and projected liquidity and cash flows. Our 2019 capital budget of approximately \$40 million to \$60 million includes a one rig drilling and completion program that we expect to fund with cash on hand, cash flows from operations and current and future availability under our Revolving Credit Agreement. We will continually re-evaluate our liquidity and projected cash flows and we may add additional drilling rigs, temporarily suspend drilling operations, or consider additional financing options as circumstance change.

Our 2019 capital budget does not include acquisitions and leasing activities as we are unable to anticipate the acquisition or leasing opportunities that will be available to us in the future.

Actual capital expenditure levels may vary significantly due to many factors, including drilling results; oil, natural gas and NGL prices; industry conditions; the prices and availability of goods and services; and the extent to which properties are acquired or non-strategic assets are sold. We continue to screen for attractive acquisition, leasing and acreage trade opportunities; however, the timing and size of such transactions are unpredictable. We believe we have the operational flexibility to react quickly with our capital expenditures to changes in circumstances or fluctuations in our cash flows.

We continuously monitor our liquidity needs, coordinate our capital expenditure program with our expected cash flows and projected debt-repayment schedule, and evaluate our available alternative sources of liquidity, including accessing debt and equity capital markets in light of current and expected economic conditions. We believe that our liquidity position and ability to generate cash flows from our operations will be adequate to fund 2019 operations and continue to meet our other obligations.



Our cash flows for the years ended December 31, 2018 and 2017, are presented in the following table:

	<b>Year ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(in thousands)</i>	
Operating activities	\$ 92,132	\$ (7,243)
Investing activities	(242,935)	(147,502)
Financing activities	154,478	160,469
Net change in cash	<u>\$ 3,675</u>	<u>\$ 5,724</u>

*Operating Activities.* For the year ended December 31, 2018, net cash provided by operating activities was \$92.1 million, compared to net cash used in operating of \$7.2 million for the year ended December 31, 2017. The increase of \$99.4 million in cash used in operating activities was primarily attributable to \$35.0 million received from SCM and its affiliates for upfront fees associated with option to provide future gas midstream services. The increase is also the result of a significant increase in revenue production and cash received upon net settlement of commodity derivative instruments.

*Investing Activities.* For the year ended December 31, 2018, net cash used in investing activities was \$242.9 million compared to \$147.5 million for the year ended December 31, 2017. The \$242.9 million in cash used in investing activities was primarily attributable to the following:

- \$167.4 million incurred for drilling and completion costs, including drilling and completion costs for 2018 and costs accrued in 2017 which were paid in 2018;
- \$40.9 million cash consideration paid for the acquisition of leasehold acreage in the Delaware Basin in Lea County, New Mexico from OneEnergy Partners Operating, LLC;
- \$10.7 million cash consideration paid for the acquisition of proved and unproved oil and gas properties in Loving and Winkler Counties, Texas from VPD Texas, L.P.;
- \$7.1 million incurred to acquire additional leasehold interests from Anadarko;
- \$12.8 million incurred to pay for lease bonuses for leases primarily located in Winkler County, Texas and Lea County, New Mexico;
- \$17.0 million paid to Southwest Royalties for leasehold interests in Winkler County, Texas;
- \$3.9 million paid in connection with other leasehold exchange transactions and for other leasehold costs; and
- \$0.6 million paid for other property and equipment.

The costs incurred in investing activities were offset by the \$17.5 million of upfront option fees associated with the option to acquire our salt water disposal infrastructure.

*Financing Activities.* For the year ended December 31, 2018, net cash provided by financing activities was \$154.5 million compared to cash provided by financing activities of \$160.5 million during the year ended December 31, 2017. The \$154.5 million in net cash provided by financing activities included the following:

- \$75.0 million proceeds from the Revolving Credit Agreement;
- \$50.0 million proceeds from the Riverstone First Lien Credit Agreement;
- \$100.0 million and \$25.0 million proceeds from the issuance of Series C-1 and C-2 Preferred Stock, respectively; and
- \$3.7 million in proceeds received from the exercise of stock warrants and stock options.

These increases in proceeds were offset by the following:

- \$57.0 million for the repayment of Riverstone First Lien Credit Agreement;
- \$31.8 million for the repayment of the First Lien Term Loan;
- \$2.2 million relating to payment of taxes withheld on stock based compensation;
- \$7.2 million of payments in connection with debt and equity issuance costs; and
- \$1.0 million paid to repurchase 253,598 shares of our common stock.

#### *Summary of Existing Capital Structure*

Below is a summary of our capital structure as of December 31, 2018 and 2017:

<u>Debt and Equity Financing</u> <sup>(1)</sup>	2018	2017
	<i>(in thousands)</i>	
<b>Debt</b>		
Revolving Credit Agreement	\$ 75,000	\$ —
Second Lien Credit Agreement	82,804	96,431
Bridge Loans associated with amended First Lien Term Loan	—	30,363
Other notes payable	—	1,011
Total debt	157,804	127,805
<b>Mezzanine Equity</b>		
Series C-1 Preferred Stock	106,774	—
Series C-2 Preferred Stock	25,522	—
Series D Preferred Stock	40,729	—
Total mezzanine equity	173,025	—
<b>Stockholders' Equity</b>		
Common stock	7	5
Additional paid-in capital	321,753	272,335
Treasury stock	(997)	—
Accumulative deficit	(307,431)	(303,288)
Total stockholders' equity (deficit)	13,332	(30,948)
<b>Total</b>	<b>\$ 344,161</b>	<b>\$ 96,857</b>

- (1) See Notes 9, 13 and 14 in the Notes to Consolidated Financial Statements for additional information about the Company's outstanding debt and equity.

#### Revolving Credit Agreement

On October 10, 2018, we entered into a five-year, \$500 million senior secured revolving credit agreement by and among the Company, as borrower, certain subsidiaries of the Company, as guarantors (the "Guarantors"), BMO Harris Bank, N.A., as administrative agent, and the lenders party thereto. The Revolving Credit Agreement provides for a senior secured reserve based revolving credit facility with an initial borrowing base of \$95 million. The borrowing base is subject to semiannual redetermination in May and November of each year. On December 7, 2018, the Company's borrowing base under the Revolving Credit Agreement was increased to \$108 million as a result of its regularly scheduled fall redetermination process. We accelerated our May Revolving Credit borrowing base redetermination resulting in an increase in our borrowing base to \$125 million as of March 1, 2019. We added an additional borrowing base redetermination in July that will include results of our 2019 drilling activity. Subsequent redeterminations are scheduled in November and May of each year.

Borrowings under the Revolving Credit Agreement bear interest at a floating rate of either LIBOR or a specified base rate plus a margin determined based upon the usage of the borrowing base. The Company is required to pay a commitment fee of 0.5% per annum on any unused portion of the borrowing base. The Company's obligations under the Revolving Credit Agreement are secured by first priority liens on substantially all of the Company's and the Guarantors' assets and are unconditionally guaranteed by each of the Guarantors.

The Company borrowed \$60 million under the Revolving Credit Agreement at closing to repay in full and retire the Company's previously existing \$50 million Riverstone First Lien Credit Agreement, including accrued interest and a prepayment premium, and to pay transaction expenses. (See Note 9 for additional information regarding the Riverstone First Lien Credit Agreement). Future borrowings under the Revolving Credit Agreement may be used to fund working capital requirements, including for the acquisition, exploration and development of oil and gas properties, and for general corporate purposes. The Revolving Credit Agreement also provides for issuance of letters of credit in an aggregate amount up to \$5 million.

The Revolving Credit Agreement matures on the earlier of the fifth anniversary of the closing date and the date that is 180 days prior to the maturity date of the Second Lien Credit Agreement (as defined below). Borrowings under the Revolving Credit Agreement are subject to mandatory repayment with the net proceeds of certain asset sales and debt incurrences or if a borrowing base deficiency occurs. The Company also may voluntarily repay borrowings from time to time and, subject to the borrowing base limitation and other customary conditions, may re-borrow amounts that are voluntarily repaid. Mandatory and voluntary repayments generally will be made without premium or penalty.

The Revolving Credit Agreement contains certain customary representations and warranties and affirmative and negative covenants, including covenants relating to: maintenance of books and records, financial reporting and notification, compliance with laws, maintenance of properties and insurance; and limitations on incurrence of indebtedness, liens, fundamental changes, international operations, asset sales, certain debt payments and amendments, restrictive agreements, investments, dividends and other restricted payments and hedging. It also requires the Company to maintain a ratio of Total Debt to EBITDAX of not more than 4.00 to 1.00 and a ratio of current assets to current liabilities of not less than 1.00 to 1.00 (each as defined in the Revolving Credit Agreement).

## Second Lien Credit Agreement

On April 26, 2017, the Company entered into a second lien credit agreement, dated as of April 26, 2017, by and among the Company, certain subsidiaries of the Company, as guarantors (the “Guarantors”), Wilmington Trust, National Association, as administrative agent (the “Agent”), and the lenders party thereto (the “Lenders”), including Värde, as amended (the “Second Lien Credit Agreement”) comprised of convertible loans in an aggregate initial principal amount of up to \$125 million in two tranches. The first tranche consisted of an \$80 million term loan (the “Second Lien Term Loan”), which was fully drawn and funded on April 26, 2017. The second tranche consisted of up to \$45 million in delayed-draw term loans (the “Delayed Draw Term Loan” and, together with the Second Lien Term Loan, the “Second Lien Loans”). Each tranche of the Second Lien Loans bears interest at a rate per annum of 8.25%, compounded quarterly in arrears and payable only in-kind by increasing the principal amount of the loan by the amount of the interest due on each interest payment date.

The Second Lien Loans matures on April 26, 2021. The Second Lien Loans are subject to mandatory prepayment with the net proceeds of certain asset sales, casualty events and debt incurrences, subject to the right of the Company to reinvest the net proceeds of asset sales and casualty events within 180 days. The Company may not voluntarily prepay the Second Lien Loans prior to March 31, 2019, except (a) in connection with a Change of Control (as defined in the Second Lien Credit Agreement) or (b) if the closing price of our common stock on the principal exchange on which it is traded has been equal to or greater than 110% of the Conversion Price (as defined below) for at least 20 of the 30 trading days immediately preceding the prepayment. The Company is required to pay a make-whole premium in connection with any mandatory or voluntary prepayment of the Second Lien Loans.

Each tranche of the Second Lien Loans is separately convertible at any time, in full and not in part, at the option of the Lead Lender, as follows:

- 70% of the principal amount of each tranche of the Second Lien Loans, together with accrued and unpaid interest and the make-whole premium on such principal amount (the “Conversion Sum”), will convert into a number of newly issued shares of common stock determined by dividing the total of such principal amount, accrued and unpaid interest and make-whole premium by \$5.50 (subject to certain customary adjustments, the “Conversion Price”); and
- 30% of the principal amount of the Conversion Sum will convert on a dollar for dollar basis into a new term loan (the “Take Back Loans”).

The terms of the Take Back Loans will be substantially the same as the terms of the Second Lien Loans, except that the Take Back Loans will not be convertible and will bear interest payable in cash at a rate of LIBOR plus 9% (subject to a 1% LIBOR floor).

Additionally, the Company has the option to convert the Second Lien Loans, in whole or in part, into shares of common stock at any time or from time to time if, at the time of exercise of the Company’s conversion option, the closing price of the common stock on the principal exchange on which it is traded has been at least 150% of the Conversion Price then in effect for at least 20 of the 30 immediately preceding trading days. Conversion at the Company’s option will occur on the same terms as conversion at the Lender’s option.

On January 31, 2018, the Company entered into a fourth amendment to the Second Lien Credit Agreement (“Amendment No. 4 to the Second Lien Credit Agreement”). The purpose of Amendment No. 4 to the Second Lien Credit Agreement was to, among other matters: permit us to enter the Riverstone First Lien Credit Agreement and incur the Riverstone First Lien Loans and related liens; permit us to issue the Series C Preferred Stock; and after the issuance of the Series C Preferred Stock pursuant to the Securities Purchase Agreement, reduce from two to one the maximum number of members of the Board the lenders under the Second Lien Credit Agreement will have the right to appoint following the conversion of the convertible loans under the Second Lien Credit Agreement.

On February 20, 2018, the Company entered into a fifth amendment to the Second Lien Credit Agreement (“Amendment No. 5 to the Second Lien Credit Agreement”), together with Amendment No. 1 to the Riverstone First Lien Credit Agreement. Pursuant to such amendments and a consent letter received from the Purchasers (as defined in Note 9 of the Notes to Consolidated Financial Statements), in their capacity as the holders of all of the issued and outstanding shares of Series C Preferred Stock, the Company was granted the right to repurchase shares of its common stock for an aggregate purchase price up to \$10 million (subject to certain exceptions and conditions).

On October 10, 2018, the Company entered into a sixth amendment to the Second Lien Amendment (“Amendment No. 6 to the Second Lien Credit Agreement”), by and among the Company, the Guarantors, Wilmington Trust, National Association, as administrative agent, and the lenders party thereto, including Värde Partners, Inc., as lead lender. Among other matters, Amendment No. 6 to the Second Lien Credit Agreement amended the Second Lien Credit Agreement to permit the Company to enter into and incur indebtedness under the Revolving Credit Agreement (as defined and described above) and to provide for the reduction in the principal amount of the Second Lien Term Loan under the Second Lien Credit Agreement pursuant to the Transaction Agreement (as defined and described below).

See Note 9 in the Notes to Consolidated Financial Statements for additional information about the Company’s Second Lien Credit Agreement.

### Preferred Stock Issuance

On January 30, 2018, we entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with certain private funds affiliated with Värde Partners, Inc. (the “Purchasers”), pursuant to which we agreed to issue and sell to the Purchasers, and the Purchasers agreed to purchase from us, 100,000 shares of a newly created series of preferred stock of the Company, designated as “Series C 9.75% Convertible Participating Preferred Stock” (the “Series C Preferred Stock”), for a purchase price of \$1,000 per share, or an aggregate of \$100 million.

On October 10, 2018, the Company entered into a Transaction Agreement (the “Transaction Agreement”) by and among the Company and certain private funds affiliated with Värde Partners, Inc. (the “Värde Parties”), pursuant to which the Company agreed to:

- issue to the Värde Parties (i) an aggregate of 5,952,763 shares of the Company’s common stock, par value \$0.0001 per share, which includes 5,802,763 shares of common stock at an exchange price of \$5.00 per share of common stock plus an additional 150,000 shares of common stock, and (ii) 39,254 shares of a newly created series of preferred stock of the Company, designated as “Series D 8.25% Convertible Participating Preferred Stock” (the “Series D Preferred Stock”), as consideration for the reduction by approximately \$56.3 million of the outstanding principal amount of the Second Lien Term Loan under the Second Lien Credit Agreement, together with accrued and unpaid interest and the make-whole amount thereon totaling approximately \$11.9 million;
- issue and sell to the Värde Parties 25,000 shares of a newly created subseries of the Company’s Series C 9.75% Convertible Participating Preferred Stock, designated as “Series C-2 9.75% Convertible Participating Preferred Stock” (the “Series C-2 Preferred Stock”), for a purchase price of \$1,000 per share, or an aggregate of \$25 million.

Pursuant to an Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Convertible Participating Preferred Stock and Series C-2 9.75% Convertible Participating Preferred Stock (the “Series C Certificate of Designation”), filed by the Company with the Secretary of State of Nevada on October 10, 2018, the outstanding 100,000 shares of the Company’s Series C 9.75% Convertible Participating Preferred Stock were re-designated as “Series C-1 9.75% Convertible Participating Preferred Stock” (the “Series C-1 Preferred Stock” and, together with the Series C-2 Preferred Stock, the “Series C Preferred Stock”). The Series C Preferred Stock and the Series D Preferred Stock are referred to collectively as the “Preferred Stock.”

Closing of the issuance of the shares of common stock and Series D Preferred Stock and the issuance and sale of the shares of Series C-2 Preferred Stock pursuant to the Transaction Agreement occurred on October 10, 2018. The Company intends to use the net proceeds from the sale of the shares of Series C-2 Preferred Stock for general corporate purposes, including the acquisition, exploration and development of oil and gas properties. The Series D Preferred Stock and the Series C-2 Preferred Stock are recorded at fair value of \$40.0 million and \$25.0 million, respectively, as mezzanine equity as of December 31, 2018.

See Note 13 in the Notes to Consolidated Financial Statements for additional information about the Company’s Preferred Stock.

## SOS Note

On June 30, 2016, pursuant to the merger agreement with Brushy and as a condition of the fourth amendment to such merger agreement, the Company was required to make a cash payment of \$500,000 to SOS Investment LLC (“SOS”), and also executed a subordinated promissory note with SOS, for \$1 million, at an interest rate of 6% per annum which matures on June 30, 2019. In conjunction with the cash payment and the note, the Company also issued 200,000 warrants at an exercise price of \$25.00. The Company accounted for the cost of warrants of \$0.2 million as part of the Brushy merger transaction costs during the year ended December 31, 2017. The SOS note was fully paid on January 22, 2018.

See Note 9 in the Notes to Consolidated Financial Statements for additional information regarding the SOS Note.

## Common Stock Repurchase

In March 2018, we entered into a share-repurchase agreement (the “SRA”) with an investment brokerage company (“Broker”) to repurchase \$1.0 million of the Company’s common stock as part of the Share Repurchase Plan (the “Plan”). Under the terms of the SRA, the Company paid cash directly to the Broker and received delivery of shares of the Company’s common stock. All of the shares acquired by the Company under the SRA are recorded as treasury stock. For the year ended December 31, 2018 the Company purchased 253,598 shares of the Company’s common stock for approximately \$1.0 million.

## Related Party Transactions

### *VPD Acquisition*

On February 28, 2018, the Company completed the acquisition of certain leasehold interests and other oil and gas assets in Loving and Winkler Counties, Texas from VPD Texas, L.P. (“VPD”) for cash consideration of \$10.6 million including \$0.5 million of related acquisition costs (the “VPD Acquisition”). The VPD Acquisition was recorded at fair value which was the total cash consideration and related acquisition costs of approximately \$10.7 million. VPD is an affiliate of Värde Partners, Inc. (“Värde”). Värde participated as lead lender in the Company’s Second Lien Term Loan transaction in 2017 and as investor of the Company’s Series C Preferred Stock transaction in January 2018. As a result, the VPD Acquisition is considered a related party transaction. See Note 11 - *Related Party Transactions* in the Notes to Consolidated Financial Statements.

### *Subsequent Events*

#### **Amendment to Revolving Credit Agreement**

On March 1, 2019, the Company entered into a first amendment and waiver (the “First Amendment and Waiver to Second Amended and Restated Credit Agreement”) to its existing Revolving Credit Agreement. Among other matters, in the First Amendment and Waiver to Second Amended and Restated Credit Agreement, the Company requested, and the Administrative Agent and the Majority Lenders (as defined in the First Amendment and Waiver to Second Amended and Restated Credit Agreement) consented to, a waiver of the requirement to comply with the leverage ratio covenant in Section 9.01(a) of the Revolving Credit Agreement as of the fiscal quarter ended December 31, 2018.

Additionally, the Company agreed upon a borrowing base redetermination under the Company’s First Amendment and Waiver to the Second Amended and Restated Credit Agreement, whereby the Borrowing Base (as defined therein) was increased from \$108.0 million to \$125.0 million, resulting in a \$17.0 million increase in revolver capacity. This redetermination will be in effect until the next scheduled redetermination on or about July 1, 2019, and thereafter, the Borrowing Base will generally be redetermined semi-annually on May 1 and November 1 of each year, beginning on November 1, 2019. The Company may use borrowings to fund capital expenditures, working capital requirements and other general corporate purposes.

#### **Transaction Agreement**

On March 5, 2019, the Company entered into a Transaction Agreement (the “2019 Transaction Agreement”) by and among the Company and the Värde Parties), pursuant to which the Company agreed to:

- issue to the Värde Parties an aggregate of (i) 9,891,638 shares of the Company’s common stock, par value \$0.0001 per share (the “Term Loan Exchanged Common Stock”), (ii) 60,000 shares of a newly created series of preferred stock of the Company, designated as “Series E 8.25% Convertible Participating Preferred Stock” (the “Series E Preferred Stock” or the “Exchanged Series E Shares”), and (iii) 55,000 shares of a newly created series of preferred stock of the Company, designated as “Series F 9.00% Participating Preferred Stock” (the “Series F Preferred Stock” or the “Exchanged Series F Shares” and, together with the Exchanged Series E Shares, the “Exchanged Preferred Shares”), as consideration for

the termination of the Second Lien Credit Agreement (as defined in the 2019 Transaction Agreement) and the satisfaction in full, in lieu of repayment in full in cash, of \$133.6 million (the “Term Loan Exchange Amount”) pursuant to the Payoff Letter (as defined in the 2019 Transaction Agreement);

- issue to the Värde Parties, as consideration for the amendment and restatement of the Second Amended and Restated Series C Certificate of Designation (as defined below) and the Amended and Restated Series D Certificate of Designation (as defined below), 7,750,000 shares of the Common Stock.

Closing of the issuance of the shares of Common Stock, Series E Preferred Stock and Series F Preferred Stock pursuant to the 2019 Transaction Agreement occurred on March 5, 2019.

The terms of the Series F Preferred Stock are set forth in a Certificate of Designation of Preferences, Rights and Limitations of Series F Participating Preferred Stock (the “Series F Certificate of Designation”) and the terms of the Series E Preferred Stock are set forth in a Certificate of Designation of Preferences, Rights and Limitations of Series E Convertible Participating Preferred Stock (the “Series E Certificate of Designation”), each of which was filed by the Company with the Secretary of State of the State of Nevada on March 5, 2019. The terms of the Series C Preferred Stock are set forth in a Second Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock (the “Second Amended and Restated Series C Certificate of Designation”), and the terms of the Series D Preferred Stock are set forth in an Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Participating Preferred Stock (the “Amended and Restated Series D Certificate of Designation”).

See Note 20 to the Financial Statements for additional information regarding the material terms of the Series F Preferred Stock, the Series E Preferred Stock, the amended terms of the Series C Preferred Stock, the amended terms of the Series D Preferred Stock and the 2019 Transaction Agreement.

#### **Amended and Restated Registration Rights Agreement**

On March 5, 2019, in connection with the closing of the issuance of shares of Common Stock, Series E Preferred Stock and Series F Preferred Stock pursuant to the 2019 Transaction Agreement, the Company entered into an Amended and Restated Registration Rights Agreement (the “Amended and Restated Registration Rights Agreement”) to amend its existing registration rights agreement, dated October 10, 2018 (the “October Registration Rights Agreement”), by and between the Company and the Värde Parties. Among other matters, the Amended and Restated Registration Rights Agreement amended the October Registration Rights agreement to require the Company to file with the SEC a registration statement under the Securities Act registering for resale the shares of Common Stock issued pursuant to the 2019 Transaction Agreement and the shares of Common Stock issuable upon conversion of the shares of Series E Preferred Stock issued pursuant to the Transaction Agreement. The Amended and Restated Registration Rights Agreement also provides that the Company may satisfy its obligation to file a registration statement by filing an amendment to the October Shelf Registration Statement (as defined in the Amended and Restated Registration Rights Agreement).

#### **Effects of Inflation and Pricing**

The oil and gas industry is very cyclical and the demand for goods and services of oil field companies, suppliers and others associated with the industry puts pressure on the economic stability and pricing structure within the industry. Typically, as prices for oil and natural gas increase, so do all associated costs. Material changes in prices impact the current revenue stream, estimates of future reserves, borrowing base calculations of bank loans and the value of properties in purchase and sale transactions. Material changes in prices can impact the value of oil and natural gas companies and their ability to raise capital, borrow money and retain personnel. We anticipate business costs will vary in accordance with commodity prices for oil and natural gas, and the associated increase or decrease in demand for services related to production and exploration.

#### **Off-Balance Sheet Arrangements**

As of December 31, 2018, we did not have any off-balance sheet arrangements, and it is not anticipated that we will enter into any off-balance sheet arrangements.

#### **Critical Accounting Policies and Estimates**

The preparation of our consolidated financial statements in conformity with generally accepted accounting principles in the United States (“GAAP”) requires our management to make assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting period. The following is a summary of the significant accounting policies and related estimates that affect our financial disclosures.

Critical accounting policies are defined as those significant accounting policies that are most critical to an understanding of a company’s financial condition and results of operation. We consider an accounting estimate or judgment to be critical if (i) it requires assumptions to be made that were uncertain at the time the estimate was made, and (ii) changes in the estimate or different estimates that could have been selected could have a material impact on our results of operations or financial condition.

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires us to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. Management evaluates estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic and commodity price environment.

Our most significant financial estimates are associated with our estimated proved oil and natural gas reserves, assessments of impairment in the carrying value of undeveloped acreage and proven properties. There are also significant financial estimates associated with the valuation of our options and warrants, inducement transactions, and estimated derivative liabilities.

#### *Oil and Natural Gas Reserves*

We follow the full cost method of accounting. All of our oil and natural gas properties are located within the United States and, therefore, all costs related to the acquisition and development of oil and natural gas properties are capitalized into a single cost center referred to as a full cost pool. Depletion of exploration and development costs and depreciation of production equipment is computed using the units-of-production method based upon estimated proved oil and natural gas reserves. Under the full cost method of accounting, capitalized oil and natural gas property costs less accumulated depletion and net of deferred income taxes may not exceed an amount equal to the present value, discounted at 10%, of estimated future net revenues from proved oil and natural gas reserves less the future cash outflows associated with the asset retirement obligations that have been accrued on the balance sheet plus the cost, or estimated fair value if lower, of unproved properties. Should capitalized costs exceed this ceiling, impairment would be recognized. Under the SEC rules, we prepared our oil and natural gas reserve estimates as of December 31, 2018, using the average, first-day-of-the-month price during the 12-month period ended December 31, 2018.

Estimating accumulations of oil and natural gas is complex and is not exact because of the numerous uncertainties inherent in the process. The process relies on interpretations of available geological, geophysical, engineering and production data. The extent, quality and reliability of this technical data can vary. The process also requires certain economic assumptions, some of which are mandated by the SEC, such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. The accuracy of a reserve estimate is a function of the quality and quantity of available data; the interpretation of that data; the accuracy of various mandated economic assumptions; and the judgment of the persons preparing the estimate.

We believe estimated reserve quantities and the related estimates of future net cash flows are among the most important estimates made by an exploration and production company such as ours because they affect the perceived value of our Company, are used in comparative financial analysis ratios, and are used as the basis for the most significant accounting estimates in our financial statements, including the quarterly calculation of depletion, depreciation and impairment of our proved oil and natural gas properties. Proved oil and natural gas reserves are the estimated quantities of crude oil, natural gas, and NGLs that geological and engineering data demonstrate with reasonable certainty to be recoverable in future periods from known reservoirs under existing economic and operating conditions. We determine anticipated future cash inflows and future production and development costs by applying benchmark prices and costs, including transportation, quality and basis differentials, in effect at the end of each quarter to the estimated quantities of oil and natural gas remaining to be produced as of the end of that quarter. We reduce expected cash flows to present value using a discount rate that depends upon the purpose for which the reserve estimates will be used. For example, the standardized measure calculation requires us to apply a 10% discount rate. Although reserve estimates are inherently imprecise and estimates of new discoveries and undeveloped locations are more imprecise than those of established proved producing oil and natural gas properties, we make considerable effort to estimate our reserves, including through the use of independent reserves engineering consultants. We expect that quarterly reserve estimates will change in the future as additional information becomes available or as oil and natural gas prices and operating and capital costs change. We evaluate and estimate

our oil and natural gas reserves as of December 31, and quarterly throughout the year. For purposes of depletion, depreciation, and impairment, we adjust reserve quantities at all quarterly periods for the estimated impact of acquisitions and dispositions. Changes in depletion, depreciation or impairment calculations caused by changes in reserve quantities or net cash flows are recorded in the period in which the reserves or net cash flow estimate changes.

#### *Oil and Natural Gas Properties-Full Cost Method of Accounting*

We use the full cost method of accounting whereby all costs related to the acquisition and development of oil and natural gas properties are capitalized into a single cost center referred to as a full cost pool. These costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling, and overhead charges directly related to acquisition and exploration activities.

Capitalized costs, together with the costs of production equipment, are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves as determined by independent petroleum engineers. For this purpose, we convert our petroleum products and reserves to a common unit of measurement.

Costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. This undeveloped acreage is assessed quarterly to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to the amortization base and becomes subject to the depletion calculation.

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless the sale would alter the rate of depletion by more than 25%. Royalties paid, net of any tax credits received, are netted against oil and natural gas sales.

Under the full cost method of accounting, capitalized oil and natural gas property costs, less accumulated depletion and net of deferred income taxes, may not exceed an amount equal to the present value, discounted at 10%, of estimated future net revenues from proved oil and natural gas reserves, plus the cost, or estimated fair value if lower, of unproved properties. Should capitalized costs exceed this ceiling, we would recognize impairment.

#### *Derivative Instruments*

All derivative instruments are recorded on the consolidated balance sheet at fair value as either an asset or a liability with changes in fair value recognized currently in earnings. Although commodity based derivative instruments are used by the Company to manage the price risk attributable to its expected oil and natural gas production, those derivative instruments have not been designated as accounting hedges under the accounting guidance. All of our derivatives are accounted for as mark-to-market activities. Under ASC Topic 815, "Derivatives and Hedging," these instruments are recorded on the consolidated balance sheets at fair value as either short term or long-term assets or liabilities based on their anticipated settlement date. The Company nets derivative assets and liabilities by commodity for counterparties where a legal right to such offset exists. Changes in the derivatives' fair values are recognized in current earnings since the Company has elected not to designate its current derivative contracts as cash flow hedges for accounting purposes.

The Company has recognized certain conversion features within its Second Lien Term Loan as embedded derivatives that have been bifurcated from the Second Lien Term Loan, as defined in Note 9 to our consolidated financial statements in Item 16 of this Annual Report on Form 10-K and accounted for separately from the debt.

#### *Revenue Recognition*

Revenue is recognized when control passes to the purchaser which generally occurs when production is transferred to the purchaser. The Company measures revenue as the amount of consideration it expects to receive in exchange for the commodities transferred. All of the Company's revenues from contracts with customers represent products transferred at a point in time as control is transferred to the customer.

The Company records revenue based on consideration specified in its contracts with its customers. The amounts collected on behalf of third parties are recorded in revenue payable. The Company recognizes revenue in the amount that reflects the consideration it expects to receive in exchange for transferring control of those goods to the customer. The contract consideration in the Company's variable price contracts is typically allocated to specific performance obligations in the contract according to the price stated in the contract. Payment is generally received one or two months after the sale has occurred.



### *Recently Issued Accounting Pronouncements*

For a discussion of recently adopted accounting standards and recent accounting standards not yet adopted, see “Note 2 - Summary of Significant Accounting Policies” to our Consolidated Financial Statements in Item 16 of this Annual Report.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

As a smaller reporting company, we are not required to provide the information required by this Item 7A.

### **Item 8. Financial Statements and Supplementary Data**

Our financial statements appear immediately after the signature page of this Annual Report and are incorporated herein by reference. See “Index to Financial Statements” included in this Annual Report.

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. Internal control over financial reporting is an integral component of the Company’s disclosure controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2018.

We identified a material weakness in the Company’s internal controls over financial reporting relating to our full cost ceiling test calculation during the year ended December 31, 2017. The Company has worked diligently to remediate the material weakness, including implementing measures to remediate the underlying causes that gave rise to the material weaknesses through implementation of processes and controls ensuring compliance with GAAP. The Company has specifically enhanced review procedures and provided additional documentation, analysis and governance over the ceiling test calculation to ensure that these procedures are performed and recorded in accordance with Company’s policies and GAAP. We took the following actions with respect to our full cost ceiling test calculation to address the material weakness:

- (i) implemented procedures to perform enhanced detailed reviews and analytical analysis on our current and projected tax position with respect to the impact of projected income taxes on the ceiling test; and
- (ii) implemented procedures for additional reviews on the ceiling test calculation, including treatment of wells-in-process, future income tax effects, and future development cost along with procedures to validate the ceiling test calculation with the reserve report.

Management believes that the measures described above have remediated the material weakness identified at December 31, 2017.

#### **Management’s Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act). Our internal control structure is designed to provide reasonable assurance to our management and board of directors regarding the reliability of our financial reporting and the preparation and fairness of our financial statement preparation in accordance with U.S. generally accepted accounting principles.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of our internal control over financial reporting, as of December 31, 2018, based on the criteria for effective internal

control over financial reporting established in “Internal Control - Integrated Framework (2013)” which is issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment and those criteria, our management determined that our internal control over financial reporting was effective as of December 31, 2018.

BDO USA, LLP, the Company’s independent registered public accounting firm, has audited our internal control over financial reporting as of December 31, 2018, and issued an attestation report set forth under the caption “Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting.”

### **Changes in Internal Control Over Financial Reporting**

There was no change in our internal control over financial reporting during the year ended December 31, 2018, except as mentioned above related to remediation of the material weakness, that materially affected or is reasonably likely to materially affect our internal control over financial reporting.

### **Item 9B. Other Information**

The registrant elects to disclose under this Item 9B information otherwise disclosable in a report on Form 8-K.

On October 10, 2018, the Company entered into the Revolving Credit Agreement pursuant to which BMO Harris Bank N.A., SunTrust Bank, Capital One, N.A., and Credit Suisse AG, Cayman Islands Branch, (collectively, the “Lenders”) have made certain credit available to and on behalf of the Company. In connection with the preparation of this Form 10-K and the associated financial statements, the Company informed its Lenders, that it did not satisfy the leverage ratio covenant in Section 9.01(a) of the Revolving Credit Agreement, as of the fiscal quarter ended December 31, 2018. Accordingly, the Company requested that the Lenders consent to a waiver with respect to such provision.

On March 1, 2019, the Company entered into that certain First Amendment and Waiver to Second Amended and Restated Credit Agreement (“Waiver”) whereby the Lenders granted a waiver with respect to the breach of the leverage ratio covenant contained in Section 9.01(a) of the Revolving Credit Agreement. Among other things, the Waiver amended the terms of the Revolving Credit Agreement to increase the borrowing base to \$125,000,000.

The foregoing summaries of the terms of the Revolving Credit Agreement and Waiver do not purport to be complete and are subject to, and qualified in their entirety by, the full text of the Revolving Credit Agreement and Waiver, copies of which are filed as Exhibits 10.37 and Exhibit 10.41, respectively, to this Annual Report and incorporated herein by reference.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

For information concerning Item 10, see the definitive Proxy Statement of Lilis Energy, Inc., relating to the Company’s 2019 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

The Company has adopted a code of ethics, our Code of Business Conduct, that applies to the Company’s chief executive officer, chief financial officer and chief accounting officer. The full text of such code of ethics has been posted on the Company’s website at [www.lilisenergy.com](http://www.lilisenergy.com) and is available free of charge in print to any stockholder who requests it. Request for copies should be addressed to the Vice President of Human Resources at mailing address, 1800 Bering Drive, Suite 510, Houston, Texas 77057.

### **Item 11. Executive Compensation**

For information concerning Item 11, see the definitive Proxy Statement of Lilis Energy, Inc., relating to the Company’s 2019 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

For information concerning Item 12, see the definitive Proxy Statement of Lilis Energy, Inc., relating to the Company's 2019 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

For information concerning Item 13, see the definitive Proxy Statement of Lilis Energy, Inc., relating to the Company's 2019 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services**

For information concerning Item 14, see the definitive Proxy Statement of Lilis Energy, Inc., relating to the Company's 2019 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

## GLOSSARY

In this Annual Report, the following abbreviation and terms are used:

*Bbl.* Stock tank barrel, or 42 U.S. gallons liquid volume, used in this report in reference to crude, condensate or natural gas liquids.

*Bcf.* Billion cubic feet of natural gas.

*Bcfe.* Billion cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one barrel of crude oil or condensate.

*BLM.* The Bureau of Land Management of the United States Department of the Interior.

*BOE.* One barrel of crude oil equivalent, determined using the ratio of six Mcf of natural gas to one barrel of crude oil, condensate or natural gas liquids.

*BOE/d.* Barrels of oil equivalent per day.

*BO/d.* Barrel of oil per day.

*BTU or British Thermal Unit.* The quantity of heat required to raise the temperature of one pound mass of water by 28.5 to 59.5 degrees Fahrenheit.

*Completion.* Installation of permanent equipment for production of oil or natural gas.

*Condensate.* A mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure but that, when produced, is in the liquid phase at surface pressure and temperature.

*Development well.* A well drilled within the proved area of a natural gas or oil reservoir to the depth of a stratigraphic horizon known to be productive.

*Drilling locations.* Total gross locations specifically quantified by management to be included in our multi-year drilling activities on existing acreage. Our actual drilling activities may change depending on the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, drilling results and other factors.

*Dry well or dry hole.* A well found to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

*Exploratory well.* A well drilled to find a new field or to find a new reservoir. Generally, an exploratory well in any well that is not a development well, an extension well, a service well or a stratigraphic well.

*FERC.* The Federal Energy Regulatory Commission.

*Field.* An area consisting of either a single reservoir or multiple reservoirs all grouped on or related to the same geological structural feature and/or stratigraphic condition.

*Formation.* An identifiable layer of subsurface rocks named after its geographical location and dominant rock type.

*Gross acres, gross wells, or gross reserves.* A well, acre or reserve in which we own a working interest, reported at the 100% or 8/8ths level. For example, the number of gross wells is the total number of wells in which we own a working interest.

*Lease.* A legal contract that specifies the terms of the business relationship between an energy company and a landowner or mineral rights holder on a particular tract of land.

*Leasehold.* Mineral rights leased in a certain area to form a project area.

*Liquids.* Crude oil and natural gas liquids, or NGLs.

*MBBLs.* One thousand barrels of crude oil or other liquid hydrocarbons.

*MBOE.* One thousand barrels of crude oil equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate or natural gas liquids.

*Mcf.* One thousand cubic feet of natural gas.

*Mcfe.* One thousand cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate or natural gas liquids.

*MMbtu.* One million British Thermal Units.

*MMcf.* One million cubic feet of natural gas.

*Net acres or net wells.* The sum of fractional ownership working interests in gross acres or gross wells. The number of net acres or wells is the sum of the fractional working interests owned in gross acres or wells expressed as whole numbers and fractions of whole numbers.

*NGL.* Natural gas liquids, or liquid hydrocarbons found as a by-product of natural gas.

*Overriding royalty interest.* Is similar to a basic royalty interest except that it is created out of the working interest. For example, an operator possesses a standard lease providing for a basic royalty to the lessor or mineral rights owner of 1/8 of 8/8. This then entitles the operator to retain 7/8 of the total oil and natural gas produced. The 7/8 in this case is the 100% working interest the operator owns. This operator may assign his working interest to another operator subject to a retained 1/8 overriding royalty. This would then result in a basic royalty of 1/8, an overriding royalty of 1/8 and a working interest of 3/4. Overriding royalty interest owners have no financial or other obligation or responsibility for developing and operating the property. The only expenses borne by the overriding royalty owner are a share of the production or severance taxes and sometimes costs incurred to make the oil or gas salable.

*Plugging and abandonment.* Refers to the sealing off of fluids in the strata penetrated by a well so that the fluids from one stratum will not escape into another or to the surface. Regulations of all states require plugging of abandoned wells.

*Production.* Natural resources, such as oil or gas, flowed or pumped out of the ground.

*Productive well.* A producing well or a well that is mechanically capable of production.

*Proved developed oil and natural gas reserves.* Proved developed oil and natural gas reserves are proved reserves that can be expected to be recovered (i) through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and (ii) through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

*Proved reserves.* Those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible - from a given date forward, from known reservoirs, under existing economic conditions, operating methods, and government regulations - prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

*Proved undeveloped reserves.* Proved undeveloped oil and natural gas reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

*Project.* A targeted development area where it is probable that commercial oil and/or natural gas can be produced from new wells.

*Prospect.* A specific geographic area which, based on supporting geological, geophysical or other data and also preliminary economic analysis using reasonably anticipated prices and costs, is deemed to have potential for the discovery of commercial hydrocarbons.

*Recompletion.* The process of re-entering an existing well bore that is either producing or not producing and modifying the existing completion and/or completing new reservoirs in an attempt to establish new production or increase or re-activate existing production.

*Reserves.* Estimated remaining quantities of oil, natural gas and natural gas liquids anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

*Reservoir.* A subsurface formation containing a natural accumulation of producible natural gas and/or oil that is naturally trapped by impermeable rock or other geologic structures or water barriers and is individual and separate from other reservoirs.

*Secondary Recovery.* A recovery process that uses mechanisms other than the natural pressure or fluid drive of the reservoir, such as gas injection or water flooding, to produce residual oil and natural gas remaining after the primary recovery phase.

*Shut-in.* A well suspended from production or injection but not abandoned.

*Standardized measure.* The present value of estimated future cash flows from proved oil and natural gas reserves, less future development, abandonment, production and income tax expenses, discounted at 10% per annum to reflect timing of future cash flows and using the same pricing assumptions as were used to calculate PV-10. Standardized measure differs from PV-10 because standardized measure includes the effect of future income taxes.

*Successful.* A well is determined to be successful if it is producing oil or natural gas in paying quantities.

*Undeveloped acreage.* Leased acreage on which wells have not been drilled or completed to a point that would permit the production of economic quantities of oil or natural gas regardless of whether such acreage contains proved reserves.

*Water-flood.* A method of secondary recovery in which water is injected into the reservoir formation to maintain or increase reservoir pressure and displace residual oil and enhance hydrocarbon recovery.

*Working interest.* The operating interest that gives the lessees/owners the right to drill, produce and conduct operating activities on the property, and to receive a share of the production revenue, subject to all royalties, overriding royalties and other burdens, all development costs, and all risks in connection therewith.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules

- a. The following documents are filed as part of this Annual Report on Form 10-K or incorporated by reference:
- (i) The consolidated financial statements of Lilis Energy, Inc. are listed on the Index to this Form 10-K, page 58.
- b. The following exhibits are filed or furnished with this Annual Report on Form 10-K or incorporated by reference:

#### b) Exhibits

- [2.1](#) [Agreement and Plan of Merger, dated as of December 29, 2015, among Lilis Energy, Inc., Lilis Merger Sub, Inc. and Brushy Resources, Inc. \(incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 5, 2016\).](#)
- [2.2](#) [First Amendment to Agreement and Plan of Merger, dated as of January 20, 2016, among Lilis Energy, Inc., Lilis Merger Sub, Inc. and Brushy Resources, Inc. \(incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 20, 2016\).](#)
- [2.3](#) [Second Amendment to Agreement and Plan of Merger, dated as of March 24, 2016, among Lilis Energy, Inc., Lilis Merger Sub, Inc. and Brushy Resources, Inc. \(incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 24, 2016\).](#)
- [2.4](#) [Third Amendment to Agreement and Plan of Merger, dated as of June 22, 2016, among Lilis Energy, Inc., Lilis Merger Sub, Inc. and Brushy Resources, Inc. \(incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 28, 2016\).](#)
- [3.1](#) [Amended and Restated Articles of Incorporation of Recovery Energy, Inc., dated as of October 10, 2011 \(incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 20, 2011\).](#)
- [3.2](#) [Certificate of Amendment to the Amended and Restated Articles of Incorporation of Recovery Energy, Inc., dated as of November 18, 2013 \(incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 19, 2013\).](#)
- [3.3](#) [Certificate of Change of Lilis Energy, Inc., dated as of June 21, 2016 \(incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 28, 2016\).](#)
- [3.4](#) [Amended and Restated Bylaws \(incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on June 18, 2010\).](#)
- [3.5](#) [Amended and Restated Certificate of Designations of Preferences, Rights and Limitations of Series B 6% Convertible Preferred Stock, dated April 25, 2017 \(incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 27, 2017\).](#)
- [3.6](#) [Certificate of Designation of Preferences, Rights and Limitations of Series C 9.75% Convertible Participating Preferred Stock, dated January 31, 2018 \(incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 1, 2018\).](#)
- [3.7](#) [Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Convertible Participating Preferred Stock and Series C-2 9.75% Convertible Participating Preferred Stock, dated October 10, 2018 \(incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on October 16, 2018\).](#)
- [3.8](#) [Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Convertible Participating Preferred Stock, dated October 10, 2018 \(incorporated herein by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed on October 16, 2018\).](#)
- [3.9\\*](#) [Certificate of Designation of Preferences, Rights and Limitations of Series E 8.25% Convertible Participating Preferred Stock, dated March 5, 2019](#)
- [3.10\\*](#) [Certificate of Designation of Preferences, Rights and Limitations of Series F 9.00% Participating Preferred Stock, dated March 5, 2019](#)
- [3.11\\*](#) [Second Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock, dated March 5, 2019](#)
- [3.12\\*](#) [Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Participating Preferred Stock, dated March 5, 2019.](#)

- [4.1](#) [Form of Warrant \(incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 28, 2014\).](#)
- [4.2](#) [Form of Warrant \(incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 6, 2014\).](#)
- [4.3](#) [Five Year Warrant to David Castaneda dated January 17, 2014 \(incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2014, filed on June 17, 2014\).](#)
- [4.4](#) [Five Year Warrant \(Anniversary Warrant\) to David Castaneda dated January 17, 2014 \(incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2014, filed on June 17, 2014\).](#)
- [4.5](#) [Form of Warrant dated May 30, 2014 \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 4, 2014\).](#)
- [4.6](#) [Warrant to Purchase Common Stock issued to Heartland Bank \(incorporated herein by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q, filed on February 26, 2015\).](#)
- [4.7](#) [Form of Warrant \(incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 5, 2016\).](#)
- [4.8](#) [Form of Common Stock Purchase Warrant \(incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 16, 2016\).](#)
- [4.9](#) [Form of Common Stock Certificate \(incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed on September 16, 2016\).](#)
- [4.10](#) [Form of Warrant \(incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 2, 2017\).](#)
- [4.11†](#) [Lilis Energy, Inc. 2016 Omnibus Incentive Plan and forms of agreement thereunder \(incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 filed on June 28, 2016\).](#)
- [4.12†](#) [First Amendment to the Lilis Energy, Inc. 2016 Omnibus Incentive Plan, approved on November 3, 2016 \(incorporated herein by reference to Annex C to the Company's Definitive Proxy filed on September 30, 2016\).](#)
- [4.13†](#) [Second Amendment to the Company's 2016 Omnibus Incentive Plan, dated July 13, 2017 \(incorporated herein by reference to Annex A of the Company's Definitive Proxy Statement on Schedule 14A, filed on June 19, 2017\).](#)
- [4.14](#) [Third Amendment to Lilis Energy, Inc. 2016 Omnibus Incentive Plan, approved on June 28, 2018 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 5, 2018\).](#)
- [10.1†](#) [Employment Agreement with Ariella Fuchs, dated as of March 16, 2015 \(incorporated herein by reference to Exhibit 10.84 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed on April 15, 2015\).](#)
- [10.2](#) [Recovery Energy, Inc. 2012 Equity Incentive Plan dated August 31, 2012, as amended \(incorporated herein by reference to Appendix B to the Company's definitive proxy filed on December 15, 2015\).](#)
- [10.3](#) [Form of Convertible Note Purchase Agreement \(incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on January 5, 2016\).](#)
- [10.4](#) [Form of Note Exchange Agreement \(incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on January 5, 2016\).](#)
- [10.5](#) [Form of Securities Purchase Agreement \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 16, 2016\).](#)
- [10.6](#) [Form of Registration Rights Agreement \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 16, 2016\).](#)
- [10.7†](#) [Employment Agreement with Ariella Fuchs, dated as of July 5, 2016 \(incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on July 8, 2016\).](#)
- [10.8†](#) [Employment Agreement with Ronald Ormand, dated as of July 5, 2016 \(incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on July 8, 2016\).](#)
- [10.9](#) [Texican Crude & Hydrocarbon LLC Purchase Contract, dated as of February 3, 2016, between Texican Crude & Hydrocarbon, LLC and Impetro Operating LLC \(incorporated herein by reference to Exhibit 10.65 to Brushy Resources, Inc.'s Registration Statement on Form S-1 filed on September 16, 2016\).](#)
- [10.10](#) [DCP Midstream, LP Gas Purchase Agreement \(incorporated herein by reference to Exhibit 10.8 to Brushy Resources, Inc.'s Form 10/A filed on July 26, 2013, which became effective August 6, 2013\).](#)
- [10.11](#) [Credit and Guarantee Agreement, dated as of September 29, 2016 by and among Lilis Energy, Inc., Brushy Resources, Inc., ImPetro Operating, LLC, ImPetro Resources, LLC, the Lenders party thereto and T.R. Winston & Company, LLC acting as collateral agent \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed on October 26, 2016\).](#)
- [10.12](#) [Employment Agreement with Joseph C. Daches, dated as of January 23, 2017 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 25, 2017\).](#)



- [10.13](#) [Securities Subscription Agreement, dated February 28, 2017, by and among the Company and the Purchasers thereto \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 2, 2017\).](#)
- [10.14](#) [Registration Rights Agreement, dated February 28, 2017, by and among the Company and the Purchasers thereto \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 2, 2017\).](#)
- [10.15†](#) [First Amendment to Employment Agreement with Ronald D. Ormand, dated as of March 9, 2017 \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 10, 2017\).](#)
- [10.16†](#) [First Amendment to Employment Agreement with Ariella Fuchs, dated as of March 9, 2017 \(incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 10, 2017\).](#)
- [10.17](#) [Credit Agreement, dated April 26, 2017 by and among Lilis Energy, Inc., the Guarantors party thereto, the Lenders party thereto and Wilmington Trust, National Association acting as administrative agent \(incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed April 27, 2017\).](#)
- [10.18](#) [Registration Rights Agreement, dated April 26, 2017 by and among the Lender party thereto \(incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed April 27, 2017\).](#)
- [10.19](#) [Series B 6.0% Convertible Preferred Stock Conversion Agreement, dated April 25, 2017, by and among the Holders party thereto \(incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed April 27, 2017\).](#)
- [10.20†](#) [First Amendment to Employment Agreement with Joseph Daches, dated as of May 5, 2017 \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 8, 2017\)](#)
- [10.21†](#) [Second Amendment to Employment Agreement with Ariella Fuchs, dated as of May 5, 2017 \(incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 8, 2017\)](#)
- [10.22†](#) [Employment Agreement with James Linville, dated as of June 26, 2017 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 26, 2017\).](#)
- [10.23†](#) [First Amendment of Executive Employment Agreement, dated August 4, 2017, by and between Lilis Energy, Inc. and Jim Linville \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 4, 2017\).](#)
- [10.24](#) [Letter Agreement dated August 12, 2017 between the Company and Vårde Partners, Inc. \(incorporated herein by reference to Exhibit 10.14 on the Company's Quarterly Report on Form 10-Q filed on August 14, 2017\).](#)
- [10.25](#) [Gas Gathering, Processing and Purchase Agreement, dated August 10, 2017 by and among the Company and Lucid Energy Delaware \(incorporated herein by reference to Exhibit 10.5 to the Company's quarterly report on Form 10-Q filed on November 14, 2017\). Specific items in this exhibit have been redacted, as marked by two asterisks \(\\*\\*\), because confidential treatment for those items has granted. The redacted material has been separately filed with the SEC.](#)
- [10.26\\*](#) [Amendment No. 1 to the Gas Gathering, Processing and Purchase Agreement, dated October 1, 2017 by and among the Company and Lucid Energy Delaware.](#)
- [10.27](#) [Amendment No. 1 to Second Lien Credit Agreement, dated October 3, 2017 by and among Lilis Energy, Inc., the Guarantors party thereto, the Lenders party thereto and Wilmington Trust, National Association, as administrative agent \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 10, 2017\).](#)
- [10.28](#) [Amendment No. 2 to Second Lien Credit Agreement, dated October 19, 2017 by and among Lilis Energy, Inc., the Guarantors party thereto, the Lenders party thereto and Wilmington Trust, National Association, as administrative agent \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 24, 2017\).](#)
- [10.29](#) [Amendment No. 3 to Second Lien Credit Agreement, dated November 10, 2017 by and among Lilis Energy, Inc., the Guarantors party thereto, the Lenders party thereto and Wilmington Trust, National Association, as administrative agent \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 14, 2017\).](#)
- [10.30](#) [Purchase and Sale Agreement, dated as of January 30, 2018, by and between Lilis Energy, Inc. and OneEnergy Partners Operating, LLC \(incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 1, 2018\).](#)
- [10.31](#) [Securities Purchase Agreement, dated as of January 30, 2018, by and among Lilis Energy, Inc. and the Purchasers party thereto \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 1, 2018\).](#)
- [10.32](#) [Registration Rights Agreement, dated as of January 31, 2018, by and among Lilis Energy, Inc. and the Purchasers party thereto \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 1, 2018\).](#)

<a href="#"><u>10.33</u></a>	<a href="#"><u>Amended and Restated Senior Secured Term Loan Credit Agreement, dated as of January 30, 2018, by and among Lilis Energy, Inc., the subsidiaries of the Company party thereto as guarantors, Riverstone Credit Management LLC, as administrative agent and collateral agent, and the lenders party thereto (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 1, 2018).</u></a>
<a href="#"><u>10.34</u></a>	<a href="#"><u>Amendment No. 4 to Second Lien Credit Agreement, dated as of January 31, 2018, by and among Lilis Energy, Inc., the guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent (incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 1, 2018).</u></a>
<a href="#"><u>10.35*</u></a>	<a href="#"><u>Amendment No. 5 to Second Lien Credit Agreement, dated as of February 20, 2018, by and among Lilis Energy, Inc., the guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent.</u></a>
<a href="#"><u>10.36*</u></a>	<a href="#"><u>Amendment No. 1 to the Amended and Restated Senior Secured Term Loan Credit Agreement, dated as of February 20, 2018, by and among Lilis Energy, Inc., the subsidiaries of the Company party thereto as guarantors, Riverstone Credit Management LLC, as administrative agent and collateral agent, and the lenders party thereto.</u></a>
<a href="#"><u>10.37</u></a>	<a href="#"><u>Second Amended and Restated Senior Secured Revolving Credit Agreement dated as of October 10, 2018, among Lilis Energy, Inc., the subsidiaries of Lilis Energy, Inc. party thereto as guarantors, BMO Harris Bank, N.A., as administrative agent, and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on October 16, 2018).</u></a>
<a href="#"><u>10.38</u></a>	<a href="#"><u>Amendment No. 6 to Credit Agreement and Amendment No. 1 to Pledge and Security Agreement dated as of October 10, 2018, among Lilis Energy, Inc., the subsidiaries of Lilis Energy, Inc., party thereto as guarantors, Wilmington Trust, National Association, as administrative agent, Varde Partners, Inc., as lead lender, and the other lenders party thereto (incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on October 16, 2018).</u></a>
<a href="#"><u>10.39</u></a>	<a href="#"><u>Transaction Agreement, dated as of October 10, 2018, by and among Lilis Energy, Inc. and the Varde Parties party thereto (incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on October 16, 2018).</u></a>
<a href="#"><u>10.40</u></a>	<a href="#"><u>Registration Rights Agreement, dated as of October 10, 2018, by and among Lilis Energy, Inc. and the Varde Parties party thereto (incorporated herein by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed on October 16, 2018).</u></a>
<a href="#"><u>10.41*</u></a>	<a href="#"><u>First Amendment and Waiver to Second Amended and Restated Credit Agreement dated as of March 1, 2019, among Lilis Energy, Inc., the subsidiaries of Lilis Energy, Inc. party thereto as guarantors, Wilmington Trust, National Association, as administrative agent, Varde Partners, Inc., as lead lender, and the other lenders party thereto.</u></a>
<a href="#"><u>10.42*</u></a>	<a href="#"><u>Transaction Agreement, dated as of March 5, 2019, by and among Lilis Energy, Inc., the Varde Fund Vi-A, L.P., Varde Investment Partners, L.P., the Varde Fund Xi (Master), L.P., Varde Investment Partners (Offshore) Master, L.P., the Varde Skyway Fund, L.P., the Varde Skyway Mini-Master Fund, L.P. and the Varde Fund Xii (Master), L.P.</u></a>
<a href="#"><u>10.43*</u></a>	<a href="#"><u>Amended and Restated Registration Rights Agreement, dated as of March 5, 2019, by and among Lilis Energy, Inc. and the Varde Parties party thereto.</u></a>
<a href="#"><u>21.1*</u></a>	<a href="#"><u>List of Subsidiaries of the Company.</u></a>
<a href="#"><u>23.1*</u></a>	<a href="#"><u>Consent of BDO USA, LLP for the Company.</u></a>
<a href="#"><u>23.2*</u></a>	<a href="#"><u>Consent of Cawley, Gillespie &amp; Associates, Inc., independent petroleum engineers for the Company.</u></a>
<a href="#"><u>31.1*</u></a>	<a href="#"><u>Certifications Pursuant to Section 302 of Sarbanes Oxley Act of 2002.</u></a>
<a href="#"><u>31.2*</u></a>	<a href="#"><u>Certifications Pursuant to Section 302 of Sarbanes Oxley Act of 2002.</u></a>
<a href="#"><u>32.1*</u></a>	<a href="#"><u>Certifications Pursuant to Section 906 of Sarbanes Oxley Act of 2002.</u></a>
<a href="#"><u>32.2*</u></a>	<a href="#"><u>Certifications Pursuant to Section 906 of Sarbanes Oxley Act of 2002.</u></a>
<a href="#"><u>99.1*</u></a>	<a href="#"><u>Report of Cawley, Gillespie &amp; Associates, Inc., dated January 17, 2019, for the Company.</u></a>
<a href="#"><u>101.INS*</u></a>	<a href="#"><u>XBRL Instance Document</u></a>
<a href="#"><u>101.SCH*</u></a>	<a href="#"><u>XBRL Taxonomy Extension Schema Document</u></a>
<a href="#"><u>101.CAL*</u></a>	<a href="#"><u>XBRL Taxonomy Extension Calculation Linkbase Document</u></a>
<a href="#"><u>101.DEF*</u></a>	<a href="#"><u>XBRL Taxonomy Extension Definition Linkbase Document</u></a>
<a href="#"><u>101.LAB*</u></a>	<a href="#"><u>XBRL Taxonomy Extension Label Linkbase Document</u></a>
<a href="#"><u>101.PRE*</u></a>	<a href="#"><u>XBRL Taxonomy Extension Presentation Linkbase Document</u></a>

- \* Filed herewith.
- † Indicates management contract or compensatory plan.
- + To be filed by amendment.

**c) Financial Statement Schedules**

Not applicable.

**Item 16. Form 10-K Summary**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### LILIS ENERGY, INC.

Date: March 7, 2019

By: /s/Ronald D. Ormand

Ronald D. Ormand  
*Chief Executive Officer*  
*(Authorized Signatory)*

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/Ronald D. Ormand</u> Ronald D. Ormand	Executive Chairman of the Board & Chief Executive Officer (Principal Executive Officer)	March 7, 2019
<u>/s/ Joseph C. Daches</u> Joseph C. Daches	President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 7, 2019
<u>/s/ Mark Christensen</u> Mark Christensen	Director	March 7, 2019
<u>/s/ Nuno Brandolini</u> Nuno Brandolini	Director	March 7, 2019
<u>/s/ R. Glenn Dawson</u> R. Glenn Dawson	Director	March 7, 2019
<u>/s/ John Johanning</u> John Johanning	Director	March 7, 2019
<u>/s/ Markus Specks</u> Markus Specks	Director	March 7, 2019
<u>/s/ Michael G. Long</u> Michael G. Long	Director	March 7, 2019
<u>/s/ David M. Wood</u> David M. Wood	Director	March 7, 2019
<u>/s/ Nicholas Steinsberger</u> Nicholas Steinsberger	Director	March 7, 2019

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## Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors  
Lilis Energy, Inc.  
Houston, Texas

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Lilis Energy, Inc. (the “Company”) and subsidiaries as of December 31, 2018 and 2017, the related consolidated statements of operations, changes in stockholders’ equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated March 7, 2019 expressed an unqualified opinion thereon.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company’s auditor since 2017.  
Dallas, Texas  
March 7, 2019

## Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors  
Lilis Energy, Inc.  
Houston, Texas

### Opinion on Internal Control over Financial Reporting

We have audited Lilis Energy, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company and subsidiaries as of December 31, 2018 and 2017, the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the years then ended, and the related notes and our report dated March 7, 2019 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP

Dallas, Texas  
March 7, 2019

**Lilis Energy, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
*(In thousands, except share and per share data)*

	December 31,	
	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 21,137	\$ 17,462
Accounts receivable, net of allowance of \$25 and \$39, respectively	20,546	7,426
Derivative assets	2,551	—
Prepaid expenses and other current assets	1,851	584
Total current assets	<u>46,085</u>	<u>25,472</u>
Property and equipment:		
Oil and natural gas properties, full cost method of accounting, net	430,379	170,305
Other property and equipment, net	524	76
Total property and equipment, net	<u>430,903</u>	<u>170,381</u>
Other assets		
	3,785	91
Total assets	<u>\$ 480,773</u>	<u>\$ 195,944</u>
<b>LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 47,112	\$ 10,488
Accrued liabilities	14,794	7,634
Revenue payable	14,546	6,460
Derivative instruments	515	853
Total current liabilities	<u>76,967</u>	<u>25,435</u>
Asset retirement obligations	2,433	726
Long-term debt	157,804	127,794
Derivative instruments	4,699	72,937
Long-term deferred revenue and other liabilities	52,513	—
Total liabilities	<u>294,416</u>	<u>226,892</u>
Commitments and contingencies (Note 19)		
Mezzanine Equity:		
Series C-1 9.75% Convertible Participating Preferred Stock, 10,000,000 shares authorized, 100,000 shares issued and outstanding with a liquidation preference of \$24.3 million as of December 31, 2018.	106,774	—
Series C-2 9.75% Convertible Participating Preferred Stock, 10,000,000 shares authorized, 25,000 of shares issued and outstanding with a liquidation preference of \$5.7 million as of December 31, 2018.	25,522	—
Series D \$8.25% Convertible Participating Preferred Stock, 10,000,000 shares authorized, 39,254 shares, issued and outstanding with a liquidation preference of \$10.0 million as of December 31, 2018.	40,729	—
Stockholders' equity (deficit):		
Common stock, \$0.0001 par value per share; 150,000,000 shares authorized, 71,182,016 and 53,368,331 shares issued and outstanding as of December 31, 2018 and 2017, respectively.	7	5
Additional paid-in capital	321,753	272,335
Treasury stock, 253,598 shares as of December 31, 2018	(997)	—
Accumulated deficit	(307,431)	(303,288)
Total stockholders' equity (deficit)	<u>13,332</u>	<u>(30,948)</u>
Total liabilities, mezzanine equity and stockholders' equity (deficit)	<u>\$ 480,773</u>	<u>\$ 195,944</u>

The accompanying notes are an integral part of these consolidated financial statements.



**Lilis Energy, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**  
*(In thousands, except share and per share data)*

	<b>Year Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>		
Oil sales	\$ 58,042	\$ 17,826
Natural gas sales	5,246	2,125
Natural gas liquid sales	6,928	1,661
Total revenues	<u>70,216</u>	<u>21,612</u>
<b>Operating expenses:</b>		
Production costs	13,843	5,832
Gathering, processing and transportation	3,392	1,191
Production taxes	3,709	1,187
General and administrative	33,251	49,851
Depreciation, depletion, accretion and amortization	25,367	7,025
Impairment of evaluated oil and natural gas properties	—	10,505
Total operating expenses	<u>79,562</u>	<u>75,591</u>
Loss from operations	<u>(9,346)</u>	<u>(53,979)</u>
<b>Other income (expense):</b>		
Loss on early extinguishment of debt	(20,370)	—
Gain (loss) from commodity derivatives, net	55	(1,063)
Gain (loss) from embedded derivatives	58,343	(6,260)
Loss from conditionally redeemable preferred stock	—	(41)
Interest expense	(32,827)	(18,757)
Other income	2	18
Total other income (expense)	<u>5,203</u>	<u>(26,103)</u>
Net loss before income taxes	<u>(4,143)</u>	<u>(80,082)</u>
Income tax expense	—	—
Net loss	<u>(4,143)</u>	<u>(80,082)</u>
Dividends on Series C-1, C-2 and D convertible preferred stock	(10,687)	—
Dividends on redeemable preferred stock	—	(122)
Dividend and deemed dividends on Series B convertible preferred stock	—	(4,635)
Net loss attributable to common stockholders	<u>\$ (14,830)</u>	<u>\$ (84,839)</u>
<b>Net loss per common share:</b>		
Basic	<u>\$ (0.24)</u>	<u>\$ (2.00)</u>
Diluted	<u>\$ (0.47)</u>	<u>\$ (2.00)</u>
<b>Weighted average common shares outstanding:</b>		
Basic	<u>62,854,214</u>	<u>42,428,148</u>
Diluted	<u>78,451,341</u>	<u>42,428,148</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Lilis Energy, Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity (Deficit)**  
*(In thousands, except share and per share data)*

	Series B Preferred Shares		Common Shares		Additional Paid In Capital	Treasury Shares		Accumulated Deficit	Total
	Shares	Amount	Shares	Amount		Shares	Amount		
<b>Balance, December 31, 2016</b>	16,828	\$ 13,432	20,918,901	\$ 2	\$ 219,837	—	\$ —	\$ (223,206)	\$ 10,065
Stock based compensation	—	—	—	—	21,538	—	—	—	21,538
Common stock for restricted stock and stock options	—	—	5,859,383	—	524	—	—	—	524
Common stock withheld for taxes on stock based compensation	—	—	(786,081)	—	(3,709)	—	—	—	(3,709)
Exercise of warrants	—	—	5,580,281	1	592	—	—	—	593
Conversion of Series B Preferred Stock and dividends	(16,828)	(13,432)	16,601,026	2	14,863	—	—	—	1,433
Sale of common stock in private placement, net	—	—	5,194,821	—	18,649	—	—	—	18,649
Warrants repriced for term loan	—	—	—	—	1,031	—	—	—	1,031
Dividends and deemed dividends on preferred stock	—	—	—	—	(990)	—	—	—	(990)
Net loss	—	—	—	—	—	—	—	(80,082)	(80,082)
<b>Balance, December 31, 2017</b>	—	—	53,368,331	5	272,335	—	—	(303,288)	(30,948)
Stock based compensation	—	—	—	—	9,000	—	—	—	9,000
Common stock for restricted stock	—	—	404,093	—	—	—	—	—	—
Common stock withheld for taxes on stock based compensation	—	—	(484,727)	—	(2,230)	—	—	—	(2,230)
Exercise of warrants and stock options	—	—	5,000,834	—	3,751	—	—	—	3,751
Common stock issued for acquisition of oil and gas properties	—	—	6,940,722	1	24,777	—	—	—	24,778
Common stock issued for conversion of debt	—	—	5,952,763	1	24,584	—	—	—	24,585
Reclassification of warrant derivatives	—	—	—	—	223	—	—	—	223
Purchase of treasury stock	—	—	—	—	—	(253,598)	(997)	—	(997)
Dividends on preferred stock	—	—	—	—	(10,687)	—	—	—	(10,687)
Net loss	—	—	—	—	—	—	—	(4,143)	(4,143)
<b>Balance, December 31, 2018</b>	—	\$ —	71,182,016	\$ 7	\$ 321,753	(253,598)	\$ (997)	\$ (307,431)	\$ 13,332

The accompanying notes are an integral part of these consolidated financial statements.

**Lilis Energy, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*

	<b>Year Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (4,143)	\$ (80,082)
<b>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</b>		
Stock based compensation	9,000	21,538
Bad debt expense	106	22
Amortization of debt issuance cost and debt discount	15,656	10,371
Paid-in-kind interest	12,213	6,559
Loss on early extinguishment of debt	20,370	—
(Gain) loss on commodity derivatives	(55)	1,063
Net settlements on commodity derivatives	(2,742)	(96)
Gain (loss) on embedded derivatives	(58,343)	6,301
Depreciation, depletion, amortization and accretion	25,367	7,025
Impairment of evaluated oil and natural gas properties	—	10,505
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(13,226)	(5,204)
Prepaid and other assets	(473)	309
Accounts payable, accrued expenses and other liabilities	53,402	14,446
Proceeds from options associated with future midstream services	35,000	—
<b>Net cash provided by (used in) operating activities</b>	<b>92,132</b>	<b>(7,243)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from options associated with salt water disposal infrastructure	17,500	—
Acquisitions of Southwest Royalties LLC	(17,039)	—
Acquisitions of oil and natural gas properties	(75,371)	—
Net proceeds from sale of DJ Basin and non-operated properties	—	1,282
Capital expenditures	(168,025)	(148,784)
<b>Net cash used in investing activities</b>	<b>(242,935)</b>	<b>(147,502)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from term loans, net of financing costs	47,806	185,428
Proceeds from the revolving credit agreement	75,000	—
Debt issuance costs	(2,434)	—
Repayment of term loans and notes payable	(88,836)	(40,394)
Proceeds from the issuance of Series C Preferred Stock	125,000	—
Equity financing costs	(2,582)	—
Proceeds from private placement, net of financing costs	—	18,399
Proceeds from exercise of stock options and warrants	3,751	745
Payment for tax withholding on stock-based compensation	(2,230)	(3,709)
Payment for common stock repurchased	(997)	—
<b>Net cash provided by financing activities</b>	<b>154,478</b>	<b>160,469</b>
<b>Increase in cash and cash equivalents</b>	<b>3,675</b>	<b>5,724</b>
Cash and cash equivalents at beginning of period	17,462	11,738

Cash and cash equivalents at end of period	\$	21,137	\$	17,462
<b>Supplemental disclosure - See Note 16</b>				
Cash paid for interest	\$	4,958	\$	2,292

The accompanying notes are an integral part of these consolidated financial statements.

**Lilis Energy, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**NOTE 1 – Organization and Business**

Lilis Energy, Inc. (“Lilis”, “Lilis Energy” or the “Company”) was incorporated in the State of Nevada and is listed and traded on the American New York Stock Exchange. The Company is an independent oil and natural gas company focused on the acquisition, development, and production of conventional and unconventional oil and natural gas properties in the core of the Delaware Basin in Winkler, Loving, and Reeves Counties, Texas and Lea County, New Mexico.

**NOTE 2 – Basis of Presentation and Summary of Significant Accounting Policies**

*Principles of Consolidation*

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries which includes Brushy Resources, ImPetro Operating, LLC (“ImPetro Operating”), ImPetro Resources, LLC (“ImPetro”), Lilis Operating Company, LLC (“Lilis Operating”), and Hurricane Resources LLC (“Hurricane”). All significant intercompany accounts and transactions have been eliminated in consolidation.

*Use of Estimates*

The accompanying consolidated financial statements are prepared in conformity with GAAP which requires the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period; and the quantities and values of proved oil, natural gas and natural gas liquid (“NGL”) reserves used in calculating depletion and assessing impairment of its oil and natural gas properties. The most significant estimates pertain to the evaluation of unproved properties for impairment, proved oil and natural gas reserves and related cash flow estimates used in the depletion and impairment of oil and natural gas properties; the timing and amount of transfers of our unevaluated properties into our amortizable full cost pool; the fair value of embedded derivatives and commodity derivative contracts, accrued oil and natural gas revenues and expenses, valuation of options and warrants, and the allocation of general administrative expenses. Actual results could differ significantly from these estimates.

*Reclassifications*

Certain reclassifications have been made to the prior year financial statements to conform to the 2018 presentation. These reclassifications have no effect on the Company’s previously reported results of operations, shareholders’ equity or cash flows.

In the preparation of the year-end consolidated financial statements, the Company identified an error in the classification of \$15.0 million of cash received under the SCM agreement discussed in Note 10. Such receipts should have been reflected in investing activities instead of operating activities for the nine months ended September 30, 2018. The classification has been corrected in the consolidated statement of cash flows for the year ended December 31, 2018.

*Cash and Cash Equivalents*

Cash and cash equivalents include highly liquid instruments with an original maturity of three months or less are stated at cost, which approximates fair value.

*Accounts Receivable*

The Company has accounts receivable from joint interest owners of properties operated by the Company. The Company typically has the right to withhold future revenue disbursements to recover any non-payment of related joint interest billings. Management routinely assesses accounts receivable amounts to determine their collectability and accrues an allowance for uncollectible receivables when, based on the judgment of management, it is probable that a receivable will not be collected. The Company records actual and estimated oil and natural gas revenue receivable from third parties at its net revenue interest. In addition, the Company has receivables derived from sales of certain oil and natural gas production which are collateral under the Company’s credit agreements.

*Fair Value of Financial Instruments*

As of December 31, 2018 and 2017, the carrying value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, revenue payable and advances from joint interest partners approximates fair value due to the short-term nature of such items. The carrying value of the Company's secured debt is carried at cost which approximates the fair value of the debt as the related interest rates approximates interest rates currently available to the Company.

#### *Oil and Natural Gas Properties*

The Company uses the full cost method of accounting for oil and natural gas operations. Under this method, costs related to the exploration, non-production related development and acquisition of oil and natural gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling, developing and completing productive wells, and any other costs directly related to acquisition and exploration activities. Proceeds from property sales are generally applied as a credit against capitalized exploration and development costs, with no gain or loss recognized, unless such a sale would significantly alter the relationship between capitalized costs and the proved reserves attributable to these costs. A significant alteration would typically involve a sale of 25% or more of proved reserves.

Depletion of exploration and development costs and depreciation of wells and tangible production assets is computed using the units-of-production method based upon estimated proved oil and natural gas reserves. Costs included in the depletion base to be amortized include (a) all proved capitalized costs including capitalized asset retirement costs net of estimated salvage values, less accumulated depletion, and (b) estimated future development cost to be incurred in developing proved reserves, that are not otherwise included in capitalized costs.

Under the full cost method of accounting, capitalized oil and natural gas property costs less accumulated depletion (net of deferred income taxes) may not exceed an amount equal to the sum of the present value, discounted at 10%, of estimated future net revenues from proved oil and natural gas reserves and the cost of unproved properties not subject to amortization (without regard to estimates of fair value), or estimated fair value, if lower, of unproved properties that are not subject to amortization. Should capitalized costs exceed this ceiling, an impairment expense is recognized. The present value of estimated future net cash flows was computed by applying a flat oil price to forecast revenues from estimated future production of proved oil and natural gas reserves as of period-end, less estimated future expenditures to be incurred in developing and producing the proved reserves (assuming the continuation of existing economic conditions), less any applicable future taxes. For the year ended December 31, 2018, the ceiling value of the Company's reserves was calculated based upon SEC pricing of \$65.56 per barrel for oil and \$3.10 per MMBtu for natural gas.

The costs of unproved oil and gas properties are excluded from amortization until the properties are evaluated. Costs are transferred into the amortization base on an ongoing basis as the properties are evaluated and proved oil and natural gas reserves are established or if impairment is determined. Unproved oil and gas properties are assessed periodically, at least annually, to determine whether impairment had occurred. The assessment considers the following factors, among others: intent to drill, remaining lease term, geological and geophysical evaluations, drilling results and activity, the assignment of proved reserves, the economic viability of development if proved reserves were assigned and other current market conditions. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and were then subject to amortization.

#### *Wells in Progress*

Wells in progress connotes wells that are currently in the process of being drilled or completed or otherwise under evaluation as to their potential to produce oil and natural gas reserves in commercial quantities. Such wells continue to be classified as wells in progress and withheld from the depletion calculation and the ceiling test until such time as either proved reserves can be assigned, or the wells are otherwise abandoned. Upon either the assignment of proved reserves or abandonment, the costs for these wells are then transferred to the full cost pool and become subject to both depletion and the ceiling test calculations in accordance with full cost accounting under Rule 4-10 of Regulation S-X of the Securities Exchange Act of 1934, as amended.

#### *Capitalized Interest*

For significant oil and natural gas investments in unproved properties, and significant exploration and development projects that have not commenced production, interest is capitalized as part of the historical cost of developing and constructing assets. Capitalized interest is determined by multiplying the Company's weighted-average borrowing cost on debt by the average amount of qualifying costs incurred. Once an asset subject to interest capitalization is completed and placed in service, the associated capitalized interest is expensed through depreciation or impairment. As of December 31, 2018, there were no significant exploratory

projects on unproved properties and none of the development projects exceeded the interest capitalization qualifying asset limit. As a result, no interest was capitalized as of December 31, 2018 and 2017.

#### *Other Property and Equipment*

Property and equipment include vehicles, office equipment and furniture which are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment range from three to seven years. The Company recorded approximately \$0.01 million and \$0.04 million of depreciation for the years ended December 31, 2018 and 2017, respectively.

#### *Accrued Liabilities*

As of December 31, 2018 and 2017, the Company's accrued liabilities consisted of the following:

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(in thousands)</i>	
Accrued bonuses	\$ 2,300	\$ 3,000
Accrued drilling costs	7,850	3,615
Accrued production expenses	2,926	182
Other accrued liabilities	1,718	837
<b>Total accrued liabilities</b>	<b>\$ 14,794</b>	<b>\$ 7,634</b>

#### *Asset Retirement Obligations*

The Company incurs retirement obligations for certain assets at the time they are placed in service. The fair values of these obligations are recorded as liabilities on a discounted basis. The costs associated with these liabilities are capitalized as part of the related assets and depreciated. Over time, the liabilities are accreted for the change in their present value. For purposes of depletion, the Company includes estimated dismantlement and abandonment cost, net of salvage values, associated with future development activities that have not yet been capitalized as asset retirement obligations. Asset retirement obligations incurred are classified as Level 3 (unobservable inputs) fair value measurements.

#### *Revenue Recognition*

Revenue is recognized when control passes to the purchaser which generally occurs when production is transferred to the purchaser. The Company measures revenue as the amount of consideration it expects to receive in exchange for the commodities transferred. All of the Company's revenues from contracts with customers represent products transferred at a point in time as control is transferred to the customer.

The Company records revenue based on consideration specified in its contracts with its customers. The amounts collected on behalf of third parties are recorded in revenue payable. The Company recognizes revenue in the amount that reflects the consideration it expects to receive in exchange for transferring control of those goods to the customer. The contract consideration in the Company's variable price contracts is typically allocated to specific performance obligations in the contract according to the price stated in the contract. Payment is generally received one or two months after the sale has occurred.

#### *Stock based Compensation*

The Company applies a fair value method of accounting for stock based compensation, which requires recognition in the financial statements of the cost of services received in exchange for equity awards. For equity awards, compensation expense is based on the fair value on the grant date or modification date and is recognized in the Company's financial statements over the vesting period. The Company utilizes the Black-Scholes Merton option-pricing model to measure the fair value of stock options based on several criteria, including but not limited to, the valuation model used and associated input factors, such as expected term of the award, stock price volatility, risk free interest rate, dividend rate. These inputs are subjective and are determined using management's judgment. If differences arise between the assumptions used in determining stock based compensation expense and the actual factors, which become known over time, the Company may change the input factors used in determining future stock based compensation expense. The Company recognizes forfeitures as and when the stock awards are forfeited.

The Company accounts for warrant grants to nonemployees whereby the fair values of such warrants are determined using the option pricing model at the earlier of the date at which the nonemployee's performance is complete or a performance commitment is reached.

#### *Income Taxes*

The Company uses the asset and liability method in accounting for income taxes. Deferred tax assets and liabilities are recognized for temporary differences between financial statement carrying amounts and the tax bases of assets and liabilities and are measured using the tax rates expected to be in effect when the differences reverse. Deferred tax assets are also recognized for operating loss and tax credit carry forwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is used to reduce deferred tax assets when uncertainty exists regarding their realization.

The Company recognizes its tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed that do not meet these recognition and measurement standards. As of December 31, 2018 and 2017, the Company has determined that no liability is required to be recognized.

The Company's policy is to recognize any interest and penalties related to unrecognized tax benefits in income tax expense. No interest or penalties were required to be accrued at December 31, 2018 and 2017. Further, the Company does not expect that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months.

#### *Concentration of Credit Risk*

The Company operates a substantial portion of its oil and natural gas properties. As the operator of a property, the Company makes full payment for costs associated with the property and seeks reimbursement from the other joint interest owners in the property for their portion of those costs. When warranted, prepayments are required from joint interest owners for drilling and completion projects. Joint interest owners consist primarily of independent oil and natural gas producers whose ability to reimburse the Company could be negatively impacted by adverse market conditions.

The purchasers of the Company's oil, natural gas and NGL production consist primarily of independent marketers, major oil and gas companies, refiners and gas pipeline companies. Credit evaluations are performed on the Company's purchasers of its production and their financial condition is monitored on an ongoing basis. Based on those evaluations and monitoring, the Company may obtain letters of credit or parental guarantees from some purchasers.

All of the Company's oil and natural gas derivative transactions are carried out in the over-the-counter market and are not typically subject to margin-deposit requirements. The use of derivative transactions involves the risk that the counterparties will be unable to meet the financial terms of such transactions. The Company monitors the credit ratings of its derivative counterparties on an ongoing basis. If a counterparty were to default on its obligations to the Company under the derivative contracts or seek bankruptcy protection, it could have a material adverse effect on its ability to fund planned activities and could result in a larger percentage of our future production being subject to commodity price volatility. In addition, in poor economic environments and tight financial markets, the risk of a counterparty default is heightened and fewer counterparties may participate in derivative transactions, which could result in greater concentration of exposure to any one counterparty or a larger percentage of the Company's future production being subject to commodity price changes.

#### *Major Customers*

During the years ended December 31, 2018 and 2017, the Company's major customers relative to total revenue consisted of the following:



	Year Ended December 31,	
	2018	2017
Texican Crude & Hydrocarbon, LLC	87%	85%
ETC Field Services LLC	2%	14%
Lucid Energy	10%	—%
All others	1%	1%
	100%	100%

Due to availability of other purchasers, we do not believe the loss of any single oil or natural gas customer would have a material adverse effect on our results of operations.

#### *Derivative Instruments*

All derivative instruments are recorded on the consolidated balance sheet at fair value as either an asset or a liability with changes in fair value recognized currently in earnings. Although derivative instruments are used by the Company to manage the price risk attributable to its expected oil and natural gas production, those derivative instruments have not been designated as accounting hedges under the accounting guidance. All of our derivatives are accounted for as mark-to-market activities. Under ASC Topic 815, “Derivatives and Hedging,” these instruments are recorded on the consolidated balance sheets at fair value as either short term or long-term assets or liabilities based on their anticipated settlement date. The Company nets derivative assets and liabilities by commodity for counterparties where a legal right to such offset exists. Changes in the derivatives’ fair values are recognized in current earnings since the Company has elected not to designate its current derivative contracts as cash flow hedges for accounting purposes.

The Company has recognized certain conversion features within its Second Lien Term Loan as embedded derivatives that have been bifurcated from the Second Lien Term Loan, as defined in Note 8, and accounted for separately from the debt.

#### *Recently Adopted Accounting Standards*

The Company adopted Accounting Standard Update (ASU) No. 2016-02, Leases (Topic 842) on January 1, 2019. This ASU establishes significant changes to accounting for leases which include recognizing a lease liability and a right-of-use (ROU) asset for all leases, with terms exceeding 12 months on the Company’s Consolidated Balance Sheet. Expenses related to operating leases will continue to be recognized in the Company’s Consolidated Statements of Operations that are similar to current lease accounting guidance. The Company adopted this ASU using the modified retrospective approach and elected a package of practical expedients which allows the Company to avoid reassessing contracts that commenced prior to adoption and were correctly classified under existing lease accounting guidance. The Company will apply the transition requirements at the January 1, 2019 effective date. This approach allows for a cumulative effect adjustment in the period of adoption and prior periods will not be restated.

Policy elections permitted under this ASU that have been made by the Company include (a) not recognizing on the balance sheet leases with terms that are less than twelve months, (b) for agreements that contain both lease and non-lease components, combining these components together and accounting for them as a single lease, (c) the package of practical expedients, which allows the Company to avoid reassessing contracts that commenced prior to adoption and were correctly classified under ASC 840.

In January 2018, the FASB issued ASU 2018-01, Leases (Topic 842) Land Easement Practical Expedient for Transition to Topic 842. This ASU provides an optional transition practical expedient to not evaluate under Topic 842 (discussed above) existing or expired land easements that were not previously accounted for as leases under the current lease guidance in Topic 840. An entity that elects this practical expedient should evaluate new or modified land easements under Topic 842 beginning at the date that the entity adopts Topic 842. Under the full cost method of accounting, we capitalize to oil and gas properties all property acquisition, exploration, and development costs, which include the costs of land easements. We plan to elect this practical expedient and continue to apply our current accounting policy to account for land easements that existed before our adoption of Topic 842 and will evaluate new or modified land easements under Topic 842 upon our adoption of Topic 842.

The Company has also made changes to its accounting systems, business and control processes to facilitate compliance with accounting and reporting requirements. Based on leases assessed and identified at January 1, 2019, the Company estimates the impact to its Consolidated Balance Sheet would be approximately between the range of \$6.7 million and \$8.2 million and does not expect a material impact on its Consolidated Statements of Operations or Consolidated Statement of Cash Flows.

On January 1, 2018, the Company adopted the new accounting standard, Accounting Standards Codification, ASC 606, *Revenue from Contracts with Customers* and all the related amendments (the “New Revenue Standard”) using the modified retrospective method. In accordance with the modified retrospective method, comparative information is not restated and continues to be reported under the accounting standards in effect for those periods. The cumulative effect of initially adopting the New Revenue Standard, if any, is recorded as an adjustment to the opening balance of retained earnings. The Company’s revenue from customers is derived from production and sales of crude oil, natural gas and NGLs and recognized when control is transferred to the customer. As operator, the Company may market production on behalf of joint interest partners and various royalty owners. Under the terms of our joint operating agreements, the Company does not take control of the production attributable to our joint interest partners and the various royalty owners. Consequently, the Company recognizes revenues only for its share of the production, see Note 6. In accordance with the New Revenue Standard requirements, the impact of adoption on the Company’s consolidated statements of operations and consolidated balance sheets was as follows:

	<b>Balances without Adoption of</b>		
	<b>As Reported</b>	<b>ASC 606</b>	<b>Increase (Decrease)</b>
<i>(in thousands)</i>			
<b>Year Ended December 31, 2018</b>			
<b>Consolidated Statements of Operations:</b>			
Revenues	\$ 70,216	\$ 70,321	\$ (105)
Operating expenses	(3,392)	(3,497)	105
<b>As of December 31, 2018</b>			
<b>Consolidated Balance Sheets:</b>			
Accounts receivable	\$ 17,363	\$ 17,468	\$ (105)
Accrued liabilities	14,793	14,898	(105)

As shown in this comparison table, there is no impact on the net loss from the New Revenue Standard adoption and, therefore, no adjustment to the opening balance of accumulated deficit. Prior to the adoption of the New Revenue Standard, the revenue line included the value of our natural gas gatherer’s contractual volume retainage fee, with an offsetting cost included in the gathering, processing and marketing costs line. In accordance with the New Revenue Standard, the Company will only recognize revenues for its share of the production, resulting in the removal of the retainage fee approximating \$105,000 from both revenues and operating expenses during the year ended December 31, 2018.

On July 13, 2017, the Financial Accounting Standards Board (“FASB”) issued a two-part ASU, ASU 2017-11, (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Redeemable Noncontrolling Interests with a Scope Exception (ASU 2017-11). Part I of ASU 2017-11 simplifies the accounting for certain financial instruments with down round features by requiring companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. Companies that provide earnings per share (EPS) data will adjust their basic EPS calculation for the effect of the feature when triggered (that is, when the exercise price of the related equity-linked financial instrument is adjusted downward because of the down round feature) and will also recognize the effect of the trigger within equity. Part II of ASU 2017-11 is not applicable to the Company since it addresses concerns relating to an indefinite deferral available to private companies with mandatorily redeemable financial instruments and certain noncontrolling interests. The provisions of ASU 2017-11 related to down rounds are effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all organizations. The Company elected to adopt ASU 2017-11 on January 1, 2018. The Company’s SOS Warrant Liability (as described in Note 7) was accounted for as a derivative instrument solely because of its down round feature. The outstanding SOS Warrants of \$0.2 million as of the date of adoption were reclassified to equity and the Company no longer recognize any gain or loss based on the fair value of the SOS Warrants. The cumulative effect of the adoption was not material. The SOS Warrants expired on June 23, 2018. No other derivatives instruments were affected by the adoption of ASU 2017-11.

On June 20, 2018, the FASB issued ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting, which supersedes most of the prior accounting guidance on nonemployee share-based payments, and instead aligns it with existing guidance on employee share-based payments in Topic 718. As a result, nonemployee share-based payment transactions will be measured by estimating the fair value of the equity instruments that an entity is obligated to issue and the measurement date will be consistent with the measurement date for employee share-based payment awards (i.e., grant date for equity-classified awards).

Probability is to be considered on nonemployee awards with performance conditions. The classification will continue to be subject to the requirements of Topic 718, Compensation - Stock Compensation, although cost recognition of nonemployee awards will remain unchanged. The amendments become effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. The Company elected to early adopt the ASC 2018-07 during the quarter ended September 30, 2018. As a result, during the year ended December 31, 2018, there was no material impact on non-employee share-based compensation.

On January 5, 2017, the FASB issued ASU 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business (ASU 2017-01), which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. ASU 2017-01 introduces a screen for determining when assets acquired are not a business and clarifies that a business must include, at a minimum, an input and a substantive process that contribute to an output to be considered a business. This standard is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. The Company adopted ASU 2017-01 on January 1, 2018. During year ended December 31, 2018, the Company completed multiple acquisitions which were assessed in accordance with the new standard (see Note 4).

On January 1, 2018, the Company retroactively adopted ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force). This ASU requires the statements of cash flows to present the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents are now included with cash and cash equivalents when reconciling the beginning of period and end of period amounts presented on the statements of cash flows. The retrospective application of this new accounting guidance did not have a material impact in the Company's accompanying consolidated statement of cash flows for the year ended December 31, 2017. For the year ended December 31, 2018, there was no restricted cash.

### NOTE 3 - OIL AND NATURAL GAS PROPERTIES

The following table set forth a summary of oil and natural gas property costs (net of divestitures) at December 31, 2018 and 2017:

	2018	2017
	<i>(In thousands)</i>	
<b>Oil and natural gas properties:</b>		
Proved	\$ 358,858	\$ 141,717
Unproved	169,863	101,771
Total oil and natural gas properties	528,721	243,488
Accumulated depletion, depreciation and amortization	(98,342)	(73,183)
Oil and natural gas properties, net	<u>\$ 430,379</u>	<u>\$ 170,305</u>

The following table set forth a summary of costs withheld from amortization as of December 31, 2018:

	Year of Acquisition			
	Total	2018	2017	2016
<b>Unamortized costs:</b>	<i>(in thousands)</i>			
Unproved leasehold costs	\$ 168,302	\$ 92,505	\$ 52,744	\$ 23,053
Exploratory costs	1,561	1,561	—	—
Total	<u>\$ 169,863</u>	<u>\$ 94,066</u>	<u>\$ 52,744</u>	<u>\$ 23,053</u>

For the year ended December 31, 2018, \$11.1 million of unproved property costs were transferred to proved properties due to defective titles in certain leases. There were no such transfers of unproved properties to proved properties for the year ended December 31, 2017.

Depreciation, depletion and amortization expense related to full cost pool was approximately \$25.4 million and \$7.0 million for the years ended December 31, 2018, and 2017, respectively.

#### NOTE 4 - ACQUISITIONS AND DIVESTITURES

##### *Southwest Royalties Acquisition*

On October 16, 2018, Lilis completed an acquisition of approximately 568.5 net acres in Winkler county in Texas from Southwest Royalties LLC (the “Southwest Royalties Acquisition”) for total consideration of approximately \$17.0 million. The Company recorded \$12.6 million of the total consideration to the full cost pool associated with acquired working interests in proved properties and \$4.5 million to unproved acreage cost. The Southwest Royalties Acquisition was accounted for as a business combination. Therefore, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated acquisition date fair values available at closing. Transaction costs associated for this acquisition were immaterial and were expensed in the Consolidated Statements for Operations during the year ended December 31, 2018. Revenues and operating expenses associated with the proved properties were insignificant to the December 31, 2018 Consolidated Statements of Operations.

The following table presents the final allocation of the purchase price to the assets acquired and liabilities assumed as of the acquisition date:

	<b>As of October 16, 2018</b>	
	<i>(In thousands)</i>	
<b>Fair value of net assets:</b>		
Proved oil and natural gas properties	\$	12,562
Unproved oil and natural gas properties		4,542
Total assets acquired		17,104
Asset retirement obligations assumed		(65)
Fair value of net assets acquired	\$	17,039

##### *Ameredev Leasehold Acreage Exchange Transaction*

On August 1, 2018, the Company entered into a Leasehold Exchange Agreement (the “Ameredev Exchange Agreement”) with Ameredev II, LLC (“Ameredev”) to exchange certain leasehold interests located in Lea County, New Mexico owned by the Company for certain leasehold interests owned by Ameredev also located in Lea County, New Mexico. The Ameredev Exchange Agreement closed on September 14, 2018, and required the Company pay Ameredev \$12,500 for each net mineral acre received in excess of the Company’s net mineral acres traded to Ameredev. The Company’s payment for excess net mineral acres was \$0.7 million. In connection with the Ameredev Exchange Agreement, the Company assumed the working interests in four wells pursuant to which Ameredev advanced the Company \$6.5 million for the estimated costs of the four wells. At the closing of the exchange transaction, the Company refunded the \$6.5 million to Ameredev. The four wells are located in Lea County, New Mexico and operated by the Company. Total proceeds paid to Ameredev was approximately \$7.2 million. Substantially, all the assets acquired were unproved oil and natural gas properties. As a result, the acquisition was accounted for as an asset acquisition and was recorded as an adjustment to the full cost pool. Transaction costs associated for this acquisition were immaterial.

##### *Felix Holdings Leasehold Acreage Exchange Transaction*

On June 4, 2018, the Company entered into a Leasehold Exchange Agreement (the “Felix Exchange Agreement”) with Felix Energy Holdings II, LLC (“Felix”) to exchange certain leasehold interest located in Loving and Winkler Counties in Texas owned by the Company for certain leasehold interest located in the same counties owned by Felix. The Agreement closed on August 14, 2018, with an effective date of May 1, 2018. In addition to the Felix leasehold interests, the Company acquired certain working interests in two wells operated by the Company in Winkler County, Texas. The Company paid Felix for the well costs incurred by Felix to drill and complete the two wells, less any revenues paid to Felix. The final settlement was a payment of \$0.4 million which was recorded as an adjustment to the full cost pool. Transaction costs associated for this acquisition were immaterial.

##### *Anadarko Acquisition*

On May 3, 2018, the Company completed the acquisition of certain leasehold interests and other oil and natural gas assets in Loving and Winkler Counties, Texas from Anadarko for cash consideration of \$7.1 million. The acquisition includes substantially all unproved leaseholds and an insignificant amount of non-consent proved producing oil and natural gas properties. As a result,

the transaction is accounted for as an asset acquisition using the fair value of \$7.1 million. Transaction costs associated for this acquisition were immaterial.

#### *VPD Acquisition*

On February 28, 2018, the Company completed the acquisition of certain leasehold interests and other oil and natural gas assets in Loving and Winkler Counties, Texas from VPD Texas, L.P. (“VPD”) for cash consideration of \$10.7 million (the “VPD Acquisition”). Substantially all of the assets acquired were unproved oil and natural gas properties, thus the acquisition was accounted for as an asset acquisition. Total cash consideration recorded for the VPD acquisition was approximately \$11.1 million including \$0.5 million of related acquisition costs. VPD is an affiliate of Värde Partners, Inc. (“Värde”). Värde participated as lead lender in the Company’s Second Lien Term Loan (as defined below in Note 9) transaction in 2017 and as investor of the Company’s Series C Preferred Stock transaction in January 2018. As a result, the VPD Acquisition is considered a related party transaction. See Note 11 - *Related Party Transactions*.

In connection with the above VPD Acquisition and pursuant to Article XVI.3(b) of the Joint Operating Agreement dated February 28, 2018 (the “JOA”) entered into between VPD and ImPetro Operating, LLC (“Operator”), a subsidiary of the Company, the Company has committed to the following drilling commitments:

- drill and complete two horizontal wells (“Initial Commitment Wells”) no later than December 31, 2018; and
- drill and complete at least two additional horizontal wells (“Subsequent Commitment Wells”) that target the Wolfcamp A/B Formation no later than December 31, 2019.

The Company has a one-time option to extend the deadline by an additional 75 days by providing written notice to VPD of such election on or before August 31, 2018, in the case of the Initial Commitment Wells, and August 31, 2019, in the case of the Subsequent Commitment Wells.

As of December 31, 2018, the Company has spud the first two Initial Commitment Wells and executed an Amendment to the JOA to extend the drilling and completion deadline of the two Initial Commitment Wells to May 1, 2019.

#### *OEP Acquisition*

On January 30, 2018, the Company entered into a Purchase and Sale Agreement (the “Purchase and Sale Agreement”) by and between the Company and OneEnergy Partners Operating, LLC (“OEP”), pursuant to which the Company agreed to purchase from OEP, and OEP agreed to sell to the Company, certain oil and natural gas properties and related assets for a purchase price of \$70 million, subject to customary purchase price adjustments (the “OEP Acquisition”). The properties acquired by the Company pursuant to the Purchase and Sale Agreement consist of leasehold acreage in the Delaware Basin in Lea County, New Mexico. On March 15, 2018, the Company completed the OEP Acquisition whereby the Company paid \$40 million in cash and issued 6,940,722 shares of the Company’s common stock valued at approximately \$24.9 million for a total purchase price of approximately \$64.9 million, before acquisition costs and customary purchase price adjustments. The value of the shares issued was determined using the closing price of the Company’s stock on the date of closing. Transaction costs associated for this acquisition were \$1.1 million.

Substantially, all the assets acquired in the OEP Acquisition were unproved oil and natural gas property. As a result the OEP acquisition was accounted for as an asset purchase of proved properties and unproved properties using relative fair value of the assets acquired. The proved producing properties were valued based on internal estimates of future production using strip pricing and the present value discounted at 10%. Unproved properties acquired were valued using a market approach.

#### *KEW Acquisition*

As of December 31, 2017, the Company completed the acquisition of unproved acreage in Winkler County, Texas from KEW Drilling, a Delaware limited partnership (“KEW”), for cash consideration of \$48.9 million plus \$0.8 million of related acquisition costs. Substantially, all the assets acquired in the KEW acquisition were unproved oil and natural gas properties. As a result, the acquisition was accounted for as an asset acquisition using the relative fair value, which was the total cash consideration of approximately \$49.7 million.

#### *DJ Basin Properties Divestiture*

On March 31, 2017, the Company entered into a purchase and sale agreement with Nanke Energy LLC for the divestiture of all of its oil and natural gas properties located in the Denver-Julesburg Basin (the “DJ Basin”) for consideration of \$2 million,

subject to customary post-closing purchase price adjustments. The sale of the Company's DJ Basin assets did not significantly alter the relationship between capitalized costs and proved reserves, and as such, all proceeds were recorded as adjustments to the Company's full cost pool with no gain or loss recognized. The DJ Basin assets were sold to an entity owned by the Company's former chief financial officer and therefore the divestiture is considered a related party transaction. See Note 11 - *Related Party Transactions*. The net proceeds of \$1.08 million received on March 31, 2017 included an offset against \$0.7 million of severance pay and \$0.22 million of net sales adjustments due to the purchaser. In addition, the Company received \$0.2 million in proceeds from the sale of non-operated properties sold in 2017.

#### NOTE 5 - ASSET RETIREMENT OBLIGATIONS (ARO)

The Company's ARO represent the present value of the estimated cash flows expected to be incurred to plug, abandon and remediate producing properties, excluding salvage values, at the end of their productive lives in accordance with applicable laws. Revisions in estimated liabilities during the period relate primarily to changes in estimates of asset retirement costs. Revisions in estimated liabilities can also include, but are not limited to, revisions of estimated inflation rates, changes in property lives and expected timing of settlement.

The following table summarizes the changes in the Company's ARO:

	Year Ended December 31,	
	2018	2017
	<i>(In thousands)</i>	
ARO, beginning of period	\$ 952	\$ 1,257
Additional liabilities incurred	374	20
Accretion expense	85	82
Liabilities settled	(87)	(288)
Revision in estimates (1)	1,120	(119)
ARO, end of period	2,444	952
Less: current portion of ARO (2)	(11)	(226)
ARO, non-current	\$ 2,433	\$ 726

(1) The significant increase in revision of estimates of \$1.1 million for the year ended December 31, 2018 was primarily attributed to increases in plugging and abandonment cost estimates by approximately \$50,000 per well.

(2) The current portion of ARO is included in accrued liabilities in the consolidated balance sheets.

#### NOTE 6 - REVENUE

Revenue is recognized when control passes to the purchaser which generally occurs when production is transferred to the purchaser. The Company measures revenue as the amount of consideration it expects to receive in exchange for the commodities transferred. All of the Company's revenues from contracts with customers represent products transferred at a point in time as control is transferred to the customer.

The Company records revenue based on consideration specified in its contracts with its customers. The amounts collected on behalf of third parties are recorded in revenue payable. The Company recognizes revenue in the amount that reflects the consideration it expects to receive in exchange for transferring control of those goods to the customer. The contract consideration in the Company's variable price contracts is typically allocated to specific performance obligations in the contract according to the price stated in the contract. Payment is generally received one or two months after the sale has occurred.

##### *Crude oil revenues*

Crude oil from our operated properties is produced and stored in field tanks. The Company recognizes crude oil revenue when control passes to the purchaser. The Company's crude oil is currently sold under a single short-term contract. The purchaser's commitment includes all quantities of crude oil from the leases that are covered by the contract, with no quantity-based restrictions or variable terms. Pricing is based on posted indexes for crude oil of similar quality, less a fees deduction that is subject to

negotiation. As of the most recent contract amendments, the negotiable fees deduction was \$5.25 per barrel from June 1, 2018 through July 31, 2018, then \$5.15 per barrel from August 1, 2018 through February 28, 2019, continuing on a month-to-month basis thereafter unless renegotiated or canceled upon 30 days' notice. The posted index prices change monthly based on the average of daily index price points for each sales month.

#### *Natural gas and NGL revenues*

Natural gas is produced and transported via pipelines to gas processing facilities. NGLs are extracted from the natural gas at the processing facilities and processed natural gas and NGLs are marketed and sold separately on the Company's behalf after processing. All of our operated natural gas production is sold under one of three natural gas contracts which are long-term in nature; however, one of these natural gas contracts includes 30-day cancellation provisions, and the Company therefore classifies such contract as short-term. The processor's commitment to sell on the Company's behalf includes all quantities of natural gas and NGL produced from specific wellbores or dedicated acreage as defined in the contract, with no quantity-based restrictions or variable terms. The gas contracts are generally market based pricing less adjustments for transportation and processing fees. A portion of natural gas delivered to the processing plants is used as fuel at the processing plant without reimbursement. The Company recognizes revenue for natural gas and NGLs when control passes at the tailgate of the processing plant.

#### *Gathering, processing and transportation*

Natural gas must be transported to a gas processing plant facility for treatment and to extract NGLs, then the final residue gas and liquid products are marketed for sale to end users at the tailgate of the plant. As a result of these activities, the Company incurs costs that are contractually passed to it from the gatherer per customary industry practice. Such costs include fees for gathering the gas and moving it from wellhead to plant inlet, plant electricity usage, inlet compression, carbon dioxide and hydrogen sulfide treatments, processing tax, fuel usage, and marketing at the tailgate. Gathering, processing and transportation costs are presented as operating expenses in the Company's condensed consolidated statement of operations.

#### *Imbalances*

Natural gas imbalances occur when the Company sells more or less than its entitled ownership percentage of total natural gas production. Any amount received in excess of its share is treated as a liability. If the Company receives less than its entitled share, the underproduction is recorded as a receivable. The Company did not have any significant natural gas imbalance positions as of December 31, 2018 and December 31, 2017.

#### *Contract balances and prior period performance obligations*

The Company is entitled to payment from purchasers once its performance obligations have been satisfied upon delivery of the product, at which point payment is unconditional, and the Company records these invoiced amounts as accounts receivable in its condensed consolidated balance sheets. To the extent actual volumes and prices of oil and natural gas are unavailable for a given reporting period because of timing or information not received from third parties, the expected sales volumes and prices for those properties are estimated and also recorded as accounts receivable in the accompanying condensed consolidated balance sheets. In this scenario, payment is unconditional, as the Company has satisfied its performance obligations through delivery of the relevant product. As a result, the Company has concluded that its product sales do not give rise to contract assets or liabilities under the New Revenue Standard.

The Company records revenue in the month production is delivered to the purchaser. However, settlement statements for certain oil, natural gas and NGL sales may not be received for 30 to 60 days after the date production is delivered, and as a result, the Company is required to estimate the amount of production that was delivered to the customer and the price that will be received for the sale of the product. Additionally, to the extent actual volumes and prices of oil, natural gas and NGLs are unavailable for a given reporting period because of timing or information not received from third-party purchasers, the expected sales volumes and prices for those barrels of oil, cubic feet of gas and gallons of NGL are also estimated. The Company records the differences between its estimates and the actual amounts received for product sales in the month that payment is received from the purchaser. The Company has existing internal controls in place for its estimation process, and any identified differences between its revenue estimates and actual revenue received historically have not been significant.

#### *Significant judgments*

The Company engages in various types of transactions in which midstream entities process its gas and subsequently market resulting NGLs and residue gas to third-party customers on the Company's behalf per gas purchase contracts. These types of transactions require judgment to determine whether the Company is the principal or the agent in the contract and, as a result,

whether revenues are recorded gross or net. The Company maintains control of the natural gas and NGLs during processing and consider itself the principal in these arrangements.

*Practical expedients*

A significant number of the Company's product sales are short-term in nature with contract term of one year or less. For those contracts, the Company has utilized the practical expedient in the New Revenue Standard that exempts the Company from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a Contract that has an original expected duration of one year or less. For the Company's product sales that have contract terms less than one year, the Company has utilized the practical expedient in the New Revenue Standard that states that it is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under these sales contracts, each unit of product represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required. The following table disaggregates the Company's revenue by contract type *(in thousands)*:

<i>Year Ended December 31, 2018</i>	Short-term contracts	Long-term contracts	Total
	<i>(in thousands)</i>		
Crude Oil	\$ 58,042	\$ —	\$ 58,042
Natural Gas	1,045	4,201	5,246
NGLs	1,381	5,547	6,928
Gathering, processing and transportation	(676)	(2,716)	(3,392)

*Customer Credit Risk*

Our principal exposure to credit risk is through receivables from the sale of our oil and natural gas production of approximately \$8.2 million at December 31, 2018, and through actual and accrued receivables from our joint interest partners of approximately \$11.4 million at December 31, 2018. We are subject to credit risk due to the concentration of our oil and natural gas receivables with our most significant customers. We do not require our customers to post collateral, and the inability of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results.

**NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company measures fair value of its financial assets on a three-tier value hierarchy, which prioritizes the inputs, used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Other inputs that are directly or indirectly observable in the marketplace.
- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The determination of the fair values of our derivative contracts incorporates various factors, which include not only the impact of our non-performance risk on our liabilities but also the credit standing of the counterparties involved. We utilize counterparty rate of default values to assess the impact of non-performance risk when evaluating both our liabilities to, and receivables from, counterparties.

*Recurring Fair Value Measurements*

The financial instruments measured at fair value on a recurring basis consist of the following:

	December 31,	
	2018	2017
Derivative assets (liabilities):		
Derivative assets - current	\$ 2,551	\$ —
Derivative assets - non-current (1)	1,822	—
Derivative liabilities - current	(515)	(853)
Derivative liabilities - non-current (2)	(4,699)	(72,937)
Total derivative liabilities, net	<u>\$ (841)</u>	<u>\$ (73,790)</u>

(1) The non-current derivative assets are included in other assets in the consolidated balance sheets.



(2) Includes \$2.0 million of embedded derivatives associated with Second Lien Loans and \$2.7 million associated with commodity derivatives.

	Fair Value Measurement Classification			Total
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>(in thousands)</i>				
<b>As of December 31, 2018</b>				
<i>Oil and natural gas derivative instruments:</i>				
Oil and natural gas derivative swap contracts	\$ —	\$ (2,923)	\$ —	\$ (2,923)
Oil and natural gas derivative collar contracts	—	4,047	—	4,047
<i>Embedded derivative instruments:</i>				
Second Lien Term Loan conversion features	—	—	(1,965)	(1,965)
<b>Total</b>	<b>\$ —</b>	<b>\$ 1,124</b>	<b>\$ (1,965)</b>	<b>\$ (841)</b>
<b>As of December 31, 2017</b>				
<i>Oil and natural gas derivative instruments:</i>				
Oil and natural gas derivative swap contracts	\$ —	\$ (706)	\$ —	\$ (706)
Oil and natural gas derivative collar contracts	—	(147)	—	(147)
<i>Equity instruments:</i>				
Warrant liabilities	—	—	(223)	(223)
<i>Embedded derivative instruments:</i>				
Second Lien Term Loan conversion features	—	—	(72,714)	(72,714)
<b>Total</b>	<b>\$ —</b>	<b>\$ (853)</b>	<b>\$ (72,937)</b>	<b>\$ (73,790)</b>

Derivative assets and liabilities include unsettled amounts related to commodity derivative positions, including swaps and collars as of December 31, 2018 and 2017. The fair values of the Company's derivatives are based on third-party pricing models which utilize inputs that are either readily in the public market which can be corroborated from active markets of broker quotes. Swaps and collars generally have observable inputs and these instruments are classified as Level 2.

The Company's derivative liabilities also include embedded derivatives associated with the Second Lien Term Loan (as defined below) and warrants associated with notes payable. These instruments have fewer observable inputs from objective sources and are therefore measured using Level 3 inputs as follows:

*Second Lien Term Loan Conversion Features:* Under the terms of the Company's second lien credit agreement, dated as of April 26, 2017, by and among the Company, certain subsidiaries of the Company, as guarantors (the "Guarantors"), Wilmington Trust, National Association, as administrative agent (the "Agent"), and the lenders party thereto (the "Lenders"), including Värde as lead lender (the "Lead Lender"), as amended (the "Second Lien Credit Agreement"), the Lead Lender has the option to convert

70% of the principal amount of each tranche of the Second Lien Term Loan (the “Second Lien Term Loan”) under the Second Lien Credit Agreement, together with accrued paid-in-kind interest and the make-whole premium on such principal amount (together the “Conversion Sum”) into shares of common stock. The make-whole premium is the cash amount representing the excess of (a) the present value at such repayment, prepayment or acceleration date or the date the obligations otherwise become due and payable in full of (1) the sum of the principal amount repaid, prepaid or accelerated plus (2) the interest accruing on such principal amount from the date of such repayment, prepayment or acceleration through the maturity date (excluding accrued but unpaid paid-in-kind interest to the date of such repayment, prepayment or acceleration), such present value to be computed using a discount rate equal to the Treasury Rate plus 50 basis points discounted to the repayment, prepayment or acceleration date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), over (b) the principal amount of the Second Lien Term Loan repaid, prepaid or accelerated. The number of shares of common stock issued will be based on the division of 70% of the Conversion Sum by the conversion price then in effect.

The Company also has the option to cause the Second Lien Term Loan to convert if, at the time of exercise of the Company’s conversion option, the closing price of the Company’s common stock has been at least 150% of the Conversion Price (as defined in Note 9) then in effect for at least 20 of the 30 immediately preceding trading days. The features of the make-whole premium in the Second Lien Term Loan require the conversion features to be recorded as embedded derivatives and bifurcated from its host contracts, the Second Lien Term Loan, and accounted for separately from the debt. The conversion features contained in the Second Lien Term Loan are recorded as a derivative liability at fair value each reporting period based upon values determined through the use of discounted lattice models of the Second Lien Term Loan under the Second Lien Credit Agreement. Change in fair value is accounted for in the consolidated statement operations. On October 10, 2018, the Company executed Amendment No. 6 to the Second Lien Credit Agreement for an exchange transaction of approximately \$68.3 million claim amount of its Second Lien Term Loan for a combination of 5,952,763 shares of the Company’s common stock representing a claim value of \$29.0 million and issuance of 100,000 shares of Series D Preferred Stock representing a claim value of \$39.3 million. As a result of the exchange transaction, the fair value of the remaining embedded derivative liability decreased by \$12.4 million as of October 10, 2018. The Company recorded an unrealized gain of \$58.3 million and an unrealized loss of \$7.1 million on the change in fair value of derivative liabilities associated with the Second Lien Term Loan conversion features for the years ended December 31, 2018 and 2017, respectively.

The fair value of the holder conversion features was determined using a binomial lattice model based on certain assumptions including (i) the Company’s stock price, (ii) risk-free rate, (iii) expected volatility, (iv) the Company’s implied credit rating, and (v) the implied credit yield of the Loan.

The following table sets forth a reconciliation of changes in the fair value of the Company’s financial assets and liabilities classified as Level 3 in the fair value hierarchy, except for the commodity derivatives classified as Level 2 as disclosed in Note 8, as of December 31, 2018 and 2017:

	<b>Second Lien Term Loan Conversion Features</b>	<b>Warrant Liabilities</b>	<b>Total</b>
	<i>(in thousands)</i>		
Balance at January 1, 2018	\$ (72,714)	\$ (223)	\$ (72,937)
Transferred to equity	—	223	223
Fair value of the converted portion of the embedded derivatives associated with the Second Lien Term Loan	12,406	—	12,406
Change in fair value of derivative liabilities	58,343	—	58,343
Balance at December 31, 2018	<u>\$ (1,965)</u>	<u>\$ —</u>	<u>\$ (1,965)</u>

	<b>Second Lien Term Loan Conversion Features</b>	<b>Warrant Liabilities</b>	<b>Total</b>
	<i>(in thousands)</i>		
Balance at January 1, 2017	\$ —	\$ (1,400)	\$ (1,400)
Issuance	(65,647)	—	(65,647)
Cashless exercise of warrants	—	370	370
Change in fair value of derivative liabilities	(7,067)	807	(6,260)
Balance at December 31, 2017	<u>\$ (72,714)</u>	<u>\$ (223)</u>	<u>\$ (72,937)</u>

#### NOTE 8 - DERIVATIVE INSTRUMENTS

As discussed in Notes 7 and 9, the Second Lien Term Loan contains conversion features that are exercisable at the option of the Lead Lender or the Company. The conversion features have been identified as embedded derivatives which (i) contain economic characteristics that are not clearly and closely related to the host contract, the Second Lien Term Loan, and (ii) separate, stand-alone instruments with similar terms would qualify as derivative instruments. As such, the conversion features were bifurcated and accounted for separately from the Second Lien Term Loan. The conversion features are recorded at fair value for each reporting period with changes in fair value included in the consolidated statement of operations for the years ended December 31, 2018 and 2017. The Company recorded derivative liabilities associated with the Second Lien Term Loan at an original fair value of approximately \$65.6 million at issuance. On October 10, 2018, the Company executed Amendment No. 6 to the Second Lien Credit Agreement for an exchange transaction of approximately \$68.3 million claim amount of its Second Lien Term Loan for a combination of 5,952,763 shares of the Company's common stock representing a claim value of approximately \$29.0 million and issuance of 100,000 shares of Series D Preferred Stock representing a claim value of approximately \$39.3 million. As a result of the exchange transaction, the fair value of the embedded derivative liability decreased by \$12.4 million as of October 10, 2018. The Company recorded an unrealized gain of \$58.3 million and an unrealized loss of \$7.1 million on the change in fair value of derivative liabilities associated with the Second Lien Term Loan conversion features for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, the derivative liabilities associated with the Second Lien Term Loan were approximately \$2.0 million and approximately \$72.7 million, respectively.

To reduce the impact of fluctuations in oil and natural gas prices on the Company's revenues, or to protect the economics of property acquisitions, the Company periodically enters into derivative contracts with respect to a portion of its projected oil and natural gas production through various transactions that fix or modify the future prices to be realized. The derivative contracts may include fixed-for-floating price swaps (whereby, on the settlement date, the Company will receive or pay an amount based on the difference between a pre-determined fixed price and a variable market price for a notional quantity of production), put options (whereby the Company pays a cash premium in order to establish a fixed floor price for a notional quantity of production)

and, on the settlement date, receives the excess, if any, of the fixed price floor over a variable market price), and costless collars (whereby, on the settlement date, the Company receives the excess, if any, of a variable market price over a fixed floor price up to a fixed ceiling price for a notional quantity of production).

These hedging activities, which are governed by the terms of our Second Lien Credit Agreement, are intended to support oil and natural gas prices at targeted levels and manage exposure to oil and natural gas price fluctuations. It is our policy to enter into derivative contracts only with counterparties that are creditworthy and competitive market makers. All of our derivatives are with non-lender counterparties and are designated as unsecured. Certain of our derivative counterparties may require the posting of cash collateral under certain conditions. It is never the Company's intention to enter into derivative contracts for speculative trading purposes.

All of our derivatives are accounted for as mark-to-market activities. Under ASC Topic 815, "Derivatives and Hedging," these instruments are recorded on the consolidated balance sheets at fair value as either short term or long-term assets or liabilities based on their anticipated settlement date. The Company nets derivative assets and liabilities by commodity for counterparties where a legal right to such offset exists. Changes in the derivatives' fair values are recognized in current earnings since the Company has elected not to designate its current derivative contracts as cash flow hedges for accounting purposes.

The following table presents the Company's derivative positions as of December 31, 2018 with respect to future production:

	2019	2020
<i>Oil positions:</i>		
Oil swaps (NYMEX WTI):		
Hedged Volume (Bbls)	—	277,685
Average price (\$ per Bbl)	\$ —	\$ 56.21
Basis swaps (NYMEX WTI):		
Hedged Volume (Bbls)	909,500	547,500
Average price (\$ per Bbl)	\$ (6.85)	\$ (5.62)
Put Options (NYMEX WTI):		
Hedged Volume (Bbls)	1,095,000	—
Average price (\$ per Bbl)	\$ 50.41	\$ —
Call Options (NYMEX WTI):		
Hedged Volume (Bbls)	638,000	—
Average price (\$ per Bbl)	\$ 69.76	\$ —
<i>Natural gas positions:</i>		
Gas swaps (NYMEX Henry Hub):		
Hedged Volume (MMBtu)	906,238	714,134
Average price (\$ per MMBtu)	\$ 2.75	\$ 2.54
Put Options (NYMEX Henry Hub):		
Hedged Volume (MMBtu)	392,481	144,130
Average price (\$ per MMBtu)	\$ 3.05	\$ 2.80
Call Options (NYMEX Henry Hub):		
Hedged Volume (MMBtu)	392,481	144,130
Average price (\$ per MMBtu)	\$ 3.58	\$ 3.06

For the years ended December 31, 2018 and 2017, the effect of the commodity derivative activity on the Company's Consolidated Statements of Operations was as follows:

	Year Ended December 31,	
	2018	2017
	<i>(In thousands)</i>	
Unrealized gain (loss) on unsettled derivatives	\$ 1,977	\$ (853)
Net settlement paid on derivative contracts	(2,742)	(96)
Net settlement receivable (payable) on derivative contracts	820	(114)
Net gain (loss) on commodity derivatives	\$ 55	\$ (1,063)

The Company's derivatives are presented on a net basis under fair value of derivative instruments on the consolidated balance sheets. The following information summarizes the gross fair values of derivative instruments, presenting the impact of offsetting the derivative assets and liabilities on the Company's consolidated balance sheets:

	<b>December 31, 2018</b>		
	<b>Gross Amount of Recognized Assets and Liabilities</b>	<b>Gross Amounts Offset in the Consolidated Balance Sheets (1)</b>	<b>Net Amounts Presented in the Consolidated Balance Sheets</b>
	<i>(in thousands)</i>		
<b>Offsetting Derivative Assets:</b>			
Current assets	\$ 4,122	\$ (1,571)	\$ 2,551
Long-term assets	1,854	(32)	1,822
Total assets	<u>\$ 5,976</u>	<u>\$ (1,603)</u>	<u>\$ 4,373</u>
<b>Offsetting Derivative Liabilities:</b>			
Current liabilities	\$ (2,086)	\$ 1,571	\$ (515)
Long-term commodity derivative liabilities	(2,766)	32	(2,734)
Long-term embedded derivative liabilities	(1,965)	—	(1,965)
Total liabilities	<u>\$ (6,817)</u>	<u>\$ 1,603</u>	<u>\$ (5,214)</u>

	<b>December 31, 2017</b>		
	<b>Gross Amount of Recognized Assets and Liabilities</b>	<b>Gross Amounts Offset in the Consolidated Balance Sheets (1)</b>	<b>Net Amounts Presented in the Consolidated Balance Sheets</b>
	<i>(in thousands)</i>		
<b>Offsetting Derivative Assets:</b>			
Current asset	\$ —	\$ —	\$ —
Long-term asset	—	—	—
Total asset	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Offsetting Derivative Liabilities:</b>			
Current liabilities	\$ (853)	\$ —	\$ (853)
Long-term commodity derivative liabilities	—	—	—
Long-term embedded derivative liabilities	(72,937)	—	(72,937)
Total liabilities	<u>\$ (73,790)</u>	<u>\$ —</u>	<u>\$ (73,790)</u>

(1) This column represents the impact of offsetting commodity derivative assets and liabilities with all counterparties where the Company has the contractual rights and intends to net settle.

**NOTE 9 - LONG-TERM DEBT**

	<b>As of December 31,</b>	
	<b>2018</b>	<b>2017</b>
<i>(In thousands)</i>		
6% bridge loans associated with the amended First Lien Term Loan, due 2019, net of debt issuance costs	\$ —	\$ 30,363
8.25% Second Lien Term Loan, due 2021, net of debt issuance costs and debt discount	82,804	96,431
Revolving Credit Agreement, due April 2021	75,000	—
Other notes payable, due 2018 and 2019	—	1,011
<b>Total long-term debt</b>	<b>\$ 157,804</b>	<b>\$ 127,805</b>
Less: current portion	—	(11)
<b>Total long-term debt, net of current portion</b>	<b>\$ 157,804</b>	<b>\$ 127,794</b>

Total principal amount of debt maturities related to borrowings for the five years ending December 31, 2023 include \$175.0 million in 2021. There will be no minimum payments due in 2019, 2020, 2022 and 2023.

As of December 31, 2018 and 2017, the carrying amounts of the Second Lien Term Loan were as follows:

	<b>Principal Amount</b>	<b>Paid-in- kind Interest</b>	<b>Unamortized Debt Issuance Costs &amp; Debt Discount</b>	<b>Carrying Amount</b>
<i>(in thousands)</i>				
<b>As of December 31, 2018</b>				
Revolving Credit Agreement, due April 2021	\$ 75,000	\$ —	\$ —	\$ 75,000
Second Lien Term Loan, due April 2021	100,000	11,641	(28,837)	82,804
<b>Total:</b>	<b>\$ 175,000</b>	<b>\$ 11,641</b>	<b>\$ (28,837)</b>	<b>\$ 157,804</b>
<b>As of December 31, 2017</b>				
Bridge loans associated with the amended First Lien Term Loan, due September 2019	\$ 30,000	\$ 807	\$ (444)	\$ 30,363
Second Lien Term Loan, due April 2021	150,000	5,752	(59,321)	96,431
<b>Total:</b>	<b>\$ 180,000</b>	<b>\$ 6,559</b>	<b>\$ (59,765)</b>	<b>\$ 126,794</b>

**Revolving Credit Agreement**

On October 10, 2018, Lilis entered into a five-year, \$500.0 million senior secured revolving credit agreement by and among the Company, as borrower, certain subsidiaries of the Company, as guarantors (the "Guarantors"), BMO Harris Bank, N.A., as administrative agent, and the lenders party thereto. The Revolving Credit Agreement provides for a senior secured reserve based revolving credit facility with an initial borrowing base of \$95.0 million. The borrowing base is subject to semiannual re-determinations in May and November of each year. On December 7, 2018, the Company's borrowing base under the Revolving Credit Agreement was increased to \$108 million as a result of its regularly scheduled fall redetermination process.

Borrowings under the Revolving Credit Agreement bear interest at a floating rate of either LIBOR or a specified base rate plus a margin determined based upon the usage of the borrowing base. The Company is required to pay a commitment fee of

0.5% per annum on any unused portion of the borrowing base. The Company's obligations under the Revolving Credit Agreement are secured by first priority liens on substantially all of the Company's and the Guarantors' assets and are unconditionally guaranteed by each of the Guarantors.

The Company borrowed \$60.0 million under the Revolving Credit Agreement at closing, leaving \$35.0 million initially available for future borrowing. The Company used the initial borrowings to repay in full and retire the Company's previously existing \$50.0 million Riverstone First Lien Credit Agreement (the credit agreement for which was amended and restated by the Revolving Credit Agreement), including accrued interest and a prepayment premium, and to pay transaction expenses. Future borrowings may be used to fund working capital requirements, including for the acquisition, exploration and development of oil and gas properties, and for general corporate purposes. The Revolving Credit Agreement also provides for issuance of letters of credit in an aggregate amount up to \$5.0 million. As of December 31, 2018, the outstanding balance under the Revolving Credit Agreement was \$75.0 million.

The Company capitalizes certain direct costs associated with the issuance of the Revolving Credit Agreement and amortizes such costs over the term of the debt instrument. The deferred financing costs related to the Revolving Credit Agreement are classified in assets. For the year ended December 31, 2018, the Company amortized debt issuance costs associated with revolving credit agreements of \$2.2 million. For the year ended December 31, 2017, the Company had no revolving credit agreements. As of December 31, 2018, the Company has \$0.5 million and \$1.7 million of unamortized deferred financing costs in other current assets and non-current assets, respectively.

The Revolving Credit Agreement matures on the earlier of the fifth anniversary of the closing date and the date that is 180 days prior to the maturity date of the Company's Second Lien Credit Agreement (as defined below). Borrowings under the Revolving Credit Agreement are subject to mandatory repayment with the net proceeds of certain asset sales and debt incurrences or if a borrowing base deficiency occurs. The Company also may voluntarily repay borrowings from time to time and, subject to the borrowing base limitation and other customary conditions, may reborrow amounts that are voluntarily repaid. Mandatory and voluntary repayments generally will be made without premium or penalty.

The Revolving Credit Agreement contains certain customary representations and warranties and affirmative and negative covenants, including covenants relating to: maintenance of books and records, financial reporting and notification, compliance with laws, maintenance of properties and insurance; and limitations on incurrence of indebtedness, liens, fundamental changes, international operations, asset sales, certain debt payments and amendments, restrictive agreements, investments, dividends and other restricted payments and hedging. It also requires the Company to maintain a ratio of Total Debt to EBITDAX of not more than 4.00 to 1.00 and a ratio of current assets to current liabilities of not less than 1.00 to 1.00 (each as defined in the Revolving Credit Agreement). On October 10, 2018, the Company entered into the Revolving Credit Agreement pursuant to which BMO Harris Bank N.A., SunTrust Bank, Capital One, N.A., and Credit Suisse AG, Cayman Islands Branch, (collectively, the "Lenders") have made certain credit available to and on behalf of the Company. In connection with the preparation of these financial statements, the Company informed its Lenders, that it did not satisfy the leverage ratio covenant in Section 9.01(a) of the Revolving Credit Agreement, as of the fiscal quarter ended December 31, 2018. Accordingly, the Company received the Lenders consent to a waiver with respect to such provision on March 1, 2019.

The Revolving Credit Agreement also provides for events of default, including failure to pay any principal, interest or other amounts when due, failure to perform or observe covenants, cross-default on certain outstanding debt obligations, inaccuracy of representations and warranties, certain ERISA events, change of control, the security documents or guaranty ceasing to be effective, and bankruptcy or insolvency events, subject to customary cure periods. Amounts owed by the Company under the Revolving Credit Agreement could be accelerated and become immediately due and payable following the occurrence an event of default.

The Revolving Credit Agreement also provides for the Company to have and maintain Swap Agreements in respect of crude oil and natural gas, on not less than 50% of the projected production from the Proved Reserves classified as "Developed Producing Reserves" attributable to the oil and natural gas properties of the Company as reflected in the most recently delivered reserve report for a period through at least 24 months after the end of each applicable quarter.

#### *First Amendment and Waiver to Second Amended and Restated Credit Agreement*

On March 1, 2019, the Company executed the First Amendment and Waiver (the "First Amendment") to Second Amended and Restated Credit Agreement whereby the Majority Lenders consent to waiver of the December 31, 2018 Leverage Ratio of Total Debt to EBITDAX of not more than 4.00 to 1.00. The First Amendment has become effective as the following terms have been met:



- The Effective Date, March 5, 2019, shall have occurred.
- The Second Lien Term Loan discharge transaction shall have occurred, or shall occur, substantially contemporaneously with the occurrence of the Borrowing Base and Amendment Effective Date. See Note 20 Subsequent Events.
- As of the Borrowing Base and Amendment Effective Date, after giving effect to this Agreement, (a) the representations and warranties of each Loan Party set forth in the Credit Agreement and in each other Loan Document shall be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct), except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct) as of such earlier date, (b) no Default, Event of Default or Borrowing Base Deficiency has occurred and is continuing. The Administrative Agent shall have received a certificate from a Responsible Officer of the Company certifying as to the matters set forth in this provision.

## **Second Lien Credit Agreement**

On April 26, 2017, the Company entered into the Second Lien Credit Agreement comprised of convertible loans in an aggregate initial principal amount of up to \$125.0 million in two tranches. The first tranche consists of an \$80.0 million term loan (the “Second Lien Term Loan”), which was fully drawn and funded on April 26, 2017. The second tranche consists of up to \$45.0 million in delayed-draw term loans (the “Delayed Draw Term Loan” and, together with the Second Lien Term Loan, the “Second Lien Loans”) was funded. Each tranche of the Second Lien Loans will bear interest at a rate per annum of 8.25%, compounded quarterly in arrears and payable only in-kind by increasing the principal amount of the loan by the amount of the interest due on each interest payment date.

On October 3, 2017, the Company, certain subsidiaries of the Company, as guarantors (the “Guarantors”), Wilmington Trust, National Association, as administrative agent and the lenders party thereto, entered into the first amendment to the Second Lien Credit Agreement (“Amendment No. 1 to the Second Lien Credit Agreement”). The purpose of Amendment No. 1 to the Second Lien Credit Agreement is to waive certain conditions precedent to the drawing of the Delayed Draw Term Loan under the Second Lien Credit Agreement and to provide for the funding of such Delayed Draw Term Loan upon the signing of the lease acquisition agreement with KEW Drilling, a Delaware limited partnership. The Company borrowed the full \$45.0 million of the availability under the Delayed Draw Term Loan on October 4, 2017.

On October 19, 2017, the Company entered into a second amendment to the Second Lien Credit Agreement (“Amendment No. 2 to the Second Lien Credit Agreement”), by and among the Company, the Guarantors, the Agent and the Lenders, including the Lead Lender. Amendment No. 2 to the Second Lien Credit Agreement permitted the Company to incur the Incremental Bridge Loan under the First Lien Credit Agreement.

On November 10, 2017, the Company entered into a third amendment to the Second Lien Credit Agreement (“Amendment No. 3 to the Second Lien Credit Agreement”), by and among the Company, the Guarantors, the Agent and the Lenders, including the Lead Lender. Amendment No. 3 to the Second Lien Credit Agreement increased by \$25.0 million the amount of delayed draw term loans available for borrowing under the Second Lien Credit Agreement. The additional \$25.0 million of Delayed Draw Term Loan was drawn on November 10, 2017. The \$25.0 million of proceeds from these loans may be used to fund oil and natural gas property acquisitions, subject to certain limitations, to fund drilling and completion costs or for other general corporate purposes.

The Second Lien Loans are secured by second priority liens on substantially all of the Company’s and the Guarantors’ assets, including their oil and natural gas properties located in the Delaware Basin, and all of the obligations thereunder are unconditionally guaranteed by each of the Guarantors. The Second Lien Loans matures on April 26, 2021. The Second Lien Loans are subject to mandatory prepayment with the net proceeds of certain asset sales, casualty events and debt incurrences, subject to the right of the Company to reinvest the net proceeds of asset sales and casualty events within 180 days and, in the case of asset sales and casualty events, prepayment of the Incremental Bridge Loan. The Company may not voluntarily prepay the Second Lien Loans prior to March 31, 2019 except (a) in connection with a Change of Control (as defined in the Second Lien Credit Agreement) or (b) if the closing price of our common stock on the principal exchange on which it is traded has been equal to or greater than 110% of the Conversion Price (as defined below) for at least 20 of the 30 trading days immediately preceding the prepayment.

The Company will be required to pay a make-whole premium in connection with any mandatory or voluntary prepayment of the Second Lien Loans.

Each tranche of the Second Lien Loans are separately convertible at any time, in full and not in part, at the option of the Lead Lender, as follows:

- 70% of the principal amount of each tranche of Second Lien Loans, together with accrued and unpaid interest and the make-whole premium on such principal amount (the “Conversion Sum”), will convert into a number of newly issued shares of common stock determined by dividing the total of such principal amount, accrued and unpaid interest and make-whole premium by \$5.50 (subject to certain customary adjustments, the “Conversion Price”); and
- 30% of the principal amount of the Conversion Sum will convert on a dollar for dollar basis into a new term loan (the “Take Back Loans”).

The terms of the Take Back Loans will be substantially the same as the terms of the Second Lien Loans, except that the Take Back Loans will not be convertible and will bear interest payable in cash at a rate of LIBOR plus 9% (subject to a 1% LIBOR floor).

Additionally, the Company will have the option to convert the Second Lien Loans, in whole or in part, into shares of common stock at any time or from time to time if, at the time of exercise of the Company’s conversion option, the closing price of the common stock on the principal exchange on which it is traded has been at least 150% of the Conversion Price then in effect for at least 20 of the 30 immediately preceding trading days. Conversion at the Company’s option will occur on the same terms as conversion at the Lender’s option.

#### *Second Lien Amendment*

On October 10, 2018, the Company entered into a sixth amendment to the Second Lien Credit Agreement (“Amendment No. 6 to the Second Lien Credit Agreement”), dated April 26, 2017, by and among the Company, the Guarantors, Wilmington Trust, National Association, as administrative agent, and the lenders party thereto, including Värde Partners, Inc., as lead lender. Among other matters, the Amendment No. 6 to the Second Lien Credit Agreement amended the Second Lien Credit Agreement to permit the Company to enter into and incur indebtedness under the Revolving Credit Agreement and to provide for the reduction in the principal amount of the Second Lien Term Loans under the Second Lien Credit Agreement pursuant to the Transaction Agreement (as defined and described below).

#### *Transaction Agreement*

On October 10, 2018, the Company entered into a Transaction Agreement (the “Transaction Agreement”) by and among the Company and the Värde Parties, pursuant to which the Company agreed to:

- issue to the Värde Parties (i) an aggregate of 5,952,763 shares of the Company’s common stock, par value \$0.0001 per share, which includes 5,802,763 shares of common stock at an exchange price of \$5.00 per share of common stock plus an additional 150,000 shares of common stock, and (ii) 39,254 shares of a newly created series of preferred stock of the Company, designated as “Series D 8.25% Convertible Participating Preferred Stock” (the “Series D Preferred Stock”), as consideration for the reduction by approximately \$56.3 million of the outstanding principal amount of the Second Lien Term Loan under the Second Lien Credit Agreement, together with accrued and unpaid interest and the make-whole amount thereon totaling approximately \$11.9 million;
- issue and sell to the Värde Parties 25,000 shares of a newly created subseries of the Company’s Series C 9.75% Convertible Participating Preferred Stock, designated as “Series C-2 9.75% Convertible Participating Preferred Stock” (the “Series C-2 Preferred Stock”), for a purchase price of \$1,000 per share, or an aggregate of \$25.0 million.

The reduction of the \$56.3 million of the outstanding principal amount of the Second Lien Term Loan including the accrued and unpaid interest and the make-whole amount totaling approximately \$11.9 million resulted in the recognition of a loss of \$12.3 million on early extinguishment of debt in the Company’s Consolidated Statement of Operations during the year ended December 31, 2018.

Closing of the issuance of the shares of common stock and Series D Preferred Stock and the issuance and sale of the shares of Series C-2 Preferred Stock pursuant to the Transaction Agreement occurred on October 10, 2018. The Series D Preferred Stock and the Series C-2 Preferred Stock are recorded at fair value of \$39.9 million and \$25.0 million, respectively, as mezzanine equity as of December 31, 2018.

As discussed in Note 7, *Fair Value of Financial Instruments*, above and Note 8, *Derivatives*, above, the Company separately accounts for the embedded conversion features as a derivative instrument in accordance with accounting guidance relating to recording embedded derivatives at fair value. The initial fair value of the embedded derivatives is recorded as a debt discount to the Second Lien Term Loan. The debt discount is amortized over the term of the Second Lien Term Loan using the effective interest method.

#### Riverstone First Lien Credit Agreement

On January 30, 2018, the Company entered into an Amended and Restated Senior Secured Term Loan Credit Agreement (the “Riverstone First Lien Credit Agreement”), by and among the Company, the subsidiaries of the Company party thereto as guarantors, Riverstone Credit Management LLC, as administrative agent and collateral agent, and the lenders party thereto. Effective at closing under the Riverstone First Lien Credit Agreement, which occurred on January 31, 2018, the Riverstone First Lien Credit Agreement amended and restated the Company’s First Lien Credit Agreement, which was entered into by the Company on September 29, 2016, and subsequently amended on April 26, 2017, July 25, 2017, and October 19, 2017 (the “First Lien Credit Agreement”).

Pursuant to the Riverstone First Lien Credit Agreement, the lenders thereunder agreed to make term loans to the Company in the aggregate principal amount of \$50.0 million (Riverstone First Lien Loans”), all of which were funded in full at closing at an original issue discount of 1.0% of the principal amount. The Riverstone First Lien Credit Agreement provides the potential for additional term loans of up to \$30 million, as requested by the Company and subject to certain conditions, which additional loans were uncommitted at closing. The Company used approximately \$31.5 million of the proceeds of the Riverstone First Lien Loans to repay in full its obligations under and retire the First Lien Credit Agreement during the first quarter of 2018. The Riverstone First Lien Credit Agreement was subsequently paid and settled on October 10, 2018 for a total of \$57.0 million which included principal, accrued PIK interest and prepayment penalties. The repayment of the Riverstone First Lien Credit Agreement resulted in a write-off of \$1.9 million of unamortized debt issuance costs and the recognition of an \$8.1 million loss in early extinguishment of debt, due primarily to prepayment penalties and write off of unamortized debt issuance costs, in the Company’s Consolidated Statement of Operations during the year ended December 31, 2018.

#### SOS Note

On June 30, 2016, pursuant to the merger agreement with Brushy and as a condition of the fourth amendment to such merger agreement, the Company was required to make a cash payment of \$500,000 to SOS, and also executed a subordinated promissory note with SOS, for \$1.0 million, at an interest rate of 6% per annum which matures on June 30, 2019. In conjunction with the cash payment and the note, the Company also issued 200,000 warrants at an exercise price of \$25.00. The Company accounted for the cost of warrants of \$0.2 million as part of the Brushy merger transaction costs during the year ended December 31, 2016. The SOS note was fully paid on January 22, 2018.

#### Interest Expense

The components of interest expense are as follows:

	<b>Year Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(in thousands)</i>	
Interest on bridge loans associated with First Lien Term Loan	\$ 728	\$ 1,774
Interest on Revolving Credit Agreements	2,242	—
Interest on Notes Payable	5	53
Paid-in-kind interest on First Lien Term Loan and Second Lien Term Loan	12,213	6,559
Amortization of debt financing costs on Second Lien Term Loan and Revolving Credit Agreement	3,241	1,886
Amortization of discount on Second Lien Term Loan	14,398	8,485
<b>Total:</b>	<b>\$ 32,827</b>	<b>\$ 18,757</b>

## NOTE 10 - LONG-TERM DEFERRED REVENUE AND OTHER LIABILITIES

### *SCM Water LLC's Option to Exercise Purchase of Salt Water Disposal Assets*

In July 2018, the Company entered into a water gathering and disposal agreement with SCM Water, LLC ("SCM Water"). The water gathering project will complement the Company's existing water disposal infrastructure, and the Company has reserved the right to recycle its produced water. SCM Water will commence, upon receipt of regulatory approval, to build out new gathering and disposal infrastructure to all of the Company's current and future well locations in Lea County, New Mexico, and Winkler County, Texas. All future capital expenditures will be fully funded by SCM Water and will be designed to accommodate all water produced by the Company's operations. The Company will act as contract operator of SCM Water's salt water disposal ("SWD Wells"). The Company has sold to SCM Water an option to acquire the Company's existing water infrastructure, a system which is comprised of approximately 14 miles of pipeline and one SWD well for cash consideration upon closing, with additional payments based on reaching certain milestones.

The Company is actively working on permitting additional SWD locations to facilitate the exercise of the option. The Company anticipates that the majority of its water will eventually be disposed through the future SCM Water system at a competitive gathering rate under the agreement. Total cash consideration for the water gathering and disposal infrastructure is \$20.0 million. On July 25, 2018, the Company received an upfront non-refundable payment of \$10.0 million for the option to acquire its existing water infrastructure for the firm transportation and pricing for crude oil and \$5.0 million for a prefunded drilling bonus. Additionally, the Company received \$2.5 million on October 1, 2018 for the right-of-way/easement bonus and would receive an additional \$2.5 million upon hitting the target of 40,000 barrels per day of produced water. As of December 31, 2018, the Company recorded the \$17.5 million as deferred revenue until such time as SCM Water exercises its option to acquire the Company's salt water disposal infrastructure.

### *Crude Oil Gathering Agreement and Option Agreement*

On May 21, 2018, the Company entered into a crude oil gathering agreement and option agreement with Salt Creek Midstream, LLC ("SCM"). The crude oil gathering agreement (the "Gathering Agreement") enables SCM to (i) design, engineer, and construct a gathering system which will provide gathering services for the Company's crude oil and (ii) gather the Company's crude oil on the gathering system in certain production areas located in Winkler and Loving Counties, Texas and Lea County, New Mexico. Construction of the gathering system has commenced and is expected to be completed in November 2018. The Gathering Agreement has a term of 12 years that automatically renews on a year to year basis until terminated by either party. SCM and the Company also entered into an option agreement (the "Option Agreement") whereby the Company granted an option to SCM to provide certain midstream services related to natural gas in Winkler and Loving Counties, Texas and Lea County, New Mexico, subject to the expiration and terms of the Company's existing gas agreement. The Option Agreement has a term commencing May 21, 2018 and terminating January 1, 2027, pursuant to its one-time option. As consideration for this option, the Company received a one-time of payment \$35.0 million which was recorded in long-term deferred revenue.

## NOTE 11 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2018 and 2017, the Company has engaged in the following transactions with related parties:

Related Party	Transactions	Year Ended December 31,	
		2018	2017
<i>(\$ in thousands)</i>			
Brennan Short (former Chief Operating Officer)	Consulting fees paid to MMZ Consulting, Inc. ("MMZ") which is owned by Mr. Short. Mr. Short is the sole member of MMZ.	\$ —	\$ 204
	Total:	\$ —	\$ 204
Kevin Nanke (former Chief Financial Officer)	Purchased the DJ Basin properties from the Company through Nanke Energy, LLC	\$ —	\$ 2,000
	Total:	\$ —	\$ 2,000
Värde Partners, Inc. ("Värde") (1)	The Company acquired oil and natural gas interests from VPD, an affiliate of Värde	\$ 10,705	\$ —
	ImPetro Operating, LLC, a wholly-owned subsidiary of the Company is the operator for two of VPD's producing wells and VPD reimbursed the Company for operating overhead charges.	44	—
	Receivable balance outstanding as of December 31, 2018 for operating costs associated with the VPD's producing wells	1,843	—
	Total:	\$ 12,592	\$ —

(1) Värde is the lead lender in the Company's Second Lien Loans (see Note 9 – *Long-term Debt*) and also participated in the issuances of the Preferred Stock in January and October 2018 (see Note 13 – *Mezzanine Preferred Stock*).

## NOTE 12 - INCOME TAXES

The income tax provision (benefit) for the years ended December 31, 2018 and 2017 consisted of the following:

	December 31,	
	2018	2017
<i>(in thousands)</i>		
U.S. Federal:		
Current	\$ —	\$ —
Deferred	(7,496)	32,579
State and local:		
Current	—	—
Deferred	509	1,059
	(6,987)	33,638
Change in valuation allowance	6,987	(33,638)
Income tax provision	\$ —	\$ —

The tax effects of temporary differences that give rise to the Company's deferred tax asset as of December 31, 2018 and 2017 consisted of the following:

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(In thousands)</i>	
<b>Deferred tax assets:</b>		
Net operating loss carry-forward	\$ 27,568	\$ 15,653
Share based compensation	808	784
Abandonment obligation	541	212
Derivative instruments	—	191
Deferred revenue	11,630	—
Interest expense	3,804	—
Accrued liabilities and other	85	52
Total deferred tax asset	<u>44,436</u>	<u>16,892</u>
Valuation allowance	(23,611)	(16,624)
Deferred tax asset, net of valuation allowance	<u>\$ 20,825</u>	<u>\$ 268</u>
<b>Deferred tax liabilities:</b>		
Derivative instruments	249	—
Oil and natural gas properties and equipment	20,576	268
Total deferred tax liability	<u>20,825</u>	<u>268</u>
Net deferred tax asset (liability)	<u>\$ —</u>	<u>\$ —</u>

Reconciliation of the Company's effective tax rate to the expected U.S. federal tax rate is:

	<b>Year Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Effective federal tax rate	21.00 %	34.00 %
State tax rate, net of federal benefit	2.06 %	1.11 %
Effect of the Tax Cuts and Jobs Act	— %	-11.22 %
Change in fair value derivative liability	295.70 %	-2.59 %
Debt discount amortization	-72.97 %	-3.51 %
Share based compensation differences and forfeitures	— %	0.91 %
Change in rate	-6.40 %	-0.05 %
Other permanent differences	-5.69 %	-4.61 %
NOL true-up - §382 limitation	-5.51 %	-47.22 %
Loss from early debt extinguishment	-59.01 %	— %
Other	-0.56 %	-6.47 %
Valuation allowance	<u>-168.62 %</u>	<u>39.65 %</u>
Net	<u>— %</u>	<u>— %</u>

As of December 31, 2018 and 2017, the Company had net operating loss carry-forwards for federal income tax purposes of approximately \$127.5 million and \$70.1 million respectively, available to offset future taxable income. To the extent not utilized, federal net operating loss carry-forwards incurred prior to January, 1 2018 of \$67.4 million will expire beginning in 2028 through 2038. Federal net operating loss carryforwards incurred after December 31, 2017 of \$70.1 million have no expiration and can only be used to offset 80% of taxable income when utilized. A Section 382 analysis resulted in a true-up of the Company's net operating losses subject to limitation under Section 382 due to a change in ownership from \$118.6 million to \$9.1 million as of December, 31 2016 on the basis the net operating losses could never be utliized under the limitation. The net operating loss of \$127.5 million is subject to Section 382 limitations of utilization due to ownership changes of more than 50% which occurred in the current and prior tax years. The Company is currently in the process of determining the effect of the current change in ownership on the net operating loss carryforwards, including the analysis of net unrealized built-in-gains that will ultimately effect the overall limitation. The conclusion of the additional analysis under Section 382 will have no effect on the Company's effective income tax rate or the amount of the present valuation allowance position.

In assessing the need for a valuation allowance on the Company's deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon whether future book income is sufficient to reverse existing temporary differences that give rise to deferred tax assets, as well as whether future taxable income is sufficient to utilize net operating loss and credit carryforwards. Assessing the need for, or the sufficiency of, a valuation allowance requires the evaluation of all available evidence, both positive and negative. Negative evidence considered by management includes cumulative book and tax losses in recent years, no taxable income in available carryback years, and no tax planning strategies contemplated to realize the valued deferred tax assets.

As of December 31, 2018, and 2017, management assessed the available positive and negative evidence to estimate if sufficient future taxable income would be generated to use the Company's deferred tax assets and determined that it is not more-likely-than-not that the deferred tax assets would be realized in the near future. Therefore, the Company recorded a full valuation allowance of approximately \$23.6 million and \$16.6 million on its deferred tax assets as of December 31, 2018 and 2017, respectively.

The New Tax Cuts and Jobs Act (the "Act") was signed into law on December 22, 2017. The Act makes broad and complex changes to the U.S. tax code applicable to certain items in 2017 as well as those applicable to 2018 and subsequent years.

ASC 740 *Income Taxes* ("ASC 740") requires the recognition of the tax effects of the Act for annual periods that include December 22, 2017. At December 31, 2017, the Company made reasonable estimates of the effects on its existing deferred tax balances. The Company remeasured certain federal deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally twenty one percent. The amount recognized related to the remeasurement of its federal deferred tax balance was \$9.5 million, which was subject to a valuation allowance at December 31, 2017.

The Company will continue to analyze the Act and future IRS regulations, refine its calculations, gain a more thorough understanding of how individual states are implementing this new law and evaluate other provisions of the tax reform. This further analysis could potentially affect the measurement of deferred tax balances or potentially give rise to new deferred tax amounts.

### **NOTE 13 - MEZZANINE PREFERRED STOCK**

#### *Series C Preferred Stock*

On January 30, 2018, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") by and among the Company and certain private funds affiliated with Värde (the "Purchasers"), pursuant to which the Company agreed to issue and sell to the Purchasers, and the Purchasers agreed to purchase from the Company, 100,000 shares of a newly created series of preferred stock of the Company, designated as "Series C 9.75% Convertible Participating Preferred Stock" (the "Series C Preferred Stock"), for a purchase price of \$1,000 per share, or an aggregate of \$100.0 million. The terms of the Series C Preferred Stock were set forth in the Certificate of Designation for the Series C Preferred Stock (the "Amended and Restated Certificate of Designation") filed by the Company with the Secretary of State of the State of Nevada on January 31, 2018. Closing of the issuance and sale of the shares of Series C Preferred Stock pursuant to the Securities Purchase Agreement occurred on January 31, 2018.

#### *Series C Preferred Stock Tack-On and Series D Preferred Stock*

On April 26, 2017, the Company entered into the Second Lien Credit Agreement (as defined above in Note 9 - Long Term Debt) under which Värde is the lead lender, and certain private funds affiliated with Värde are lenders. On October 10, 2018, the Company entered into a Transaction Agreement (the "Transaction Agreement"), by and among the Company and certain private funds affiliated with Värde Partners, Inc. (the "Värde Parties"), pursuant to which the Company (i) exchanged approximately \$68.3 million of the loans under its Second Lien Credit Agreement for a combination of a Series D Preferred Stock and Common Stock (as such terms are hereinafter defined) and (ii) agreed to a tack-on issuance and sale to Värde Parties of a new subseries of Series C Preferred Stock. Specifically, pursuant to the Transaction Agreement, the Company agreed to:

- issue to the Värde Parties (i) an aggregate of 5,952,763 shares of the Company's common stock, par value \$0.0001 per share (the "Common Stock"), which includes 5,802,763 shares of Common Stock at an exchange price of \$5.00 per share of Common Stock plus an additional 150,000 shares of Common Stock, and (ii) 39,254 shares of a newly created series of preferred stock of the Company, designated as "Series D 8.25% Convertible Participating Preferred Stock" (the "Series D Preferred Stock"), as consideration for the reduction by approximately \$56.3 million of the outstanding principal amount of the Second Lien Term Loan under the Second Lien Credit Agreement, together with accrued and unpaid interest and the make-whole amount thereon totaling approximately \$11.9 million;

- issue and sell to the Värde Parties 25,000 shares of a newly created subseries of the Company’s Series C 9.75% Convertible Participating Preferred Stock, designated as “Series C-2 9.75% Convertible Participating Preferred Stock” (the “Series C-2 Preferred Stock”), for a purchase price of \$1,000 per share, or an aggregate of \$25 million.

Pursuant to an Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Convertible Participating Preferred Stock and Series C-2 9.75% Convertible Participating Preferred Stock (the “Series C Certificate of Designation”), filed by the Company with the Secretary of State of Nevada on October 10, 2018, the outstanding 100,000 shares of the Company’s Series C 9.75% Convertible Participating Preferred Stock were re-designated as “Series C-1 9.75% Convertible Participating Preferred Stock” (the “Series C-1 Preferred Stock” and, together with the Series C-2 Preferred Stock, the “Series C Preferred Stock”). The Series C Preferred Stock and the Series D Preferred Stock are referred to collectively as the “Preferred Stock.” No other terms or conditions of the Series C Preferred Stock were modified.

The terms of the Series D Preferred Stock are set forth in a Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Participating Preferred Stock (the “Series D Certificate of Designation” and, together with the Series C Certificate of Designation, the “Certificates of Designation”) filed by the Company with the Secretary of State of the State of Nevada on October 10, 2018.

Closing of the issuance of the shares of Common Stock and Series D Preferred Stock and the issuance and sale of the shares of Series C-2 Preferred Stock pursuant to the Transaction Agreement occurred on October 10, 2018. The Company intends to use the net proceeds from the sale of the shares of Series C-2 Preferred Stock for general corporate purposes, including the acquisition, exploration and development of oil and natural gas properties.

As of December 31, 2018, the Company accounted the Series C-1 Preferred Stock, Series C-2 Preferred Stock and the Series D Preferred Stock at its fair value plus cumulative PIK dividends, net of transaction costs under mezzanine equity in the consolidated balance sheet - see components of the Series C-1 Preferred Stock, Series C-2 Preferred Stock and Series D Preferred Stock summarized in the table below.

	Number of Series C-1 Preferred Shares	Series C-1 Preferred Stock	Number of Series C-2 Preferred Shares	Series C-2 Preferred Stock	Number of Series D Preferred Shares	Series D Preferred Stock	Total
	<i>(In thousands, except shares)</i>						
Balance, January 1, 2018	—	\$ —	—	\$ —	—	\$ —	\$ —
Issuance of Preferred Stock	100,000	100,000	25,000	25,000	39,254	39,919	164,919
Transaction costs (1)	—	(2,494)	—	(87)	—	—	(2,581)
Net Proceeds	100,000	97,506	25,000	24,913	39,254	39,919	162,338
Paid-in-kind dividends	—	9,268	—	609	—	810	10,687
Balance, December 31, 2018	100,000	\$ 106,774	25,000	\$ 25,522	39,254	\$ 40,729	\$ 173,025
Stated value per share		\$ 1,093		\$ 256		\$ 407	

- (1) Transaction costs incurred for the issuance of Series D Preferred Shares are included in the accounting for loss on the early extinguishment of debt associated with the Transaction Agreement dated October 10, 2018 on the reduction of the Second Lien Term Loan as disclosed in Note 9 Long-Term Debt.

There was no mezzanine equity as of December 31, 2017.

#### *Material Terms of the Series C Preferred Stock and Series D Preferred Stock*

The following is a description of the material terms of the Preferred Stock in the Securities Purchase Agreement.

**Ranking.** The Series D Preferred Stock ranks senior to the Series C Preferred Stock, and the Series C Preferred Stock ranks senior to the Common Stock with respect to dividends and rights on the liquidation, dissolution or winding up of the Company.

**Stated Value.** Each series of the Preferred Stock has a per share stated value of \$1,000, subject to increase in connection with the payment of dividends in kind (the “Stated Value”).



*Dividends.* Holders of shares of Preferred Stock are entitled to receive cumulative preferential dividends, payable and compounded quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, commencing April 1, 2018, at an annual rate of 9.75% of the Stated Value for the Series C Preferred Stock and 8.25% of the Stated Value for the Series D Preferred stock until April 26, 2021, after which the annual dividend rate will increase to 12.00% if paid in full in cash or 15.00% if not paid in full in cash. Dividends are payable, at the Company's option, (i) in cash, (ii) in kind by increasing the Stated Value by the amount per share of the dividend, or (iii) in a combination thereof. In addition to these preferential dividends, holders of the Preferred Stock will be entitled to participate in any dividends paid on the Common Stock on an as-converted basis. As of December 31, 2018, the Company accrued a cumulative balance of \$10.7 million of PIK dividends for the Preferred Stock as presented in the above table.

*Optional Redemption.* The Company has the right to redeem the Series C Preferred Stock, in whole or in part, at any time (subject to certain limitations on partial redemptions), at a price per share equal to (i) the Stated Value then in effect multiplied by (a) 120% if redeemed during 2018, (b) 125% if redeemed during 2019 or (c) 130% if redeemed after 2019, plus (ii) accrued and unpaid dividends thereon and any other amounts payable by the Company in respect thereof (the "Series C Optional Redemption Amount"). The Company has the right to redeem the Series D Preferred Stock, in whole or in part at any time (subject to certain limitations on partial redemptions), at a price per share equal to (i) the Stated Value then in effect multiplied by 117.5%, plus (ii) accrued and unpaid dividends thereon and any other amounts payable by the Company in respect thereof (the "Series D optional Redemption Amount"). Each Series of the Preferred Stock is perpetual and is not mandatorily redeemable at the option of the holders, except upon the occurrence of a Change of Control (as defined in the Certificates of Designation) as described below.

*Conversion.* Each share of Series C Preferred Stock is convertible at any time at the option of the holder into a number of shares of Common Stock equal to (i) the applicable Series C Optional Redemption Amount divided by (ii) a conversion price of \$6.15, subject to adjustment (the "Series C Conversion Price"). Each share of Series D Preferred Stock is convertible at any time at the option of the holder into a number of shares of Common Stock equal to (i) the Series D Optional Redemption Amount divided by (ii) a conversion price of \$5.50, subject to adjustment (the "Series D Conversion Price" and, together with the Series C Conversion Price, the "Conversion Prices"). The Conversion Prices will be subject to proportionate adjustment in connection with stock splits and combinations, dividends paid in stock and similar events affecting the outstanding Common Stock. Additionally, the Conversion Prices will be adjusted, based on a broad-based weighted average formula, if the Company issues, or is deemed to issue, additional shares of Common Stock for consideration per share that is less than the lesser of (i) \$5.25 and (ii) the applicable Conversion Price then in effect, subject to certain exceptions and to the applicable Share Cap (as defined below).

The Company has the right to force the conversion of any or all of the outstanding shares of Preferred Stock if (i) the volume-weighted average price per share of the Common Stock on the principal exchange on which it is then traded has been at least 140% of the applicable Conversion Price then in effect for at least 20 of the 30 consecutive trading days immediately preceding the exercise by the Company of the forced conversion right and (ii) certain trading and other conditions are satisfied.

To comply with rules of the NYSE American (on which the Common Stock is traded), the Certificates of Designation provide that the number of shares of Common Stock issuable on conversion of a share of Preferred Stock may not exceed (i) in the case of the Series C-1 Preferred Stock (a) the Stated Value divided by (b) \$4.42 (which was the closing price of the Common Stock on the NYSE American on January 30, 2018) (the "C-1 Share Cap") or (ii) in the case of the Series C-2 Preferred Stock and the Series D Preferred Stock (a) the Stated Value divided by (b) \$4.41 (which was the closing price of the Common Stock on the NYSE American on October 9, 2018) (together with the C-1 Share Cap, the "Share Caps"), in each case prior to the receipt of shareholder approval of the issuance of shares of Common Stock.

*Change of Control.* Upon the occurrence of a Change of Control (as defined in the Certificates of Designation), each holder of shares of Preferred Stock will have the option to:

- cause the Company to redeem all of such holder's shares of Preferred Stock for cash in an amount per share equal to (i) the applicable Optional Redemption Amount plus (ii) 2.5% of the Stated Value, in each case as in effect immediately prior to the Change of Control;
- convert all of such holder's shares of Preferred Stock into the number of shares of Common Stock into which such shares are convertible immediately prior to the Change of Control; or
- continue to hold such holder's shares of Preferred Stock, subject to any adjustments to the applicable Conversion Price or the number and kind of securities or other property issuable upon conversion resulting from the Change of Control and to the Company's or its successor's optional redemption rights described above.

*Liquidation Preference.* Upon any liquidation, dissolution or winding up of the Company:

- holders of shares of Series D Preferred Stock will be entitled to receive, prior to any distributions on the Series C Preferred Stock, the Common Stock or other capital stock of the Company ranking junior to the Series D Preferred Stock, an amount per share of Series D Preferred Stock equal to the greater of (i) the Series D Optional Redemption Amount then in effect

and (ii) the amount such holder would receive in respect of the number of shares of Common Stock into which such shares of Series D Preferred Stock is then convertible; and

- holders of shares of Series C Preferred Stock will be entitled to receive, prior to any distributions on the Common Stock or other capital stock of the Company ranking junior to the Series C Preferred Stock, an amount per share of Series C Preferred Stock equal to the greater of (i) the applicable Series C Optional Redemption Amount then in effect and (ii) the amount such holder would receive in respect to the number of shares of common stock into which a share of Series C Preferred Stock is then convertible.

*Voting Rights.* In addition to the Board designation rights described in the Certificate of Designation, holders of shares of Preferred Stock will be entitled to vote with the holders of shares of Common Stock, as a single class, on all matters submitted for a vote of holders of shares of Common Stock. When voting together with the Common Stock, each share of Preferred Stock will entitle the holder to a number of votes equal to (i) the applicable Stated Value as of the applicable record date or other determination date divided by (ii) (a) in the case of Series C-1 Preferred Stock, \$4.42 (the closing price of the Common Stock on the NYSE American on January 30, 2018), and (b) in the case of Series C-2 Preferred Stock and Series D Preferred Stock, \$4.41 (the closing price of the Common Stock on the NYSE American on October 9, 2018).

## **NOTE 14 - STOCKHOLDERS' EQUITY**

### *Issuance of Common Stock*

On October 10, 2018, in conjunction with the consideration for the reduction of the outstanding principal amount of the term loan under the Second Credit Agreement as disclosed in Note 9 - Long-term Debts, the Company issued an aggregate of 5,952,763 shares of the Company's common stock, par value \$0.0001 per share which includes 5,802,763 shares of common stock at an exchange price of \$5.00 per share of common stock plus an additional 150,000 shares of common stock.

### *Common Stock Repurchase*

In March 2018, the Company entered into a share-repurchase agreement (the "SRA") with an investment brokerage company ("Broker") to repurchase \$1.0 million of the Company's common stock as part of the Share Repurchase Plan (the "Plan"). Under the terms of the SRA, the Company paid cash directly to the Broker and received delivery of shares of the Company's common stock. All of the shares acquired by the Company under the SRA are recorded as treasury stock. For the nine months ended December 31, 2018 the Company purchased 253,598 shares of the Company's common stock for approximately \$1.0 million.

### *Authorized Shares of Common Stock*

On May 2, 2017, the Board of Directors authorized the amendment of the Company's certificate of incorporation to increase the number of authorized shares of common stock by 50 million from the prior level of 100 million. This amendment was also approved by the Company's stockholders on July 13, 2017. There was no change in the stated par value of the shares as a result of this amendment.

### *Private Placement*

On February 28, 2017, the Company entered into a Securities Subscription Agreement (the "Subscription Agreement") with certain institutional and accredited investors in connection with a private placement (the "March 2017 Private Placement") to sell 5.2 million units, consisting of approximately 5.2 million shares of common stock and warrants to purchase approximately an additional 2.6 million shares of common stock. Each unit consisted of one share of common stock and a warrant to purchase 0.50 shares of common stock, at a price per unit of \$3.85. Each warrant has an exercise price of \$4.50 and may be subject to redemption by the Company, upon prior written notice, if the price of the Company's common stock closes at or above \$6.30 for twenty trading days during a consecutive thirty trading day period. As of December 31, 2017, the Company received aggregate gross proceeds of \$20.0 million and issued 5,194,821 shares of common stock and warrants to purchase 2,597,420 shares of common stock.

## Warrants

The following table provides a summary of warrant activity as of December 31, 2018 and 2017:

	Warrants	Weighted-Average Exercise Price
Outstanding at January 1, 2017	15,915,511	\$ 3.34
Warrants issued in connection with private placement	2,597,420	4.50
Warrants issued to Heartland	160,714	3.50
Exercised	(6,144,176)	(0.30)
Forfeited or expired	(646,669)	(25.70)
Outstanding at December 31, 2017	11,882,800	\$ 3.34
Exercised	(3,975,957)	2.21
Forfeited or expired	(2,889,514)	3.35
Outstanding at December 31, 2018	5,017,329	\$ 3.83

The outstanding warrants at December 31, 2018 will expire as follows:

Year	Warrants
2019	2,263,267
2020	174,642
2021	—
2022	2,579,420
	5,017,329

## NOTE 15 - STOCK BASED AND OTHER COMPENSATION

On April 20, 2016, the Company's Board and the Compensation Committee of the Board approved the Company's 2016 Omnibus Incentive Plan (the "2016 Plan"). On November 3, 2016 the Company's stockholders voted to increase number of shares of common stock authorized for issuance under the 2016 Plan to 10 million. At the 2017 Annual Meeting of Stockholders of the Company held on July 13, 2017, the Company's stockholders approved the second amendment to its 2016 Plan to increase the number of shares of common stock available for grant under the 2016 Plan from 10 million to 13 million shares. As of December 31, 2018, 6.7 million shares of the 13 million shares of the Company's common stock authorized for awards under the 2016 Plan remained available for future issuances. The Company generally issues new shares to satisfy awards under employee stock based payment plans.

The following table sets forth the stock based compensation expense recognized during the years ended December 31, 2018 and 2017 and the unamortized portion of the stock based compensation expense and weighted average amortization period of the remaining vesting period at December 31, 2018 and 2017:

<i>(in thousands)</i>	2018			2017		
	Stock Options	Restricted Stock	Total	Stock Options	Restricted Stock	Total
Stock based compensation expense	\$ 2,158	\$ 6,842	\$ 9,000	\$ 7,255	\$ 14,283	\$ 21,538
Unamortized stock based compensation costs	\$ 487	\$ 3,501	\$ 3,988	\$ 4,267	\$ 8,669	\$ 12,936
Weighted average amortization period remaining (years)	0.3	0.5		0.7	0.8	

Summary of non-cash compensation in the Statement of Changes in Stockholders' Equity:

	December 31,	
	2018	2017
	<i>(In thousands)</i>	
Common stock issued for directors' fees	\$ 1,182	\$ 959
Stock based compensation for issuance of stock options	1,933	7,255
Stock based compensation for issuance of restricted stock	4,372	13,227
Common stock issued for professional services	1,513	97
Total non-cash compensation in the Statement of Changes in Stockholders' Equity	\$ 9,000	\$ 21,538

#### *Restricted Stock*

Employees may be granted restricted stock in the form of restricted stock awards or restricted stock units. Restricted stock is subject to forfeiture restrictions and cannot be sold, transferred, or disposed of during the restriction period. The holders of restricted stock awards have the same rights as a stockholder of the Company with respect to such shares, including the right to vote and receive dividends or other distributions paid with respect to the shares. A restricted stock unit is equivalent to a restricted stock award except that unit holders do not have the right to vote. Restricted stock vests over service periods ranging from the date of grant generally up to two or three years.

A summary of restricted stock grant activity pursuant to the 2016 Plan for the years ended December 31, 2018 and 2017 is presented below:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at January 1, 2017	1,068,305	\$ —
Granted	4,266,345	1.54
Vested and issued	(2,162,915)	(1.75)
Forfeited or canceled	(696,469)	—
Outstanding at December 31, 2017	2,475,266	\$ 4.22
Granted	1,194,944	4.59
Vested and issued	(1,436,146)	(2.38)
Forfeited or canceled	(1,280,480)	(4.44)
Outstanding at December 31, 2018	953,584	\$ 4.85

A summary of restricted stock unit grant activity pursuant to the 2012 Plan for the years ended December 31, 2018 and 2017 is presented below. The Company no longer grants any awards under the 2012 Plan.

	Number of Shares	Weighted Average Grant Date Price
Outstanding at January 1, 2017	186,900	\$ 12.29
Granted	—	—
Vested and issued	(150,419)	(18.75)
Forfeited	(26,482)	(16.15)
Outstanding at December 31, 2017	9,999	6.57
Granted	—	—
Vested and issued	(9,999)	(6.57)
Forfeited	—	—
Outstanding at December 31, 2018	\$ —	\$ —

### *Stock Options*

Employees may be granted incentive stock options to purchase shares of the Company's common stock with an exercise price equal to, or greater than, the fair market value of the Company's common stock on the date of grant. These stock options generally vest over two years from the date of grant and terminate at the earlier of the date of exercise or ten years from the date of grant. During the years ended December 31, 2018 and 2017, the Company received cash proceeds of approximately \$2.6 million and approximately \$0.5 million, respectively, from the exercise of vested stock options.

The fair value of stock option awards is determined using the Black-Sholes-Merton option-pricing model based on several assumptions. These assumptions are based on management's best estimate at the time of grant. The Company used the following weighted average of each assumption based on the grants in each fiscal year:

	2018	2017
Expected Term in Years	6	2
Expected Volatility	66%	101%
Expected Dividends	—%	—%
Risk-Free Interest Rate	2.67%	1.38%

The Company estimates expected volatility based on an analysis of its historical stock prices since the initial public offering date in 2007. The Company estimates the expected term of its option awards based on the vesting period. The Company uses this method to provide a reasonable basis for estimating its expected term due to the lack of sufficient historical employee exercise data on stock option awards.

A summary of stock option activity for the years ended December 31, 2018 and 2017 is presented below:

**Stock Options Outstanding and Exercisable**

	Number of Options	Weighted Average Exercise Price	Number of Options Vested/ Exercisable	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2016	5,956,833	\$ 2.04	2,208,757	9.6
Granted	3,260,000	4.74		
Exercised	(304,896)	(2.01)		
Forfeited or canceled	(1,606,937)	(3.06)		
Outstanding at December 31, 2017	7,305,000	3.74	3,534,484	8.9
Granted	352,500	4.07		
Exercised	(1,024,877)	(2.67)		
Forfeited or canceled	(1,601,045)	(4.20)		
Outstanding at December 31, 2018	5,031,578	\$ 3.81	5,035,317	7.9

During the year ended December 31, 2018, options to purchase 352,500 shares of the Company's common stock were granted under the 2016 Plan. The weighted average fair value of these options was \$4.07. During the year ended December 31, 2018, the Company received \$2.6 million from the exercise of vested stock options.

The outstanding options had no intrinsic value at December 31, 2018. The outstanding options had an intrinsic value of approximately \$10.1 million at December 31, 2017.

**NOTE 16 - SUPPLEMENTAL CASH FLOW INFORMATION**

The following table summarizes information on non-cash investing and financing activities for the years ended December 31, 2018 and 2017:

	2018	2017
	<i>(in thousands)</i>	
Non-cash investing and financing activities excluded from the statement of cash flows:		
Conversion of Series B Preferred Stock and accrued dividends to common stock	\$ —	\$ 14,865
Fair value of warrants issued for financing costs and debt discount	—	1,031
Common stock issued for acquisition of oil and natural gas properties	24,778	—
Common stock issued for commitment fees associated with Private Placement	—	250
Cashless exercise of warrants and stock options	359	370
Accrued drilling costs	7,850	3,615
Change in asset retirement obligation	1,495	99
Issuance of common stock for drilling services	—	97
Issuance of common stock and preferred stock for debt conversion	64,504	—
Reduction of fair value for converted embedded derivatives	12,406	—
Accrued PIK dividends on Series C-1, C-2 and D Preferred Stock	10,687	—
Transfer of warrant derivative instruments to equity	223	—

## NOTE 17 - LOSS PER COMMON SHARE

The following table shows the computation of basic and diluted net loss per share for the years ended December 31, 2018 and 2017:

	Year Ended December 31,	
	2018	2017
	<i>(in thousands)</i>	
Net loss	\$ (4,143)	\$ (80,082)
Dividends on Series C-1, C-2 and D convertible preferred stock	(10,687)	—
Dividends on redeemable preferred stock	—	(122)
Dividend and deemed dividends on Series B convertible preferred stock	—	(4,635)
Net loss attributable to common stockholders	<u>\$ (14,830)</u>	<u>\$ (84,839)</u>
Weighted average common shares outstanding - basic	<u>62,854,214</u>	<u>42,428,148</u>
Net loss per common share - basic	<u>\$ (0.24)</u>	<u>\$ (2.00)</u>
<b>Numerator for diluted loss per share:</b>		
Net loss attributable to common stockholders	\$ (14,830)	\$ (84,839)
Add: interest expense on convertible Second Lien Loans	13,429	—
Less: fair value change of embedded derivatives associated with Second Lien Loans	(35,471)	—
Net loss attributable to common stockholders	<u>\$ (36,872)</u>	<u>\$ (84,839)</u>
<b>Denominator for diluted net loss per share:</b>		
Weighted average number of common shares outstanding - basic	62,854,214	42,428,148
Dilution effect of if-converted Second Lien Loans (1)	<u>15,597,127</u>	<u>—</u>
Weighted average number of common shares outstanding - diluted	<u>78,451,341</u>	<u>42,428,148</u>
<b>Net loss per share - diluted:</b>		
Net loss per common shares (diluted)	<u>\$ (0.47)</u>	<u>\$ (2.00)</u>

(1)The Company excluded the following shares from the diluted loss per share calculations because they are anti-dilutive at December 31, 2018 and 2017:

	December 31,	
	2018	2017
Stock Options	5,031,578	7,305,000
Restricted Stock Units	—	9,999
Stock Purchase Warrants	5,017,329	11,882,800
If-converted Second Lien Term Loans	—	24,202,016
If-converted Series C-1 9.75% Convertible Participating Preferred Stock	21,309,234	—
If-converted Series C-2 9.75% Convertible Participating Preferred Stock	4,986,382	—
If-converted Series D 8.25% Convertible Participating Preferred Stock	8,543,670	—
Total	<u>44,888,193</u>	<u>43,399,815</u>





## **NOTE 18 - SEGMENT INFORMATION**

Operating segments are defined as components of an entity that engage in activities from which it may earn revenues and incur expenses for which separate operational financial information is available and are regularly evaluated by the chief operating decision maker for the purposes of allocating resources and assessing performance. The Company currently has only one reportable operating segment, which is oil and natural gas development, exploration and production for which the Company has a single management team that allocates capital resources to maximize profitability and measures financial performance as a single entity.

## **NOTE 19 - COMMITMENTS AND CONTINGENCIES**

### *Firm Oil Takeaway and Pricing Agreement*

On July 25, 2018, the Company executed a five-year agreement to secure firm takeaway pipeline capacity and pricing on a long-haul pipeline to the Gulf Coast commencing July 1, 2019. The agreement guarantees 6,000 Bbl/d of firm capacity on a long-haul pipeline to Corpus Christi at a specified price, beginning July 1, 2019 through June 30, 2020, and 5,000 Bbl/d from July 1, 2020 through June 30, 2024. We will have firm takeaway and firm pricing commencing July 1, 2019, and the ability to increase capacity subject to availability by SCM. Further, SCM has agreed to purchase the crude from us at a specified Magellan East Houston price with a fixed “differential basis,” providing price relief versus current market conditions.

### *Environmental and Governmental Regulation*

At December 31, 2018, there were no known environmental or regulatory matters which are reasonably expected to result in a material liability to the Company. Many aspects of the oil and natural gas industry are extensively regulated by federal, state, and local governments in all areas in which the Company has operations. Regulations govern such things as drilling permits, environmental protection and air emissions/pollution control, spacing of wells, the unitization and pooling of properties, reports concerning operations, land use, and various other matters including taxation. Oil and natural gas industry legislation and administrative regulations are periodically changed for a variety of political, economic, and other reasons. As of December 31, 2018, the Company had not been fined or cited for any violations of governmental regulations that would have a material adverse effect upon the financial condition of the Company.

### *Legal Proceedings*

The Company may from time to time be involved in various legal actions arising in the normal course of business. In the opinion of management, the Company’s liability, if any, in these pending actions would not have a material adverse effect on the financial position of the Company. The Company’s general and administrative expenses would include amounts incurred to resolve claims made against the Company.

The Company believes there is no litigation pending that could have, individually or in the aggregate, a material adverse effect on its results of operations or financial condition.

### *Operating Leases*

The Company has only the office spaces in both Houston, Texas, and Fort Worth, Texas, with minimum lease payments with commitments that have initial or remaining lease terms in excess of one year as of December 31, 2018, comprising \$0.2 million in 2019, \$0.1 million in 2020 and less than \$0.1 million in 2021. The Company recognizes rent expense on a straight-line basis over the noncancelable lease term. The leases for office space in Houston, Texas, and Fort Worth, Texas, expire in August 2021 and January 2020, respectively. There were no other noncancelable leases during the year ended December 31, 2018. For the years ended December 31, 2018 and 2017, the Company recognized rent expense of \$0.6 million, respectively.

## **NOTE 20 - SUBSEQUENT EVENTS**

### **First Amendment and Waiver to Revolving Credit Agreement**

On March 1, 2019, the Company entered into a First Amendment and Waiver (the “First Amendment”) to the Revolving Credit Agreement. Among other matters, the First Amendment provided for an acceleration of the scheduled May 2019 redetermination of the borrowing base under the Revolving Credit Agreement. The redetermination became effective on March 5, 2019 upon closing of the transactions contemplated by the 2019 Transaction Agreement (as defined below), including the satisfaction in full, as described below, of the Second Lien Loans under the Second Lien Credit Agreement. As so redetermined, the borrowing base is \$125 million until the next redetermination date, reflecting an increase of \$17 million from the previously in effect borrowing base of \$108 million. As amended by the First Amendment, the Revolving Credit Agreement provides that the next scheduled borrowing base redetermination will occur on or about July 1, 2019. Thereafter, scheduled redeterminations of the borrowing base will occur semi-annually on or about May 1 and November 1 of each year, beginning November 1, 2019.

In connection with the satisfaction in full of the Second Lien Loans and the termination of the Second Lien Credit Agreement, the First Amendment also amended the maturity date provisions of the Revolving Credit Agreement to eliminate any springing maturity under the Revolving Credit Agreement tied to the maturity of the Second Lien Credit Agreement, resulting in a fixed maturity date under the Revolving Credit Agreement of October 10, 2023.

As disclosed in Note 9 - Long-Term Debt, the First Amendment also included a limited waiver of compliance by the Company with the leverage ratio covenant in the Revolving Credit Agreement as of December 31, 2018. The First Amendment also effected certain other ministerial and conforming amendments to the Revolving Credit Agreement related to the transactions contemplated by the 2019 Transaction Agreement and required payment by the Company to lenders of customary fees.

### **2019 Transaction Agreement**

On March 5, 2019, the Company entered into a Transaction Agreement (the “2019 Transaction Agreement”) by and among the Company and the Värde Parties. Pursuant to the Transaction Agreement and a related payoff letter, the Company agreed to issue to the Värde Parties shares of two new series of its preferred stock and shares of its Common Stock, as consideration for the termination of the Second Lien Credit Agreement and the satisfaction in full, in lieu of repayment in cash, of all the Second Lien Loans under the Second Lien Credit Agreement. Specifically, in exchange for satisfaction of the outstanding principal amount of the Second Lien Loans, accrued and unpaid interest thereon and the make-whole amount totaling approximately \$133.6 million (the “Second Lien Exchange Amount”), the Company agreed to issue to the Värde Parties an aggregate of:

- 55,000 shares of a newly created series of preferred stock of the Company, designated as “Series F 9.00% Participating Preferred Stock” (the “Series F Preferred Stock”), corresponding to \$55 million of the Second Lien Exchange Amount based on the aggregate initial Stated Value of the shares of Series F Preferred Stock;
- 60,000 shares of a newly created series of preferred stock of the Company, designated as “Series E 8.25% Convertible Participating Preferred Stock” (the “Series E Preferred Stock”), corresponding to \$60 million of the Second Lien Exchange Amount based on the aggregate initial Stated Value (as defined below) of the shares of Series E Preferred Stock; and
- 9,891,638 shares of Common Stock, corresponding to approximately \$18.6 million of the Second Lien Exchange Amount, based on the closing price of the Common Stock on the NYSE American on March 4, 2019 of \$1.88.

In addition, pursuant to the Transaction Agreement, the Company agreed to issue to the Värde Parties an aggregate of 7,750,000 shares of Common Stock, as consideration for the Värde Parties’ consent to the amendment of the terms of the Series D Preferred Stock and the Series C Preferred Stock (each as defined in Note 13) to, as more fully described below:

- eliminate the convertibility of the Series D Preferred Stock and the Series C Preferred Stock into shares of Common Stock;
- eliminate the right of holders of the Series D Preferred Stock and the Series C Preferred Stock to vote together with holders of Common Stock;
- modify the rights of holders of the Series D Preferred Stock and the Series C Preferred Stock to participate with holders of Common Stock in dividends and distributions on liquidation;
- cap the redemption premium on the Series C Preferred Stock at the current level of 25%, instead of increasing to 30% after December 31, 2019;
- modify in some respects the rights of holders of the Series D Preferred Stock and the Series C Preferred Stock to appoint members of the Company’s board of directors; and
- conform certain negative covenants to those applicable to the Series F Preferred Stock and Series E Preferred Stock.

Closing of the transactions contemplated by the 2019 Transaction Agreement, including the issuance of the shares of Series F Preferred Stock, Series E Preferred Stock and Common Stock, the satisfaction and termination of the Second Lien Credit Agreement and the amendment of the terms of the Series D Preferred Stock and Series C Preferred Stock occurred on March 5,

2019. References to the Series D Preferred Stock and the Series C Preferred Stock below in this Note 20 are to those series of preferred stock as so amended.

The terms of the Series F Preferred Stock are set forth in a Certificate of Designation of Preferences, Rights and Limitations of Series F 9.00% Participating Preferred Stock filed by the Company with the Secretary of State of the State of Nevada on March 5, 2019 (the "Series F Certificate of Designation"). The terms of the Series E Preferred Stock are set forth in a Certificate of Designation of Preferences, Rights and Limitations of Series E 8.25% Convertible Participating Preferred Stock filed by the Company with the Secretary of State of the State of Nevada on March 5, 2019 (the "Series E Certificate of Designation"). The terms of the Series D Preferred Stock are set forth in an Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Participating Preferred Stock filed by the Company with the Secretary of State of the State of Nevada on March 5, 2019 (the "Amended and Restated Series D Certificate of Designation"). The terms of the Series C Preferred Stock are set forth in a Second Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock filed by the Company with the Secretary of State of the State of Nevada on March 5, 2019 (the "Second Amended and Restated Series C Certificate of Designation"). The Series F Certificate of Designation, the Series E Certificate of Designation, the Amended and Restated Series D Certificate of Designation and the Second Amended and Restated Series C Certificate of Designation are referred to collectively in this Note 20 as the "Certificates of Designation".

The following is a description of the material terms of the Series F Preferred Stock and the Series E Preferred Stock, the material amended terms of the Series D Preferred Stock and the Series C Preferred Stock and the material terms of the 2019 Transaction Agreement. Except as otherwise noted in this Note 20, the material terms of the Series D Preferred Stock and the Series C Preferred Stock remain as in effect prior to the closing of the transactions contemplated by the 2019 Transaction Agreement as disclosed in Note 13 - Mezzanine Preferred Stock. The Series F Preferred Stock, the Series E Preferred Stock, the Series D Preferred Stock and the Series C Preferred Stock are referred to collectively in this Note 20 as the "Preferred Stock."

*Ranking.* The Series F Preferred Stock ranks senior to all of the other series of Preferred Stock, and the Series E Preferred Stock ranks senior to the Series D Preferred Stock and the Series C Preferred Stock, in each case with respect to dividends and rights on the liquidation, dissolution or winding up of the Company.

*Stated Value.* The Series F Preferred Stock and the Series E Preferred Stock have an initial per share stated value of \$1,000, subject to increase in connection with the payment of dividends in kind as described below (the "Stated Value").

*Dividends.* Holders of the Series F Preferred Stock and the Series E Preferred Stock are entitled to receive cumulative preferential dividends, payable and compounded quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, commencing April 1, 2019, at an annual rate of 9.00% of the Stated Value for the Series F Preferred Stock and 8.25% of the Stated Value for the Series E Preferred Stock. However, if, on any dividend payment date occurring after April 26, 2021, dividends due on such dividend payment date on the Series F Preferred Stock or the Series E Preferred Stock are not paid in full in cash, the annual dividend rate for the dividends due on such dividend payment date (but not for any future dividend payment date on which dividends are paid in full in cash) will be 10.00% on the Series F Preferred Stock and 9.25% on the Series E Preferred Stock. Dividends are payable, at the Company's option, (i) in cash, (ii) in kind by increasing the Stated Value by the amount per share of the dividend or (iii) in a combination thereof. The Company expects to pay dividends in kind for the foreseeable future.

In addition to these preferential dividends, holders of each series of Preferred Stock are entitled to participate in dividends paid on the Common Stock. For holders of the Series F Preferred Stock, the Series D Preferred Stock and the Series C Preferred Stock, such participation will be based on the dividends such holders would have received if, immediately prior to the applicable record date, each outstanding share of such series of Preferred Stock had been converted into a number of shares of Common Stock equal to the applicable Optional Redemption Price (as defined below) divided by \$7.00, subject to proportionate adjustment in connection with stock splits and combinations, dividends paid in stock and similar events affecting the outstanding Common Stock (such price, as so adjusted, the "Participation Price") (regardless of the fact that shares of such series of Preferred Stock are not convertible into Common Stock). For holders of the Series E Preferred Stock, such participation will be based on the number of shares of Common Stock such holders would have owned if all shares of Series E Preferred Stock had been converted to Common Stock at the Conversion Rate (as defined below) then in effect.

*Optional Redemption.*

The Company has the right to redeem the Series F Preferred Stock, in whole or in part at any time (subject to certain limitations on partial redemptions), at a price per share equal to (i) the Stated Value then in effect, multiplied by 115.0%, plus (ii) accrued and unpaid dividends thereon and any other amounts payable by the Company in respect thereof (the "Series F Optional Redemption Price").

The Series F Preferred Stock is not redeemable at the option of the holders except in connection with a Change of Control as described below and is perpetual unless redeemed in accordance with the Series F Certificate of Designation.

Subject to the limitations described below and certain additional limitations on partial redemptions, the Company has the right to redeem the Series E Preferred Stock, in whole or in part at any time, at a price per share equal to (i) the Stated Value then in effect multiplied by (A) 110% if the optional redemption date occurs on or prior to March 5, 2020, (B) 105% if the optional redemption date occurs after March 5, 2020 and on or prior to March 5, 2021 and (C) 100% if the optional redemption date occurs after March 5, 2021, plus (ii) accrued and unpaid dividends thereon and any other amounts payable by the Company in respect thereof (the "Series E Optional Redemption Price"). However, for any optional redemption effected in connection with or following a Change of Control (as defined in the Series E Certificate of Designation) or any mandatory redemption in connection with a Change of Control as described below, the Series E Optional Redemption Price will be calculated under clause (C) above, regardless of when the redemption or Change of Control occurs.

The Company may not effect an optional redemption of the Series E Preferred Stock unless:

- either (i) as of the optional redemption date, there are no shares of the Series F Preferred Stock outstanding or (ii) all outstanding shares of the Series F Preferred Stock are redeemed on such optional redemption date concurrently with such optional redemption of the Series E Preferred Stock in accordance with the terms of the Series F Certificate of Designation;
- the aggregate Series E Optional Redemption Price for all shares of the Series E Preferred Stock to be redeemed pursuant to such optional redemption shall not exceed the aggregate amount of net cash proceeds received by the Company from a contemporaneous issuance of Common Stock issued for the purpose of redeeming such shares of Series E Preferred Stock; and
- if the optional redemption date occurs prior to March 5, 2022, then (i) the VWAP for at least 20 trading days during the 30 trading day period immediately preceding the notice of the optional redemption has been at least 150% of the Conversion Price (as defined below) then in effect, and (ii) such optional redemption shall be for all (but not less than all) then-outstanding shares of Series E Preferred Stock.

The Series E Preferred Stock is not redeemable at the option of the holders except in connection with a Change of Control as described below and is perpetual unless converted or redeemed in accordance with the Series E Certificate of Designation.

As amended, the redemption price payable by the Company in connection with a redemption of the Series C Preferred Stock will be a price per share equal to (i) the Stated Value (as defined in the Series C Certificate of Designation) multiplied by 125.0% plus (ii) accrued and unpaid dividends thereon and any other amounts payable by the Company in respect thereof (the "Series C Optional Redemption Price" and, together with the Series E Optional Redemption Price, the Series F Optional Redemption Price and the Series D Optional Redemption Amount (as defined in Note 13), the respective "Optional Redemption Prices"). Prior to the amendments effected in connection with the closing under the 2019 Transaction Agreement, the percentage specified in clause (i) above would have increased to 130.0% for a redemption of the Series C Preferred Stock effected after December 31, 2019.

*Conversion.* Each share of the Series E Preferred Stock is convertible at any time at the option of the holder into a number of shares of Common Stock equal to (i) the applicable Series E Optional Redemption Price divided by (ii) the Conversion Price (as defined below) (the "Conversion Rate"). However, for purposes of determining the Conversion Rate, the Series E Optional Redemption Price will be calculated on the basis applicable to an optional redemption occurring after March 5, 2021 (*i.e.*, multiplying the Stated Value by 100.0%), regardless of the timing or circumstances of the conversion. The "Conversion Price" for the Series E Preferred Stock is \$2.50, subject to adjustment as described below. The Conversion Price will be subject to proportionate adjustment in connection with stock splits and combinations, dividends paid in stock and similar events affecting the outstanding Common Stock. Additionally, the Conversion Price will be adjusted, based on a broad-based weighted average formula, if the Company issues, or is deemed to issue, additional shares of Common Stock for consideration per share that is less than the Conversion Price then in effect, subject to certain exceptions and to the Share Cap (as defined below).

To comply with rules of the NYSE American, the Series E Certificate of Designation provides that the number of shares of Common Stock issuable on conversion of a share of Series E Preferred Stock may not exceed (the "Share Cap") the Stated Value divided by \$1.88 (which was the closing price of the Common Stock on the NYSE American on March 4, 2019), subject to proportionate adjustment in connection with stock splits and combinations, dividends paid in stock and similar events affecting the outstanding Common Stock (such price, as so adjusted, the "Initial Market Price"), prior to the receipt of shareholder approval of the issuance of shares of Common Stock in excess of the Share Cap upon conversion of shares of Series E Preferred Stock. The 2019 Transaction Agreement requires the Company to seek such shareholder approval at its next annual meeting of shareholders. Accordingly, the Company intends to seek such shareholder approval at its 2019 annual meeting of shareholders.

The Company does not have the right to force the conversion of shares of the Series E Preferred Stock based on the trading price of the Common Stock or otherwise.

The Series F Preferred Stock and, as amended, the Series D Preferred Stock and the Series C Preferred Stock are not convertible into Common Stock.

*Change of Control.* Upon the occurrence of a Change of Control (as defined in the Certificates of Designation), each holder of shares of the Series E Preferred Stock and the Series F Preferred Stock will have the option to:

- cause the Company to redeem all of such holder's shares of Series E Preferred Stock or Series F Preferred Stock for cash in an amount per share equal to the applicable Optional Redemption Price;
- in the case of the Series E Preferred Stock, convert all of such holder's shares of Series E Preferred Stock into Common Stock at the Conversion Rate; or
- continue to hold such holder's shares of Series E Preferred Stock or Series F Preferred Stock, subject to the Company's or its successor's optional redemption rights described above and, in the case of the Series E Preferred Stock, subject to any adjustments to the Conversion Price or the number and kind of securities or other property issuable upon conversion resulting from the Change of Control.

Because of the elimination of the convertibility of the Series D Preferred Stock and the Series C Preferred Stock, holders of the Series D Preferred Stock and the Series C Preferred Stock no longer have the option to convert their shares of Series D Preferred Stock or Series C Preferred Stock to Common Stock in connection with a Change of Control.

*Liquidation Preference.* Upon any liquidation, dissolution or winding up of the Company:

- holders of shares of Series F Preferred Stock, Series D Preferred Stock or Series C Preferred will be entitled to receive, after any distributions on the Preferred Stock ranking senior to such series of Preferred Stock (as applicable) and prior to any distributions on the Preferred Stock ranking junior to such series of Preferred Stock (as applicable), the Common Stock or other capital stock of the Company ranking junior to such series of Preferred Stock, an amount per share equal to the greater of (i) the applicable Optional Redemption Price then in effect and (ii) the proceeds the holders of Preferred Stock of such series would be entitled to receive if, immediately prior to the payment of such amount, each then-outstanding share of such series of Preferred Stock had been converted into a number of shares of Common Stock equal to the applicable Optional Redemption Price divided by the Participation Price (regardless of the fact that shares of such series of Preferred Stock are not convertible into Common Stock); and
- holders of shares of Series E Preferred Stock will be entitled to receive, after any distributions on the Series F Preferred Stock and prior to any distributions on the Series D Preferred Stock, the Series C Preferred Stock, the Common Stock or other capital stock of the Company ranking junior to the Series E Preferred Stock, an amount per share of Series E Preferred Stock equal to the greater of (i) the Series E Optional Redemption Price then in effect and (ii) the amount such holder would receive in respect of the number of shares of Common Stock into which such share of Series E Preferred Stock is then convertible.

*Board Designation Rights.* The Series F Certificate of Designation provides that holders of the Series F Preferred Stock have the right, voting separately as a class, to designate one member of the Company's board of directors (the "Board") for as long as the aggregate Stated Value of all outstanding shares of the Series F Preferred Stock is at least equal to \$13,750,000.

The Series E Certificate of Designation provides that holders of the Series E Preferred Stock have the right, voting separately as a class, to designate one member of the Board for as long as the shares of Common Stock issuable on conversion of the outstanding shares of Series E Preferred Stock represent at least 5% of the outstanding shares of Common Stock (giving effect to conversion of all outstanding shares of the Series E Preferred Stock).

The Amended and Restated Series D Certificate of Designation provides that holders of the Series D Preferred Stock will the right, voting separately as a class, to designate one member of the Board for as long as the aggregate Stated Value (as defined in the Amended and Restated Series D Certificate of Designation) of all outstanding shares of the Series D Preferred Stock is at least equal to \$9,813,500.

The Second Amended and Restated Series C Certificate of Designation provides that holders of the Series C Preferred Stock have the right, voting separately as a class, to designate two members of the Board for so long as the aggregate Stated Value (as defined in the Second Amended and Restated Series C Certificate of Designation) of all outstanding shares of the Series C Preferred Stock is at least equal to \$31,250,000.

The 2019 Transaction Agreement required that the Board take, and the Board has taken, all actions necessary to increase the number of directors constituting the entire Board by two directors (to total eleven), which vacancies created by the increase, are required to be filled by (i) the person designated by the holders of the Series F Preferred Stock and (ii) the person designated by the holders of the Series E Preferred, in each case, as and when required under the Series F Certificate of Designation or the Series E Certificate of Designation, as applicable. The 2019 Transaction Agreement provides that, effective at the closing thereunder, the three directors previously designated by the Värde Parties pursuant to their previously existing rights under the Series C Preferred Stock and the Second Lien Credit Agreement, became the directors entitled to be appointed by the holders of the Series C Preferred Stock and the holders of the Series D Preferred Stock pursuant to the Second Amended and Restated Series C Certificate of Designation and the Amended and Restated Series D Certificate of Designation.

The Transaction Agreement separately grants to the Värde Parties, for so long as the Värde Parties and their affiliates continue to beneficially own (as defined in Rule 13d-3 under the Exchange Act) shares of Common Stock (including the Common Shares) representing at least the applicable percentage of the outstanding shares of Common Stock specified in the bullet points below, the right (but not the obligation) to designate to the Board the following numbers of directors:

- five directors, for as long as the Värde Parties and their affiliates beneficially own shares of Common Stock representing at least 40.0% of the outstanding shares of Common Stock;
- four directors, for as long as the Värde Parties and their affiliates beneficially own shares of Common Stock representing at least 33.3% of the outstanding shares of Common Stock;
- three directors, for as long as the Värde Parties and their affiliates beneficially own shares of Common Stock representing at least 25.0% of the outstanding shares of Common Stock;
- two directors, for as long as the Värde Parties and their affiliates beneficially own shares of Common Stock representing at least 10.0% of the outstanding shares of Common Stock; and
- one director, for as long as the Värde Parties and their affiliates beneficially own shares of Common Stock representing at least 5.0% of the outstanding shares of Common Stock.

The 2019 Transaction Agreement provides that, during the time that the holders of Preferred Stock of any series are entitled to appoint one or more directors to the Board pursuant to one or more of the Certificates of Designation, the number of directors the Värde Parties are entitled to designate pursuant to the provisions of the 2019 Transaction Agreement described above will be reduced by the total number of directors the holders of the Preferred Stock of all series are then entitled to appoint pursuant to the Certificates of Designation. Additionally, the number of directors that may be appointed or designated under each of the Certificates of Designation and the 2019 Transaction Agreement is subject to reduction if necessary to comply with the rules of the NYSE American or any other exchange on which the Common Stock is listed.

The Board members appointed or designated by holders of the Preferred Stock pursuant to the Certificates of Designation or by the Värde Parties pursuant to the 2019 Transaction Agreement must be reasonably acceptable to the Board and its Nominating and Corporate Governance Committee, acting in good faith, but any investment professional of Värde Partners, Inc. or its affiliates will be deemed to be reasonably acceptable. In addition, such Board designees must satisfy applicable SEC and stock exchange requirements and comply with the Company's corporate governance guidelines.

The 2019 Transaction Agreement provides that the board designation rights provisions of the 2019 Transaction Agreement supersede and replace the similar provisions of the 2018 Transaction Agreement and the Securities Purchase Agreement (each as defined in Note 13).

*Voting Rights; Negative Covenants.* In addition to the Board designation rights described above, holders of Series E Preferred Stock are entitled to vote with the holders of the Common Stock, as a single class, on all matters submitted for a vote of holders of the Common Stock. When voting together with the Common Stock, each share of Series E Preferred Stock will entitle the holder to a number of votes equal to the applicable Stated Value as of the applicable record date or other determination date divided by the greater of (i) the then-applicable Conversion Price and (ii) the then-applicable Initial Market Price.

Holders of shares of Series F Preferred Stock, Series D Preferred Stock and Series C Preferred Stock are not be entitled to vote with the holders of the Common Stock as a single class on any matter.

Each of the Certificates of Designation provides that, as long as any shares of Preferred Stock of the applicable series are outstanding, the Company may not, without the prior affirmative vote or prior written consent of the holders of a majority of the outstanding shares of Preferred Stock of each such series, as applicable:

- amend the Company's articles of incorporation or bylaws in any manner that materially and adversely affects any rights, preferences, privileges or voting powers of the applicable series of Preferred Stock or holders of shares of such series of Preferred Stock;

- issue, authorize or create, or increase the issued or authorized amount of, the applicable series of Preferred Stock, any class or series of capital stock ranking senior to or in parity with such series of Preferred Stock, or any security convertible into or evidencing the right to purchase any shares of such series of Preferred Stock or any such senior or parity securities, other than equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock of the applicable series pursuant to the Company's optional redemption rights described above;
- subject to certain exceptions, declare or pay any dividends or distributions on, or redeem or repurchase, or permit any of its controlled subsidiaries to redeem or repurchase, shares of Common Stock or any other shares of capital stock of the Company ranking junior to the applicable series Preferred Stock, subject to certain exceptions;
- authorize, issue or transfer, or permit any of its controlled subsidiaries to authorize, issue or transfer, any equity in any subsidiary of the Company other than (i) equity issued or transferred to the Company or another wholly-owned subsidiary of the Company or (ii) equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of the applicable series of Preferred Stock pursuant to the Company's optional redemption rights described above; or
- subject to certain exceptions, modify the number of directors constituting the entire the Board at any time when holders of shares of the applicable series Preferred Stock have the right to designate a member of the Board.

The Certificates of Designation further provide that, (i) in the case of the Series F Preferred Stock, as long as shares of the Series F Preferred Stock having an aggregate Series F Optional Redemption Price of at least \$27.5 million are outstanding, (ii) in the case of the Series E Preferred Stock, as long as shares of Series E Preferred Stock having an aggregate Series E Optional Redemption Price of at least \$30 million are outstanding, (iii) in the case of the Series D Preferred Stock, as long as shares of Series D Preferred Stock having an aggregate Series D Optional Redemption Amount of at least \$19.627 million are outstanding, and (iv) in the case of the Series C Preferred Stock, as long as shares of Series C Preferred Stock having an aggregate Series C Optional Redemption Price of at least \$50 million are outstanding, the Company may not, and may not permit any of its controlled subsidiaries to, without the prior affirmative vote or prior written consent of the holders of a majority of the outstanding shares of the applicable series of Preferred Stock:

- subject to certain exceptions, incur indebtedness or permit to exist any liens on the assets or properties of the Company or its subsidiaries;
- enter into, adopt or agree to any "restricted payment" or similar provision that restricts or limits the payment of dividends on, or the redemption of, shares of the applicable series of Preferred Stock under any credit facility, indenture or other similar instrument of the Company that would be more restrictive on the payment of dividends on, or redemption of, shares of the applicable series of Preferred Stock than those existing as of the date on which shares of the applicable series of Preferred Stock were first issued;
- liquidate or dissolve the company;
- enter into any material new line of business or fundamentally change the nature of the Company's business, including any acquisition of oil and gas properties outside the Permian Basin;
- enter into certain transactions with affiliates of the Company unless made on an arm's-length basis and approved by a majority of the disinterested members of the Board;
- subject to certain exceptions, make dispositions of assets or property of the Company or its subsidiaries;
- subject to certain exceptions, make loans or investments; or
- voluntarily commence any bankruptcy or similar proceeding or take other similar actions.

*Transfer Restrictions.* Under the 2019 Transaction Agreement, the Series F Certificate of Designation and the Series E Certificate of Designation, shares of Series F Preferred Stock and Series E Preferred Stock and shares of Common Stock issued on conversion of shares of Series E Preferred Stock may not be transferred by the holder of such shares, other than to an affiliate of such holder, prior to September 5, 2019. After September 5, 2019, such shares will be freely transferable, subject to applicable securities laws.

*Standstill.* The 2019 Transaction Agreement includes a customary standstill provision pursuant to which the Värde Parties agreed that they will not, directly or indirectly, take certain actions with respect to the Company or its securities generally until the applicable Standstill Termination Date (as defined in the 2019 Transaction Agreement). The 2019 Transaction Agreement provides that the standstill provisions of the 2019 Transaction Agreement supersede and replace the similar provisions of the Securities Purchase Agreement.

*Other Terms.* The 2019 Transaction Agreement contains other customary terms, including representations, warranties and covenants.

#### **Amended and Restated Registration Rights Agreement**

On March 5, 2019, in connection with the closing under the 2019 Transaction Agreement, the Company entered into an Amended and Restated Registration Rights Agreement (the “Amended and Restated Registration Rights Agreement”) with the Värde Parties. Among other matters, the Amended and Restated Registration Rights Agreement requires the Company to file with the SEC a shelf registration statement under the Securities Act registering for resale the shares of Common Stock issued pursuant to the 2019 Transaction Agreement, the shares of Common Stock issuable upon conversion of the shares of Series E Preferred Stock issued pursuant to the 2019 Transaction Agreement and the shares of Common Stock issued to the Värde Parties pursuant to the 2018 Transaction Agreement. The Amended and Restated Registration Rights Agreement also grants to the Värde Parties demand and piggyback rights with respect to certain underwritten offerings of Common Stock and contains customary covenants and indemnification and contribution provisions. The Amended and Restated Registration Rights Agreement amended and restated the registration rights agreement, dated as of October 10, 2018, by and between the Company and the Värde Parties, and terminated certain prior registration rights agreements related to shares of Common Stock that previously were issuable upon conversion of the Second Lien Loans and the Series C Preferred Stock.



**Lilis Energy, Inc. and Subsidiaries**  
**Supplementary Information on Oil and Natural Gas Exploration,**  
**Development and Production Activities**  
**(Unaudited)**

The Company's oil and natural gas reserves are attributable solely to properties within the United States, which constitutes one cost center.

***Costs Incurred for Oil and Natural Gas Producing Activities***

The following table sets forth the costs incurred in the Company's oil and natural gas acquisition, exploration and development activities and includes costs whether capitalized or expensed as well as revisions and additions to the estimated future asset retirement obligations:

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(In thousands)</i>	
Acquisition costs:		
Unproved properties	\$ 93,926	\$ 78,111
Proved properties	22,356	2,245
Exploration costs	89,351	42,033
Development costs	78,103	28,113
Total	<u>\$ 283,736</u>	<u>\$ 150,502</u>

***Results of Operations for Oil and Natural Gas Producing Activities***

The following table sets forth the results of operations for oil and natural gas producing activities for the following periods:

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(In thousands)</i>	
Revenues	\$ 70,216	\$ 21,612
Production costs	(13,843)	(6,199)
Production taxes	(3,709)	(1,187)
Accretion of asset retirement obligation	(85)	(82)
Depletion, depreciation and amortization	(25,159)	(6,906)
Full cost ceiling impairment	—	(10,505)
Total	<u>\$ 27,420</u>	<u>\$ (3,267)</u>

**Reserve Quantity Information**

The following table provides a roll forward of the total proved reserves for the years ended December 31, 2018 and 2017, as well as proved developed and proved undeveloped reserves at the beginning and end of each respective year:

	Crude Oil (Bbls)	Natural Gas (Mcf)	NGLs (Bbls)
<b>January 1, 2017</b>	550,705	3,871,506	3,211
Extensions and discoveries	6,791,945	14,438,471	1,455,620
Purchase of reserves	—	—	—
Sale of reserves	(92,293)	(364,712)	(3,211)
Revisions of previous estimates	292,975	(1,109,174)	222,825
Production	(371,993)	(776,165)	(73,875)
<b>December 31, 2017</b>	7,171,339	16,059,926	1,604,570
Extensions and discoveries	15,881,727	38,957,588	4,565,994
Purchase of reserves	1,883,047	8,897,115	682,964
Sale of reserves	—	—	—
Revisions of previous estimates	(2,641,353)	17,690,723	1,769,448
Production	(1,089,724)	(2,855,739)	(246,425)
<b>December 31, 2018</b>	21,205,036	78,749,613	8,376,551
<b>Proved Developed Reserves, included above:</b>			
Balance, January 1, 2017	550,705	3,871,506	3,211
Balance, December 31, 2017	2,531,397	6,594,446	644,102
Balance, December 31, 2018	6,278,035	27,046,195	2,653,908
<b>Proved Undeveloped Reserves, included above:</b>			
Balance, January 1, 2017	—	—	—
Balance, December 31, 2017	4,639,942	9,465,480	960,468
Balance, December 31, 2018	14,927,001	51,703,418	5,722,643

Extensions and discoveries of 26.9 MBOE during the year ended December 31, 2018, resulted primarily from the drilling of new wells during the year and from new proved undeveloped locations added during the year.

Revisions of previous reserve estimates increased 2018 proved reserves to 2,076 MBOE. Increased SEC pricing for 2018 as compared to 2017 increased reserves by approximately 401 MBOE. The remaining revisions of 1,675 MBOE were the result of operational factors, including most notably: availability of additional natural gas transportation and processing infrastructure, and improvements in operations because of additional experience gained from wells drilled and completed in 2017 and 2018.

#### Standardized Measure of Discounted Future Net Cash Flows

The standardized measure of discounted future net cash flows does not purport to be, nor should it be interpreted to present, the fair value of the oil and natural gas reserves of the properties. An estimate of fair value would take into account, among other things, the recovery of reserves not presently classified as proved, the value of unproved properties and consideration of expected future economic and operating conditions.

The estimates of future cash flows and future production and development costs as of December 31, 2018 and 2017 are based on the unweighted arithmetic average first-day-of-the-month price for the preceding 12-month period. Estimated future production of proved reserves and estimated future production and development costs of proved reserves are based on current costs and economic conditions which are held constant throughout the life of the properties. All wellhead prices are held flat over the forecast period for all reserve categories. The estimated future net cash flows are then discounted at a rate of 10%.

The standardized measure of discounted future net cash flows relating to proved oil, natural gas and NGL reserves is as follows:

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(In thousands)</i>	
Future cash inflows	\$ 1,500,263	\$ 397,531
Future production costs	(414,117)	(151,456)
Future development costs	(346,225)	(113,727)
Future income tax expense	(62,842)	—
Future net cash flows	677,079	132,348
10% discount to reflect timing of cash flows	(384,345)	(63,536)
<b>Total</b>	<b>\$ 292,734</b>	<b>\$ 68,812</b>

In the foregoing determination of future cash inflows, sales prices used for oil, natural gas and NGLs for December 31, 2018 and 2017, were estimated using the average price during the 12-month period, determined as the unweighted arithmetic average of the first-day-of-the-month price for each month. Prices were adjusted by lease for quality, transportation fees and regional price differentials. Future costs of developing and producing the proved natural gas and oil reserves reported at the end of each year shown were based on costs determined at each such year-end, assuming the continuation of existing economic conditions.

The Company cautions that the disclosures shown are based on estimates of proved reserve quantities and future production schedules which are inherently imprecise and subject to revision and the 10% discount rate is arbitrary. In addition, costs and prices as of the measurement date are used in the determinations and no value may be assigned to probable or possible reserves.

Changes in the standardized measure of discounted future net cash flows relating to proved oil, natural gas and NGL reserves are as follows:

	<b>Year Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<i>(In thousands)</i>	
Balance at beginning of period	\$ 68,812	\$ 6,656
Net changes in prices and production costs	24,261	(13,402)
Sales of oil and gas produced during the year, net	(49,271)	57,163
Changes in estimated future development costs	(39,938)	—
Net change due to extensions and discoveries	161,785	(1,296)
Net change due to purchases of minerals in place	55,278	8,311
Net change due to sales of minerals in place	—	4,968
Previously estimated development costs incurred during the year	68,349	(1,580)
Net changes due to revision of previous quantity estimates	28,350	1,683
Accretion of discount	6,881	666
Other - unspecified	3,252	5,643
Net change in income taxes	(35,025)	—
<b>Balance at end of period</b>	<b>\$ 292,734</b>	<b>\$ 68,812</b>

LILIS ENERGY, INC.

**CERTIFICATE OF DESIGNATION OF PREFERENCES,  
RIGHTS AND LIMITATIONS  
OF  
SERIES E 8.25% CONVERTIBLE PARTICIPATING PREFERRED STOCK**

PURSUANT TO SECTION 78.1955 OF THE  
NEVADA REVISED STATUTES

The undersigned, Ronald D. Ormand and Joseph C. Daches, do hereby certify that:

1. They are the Executive Chairman and Executive Vice President, Chief Financial Officer and Treasurer, respectively, of Lilis Energy, Inc., a Nevada corporation (the "Corporation").

2. The Corporation is authorized to issue 10,000,000 shares of preferred stock, of which, after giving effect to (i) this Certificate of Designation (as defined below), (ii) that certain Second Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock, dated as of March 5, 2019 (the "Series C Certificate of Designation"), (iii) that certain Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Participating Preferred Stock, dated as of as of March 5, 2019 (the "Series D Certificate of Designation") and (iv) that certain Certificate of Designation of Preferences, Rights and Limitations of Series F 9.00% Participating Preferred Stock, dated as of March 5, 2019 (the "Series F Certificate of Designation"), (a) 100,000 shares are designated as "Series C-1 9.75% Participating Preferred Stock" (the "Series C-1 Preferred Stock"), (b) 25,000 shares are designated as "Series C-2 9.75% Participating Preferred Stock" (the "Series C-2 Preferred Stock" and, together with the Series C-1 Preferred Stock, the "Series C Preferred Stock"), (c) 39,254 shares are designated as "Series D 8.25% Participating Preferred Stock" (the "Series D Preferred Stock"), (d) 60,000 shares are designated as "Series E 8.25% Convertible Participating Preferred Stock" and (e) 55,000 shares are designated as "Series F 9.00% Participating Preferred Stock" (the "Series F Preferred Stock").

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors") on March 4, 2019 in accordance with the provisions of the Articles of Incorporation, the bylaws of the Corporation and applicable law, providing for the issuance of a series of preferred stock of the Corporation designated as "Series E 8.25% Convertible Participating Preferred Stock":

WHEREAS, the Articles of Incorporation of the Corporation provide for a class of its authorized stock known as preferred stock, consisting of 10,000,000 shares, \$0.0001 par value per share, issuable from time to time in one or more series; and

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WHEREAS, the Articles of Incorporation authorize the Board of Directors to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series of Preferred Stock and the designation thereof.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby approve and adopt this Certificate of Designation of Preferences, Rights and Limitations (this "Certificate of Designation"), as set forth below, and that the same shall become effective upon filing this Certificate of Designation with the Secretary of State of the State of Nevada:

### TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act; *provided*, that no portfolio company of a Holder or its Affiliates shall be considered or otherwise deemed an Affiliate thereof.

"Articles of Incorporation" shall mean the Amended and Restated Articles of Incorporation of the Corporation, dated as of October 10, 2011, as amended from time to time.

"Board of Directors" shall have the meaning set forth in the Preamble.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York or Texas are authorized or required by law or other governmental action to close.

"Change of Control" means:

(a) any "person" or "group" (as such terms are used in sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than (i) any Holder, (ii) Värde or (iii) any Affiliate of any Person specified in the preceding clauses (i) and (ii), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have "beneficial ownership" (within the meaning of Rule 13d-3 under the Exchange Act) of all shares that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the outstanding capital stock (excluding any debt securities convertible into equity) normally entitled to vote in the election of directors of the Corporation (or its successor by merger, consolidation or purchase of all or substantially all of its assets) (*provided*, for the avoidance of doubt, that, for purposes of the foregoing, shares of preferred stock of any series shall not be considered to be normally entitled to vote in the election

of directors by reason of any right of the holders of shares of preferred stock of such series to elect or appoint one or more directors voting or acting separately as a class);

(b) except as permitted by Section 6.04 of the Specified Second Lien Credit Agreement, a disposition by the Corporation or a Subsidiary pursuant to which the Corporation or any Subsidiary sells, leases, licenses, transfers, assigns or otherwise disposes, in one or a series of related transactions, all or substantially all of the properties and assets of the Corporation and its Subsidiaries taken as a whole;

(c) the Corporation's stockholders approve any plan relating to the liquidation or dissolution of the Corporation; or

(d) the occurrence of a "Change of Control" (or similar term) as such term is defined in any of (i) the RBL Credit Agreement or (ii) any other credit facility, indenture or other similar instrument of the Corporation or its Subsidiaries under which indebtedness of the Corporation or its Subsidiaries of at least \$5 million is outstanding at the time of such occurrence or at any point in the 90 days prior thereto.

"Change of Control Redemption" means (a) an Optional Redemption that is effected concurrently with or following the occurrence of a Change of Control or (b) a redemption of shares of the Preferred Stock pursuant to Section 9(a).

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Conversion Date" shall have the meaning set forth in Section 7(a).

"Conversion Price" shall have the meaning set forth in Section 7(c).

"Conversion Ratio" shall have the meaning set forth in Section 7(a).

"Corporation" shall have the meaning set forth in the Preamble.

"Dividend Payment Date" shall have the meaning set forth in Section 3(b).

“Dividend Rate” means 8.25% per annum; *provided*, that if, for any Dividend Payment Date after April 26, 2021, dividends on the Preferred Stock are not paid in full in cash on such Dividend Payment Date, then the Dividend Rate for the dividends payable on such Dividend Payment Date (but not on any subsequent Dividend Payment Date on which such dividends are paid in full in cash) shall be 9.25% per annum.

“Effective Date” means the earliest of the date on which (a) a registration statement registering all of the Underlying Shares has been declared effective by the Commission, (b) all of the Underlying Shares have been sold pursuant to Rule 144 or may be sold pursuant to Rule 144 without the requirement for the Corporation to be in compliance with the current public information required under Rule 144 and without volume or manner-of-sale restrictions or (c) following the first anniversary of the Original Issue Date, provided that a holder of Underlying Shares is not, and has not been for a period of at least 90 days, an Affiliate of the Corporation, all of the Underlying Shares may be sold pursuant to an exemption from registration under Section 4(a)(1) of the Securities Act without volume or manner-of-sale restrictions and Corporation counsel has delivered to such holders a standing written unqualified opinion that resales may then be made by such holders of the Underlying Shares pursuant to such exemption which opinion shall be in form and substance reasonably acceptable to such holders.

“Equity Securities” means (a) shares of Common Stock, (b) shares of preferred stock of the Corporation or (c) warrants, options or other rights to acquire shares of Common Stock or preferred stock of the Corporation, other than convertible or exchangeable indebtedness; *provided*, in each case, that the issuance of such Equity Securities is not prohibited by Section 10(a)(ii).

“GAAP” means United States generally accepted accounting principles.

“Holder” shall have the meaning given such term in Section 3(a).

“Holder Majority” means the Holders of a majority of the outstanding shares of Preferred Stock.

“HSR Act” shall have the meaning set forth in Section 7(g).

“Initial Market Price” means \$1.88, *provided* that such price shall be adjusted in the same manner as the Conversion Price is adjusted upon the occurrence of any event specified in Section 7 of Schedule 7(c).

“Investor Director” shall have the meaning set forth in Section 11(a).

“Issuable Maximum” shall have the meaning set forth in Section 7(f).

“Junior Preferred Stock PIK Dividends” means any dividends on any shares of preferred stock of the Corporation that are Junior Securities to the extent such dividends are paid solely in the form of additional shares of such preferred stock or by increase to the stated value or liquidation

preference thereof (or other similar term or amount) in accordance with the terms of such preferred stock.

“Junior Securities” means the Common Stock (and Common Stock Equivalents), the Series C Preferred Stock, the Series D Preferred Stock and all other classes of the Corporation’s common stock and each other class of capital stock or series of preferred stock, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Liquidation” shall have the meaning set forth in Section 6.

“March Transaction Agreement” means the Transaction Agreement, dated as of March 5, 2019, by and among the Corporation and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

“Notice of Conversion” shall have the meaning set forth in Section 7(a).

“Officer” shall mean the Executive Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary, any Assistant Secretary or any Assistant Treasurer of the Corporation.

“Optional Redemption” shall have the meaning set forth in Section 8(a).

“Optional Redemption Amount” shall have the meaning set forth in Section 8(b).

“Optional Redemption Date” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice Date” shall have the meaning set forth in Section 8(a).

“Original Issue Date” means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

“Parity Securities” shall mean any class of capital stock or series of preferred stock, the terms of which expressly provide that such class or series will rank on a parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Stock” shall have the meaning set forth in Section 2(a).



“RBL Credit Agreement” means that certain Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of October 10, 2018, by and among the Corporation, the guarantors from time to time party thereto, the lenders party thereto and BMO Harris Bank, N.A., as administrative agent and collateral agent, as amended by the First Amendment and Waiver thereto, dated as of March 1, 2019, and as further amended from time to time (in accordance with this Certificate of Designation).

“Record Date” means, with respect to any issuance, dividend or distribution declared, paid or made on or with respect to any capital stock of the Corporation, the date fixed for the determination of the stockholders entitled to receive such issuance, dividend or distribution.

“Requisite Stockholder Approval” shall have the meaning set forth in the March Transaction Agreement.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Securities” means the Preferred Stock and the Underlying Shares.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Senior Securities” shall mean the Series F Preferred Stock and each other class of capital stock or series of preferred stock, the terms of which expressly provide that such class or series will rank senior to the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Series C Certificate of Designation” shall have the meaning set forth in the preamble.

“Series C Preferred Stock” shall have the meaning set forth in the preamble.

“Series C-1 Preferred Stock” shall have the meaning set forth in the preamble.

“Series C-2 Preferred Stock” shall have the meaning set forth in the preamble.

“Series D Certificate of Designation” shall have the meaning set forth in the preamble.

“Series D Preferred Stock” shall have the meaning set forth in the preamble.

“Series F Certificate of Designation” shall have the meaning set forth in the preamble.

“Series F Preferred Stock” shall have the meaning set forth in the preamble.

“Share Delivery Date” shall have the meaning set forth in Section 7(d)(i).

“Specified Party” shall have the meaning set forth in Section 11(h).

“Specified Second Lien Credit Agreement” means that certain Credit Agreement, dated as of April 26, 2017, by and among the Corporation, the guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent, as amended, supplemented or otherwise modified and as in effect as of March 4, 2019, regardless of whether or not in effect as of any date thereafter.

“Stated Value” shall have the meaning set forth in Section 2(a).

“Stockholder Meeting” shall have the meaning set forth in the March Transaction Agreement.

“Subsidiary” means any direct or indirect subsidiary of the Corporation, including those set forth on Schedule 3.1(a) to the March Transaction Agreement, and any direct or indirect subsidiary of the Corporation formed or acquired after the date of the March Transaction Agreement.

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means Corporate Stock Transfer, the current transfer agent of the Corporation with a mailing address of 3200 Cherry Creek South Drive, Suite 430, Denver, Colorado 80209 and a facsimile number of (303) 282-5800, and any successor transfer agent of the Corporation.

“Underlying Shares” means the shares of Common Stock issued and issuable upon conversion of the Preferred Stock in accordance with the terms of this Certificate of Designation.

“Värde” means (a) Värde Partners, Inc., its affiliated investment managers and funds or accounts managed by any of them (including the Värde Parties (as defined in the March Transaction Agreement) but excluding any portfolio companies that are owned in whole or in part by any of the foregoing) and (b) any partner, member, manager, principal, director or officer of any of the foregoing.

“VWAP” means, for any date, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)).

Section 2. Designation, Amount and Par Value; Ranking.

(a) The series of preferred stock established pursuant to this Certificate of Designation shall be designated as “Series E 8.25% Convertible Participating Preferred Stock” (the “Preferred Stock”) and the number of shares so designated and authorized shall be 60,000 (which shall not be subject to increase without the affirmative vote or written consent of a Holder Majority). Each share of Preferred Stock shall have an initial par value of \$0.0001 per share and an initial stated value equal to \$1,000.00 per share, subject to increase as set forth in Section 3 below (the “Stated Value”).

(b) The Preferred Stock, with respect to dividend rights and rights upon the liquidation, winding-up or dissolution of the Corporation, ranks: (i) senior in all respects to all Junior Securities; (ii) *pari passu* with all Parity Securities; and (iii) junior in all respects to all Senior Securities, in each case, as provided more fully herein.

Section 3. Dividends.

(a) Participating Dividends. Without limiting Section 10 of this Certificate of Designation, for so long as any shares of Preferred Stock are outstanding, no dividend or other distribution (other than any stock dividend or distribution subject to Section 7 of Schedule 7(c) hereto, any distribution of rights pursuant to a stockholder rights plan contemplated by Section 9 of Schedule 7(c) hereto or any distribution upon a Liquidation) may be declared or paid on the Common Stock or to the holders thereof unless the holders of the Preferred Stock (each, a “Holder” and collectively, the “Holders”) receive, simultaneously with the distribution to the holders of the Common Stock, a dividend or other distribution of such securities, cash or other property in an amount equal to the amount of such securities, cash or other property as the Holders would have received if such shares of Preferred Stock or portion thereof had been fully converted into Common Stock on the date of such event (whether or not such Preferred Stock is then convertible).

(b) Dividends in Cash or in Kind. In addition to participation in cash dividends on, or distributions to, Common Stock as set forth in Section 3(a), Holders shall be entitled to receive, and the Corporation shall pay (prior to any distributions made in respect of any Junior Securities (or contemporaneously therewith in the case of Junior Preferred Stock PIK Dividends) and prior to or contemporaneously with any distributions made in respect of any Parity Securities, in each case in respect of the same fiscal quarter), cumulative dividends per share (as a percentage of the Stated Value per share) at the Dividend Rate, payable and compounded quarterly in arrears on January 1, April 1, July 1 and October 1, beginning on the first such date after the Original Issue Date (each such date, a “Dividend Payment Date”) (if any Dividend Payment Date is not a Business Day, the applicable payment, if paid in cash, shall be due on the next succeeding Business Day, and no interest or dividends on such payment shall accrue or accumulate in respect of such delay), in (i) cash out of funds legally available therefor, (ii) by an increase in the Stated Value of the Preferred Stock, or (iii) any combination of clause (i) and (ii), in each case, in an amount equal to the accrued but unpaid dividends due to a Holder in respect of each share of Preferred Stock on the Dividend

Payment Date. For the avoidance of doubt, any dividends paid by an increase in the Stated Value pursuant to this Section 3(b) shall be deemed to have been paid in full for all purposes. The default method of payment shall be an increase in the Stated Value unless, at least five Business Days prior to a Dividend Payment Date, the Corporation provides written notice to the Holders of its election to pay in cash and such cash payment is actually and timely made. Dividends shall be paid *pro rata* for any partial quarter.

(c) Dividend Calculations. Dividends on the Preferred Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, shall accrue daily commencing on the Original Issue Date and shall be deemed to accrue from such date whether or not declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends.

Section 4. Maturity. The Preferred Stock shall be perpetual unless converted or redeemed in accordance with this Certificate of Designation.

Section 5. Voting Rights.

(a) The Holders shall be entitled to vote with the holders of the Common Stock as a single class on all matters submitted for a vote of holders of Common Stock and to receive notice of all stockholders' meetings in accordance with the Articles of Incorporation and bylaws of the Corporation, and applicable law or regulation or stock exchange rule, as if the Holders of Preferred Stock were holders of Common Stock. When voting with the Common Stock, the Holders shall be entitled to the number of votes per share of Preferred Stock equal to the Stated Value as of the applicable Record Date or other determination date *divided* by the greater of (i) the then-applicable Conversion Price and (ii) the then-applicable Initial Market Price.

(b) Each Holder will have one vote per share of Preferred Stock on any matter on which Holders of Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent.

Section 6. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive, in respect of each share of Preferred Stock, out of the assets, whether capital or surplus, of the Corporation an amount equal to the greater of (i) the then-applicable Optional Redemption Amount and (ii) the proceeds the Holders would be entitled to receive on the number of shares of Common Stock into which such share of Preferred Stock would then be convertible (whether or not such Preferred Stock is then convertible), after any amount shall be paid to holders of any Senior Securities, before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts payable to Holders and the amounts payable to the holders of any Parity Securities, then the entire assets to be distributed to the Holders and the holders of any Parity Securities shall be ratably distributed among the Holders and the holders of any Parity Securities in accordance with the respective amounts

that would be payable on shares of Preferred Stock and any Parity Securities if all amounts payable thereon were paid in full. A Change of Control shall not be deemed a Liquidation. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 7. Conversion.

(a) Conversions at Option of Holder. Subject to Section 7(f) and Section 7(g), each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date, at the option of the Holder thereof, into that number of shares of Common Stock determined by dividing the applicable Optional Redemption Amount that would have been received by the applicable Holder upon the redemption of the applicable shares of Preferred Stock as of the Conversion Date by the then-applicable Conversion Price (the "Conversion Ratio"); *provided, however*, that, for purposes of determining the Conversion Ratio, clause (i)(3) of Section 8(b) shall apply to the calculation of the Optional Redemption Amount, regardless of when the Conversion Date actually occurs or the circumstances of such conversion. Holders shall effect conversions by (i) providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion") and (ii), if applicable, delivering to the Corporation any certificate(s) representing the shares of Preferred Stock to be converted. Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued. If less than all of the shares of Preferred Stock represented by any certificate are so converted, the Corporation shall promptly issue and deliver to the applicable Holder a certificate representing the balance of such shares of Preferred Stock not so converted.

(b) No Forced Conversion. The Corporation is not entitled to force the conversion of the Preferred Stock.

(c) Conversion Price. The conversion price for the Preferred Stock shall equal \$2.50, subject to adjustment as provided in Schedule 7(c) (the "Conversion Price").

(d) Mechanics of Conversion.

(i) Delivery of Underlying Shares Upon Conversion. Not later than three Trading Days after the applicable Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder the number of shares of Common Stock being acquired upon the conversion of the Preferred Stock which, on or after the later of (1) the date specified in Section 13(a) and (2) the Effective Date, shall be free of restrictive legends and trading restrictions (subject to Section 5.2 of the March Transaction Agreement).

(ii) Obligation Absolute. The Corporation's obligation to issue and deliver the Underlying Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Underlying Shares; *provided, however*, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to convert any or all of its shares of Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or anyone associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the Stated Value of Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall issue the Underlying Shares upon a properly noticed conversion. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Underlying Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

(iii) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of shares of Preferred Stock. In lieu of any fractional shares to which a Holder would otherwise be entitled, the Corporation shall, at its election, either (1) pay cash equal to such fraction *multiplied* by the VWAP of the Common Stock for the Trading Day immediately preceding the applicable Conversion Date or (2) round up to the next whole share. Whether or not fractional shares would be issuable to any Holder upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock held by such Holder and then being converted.

(iv) Transfer Taxes and Expenses. The issuance of Underlying Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any service charge or any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Underlying Shares, *provided* that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Underlying Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Underlying Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Underlying Shares.

(e) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times take all lawful action to reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of Common Stock as shall be issuable upon the conversion of the then-outstanding shares of Preferred Stock. The Corporation covenants that all shares of Common Stock that shall be issuable upon conversion of the Preferred Stock shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(f) Issuance Limitations. Notwithstanding anything herein or in Schedule 7(c) hereto to the contrary, if the Corporation has not obtained Requisite Stockholder Approval, then the Corporation may not issue, upon conversion of the Preferred Stock, a number of shares of Common Stock in respect of any share of Preferred Stock that would exceed, in the aggregate, (i) the Stated Value divided by (ii) the Initial Market Price (the maximum number of shares issuable because of the foregoing limitation, the “Issuable Maximum”). If the Corporation has not obtained Requisite

Stockholder Approval upon conversion of any shares of Preferred Stock subject to the foregoing limitation, then the applicable Holder shall be entitled to receive upon such conversion a number of shares of Common Stock equal to the Issuable Maximum, with any share of Preferred Stock not converted in whole remaining outstanding.

(g) HSR Act. If, in connection with any exercise of any the Holder's or the Corporation's conversion rights pursuant to this Section 7, the Corporation or any such Holder determines, after consultation with counsel, that any filings are required to be made pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") in connection with the acquisition of Common Stock by such Holder pursuant to such conversion, then (i) the Corporation and such Holder shall, and shall cause their respective Affiliates to, undertake commercially reasonable efforts to make or cause to be made promptly the filings required of such party or its Affiliates pursuant to the HSR Act; *provided, however*, that all fees payable to any governmental authorities relating to filings required to be made pursuant to the HSR Act shall be paid and borne equally by such Holder and the Corporation and (ii) the Conversion Date for such conversion shall not occur prior to the expiration or termination of the waiting period under the HSR Act. In furtherance and not in limitation of the foregoing, the Corporation and such Holder shall, to the extent permissible by law, (i) cooperate with the other party and furnish to the other party all information in such party's possession that is reasonably necessary in connection with such other party's filings; (ii) promptly inform the other party of, and supply to such other party copies of, any material communication (or other correspondence or memoranda) from or to, and any proposed understanding or agreement with, any governmental authority in respect of such filings; (iii) consult and cooperate with the other party and provide each other with a reasonable opportunity to provide comments in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, and opinions made or submitted by or on behalf of any party in connection with all meetings, actions and proceedings with any governmental authority relating to such filings; and (iv) comply, as promptly as is reasonably practicable, with any requests received by such party or any of its Affiliates under the HSR Act for additional information, documents, or other materials. If either party intends to participate in any material communication or meeting with any governmental authority with respect to such filings, it shall give the other party reasonable notice thereof and, to the extent permitted by the governmental authority, an opportunity to participate in any such meeting or communication. Notwithstanding anything in this Section 7(g) to the contrary, in no event shall the Corporation or any of its Affiliates or such Holder or any of its Affiliates be required, under the HSR Act or otherwise, to (i) propose, negotiate, agree to or effect, by consent decree, hold separate order or otherwise, the sale, divestiture or disposition of any assets or businesses of such Person, (ii) accept any condition, undertake any obligation, or take or refrain from taking any action that would limit such Person's freedom of action with respect to, or its ability to own or operate, any of its businesses or assets; (iii) contest, resist or seek to have vacated, lifted, reversed or overturned any governmental order or judicial order that is in effect that prohibits, prevents or restricts the conversion of shares of Preferred Stock; or (iv) litigate or defend against any administrative or judicial action or proceeding (including any proceeding seeking a temporary restraining order or preliminary injunction) challenging any such conversion.



Section 8. Optional Redemption.

(a) Optional Redemption at Election of Corporation. Subject to the provisions of this Section 8, Section 9 and the Holder's conversion rights pursuant to Section 7(a), at any time after the Original Issue Date, the Corporation may deliver a notice to the Holders (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its election (which shall be irrevocable but may be conditioned on the occurrence of any one or more events) to redeem some or all of the then-outstanding Preferred Stock, for cash in an amount equal to the Optional Redemption Amount on the 20th Business Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date" and such redemption, the "Optional Redemption"); *provided, however*, that, except in the case of a Change of Control Redemption (to which the following provisions of this sentence shall not apply), the Corporation shall not have the right to effect an Optional Redemption (and no Optional Redemption Notice delivered by the Corporation shall be effective) unless:

(i) either (1) as of the applicable Optional Redemption Date, there are no shares of the Series F Preferred Stock outstanding or (2) all outstanding shares of the Series F Preferred Stock are redeemed on such Optional Redemption Date concurrently with such Optional Redemption in accordance with the terms of the Series F Certificate of Designation;

(ii) the aggregate Optional Redemption Amount on the Optional Redemption Date for all shares of the Preferred Stock to be redeemed pursuant to such Optional Redemption shall not exceed the aggregate amount of net cash proceeds received by the Corporation from a contemporaneous issuance of Common Stock issued for the purpose of redeeming such shares of the Preferred Stock; and

(iii) if the applicable Optional Redemption Date occurs before the third anniversary of the Original Issue Date, then (1) the VWAP for at least 20 Trading Days during the 30 Trading Day period immediately preceding the applicable Optional Redemption Notice Date shall have been at least 150% of the Conversion Price then in effect and (2) such Optional Redemption shall be for all (but not less than all) then-outstanding shares of the Preferred Stock.

The Corporation covenants and agrees that it will honor all Notices of Conversion tendered from the time of delivery of the Optional Redemption Notice through the Business Day immediately preceding the Optional Redemption Date.

(b) Optional Redemption Amount. Each share of Preferred Stock redeemed pursuant to this Section 8 shall be redeemed by paying cash in an amount equal to (i) the applicable Stated Value, *multiplied by* (1) 110% if both (A) the Optional Redemption Date occurs on or prior to the first anniversary of the Original Issue Date and (B) the Optional Redemption is not a Change of Control Redemption, (2) 105% if both (A) the Optional Redemption Date occurs after the first

anniversary of the Original Issue Date and on or prior to the second anniversary of the Original Issue Date and (B) the Optional Redemption is not a Change of Control Redemption and (3) 100% if either (A) the Optional Redemption Date occurs after the second anniversary of the Original Issue Date or (B) the Optional Redemption is a Change of Control Redemption, *plus* (ii) all accrued but unpaid dividends thereon and all liquidated damages and other amounts due in respect of such Preferred Stock as of the Optional Redemption Date (such amount, the “Optional Redemption Amount”).

(c) Redemption Procedure. The payment of cash pursuant to an Optional Redemption shall be made on the Optional Redemption Date. If any portion of the cash payment for an Optional Redemption has not been paid by the Corporation on the Optional Redemption Date, interest shall accrue thereon until such amount is paid in full at a rate equal to the lesser of 15% per annum or the maximum rate permitted by applicable law.

(d) Limitations on Redemption.

(i) Any Optional Redemption by the Corporation must be of Preferred Stock having a minimum aggregate Stated Value of \$30 million as of the Optional Redemption Notice Date (or such lesser amount if such Optional Redemption is for all of the remaining Preferred Stock).

(ii) The Corporation may consummate no more than one partial Optional Redemption within any 6-month period.

(iii) Any Optional Redemption shall be applied ratably to all of the Holders based on each Holder’s relative ownership of shares of Preferred Stock.

(iv) The Preferred Stock shall only be redeemable as expressly set forth in this Section 8 and Section 9.

Section 9. Change of Control. On or before the 20th Business Day prior to the consummation of a Change of Control (or, if later, promptly after the Corporation discovers that a Change of Control has occurred or will occur), the Corporation shall provide written notice thereof to the Holders, and in connection with any such Change of Control, each Holder may elect one of the following options (subject to such Change of Control having actually occurred or actually occurring) by notice given to the Corporation within 20 Business Days after the date the Corporation provides such written notice (it being understood that if a Holder fails to timely provide notice of its election to the Corporation, such Holder shall be deemed to have elected the option set forth in clause (b) below):

(a) cause the Corporation to redeem all of such Holder’s shares of Preferred Stock for cash in an amount per share of Preferred Stock equal to the applicable Optional Redemption Amount in effect immediately prior to the consummation of such Change of Control (*provided*, for

the avoidance of doubt, that clause (i)(3) of Section 8(b) shall apply to the calculation of the Optional Redemption Amount for purposes of this clause (a);

(b) convert all of such Holder's shares of Preferred Stock at the Conversion Ratio in effect immediately prior to the consummation of such Change of Control; or

(c) subject to (i) any adjustments pursuant to Schedule 7(c) and (ii) the Corporation's (or, if the Corporation is not the surviving entity of such Change of Control, the Corporation's successor's) right to redeem the Preferred Stock pursuant to Section 8, continue to hold such Holder's shares of Preferred Stock.

#### Section 10. Negative Covenants.

(a) As long as any shares of Preferred Stock are outstanding, without the prior affirmative vote or prior written consent of a Holder Majority, the Corporation shall not, directly or indirectly (whether by way of amendment to the charter documents, merger, recapitalization, or otherwise):

(i) amend, alter, modify or repeal the Articles of Incorporation or the bylaws of the Corporation, in any manner that materially and adversely affects any rights, preferences, privileges or voting powers of the Preferred Stock or Holders;

(ii) (1) issue, authorize or create, or increase the issued or authorized amount of, Preferred Stock, any class or series of Senior Securities or any Parity Securities or security convertible into or evidencing the right to purchase any shares of Preferred Stock, Senior Securities or Parity Securities other than equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock in accordance with Section 8 or (2) prior to the Stockholder Meeting, issue Additional Shares of Common Stock (as defined in Schedule 7(c) hereto and including Additional Shares of Common Stock deemed to be issued pursuant to Section 2 of Schedule 7(c) hereto), without consideration or for a consideration per share less than the Initial Market Price;

(iii) declare or pay any dividends or distributions on, or redeem or repurchase, or permit any of its controlled Subsidiaries to redeem or repurchase, shares of Common Stock or any other shares of Junior Securities other than:

(1) Junior Preferred Stock PIK Dividends;

(2) any stock dividend or distribution subject to Section 7 of Schedule 7(c) hereto;

(3) any distribution of rights pursuant to a stockholder rights plan contemplated by Section 9 of Schedule 7(c) hereto;

(4) any distribution upon a Liquidation;

(5) redemptions of incentive equity of the Corporation or its Subsidiaries held by employees of the Corporation or its Subsidiaries in connection with the administration of any employee benefit plan of the Corporation in the ordinary course of business;

(6) after April 26, 2021, cash dividends on the Series C Preferred Stock and the Series D Preferred Stock in accordance with the Series C Certification of Designation and the Series D Certificate of Designation as in effect on the Original Issue Date, *provided* that all dividends on the Preferred Stock payable on the corresponding Dividend Payment Date have been, or contemporaneously are, paid in full in cash; and

(7) redemptions of the Series C Preferred Stock or the Series D Preferred Stock pursuant to and in accordance with a Change of Control redemption election by the “Holders” thereof pursuant to Section 9(a) of the Series C Certificate of Designation or the Series D Certificate of Designation, as applicable, in each case as in effect on the Original Issue Date, *provided* that all shares of Preferred Stock as to which the Holders have elected redemption pursuant to Section 9(a) in connection with such Change in Control have been, or contemporaneously are, redeemed in accordance with Section 9(a);

(iv) authorize, issue or transfer, or permit any of its controlled Subsidiaries to authorize, issue or transfer, any equity (including any obligation or security convertible into, exchangeable for or evidencing the right to purchase any such equity) in any Subsidiary other than (1) equity issued or transferred to the Corporation or another wholly-owned Subsidiary of the Corporation or (2) equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock in accordance with Section 8; or

(v) subject to right of the holders of Common Stock to amend the provisions of the bylaws of the Corporation relating to the number of directors constituting the entire Board of Directors or the manner in which such number of directors is determined (but, for the sake of clarity, without limiting the Holders’ rights pursuant to Section 11), modify the number of directors constituting the entire Board of Directors at any time when the Holders have the right to designate an Investor Director pursuant to Section 11; *provided*, that the Corporation may increase the number of directors constituting the entire Board of Directors without the consent of a Holder Majority if the Holders are given the right to designate one or more additional Investor Directors as necessary to cause (1) the number of Investor Director(s) the Holders have the right to designate relative to the number of directors

constituting the entire Board of Directors to be in the same proportion as (2) the number of Underlying Shares then issuable on conversion of the outstanding shares of Preferred Stock relative to the total number of outstanding shares of Common Stock (without regard to the limitation set forth in Section 7(f) and giving effect to the conversion of such shares of Preferred Stock, whether or not then convertible), rounded up or down to the nearest whole number of directors.

(b) For so long as shares of Preferred Stock having an aggregate Optional Redemption Amount of at least \$30 million are outstanding, without the prior affirmative vote or prior written consent of a Holder Majority, the Corporation shall not, and shall not permit any of its controlled Subsidiaries to, directly or indirectly:

(i) incur any indebtedness or permit to exist any liens on any of the Corporation's or its Subsidiaries assets or properties, other than (1) indebtedness expressly permitted under Section 6.02 of the Specified Second Lien Credit Agreement and (2) liens expressly permitted under Section 6.03 of the Specified Second Lien Credit Agreement, in each case without regard to any requirements set forth in such sections of the Specified Second Credit Agreement related to an "Approved Intercreditor Agreement" or any subordination or pledge of intercompany indebtedness among the Corporation and its Subsidiaries; *provided*, that, the Corporation shall only be permitted to refinance, and incur corresponding liens in connection with any refinancing of, "Revolving Debt Obligations," "Obligations" and/or any refinancing debt in respect thereof, as applicable and as each such term is defined in the Specified Second Lien Credit Agreement, in each case, (A) with indebtedness (I) the principal amount of which does not exceed the sum of (x) the total outstanding principal amount of such debt being refinanced, *plus* (y) any usual and customary accrued and unpaid interest, premium, fees and costs and expenses thereon and (II) that does not contain terms and conditions that are materially adverse to the Preferred Stock or the interests of the Holders relative to the terms and conditions of the indebtedness being refinanced and (B) if, following the incurrence of any such indebtedness and after giving *pro forma* effect to the incurrence of such indebtedness and the application of proceeds thereof and the occurrence of any material acquisitions and/or dispositions on or prior to such date of determination, the Corporation delivers an officers' certificate certifying that the Proved Developed Producing Coverage Ratio (as defined in the Specified Second Lien Credit Agreement) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such indebtedness is incurred would be greater than 1.40:1.00;

(ii) enter into, adopt or agree to any "restricted payment" provisions (or other similar provisions that restrict or limit the payment of dividends on, or the redemption of, the Preferred Stock) under any credit facility, indenture or other

similar instrument of the Corporation or its Subsidiaries (including, for the avoidance of doubt, the RBL Credit Agreement) that would be more restrictive on the payment of dividends on, or redemption of, the Preferred Stock than those existing as of the Original Issue Date (*provided* that, for the avoidance of doubt, any decrease in the amount available to make restricted payments under any such provisions that are the result of the Corporation utilizing capacity under such provisions or any decrease in capacity as a result of the operation of such provisions as set forth in any such credit facility, indenture or other similar instrument as of the Original Issue Date shall not require the consent of the Holders pursuant to this Section 10(b)(ii));

(iii) liquidate or dissolve the Corporation;

(iv) enter into any material new line of business or fundamentally change the nature of the Corporation's business (including, for the avoidance of doubt, any acquisition of oil and gas properties outside the Permian Basin);

(v) enter into any transaction with any Affiliate of the Corporation which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Corporation (even if less than a quorum otherwise required for board approval);

(vi) make any dispositions of assets or property of the Corporation or its Subsidiaries other than dispositions of the kind that would be expressly permitted under Section 6.05 of the Specified Second Lien Credit Agreement; provided that any reference to the Majority Lenders in such section shall be deemed to refer to a Holder Majority *mutatis mutandis*;

(vii) make any loans or investments of the Corporation or its Subsidiaries other than loans or investments of the kind that would be expressly permitted under Section 6.07 of the Specified Second Lien Credit Agreement, provided that any reference to the Majority Lenders in such section shall be deemed to refer to a Holder Majority *mutatis mutandis*; or

(viii) (1) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (2) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in this clause (viii), (3) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Corporation or any Subsidiary or for a substantial part of its assets, (4) file an answer admitting the material allegations of a petition filed against it in

any such proceeding, (5) make a general assignment for the benefit of creditors or (6) take any action for the purpose of effecting any of the foregoing.

Section 11. Board Representation Rights.

(a) Subject to Section 11(b), without limiting other rights the Holders and their Affiliates may have (including pursuant to the March Transaction Agreement), from and after the Original Issue Date, the Holder Majority shall have the exclusive right (but not the obligation), voting separately as a class, to designate to the Board of Directors one director (the “Investor Director”) (subject to increase pursuant to Section 10(a)(v)) for as long as the Underlying Shares then issuable on conversion of the outstanding shares of Preferred Stock (without regard to the limitation set forth in Section 7(f)) represent at least 5.0% of the total number of outstanding shares of Common Stock (without regard to the limitation set forth in Section 7(f) and giving effect to the conversion of such shares of Preferred Stock, whether or not then convertible).

(b) Notwithstanding anything herein to the contrary, the number of Investor Directors the Holders shall be entitled to designate pursuant to Section 11(a) shall be reduced if, and only to the extent necessary in order to comply with applicable law or Trading Market rules (as directed in writing by the Commission or the Trading Market on which the Common Stock is then listed) so that the percentage of the number of directors constituting the entire Board of Directors represented by the number of Investor Directors does not exceed the percentage of the outstanding Common Stock represented by the Underlying Shares then issuable on conversion of the outstanding shares of Preferred Stock (without regard to the limitation set forth in Section 7(f) and giving effect to the conversion of such shares of Preferred Stock, whether or not then convertible), rounded up to the nearest whole number of Investor Directors.

(c) Within 10 Business Days after notice to the Corporation by the Holder Majority of the identity of the person designated to be the initial Investor Director, subject to confirmation by the Corporation that such initial Investor Director meets the requirements of Section 11(f), the Corporation shall cause such person to be appointed to the Board of Directors as the initial Investor Director. The Corporation shall take all actions within its power to cause all designees designated pursuant to Section 11(a) to be appointed to the Board of Directors.

(d) Each Investor Director designated pursuant to Section 11(a) shall serve until his or her successor is designated or his or her earlier death, disability, resignation or removal. Any vacancy or newly created directorship in the position of an Investor Director while the Holders have the right to appoint such Investor Director pursuant to Section 11(a) may be filled only by the Holder Majority, subject to the fulfillment of the requirements set forth in Section 11(f). While the Holders have the right to appoint any Investor Director pursuant to Section 11(a), (i) such Investor Director may, during his or her term of office, be removed at any time, with or without cause, by and only by the Holders of not less than two-thirds of the outstanding shares of Preferred Stock, and (ii) the Holders, by and only by a Holder Majority, shall have the right to, at any time, with or without cause (A) cause such Investor Director to resign from his or her directorship, and (B) appoint a

replacement Investor Director to fill the vacancy resulting from such resignation, subject to the fulfillment of the requirements set forth in Section 11(f). Any Investor Director appointed pursuant to Section 11(a) shall be deemed to have agreed to resign from his or her directorship (and the Corporation shall recognize such resignation) upon exercise of the Holders' rights set forth in clause (ii) of the immediately preceding sentence if such Investor Director shall have previously delivered to the Corporation a written letter of resignation stating that such Investor Director resigns his or her directorship effective upon any exercise of the Holders' rights set forth in clause (ii) of the immediately preceding sentence.

(e) At all times while an Investor Director is serving as a member or observer of the Board of Directors, and following any such Investor Director's death, disability, resignation or removal, such Investor Director shall be entitled to all rights to indemnification and exculpation as are then made available to any other member or observer of the Board of Directors.

(f) Notwithstanding anything to the contrary, any Investor Director shall be reasonably acceptable to the Board of Directors and the Nominating and Corporate Governance Committee thereof acting in good faith (*provided*, that, for the avoidance of doubt, any investment professional of Värde Partners, Inc. or its Affiliates shall be deemed reasonably acceptable) and satisfy all applicable Commission and stock exchange requirements regarding service as a regular director of the Corporation and shall comply in all material respects with the Corporation's corporate governance guidelines as in effect from time to time.

(g) The right to designate an Investor Director pursuant to Section 11(a) shall automatically terminate at such time as the condition set forth in Section 11(a) is not satisfied, and at such time, if requested in writing by the Corporation, any Investor Directors then serving on the Board of Directors in excess of the entitled amount (if less than all then Investor Directors, then as selected by the Holder Majority) shall promptly resign from the Board of Directors. For the avoidance of doubt, any such Investor Director shall not be required to resign from the Board of Directors pursuant to this Section 11(g) if such individual has then currently been appointed or designated as a director of the Corporation pursuant to a right to appoint or designate a director that is then in effect under another agreement with the Corporation or another certificate of designation of preferred stock of the Corporation, but such individual will no longer be an Investor Director under this Certificate of Designation.

(h) To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its Subsidiaries, renounces any interest or expectancy of the Corporation and its Subsidiaries in, or in being offered an opportunity to participate in, any business opportunities that are from time to time presented to the Holders or any of their respective Affiliates or any of their respective agents, shareholders, members, partners, directors, officers, employees, investment manager, investment advisor, Affiliates or subsidiaries (other than the Corporation and its Subsidiaries), including any director or officer of the Corporation who is also an agent, shareholder, member, partner, director, officer, employee, investment manager, investment advisor, Affiliate or



subsidiary of any Holder (each, a “Specified Party”), even if the business opportunity is one that the Corporation or its Subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no Specified Party shall have any duty to communicate or offer any such business opportunity to the Corporation or be liable to the Corporation or any of its Subsidiaries or any stockholder, including for breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, and the Corporation shall indemnify each Specified Party against any claim that such Person is liable to the Corporation or its stockholders for breach of any fiduciary duty, by reason of the fact that such Person (i) participates in, pursues or acquires any such business opportunity, (ii) directs any such business opportunity to another Person or (iii) fails to present any such business opportunity, or information regarding any such business opportunity, to the Corporation or its Subsidiaries, unless, in the case of a Person who is a director or officer of the Corporation, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer of the Corporation.

Section 12. Issuance of Shares.

(a) Each book-entry notation (and, if applicable, each certificate) representing shares of Preferred Stock shall bear a legend substantially to the following effect:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE IDENTIFIED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE IDENTIFIED HEREIN ARE SUBJECT TO TRANSFER AND OTHER RESTRICTIONS SET FORTH IN THE CERTIFICATE OF DESIGNATION AND A TRANSACTION AGREEMENT, DATED AS OF MARCH 5, 2019, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE ISSUER AND WILL BE PROVIDED WITHOUT COST, UPON WRITTEN REQUEST TO THE SECRETARY OF THE ISSUER.

(b) Shares of Preferred Stock shall be in uncertificated, book-entry form as permitted by the bylaws of the Corporation and Nevada law. Within a reasonable time after the issuance or transfer of uncertificated shares and at least annually thereafter, the Corporation shall, or shall cause the Transfer Agent to, send to the registered owner thereof a written statement containing the information specified in Nevada Revised Statutes 78.235(5). Transfers of shares of Preferred Stock held in uncertificated, book-entry form shall be made only upon the transfer books of the Corporation kept at an office of the Transfer Agent upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer such shares. The Corporation may refuse any requested transfer until furnished evidence reasonably

satisfactory to it that such transfer is made in accordance with the terms of this Certificate of Designation.

Section 13. Transfers.

(a) Prior to September 5, 2019, without the consent of the Corporation, no Holder may transfer any Securities other than to an Affiliate of such Holder or in connection with a business combination transaction involving the Corporation. After September 5, 2019, the Securities shall be unrestricted and freely transferable, subject to applicable securities law binding upon such Holder or transfer.

(b) Notwithstanding anything to the contrary in Section 13(a), Holders may make a bona fide pledge of any or all of its Securities in connection with a bona fide loan or other extension of credit, and any foreclosure by any pledged under such loan or extension of credit on any such pledged Securities (or any sale thereof) shall not be considered a violation of Section 13(a), and the transfer of the Securities by a pledgee who has foreclosed on such loan or extension of credit shall not be considered a violation or breach of Section 13(a).

(c) Any Person that becomes a Holder pursuant to a transfer under this Section 13 shall be subject to all of the terms and conditions of this Certificate of Designation.

Section 14. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, e-mail, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address set forth above Attention: Joseph Daches, facsimile number (210) 999-5401, JDaches@lilisenergy.com or such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 14. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (i) the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (Houston, Texas time) on a Business Day, (ii) the next Business Day after the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (Houston, Texas time) on any Business Day, (iii) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Information; Notice. If at any time while the Preferred Stock is outstanding the Corporation is not required to file reports under Section 13(a) or 15(d) of the Exchange Act, the Corporation shall provide to the Holders:

(i) quarterly unaudited financial statements prepared in accordance with GAAP within 45 days after the end of each fiscal quarter, in each case, in form and substance acceptable to the Holder Majority;

(ii) audited annual financial statements prepared in accordance with GAAP within 90 days after the end of each fiscal year of the Corporation (certified by an independent accounting firm of national standing); and

(iii) annually, within 90 days after the end of the fiscal year, a reserve report prepared or audited by a third party engineering firm of national standing in accordance with Commission guidelines with an “as of” date of December 31 of the preceding calendar year.

(c) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

(d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof. The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby irrevocable and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any district thereof, in any action or proceeding arising out of or relating to this Certificate of Designation, or for recognition or enforcement of any judgment, and each of them hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. The Corporation and each Holder, by acceptance of shares of Preferred Stock, agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Certificate of Designation shall affect any right that any Holder may otherwise have to bring any action or proceeding relating to this Certificate of Designation against the Corporation or its properties in the courts of any jurisdiction. The Corporation hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Certificate of Designation in any court referred to in this Section 14(d).

The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Corporation and each Holder, by acceptance of shares of Preferred Stock, irrevocably consents to service of process in the manner provided for notices in this Certificate of Designation. Nothing in this Certificate of Designation will affect the right of the Corporation or any Holder to serve process in any other manner permitted by law. The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Certificate of Designation or the transactions contemplated hereby (whether based on contract, tort or any other theory). If any party shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

(e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

(i) Status of Converted or Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the March Transaction Agreement or this Certificate of Designation. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation,

such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series E 8.25% Convertible Participating Preferred Stock.

(j) Calculations. Any calculations made by the Corporation or Board of Directors pursuant to this Certificate of Designation shall be undertaken and made in good faith.

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RESOLVED, FURTHER, that the Chairman, the Chief Executive Officer, the president or any vice-president, and the treasurer, assistant treasurer, secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation in accordance with the foregoing resolution and the provisions of Nevada law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Designation this 5th day of March, 2019.

/s/ Ronald D. Ormand

/s/ Joseph C. Daches

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Name: Ronald D. Ormand

Name: Joseph C. Daches

Title: Chief Executive Officer

Title: President, Chief Financial Officer and Treasurer

## ANNEX A

### NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series E 8.25% Convertible Participating Preferred Stock indicated below into shares of common stock, par value \$0.0001 per share (the "Common Stock"), of Lilis Energy, Inc. a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation in accordance with the March Transaction Agreement. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion:

Number of shares of Preferred Stock owned prior to Conversion:

Number of shares of Preferred Stock to be Converted:

Stated Value of shares of Preferred Stock to be Converted:

Number of shares of Common Stock to be Issued:

Applicable Conversion Price:

Number of shares of Preferred Stock subsequent to Conversion:

Address for Delivery:

or

DWAC Instructions:

Broker no:

Account no:

[HOLDER]

By:  
Name:  
Title:

## SCHEDULE 7(C)

### CONVERSION PRICE ADJUSTMENT PRINCIPLES

Section 1. Special Definitions. Capitalized terms used but not otherwise defined in this Schedule 7(c) shall have the meaning ascribed to such terms in this Certificate of Designation; for purposes of this Schedule 7(c), the following definitions shall apply:

(a) “Option” shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) “Convertible Securities” shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(c) “Additional Shares of Common Stock” shall mean all shares of Common Stock issued (or, pursuant to Section 2 below, deemed to be issued) by the Corporation after the Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, “Exempted Securities”):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Common Stock or Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock;

(iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(v) shares of Common Stock, Options or Convertible Securities issued by the Corporation in one or more underwritten public offerings for cash following the Original Issue Date for gross proceeds of \$100,000,000;

(vi) shares of Common Stock, Options or Convertible Securities issued pursuant to the acquisition by the Corporation or any of its Subsidiaries of another Person or any assets of any other Person, whether by merger, purchase or otherwise which issuance is consented to by a Holder Majority;

(vii) the 17,641,638 shares of Common Stock issued on the Original Issue Date pursuant to the March Transaction Agreement; or

(viii) the Preferred Stock issued on the Original Issue Date (including any increase in the Stated Value resulting from the payment of dividends thereon) and the shares of Common Stock issued on conversion thereof.

Section 2. Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities), whether or not such Options or Convertible Securities are then exercisable, or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such

Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of Section 3 below, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security triggered by the event which is the subject of the adjustment) to provide for either (1) any increase or decrease in the number (or conversion rate) of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price pursuant to the terms of Section 3 below (either because the consideration per share (determined pursuant to Section 4 below) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security triggered by the event which is the subject to the adjustment) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 2(a) above) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price pursuant to the terms of Section 3 below, the Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Section 2 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Section 2). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price that would result under the terms of this Section 2 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

Section 3. Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 2 above), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issue, then the Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:



$$CP2 = CP1 \text{ multiplied by } [(A + B) \div (A + C)]$$

For purposes of the foregoing formula, the following definitions shall apply:

“CP2” shall mean the Conversion Price in effect immediately after such issue of Additional Shares of Common Stock

“CP1” shall mean the Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

“A” shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

“B” shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

“C” shall mean the number of such Additional Shares of Common Stock issued in such transaction.

For purposes of this Section 3, the number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Corporation or any of its wholly-owned Subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof or the transfer of such shares among the Corporation and its wholly-owned Subsidiaries) shall be considered an issuance of Additional Shares of Common Stock for purposes of this Section 3 unless such shares of Common Stock are Exempted Securities.

Section 4. Determination of Consideration. For purposes of this Schedule 7(c) the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property. Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest, without deducting any compensation or discount in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services or for any expenses relating to the offering of such Additional Shares of Common Stock;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith jointly by the Board of Directors and the Holders, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Corporation shall be the market price (as reflected on any securities exchange, quotation system or association or similar pricing system covering such security) for such securities as of the close of business on the date of receipt of such securities;

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith jointly by the Board of Directors and the Holders; and

(iv) in the event Additional Shares of Common Stock are issued to the owners of the non-surviving entity in connection with any merger in which the Corporation is the surviving corporation, be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock, Options or Convertible Securities, as the case may be, issued to such owners.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 2 above, relating to Options and Convertible Securities, shall be determined by dividing

(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible

Securities and the conversion or exchange of such Convertible Securities, without deducting any compensation or discount in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services or for any expenses relating to the offering of such Options or Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

Section 5. Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price pursuant to the terms of Section 3 above, then, upon the final such issuance, the Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

Section 6. Dividends and Distributions to Common Stock. If the Corporation shall, at any time or from time to time after the Original Issue Date, pay a dividend or make any other distribution payable in securities of the Corporation (other than a dividend or distribution of shares of Common Stock, which shall be subject to Section 7, without duplication), cash or other property, then, and in each such event, provision shall be made so that the Holders shall receive upon conversion, in addition to the number of Common Stock receivable thereupon, the kind and amount of securities of the Corporation, cash or other property which the Holder would have been entitled to receive had such Holder's Preferred Stock or portion thereof been fully converted into Common Stock on the date of such event (whether or not such Preferred Stock is then convertible) and had the Holders thereafter, during the period from the date of such event to and including the Conversion Date, retained such securities, cash or other property receivable by them as aforesaid during such period; *provided*, that no such provision shall be made if the Holders receive, simultaneously with the distribution to the holders of its Common Stock, a dividend or other distribution of such securities, cash or other property in an amount equal to the amount of such securities, cash or other property as the Holders would have received if such shares of Preferred Stock or portion thereof had been fully converted into Common Stock on the date of such event pursuant to Section 3(a) of this Certificate of Designation (whether or not such Preferred Stock is then convertible).

Section 7. Adjustment to Conversion Price and Common Stock Upon Dividend, Subdivision or Combination of Common Stock. If the Corporation shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock payable in shares of Common Stock, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares of Common Stock, the Conversion Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced. If the Corporation at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination shall be proportionately increased. Any adjustment under this Section 7 shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

Section 8. Adjustment to Conversion Price and Common Stock Upon Reorganization, Reclassification, Consolidation or Merger. In the event of any (i) capital reorganization of the Corporation, (ii) reclassification of the stock of the Corporation (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), (iii) consolidation or merger of the Corporation with or into another Person, (iv) sale of all or substantially all of the Corporation's assets to another Person or (v) other similar transaction (other than any such transaction covered by Section 7), in each case which entitles the holders of Common Stock to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock, the Preferred Stock, to the extent they remain outstanding immediately after such reorganization, reclassification, consolidation, merger, sale or similar transaction, shall thereafter be convertible for the kind and number of shares of stock or other securities or assets of the Corporation or of the successor Person resulting from such transaction to which the Holders would have been entitled upon such reorganization, reclassification, consolidation, merger, sale or similar transaction if the Holders had converted the Preferred Stock in full immediately prior to the time of such reorganization, reclassification, consolidation, merger, sale or similar transaction (whether or not such Preferred Stock is then convertible) and acquired the applicable number of Common Stock then issuable hereunder as a result of such conversion (without taking into account any limitations or restrictions on the conversion of the Preferred Stock); and, in such case, appropriate adjustment (in form and substance satisfactory to the Holder) shall be made with respect to the Holders' rights under this Certificate of Designation to insure that the provisions of this Section 8 hereof shall thereafter be applicable, as nearly as possible, to this Certificate of Designation in relation to any shares of stock, securities or assets thereafter acquirable upon conversion of the Preferred Stock (including, in the case of any consolidation, merger, sale or similar transaction in which the successor or purchasing Person is other

than the Corporation, an immediate adjustment in the Conversion Price to the value per share for the Common Stock reflected by the terms of such consolidation, merger, sale or similar transaction without regard to any limitations or restrictions on conversion, if the value so reflected is less than the Conversion Price in effect immediately prior to such consolidation, merger, sale or similar transaction; *provided* that the foregoing of this parenthetical shall not apply to any such consolidation, merger or similar transaction that constitutes a reincorporation of the Corporation, a holding company formation or a similar reorganization in which, immediately after such transaction, the holders of Common Stock immediately prior to such transaction own all of the common stock of the successor Person in the same proportions as their ownership of Common Stock immediately prior to such transaction). The provisions of this Section 8 shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or similar transactions. The Corporation shall not effect any such reorganization, reclassification, consolidation, merger, sale or similar transaction in which the Preferred Stock will remain outstanding thereafter unless, prior to the consummation thereof, the successor Person (if other than the Corporation) resulting from such reorganization, reclassification, consolidation, merger, sale or similar transaction, shall assume, by written instrument substantially similar in form and substance to this Certificate of Designation and satisfactory to the Holders, the obligation to deliver to the Holders such shares of stock, securities or assets which, in accordance with the foregoing provisions, such Holders shall be entitled to receive upon conversion of the Preferred Stock. Notwithstanding anything to the contrary contained herein (but without modification of any other terms of this Certificate of Designation), with respect to any corporate event or other transaction contemplated by the provisions of this Section 8, the Holder shall have the right to elect prior to the consummation of such event or transaction, to give effect to the conversion rights contained in Section 7 of this Certificate of Designation instead of giving effect to the provisions contained in this Section 8.

Section 9. Stockholder Rights Plan. If the Corporation has a stockholder rights plan in effect with respect to the Common Stock upon any conversion, each share of Common Stock issued upon such conversion shall be accompanied by the appropriate number of rights, if any, and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any such stockholder rights plan, as the same may be amended from time to time. However, if, prior to any conversion, the rights have separated from the shares of Common Stock in accordance with the provisions of the applicable stockholder rights plan, the Conversion Price shall be adjusted pursuant to Section 7 above at the time of separation as if the Corporation distributed such rights to all holders of the Common Stock, subject to readjustment in the event of the expiration, termination or redemption of such rights.

Section 10. Certain Events. If any event of the type contemplated by the provisions of this Schedule 7(c) but not expressly provided for by such provisions (but excluding the issuance or deemed issuance of any Exempted Securities) occurs, then the Corporation shall make an appropriate adjustment in the Conversion Price so as to protect the rights of the Holders in a manner consistent with the provisions of this Schedule 7(c); *provided*, that no such adjustment pursuant to this Section 10 shall increase the Conversion Price that would otherwise be determined pursuant to this Schedule 7(c).

Section 11. Certificate as to Adjustment. As promptly as reasonably practicable following any adjustment of the Conversion Price or Initial Market Price (as applicable), but in any event not later than 10 Business Days thereafter, the Corporation shall furnish to the Holders a certificate of an officer setting forth, in reasonable detail, the event requiring the adjustment, the method by which such adjustment was calculated and describing the kind of any other securities issuable upon conversion of the Preferred Stock and any change in the Conversion Price or Initial Market Price (as applicable) after giving effect to such adjustment or change. As promptly as reasonably practicable following the receipt by the Corporation of a written request by any Holder, but in any event not later than 10 Business Days thereafter, the Corporation shall furnish to such Holder a certificate of an officer certifying the Conversion Price and Initial Market Price (as applicable) then in effect.

**LILIS ENERGY, INC.**

**CERTIFICATE OF DESIGNATION OF PREFERENCES,  
RIGHTS AND LIMITATIONS  
OF  
SERIES F 9.00% PARTICIPATING PREFERRED STOCK**

PURSUANT TO SECTION 78.1955 OF THE  
NEVADA REVISED STATUTES

The undersigned, Ronald D. Ormand and Joseph C. Daches, do hereby certify that:

1. They are the Executive Chairman and Executive Vice President, Chief Financial Officer and Treasurer, respectively, of Lilis Energy, Inc., a Nevada corporation (the "Corporation").

2. The Corporation is authorized to issue 10,000,000 shares of preferred stock, of which, after giving effect to (i) this Certificate of Designation (as defined below), (ii) that certain Second Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock, dated as of March 5, 2019 (the "Series C Certificate of Designation"), (iii) that certain Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Participating Preferred Stock, dated as of as of March 5, 2019 (the "Series D Certificate of Designation") and (iv) that certain Certificate of Designation of Preferences, Rights and Limitations of Series E 8.25% Convertible Participating Preferred Stock, dated as of March 5, 2019 (the "Series E Certificate of Designation"), (a) 100,000 shares are designated as "Series C-1 9.75% Participating Preferred Stock" (the "Series C-1 Preferred Stock"), (b) 25,000 shares are designated as "Series C-2 9.75% Participating Preferred Stock" (the "Series C-2 Preferred Stock" and, together with the Series C-1 Preferred Stock, the "Series C Preferred Stock"), (c) 39,254 shares are designated as "Series D 8.25% Participating Preferred Stock" (the "Series D Preferred Stock"), (d) 60,000 shares are designated as "Series E 8.25% Convertible Participating Preferred Stock" (the "Series E Preferred Stock") and (e) 55,000 shares are designated as "Series F 9.00% Participating Preferred Stock."

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors") on March 4, 2019 in accordance with the provisions of the Articles of Incorporation, the bylaws of the Corporation and applicable law, providing for the issuance of a series of preferred stock of the Corporation designated as "Series F 9.00% Participating Preferred Stock":

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WHEREAS, the Articles of Incorporation of the Corporation provide for a class of its authorized stock known as preferred stock, consisting of 10,000,000 shares, \$0.0001 par value per share, issuable from time to time in one or more series; and

WHEREAS, the Articles of Incorporation authorize the Board of Directors to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series of Preferred Stock and the designation thereof.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby approve and adopt this Certificate of Designation of Preferences, Rights and Limitations (this "Certificate of Designation"), as set forth below, and that the same shall become effective upon filing this Certificate of Designation with the Secretary of State of the State of Nevada:

### TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act; *provided*, that no portfolio company of a Holder or its Affiliates shall be considered or otherwise deemed an Affiliate thereof.

"Articles of Incorporation" shall mean the Amended and Restated Articles of Incorporation of the Corporation, dated as of October 10, 2011, as amended from time to time.

"Board of Directors" shall have the meaning set forth in the Preamble.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York or Texas are authorized or required by law or other governmental action to close.

"Change of Control" means:

(a) any "person" or "group" (as such terms are used in sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than (i) any Holder, (ii) Värde, (iii) any holder of Series E Preferred Stock or (iv) any Affiliate of any Person specified in the preceding clauses (i)-(iii), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have "beneficial ownership" (within the meaning of Rule 13d-3 under the Exchange Act) of all shares that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the outstanding capital stock (excluding any debt securities convertible into equity)

normally entitled to vote in the election of directors of the Corporation (or its successor by merger, consolidation or purchase of all or substantially all of its assets) (*provided*, for the avoidance of doubt, that, for purposes of the foregoing, shares of preferred stock of any series shall not be considered to be normally entitled to vote in the election of directors by reason of any right of the holders of shares of preferred stock of such series to elect or appoint one or more directors voting or acting separately as a class);

(b) except as permitted by Section 6.04 of the Specified Second Lien Credit Agreement, a disposition by the Corporation or a Subsidiary pursuant to which the Corporation or any Subsidiary sells, leases, licenses, transfers, assigns or otherwise disposes, in one or a series of related transactions, all or substantially all of the properties and assets of the Corporation and its Subsidiaries taken as a whole;

(c) the Corporation's stockholders approve any plan relating to the liquidation or dissolution of the Corporation; or

(d) the occurrence of a "Change of Control" (or similar term) as such term is defined in any of (i) the RBL Credit Agreement or (ii) any other credit facility, indenture or other similar instrument of the Corporation or its Subsidiaries under which indebtedness of the Corporation or its Subsidiaries of at least \$5 million is outstanding at the time of such occurrence or at any point in the 90 days prior thereto.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Corporation" shall have the meaning set forth in the Preamble.

"Dividend Payment Date" shall have the meaning set forth in Section 3(b).

"Dividend Rate" means 9.00% per annum; *provided*, that if, for any Dividend Payment Date after April 26, 2021, dividends on the Preferred Stock are not paid in full in cash on such Dividend Payment Date, then the Dividend Rate for the dividends payable on such Dividend Payment Date (but not on any subsequent Dividend Payment Date on which such dividends are paid in full in cash) shall be 10.00% per annum.

“GAAP” means United States generally accepted accounting principles.

“Holder” shall have the meaning given such term in Section 3(a).

“Holder Majority” means the Holders of a majority of the outstanding shares of Preferred Stock.

“Investor Director” shall have the meaning set forth in Section 11(a).

“Junior Preferred Stock PIK Dividends” means any dividends on any shares of preferred stock of the Corporation that are Junior Securities to the extent such dividends are paid solely in the form of additional shares of such preferred stock or by increase to the stated value or liquidation preference thereof (or other similar term or amount) in accordance with the terms of such preferred stock.

“Junior Securities” means the Common Stock (and Common Stock Equivalents), the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock and all other classes of the Corporation’s common stock and each other class of capital stock or series of preferred stock, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Liquidation” shall have the meaning set forth in Section 6.

“March Transaction Agreement” means the Transaction Agreement, dated as of March 5, 2019, by and among the Corporation and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

“Officer” shall mean the Executive Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary, any Assistant Secretary or any Assistant Treasurer of the Corporation.

“Optional Redemption” shall have the meaning set forth in Section 8(a).

“Optional Redemption Amount” shall have the meaning set forth in Section 8(b).

“Optional Redemption Date” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice Date” shall have the meaning set forth in Section 8(a).

“Original Issue Date” means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

“Parity Securities” shall mean any class of capital stock or series of preferred stock, the terms of which expressly provide that such class or series will rank on a parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Participation Price” means \$7.00; *provided* that (a) if the Corporation shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock payable in shares of Common Stock, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares of Common Stock, the Participation Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced; and (b) if the Corporation at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Participation Price in effect immediately prior to such combination shall be proportionately increased. Any adjustment under clause (a) or (b) of the preceding sentence of this definition shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Stock” shall have the meaning set forth in Section 2(a).

“RBL Credit Agreement” means that certain Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of October 10, 2018, by and among the Corporation, the guarantors from time to time party thereto, the lenders party thereto and BMO Harris Bank, N.A., as administrative agent and collateral agent, as amended by the First Amendment and Waiver thereto, dated as of March 1, 2019, and as further amended from time to time (in accordance with this Certificate of Designation).

“Record Date” means, with respect to any issuance, dividend or distribution declared, paid or made on or with respect to any capital stock of the Corporation, the date fixed for the determination of the stockholders entitled to receive such issuance, dividend or distribution.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Senior Securities” shall mean each class of capital stock or series of preferred stock, the terms of which expressly provide that such class or series will rank senior to the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Series C Certificate of Designation” shall have the meaning set forth in the preamble.



“Series C Preferred Stock” shall have the meaning set forth in the preamble.

“Series C-1 Preferred Stock” shall have the meaning set forth in the preamble.

“Series C-2 Preferred Stock” shall have the meaning set forth in the preamble.

“Series D Certificate of Designation” shall have the meaning set forth in the preamble.

“Series D Preferred Stock” shall have the meaning set forth in the preamble.

“Series E Certificate of Designation” shall have the meaning set forth in the preamble.

“Series E Preferred Stock” shall have the meaning set forth in the preamble.

“Specified Party” shall have the meaning set forth in Section 11(h).

“Specified Second Lien Credit Agreement” means that certain Credit Agreement, dated as of April 26, 2017, by and among the Corporation, the guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent, as amended, supplemented or otherwise modified and as in effect as of March 4, 2019, regardless of whether or not in effect as of any date thereafter.

“Stated Value” shall have the meaning set forth in Section 2(a).

“Subsidiary” means any direct or indirect subsidiary of the Corporation, including those set forth on Schedule 3.1(a) to the March Transaction Agreement, and any direct or indirect subsidiary of the Corporation formed or acquired after the date of the March Transaction Agreement.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means Corporate Stock Transfer, the current transfer agent of the Corporation with a mailing address of 3200 Cherry Creek South Drive, Suite 430, Denver, Colorado 80209 and a facsimile number of (303) 282-5800, and any successor transfer agent of the Corporation.

“Värde” means (a) Värde Partners, Inc., its affiliated investment managers and funds or accounts managed by any of them (including the Värde Parties (as defined in the March Transaction Agreement) but excluding any portfolio companies that are owned in whole or in part by any of the foregoing) and (b) any partner, member, manager, principal, director or officer of any of the foregoing.

Section 2. Designation, Amount and Par Value; Ranking.

(a) The series of preferred stock established pursuant to this Certificate of Designation shall be designated as “Series F 9.00% Participating Preferred Stock” (the “Preferred Stock”) and the number of shares so designated and authorized shall be 55,000 (which shall not be subject to increase without the affirmative vote or written consent of a Holder Majority). Each share of Preferred Stock shall have an initial par value of \$0.0001 per share and an initial stated value equal to \$1,000.00 per share, subject to increase as set forth in Section 3 below (the “Stated Value”).

(b) The Preferred Stock, with respect to dividend rights and rights upon the liquidation, winding-up or dissolution of the Corporation, ranks: (i) senior in all respects to all Junior Securities; (ii) *pari passu* with all Parity Securities; and (iii) junior in all respects to all Senior Securities, in each case, as provided more fully herein.

Section 3. Dividends.

(a) Participating Dividends. Without limiting Section 10 of this Certificate of Designation, for so long as any shares of Preferred Stock are outstanding, no dividend or other distribution (other than any stock dividend or distribution on the Common Stock payable in shares of Common Stock, any distribution of rights pursuant to a stockholder rights plan or any distribution upon a Liquidation) may be declared or paid on the Common Stock or to the holders thereof unless the holders of the Preferred Stock (each, a “Holder” and collectively, the “Holders”) receive, simultaneously with the distribution to the holders of the Common Stock, a dividend or other distribution of such securities, cash or other property in an amount equal to the amount of such securities, cash or other property as the Holders would have received if, immediately prior to the Record Date for such distribution, each then-outstanding share of the Preferred Stock had been converted into a number of shares of the Common Stock equal to (i) the then applicable Optional Redemption Amount *divided by* (ii) the then-applicable Participation Price (regardless of the fact that shares of the Preferred Stock are not convertible into Common Stock).

(b) Dividends in Cash or in Kind. In addition to participation in cash dividends on, or distributions to, Common Stock as set forth in Section 3(a), Holders shall be entitled to receive, and the Corporation shall pay (prior to any distributions made in respect of any Junior Securities (or contemporaneously therewith in the case of Junior Preferred Stock PIK Dividends) and prior to or contemporaneously with any distributions made in respect of any Parity Securities, in each case in respect of the same fiscal quarter), cumulative dividends per share (as a percentage of the Stated Value per share) at the Dividend Rate, payable and compounded quarterly in arrears on January 1, April 1, July 1 and October 1, beginning on the first such date after the Original Issue Date (each such date, a “Dividend Payment Date”) (if any Dividend Payment Date is not a Business Day, the applicable payment, if paid in cash, shall be due on the next succeeding Business Day, and no interest or dividends on such payment shall accrue or accumulate in respect of such delay), in (i) cash out of funds legally available therefor, (ii) by an increase in the Stated Value of the Preferred Stock, or (iii) any combination of clause (i) and (ii), in each case, in an amount equal to the accrued

but unpaid dividends due to a Holder in respect of each share of Preferred Stock on the Dividend Payment Date. For the avoidance of doubt, any dividends paid by an increase in the Stated Value pursuant to this Section 3(b) shall be deemed to have been paid in full for all purposes. The default method of payment shall be an increase in the Stated Value unless, at least five Business Days prior to a Dividend Payment Date, the Corporation provides written notice to the Holders of its election to pay in cash and such cash payment is actually and timely made. Dividends shall be paid *pro rata* for any partial quarter.

(c) Dividend Calculations. Dividends on the Preferred Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, shall accrue daily commencing on the Original Issue Date and shall be deemed to accrue from such date whether or not declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends.

Section 4. Maturity. The Preferred Stock shall be perpetual unless redeemed in accordance with this Certificate of Designation.

Section 5. Voting Rights.

(a) The Holders in such capacity will not have the right to vote with the holders of Common Stock as a single class on any matter.

(b) Each Holder will have one vote per share of Preferred Stock on any matter on which Holders of Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent.

Section 6. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive, in respect of each share of Preferred Stock, out of the assets, whether capital or surplus, of the Corporation an amount equal to the greater of (i) the then-applicable Optional Redemption Amount and (ii) the proceeds the Holders would be entitled to receive if, immediately prior to the payment of such amount, each then-outstanding share of the Preferred Stock had been converted into a number of shares of the Common Stock equal to (i) the then-applicable Optional Redemption Amount *divided by* (ii) the then-applicable Participation Price (regardless of the fact that shares of the Preferred Stock are not convertible into Common Stock), after any amount shall be paid to holders of any Senior Securities, before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts payable to Holders and the amounts payable to the holders of any Parity Securities, then the entire assets to be distributed to the Holders and the holders of any Parity Securities shall be ratably distributed among the Holders and the holders of any Parity Securities in accordance with the respective amounts that would be payable on shares of Preferred Stock and any Parity Securities if all amounts payable thereon were paid in full. A Change of Control shall not be deemed a

Liquidation. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 7. [Intentionally Omitted].

Section 8. Optional Redemption.

(a) Optional Redemption at Election of Corporation. Subject to the provisions of this Section 8 and Section 9, at any time after the Original Issue Date, the Corporation may deliver a notice to the Holders (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its election (which shall be irrevocable but may be conditioned on the occurrence of any one or more events) to redeem some or all of the then-outstanding Preferred Stock, for cash in an amount equal to the Optional Redemption Amount on the 20th Business Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date" and such redemption, the "Optional Redemption").

(b) Optional Redemption Amount. Each share of Preferred Stock redeemed pursuant to this Section 8 shall be redeemed by paying cash in an amount equal to (i)(1) the applicable Stated Value *multiplied by* (2) 115.0%, *plus* (ii) all accrued but unpaid dividends thereon and all liquidated damages and other amounts due in respect of such Preferred Stock as of the Optional Redemption Date (such amount, the "Optional Redemption Amount").

(c) Redemption Procedure. The payment of cash pursuant to an Optional Redemption shall be made on the Optional Redemption Date. If any portion of the cash payment for an Optional Redemption has not been paid by the Corporation on the Optional Redemption Date, interest shall accrue thereon until such amount is paid in full at a rate equal to the lesser of 15% per annum or the maximum rate permitted by applicable law.

(d) Limitations on Redemption.

(i) Any Optional Redemption by the Corporation must be of Preferred Stock having a minimum aggregate Stated Value of \$20 million as of the Optional Redemption Notice Date (or such lesser amount if such Optional Redemption is for all of the remaining Preferred Stock).

(ii) The Corporation may consummate no more than one partial Optional Redemption within any 6-month period.

(iii) Any Optional Redemption shall be applied ratably to all of the Holders based on each Holder's relative ownership of shares of Preferred Stock.

(iv) The Preferred Stock shall only be redeemable as expressly set forth in this Section 8 and Section 9.

Section 9. Change of Control. On or before the 20th Business Day prior to the consummation of a Change of Control (or, if later, promptly after the Corporation discovers that a Change of Control has occurred or will occur), the Corporation shall provide written notice thereof to the Holders, and in connection with any such Change of Control, each Holder may elect one of the following options (subject to such Change of Control having actually occurred or actually occurring) by notice given to the Corporation within 20 Business Days after the date the Corporation provides such written notice (it being understood that if a Holder fails to timely provide notice of its election to the Corporation, such Holder shall be deemed to have elected the option set forth in clause (a) below):

(a) cause the Corporation to redeem all of such Holder's shares of Preferred Stock for cash in an amount per share of Preferred Stock equal to the applicable Optional Redemption Amount in effect immediately prior to the consummation of such Change of Control; or

(b) subject to the Corporation's (or, if the Corporation is not the surviving entity of such Change of Control, the Corporation's successor's) right to redeem the Preferred Stock pursuant to Section 8, continue to hold such Holder's shares of Preferred Stock.

Section 10. Negative Covenants.

(a) As long as any shares of Preferred Stock are outstanding, without the prior affirmative vote or prior written consent of a Holder Majority, the Corporation shall not, directly or indirectly (whether by way of amendment to the charter documents, merger, recapitalization, or otherwise):

(i) amend, alter, modify or repeal the Articles of Incorporation or the bylaws of the Corporation, in any manner that materially and adversely affects any rights, preferences, privileges or voting powers of the Preferred Stock or Holders;

(ii) issue, authorize or create, or increase the issued or authorized amount of, Preferred Stock, any class or series of Senior Securities or any Parity Securities or security convertible into or evidencing the right to purchase any shares of Preferred Stock, Senior Securities or Parity Securities other than equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock in accordance with Section 8;

(iii) declare or pay any dividends or distributions on, or redeem or repurchase, or permit any of its controlled Subsidiaries to redeem or repurchase, shares of Common Stock or any other shares of Junior Securities other than:

(1) Junior Preferred Stock PIK Dividends;

- (2) any stock dividend or distribution on the Common Stock payable in shares of Common Stock;
- (3) any distribution of rights pursuant to a stockholder rights plan with respect to the Common Stock;
- (4) any distribution upon a Liquidation;

(5) redemptions of incentive equity of the Corporation or its Subsidiaries held by employees of the Corporation or its Subsidiaries in connection with the administration of any employee benefit plan of the Corporation in the ordinary course of business;

(6) after April 26, 2021, cash dividends on the Series C Preferred Stock, the Series D Preferred Stock and the Series E Preferred Stock in accordance with the Series C Certification of Designation, the Series D Certificate of Designation and the Series E Certificate of Designation as in effect on the Original Issue Date, *provided* that all dividends on the Preferred Stock payable on the corresponding Dividend Payment Date have been, or contemporaneously are, paid in full in cash; and

(7) redemptions of the Series C Preferred Stock, the Series D Preferred Stock or the Series E Preferred Stock pursuant to and in accordance with a Change of Control redemption election by the “Holders” thereof pursuant to Section 9(a) of the Series C Certificate of Designation, the Series D Certificate of Designation or the Series E Certificate of Designation, as applicable, in each case as in effect on the Original Issue Date, *provided* that all shares of Preferred Stock as to which the Holders have elected redemption pursuant to Section 9(a) in connection with such Change in Control have been, or contemporaneously are, redeemed in accordance with Section 9(a);

(iv) authorize, issue or transfer, or permit any of its controlled Subsidiaries to authorize, issue or transfer, any equity (including any obligation or security convertible into, exchangeable for or evidencing the right to purchase any such equity) in any Subsidiary other than (1) equity issued or transferred to the Corporation or another wholly-owned Subsidiary of the Corporation or (2) equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock in accordance with Section 8; or

(v) subject to right of the holders of Common Stock to amend the provisions of the bylaws of the Corporation relating to the number of directors constituting the entire Board of Directors or the manner in which such number of directors is determined (but, for the sake of clarity, without limiting the Holders’

rights pursuant to Section 11), modify the number of directors constituting the entire Board of Directors at any time when the Holders have the right to designate an Investor Director pursuant to Section 11; *provided*, that the Corporation may increase the number of directors constituting the entire Board of Directors without the consent of a Holder Majority if the Holders are given the right to designate one or more additional Investor Directors as necessary to cause the number of Investor Director(s) the Holders have the right to designate relative to the number of directors constituting the entire Board of Directors to be in the same proportion prior to such increase, rounded up or down to the nearest whole number of directors.

(b) For so long as shares of Preferred Stock having an aggregate Optional Redemption Amount of at least \$27.5 million are outstanding, without the prior affirmative vote or prior written consent of a Holder Majority, the Corporation shall not, and shall not permit any of its controlled Subsidiaries to, directly or indirectly:

(i) incur any indebtedness or permit to exist any liens on any of the Corporation's or its Subsidiaries assets or properties, other than (1) indebtedness expressly permitted under Section 6.02 of the Specified Second Lien Credit Agreement and (2) liens expressly permitted under Section 6.03 of the Specified Second Lien Credit Agreement, in each case without regard to any requirements set forth in such sections of the Specified Second Credit Agreement related to an "Approved Intercreditor Agreement" or any subordination or pledge of intercompany indebtedness among the Corporation and its Subsidiaries; *provided*, that, the Corporation shall only be permitted to refinance, and incur corresponding liens in connection with any refinancing of, "Revolving Debt Obligations," "Obligations" and/or any refinancing debt in respect thereof, as applicable and as each such term is defined in the Specified Second Lien Credit Agreement, in each case, (A) with indebtedness (I) the principal amount of which does not exceed the sum of (x) the total outstanding principal amount of such debt being refinanced, *plus* (y) any usual and customary accrued and unpaid interest, premium, fees and costs and expenses thereon and (II) that does not contain terms and conditions that are materially adverse to the Preferred Stock or the interests of the Holders relative to the terms and conditions of the indebtedness being refinanced and (B) if, following the incurrence of any such indebtedness and after giving *pro forma* effect to the incurrence of such indebtedness and the application of proceeds thereof and the occurrence of any material acquisitions and/or dispositions on or prior to such date of determination, the Corporation delivers an officers' certificate certifying that the Proved Developed Producing Coverage Ratio (as defined in the Specified Second Lien Credit Agreement) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such indebtedness is incurred would be greater than 1.40:1.00;

(ii) enter into, adopt or agree to any “restricted payment” provisions (or other similar provisions that restrict or limit the payment of dividends on, or the redemption of, the Preferred Stock) under any credit facility, indenture or other similar instrument of the Corporation or its Subsidiaries (including, for the avoidance of doubt, the RBL Credit Agreement) that would be more restrictive on the payment of dividends on, or redemption of, the Preferred Stock than those existing as of the Original Issue Date (*provided* that, for the avoidance of doubt, any decrease in the amount available to make restricted payments under any such provisions that are the result of the Corporation utilizing capacity under such provisions or any decrease in capacity as a result of the operation of such provisions as set forth in any such credit facility, indenture or other similar instrument as of the Original Issue Date shall not require the consent of the Holders pursuant to this Section 10(b)(ii));

(iii) liquidate or dissolve the Corporation;

(iv) enter into any material new line of business or fundamentally change the nature of the Corporation’s business (including, for the avoidance of doubt, any acquisition of oil and gas properties outside the Permian Basin);

(v) enter into any transaction with any Affiliate of the Corporation which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm’s-length basis and expressly approved by a majority of the disinterested directors of the Corporation (even if less than a quorum otherwise required for board approval);

(vi) make any dispositions of assets or property of the Corporation or its Subsidiaries other than dispositions of the kind that would be expressly permitted under Section 6.05 of the Specified Second Lien Credit Agreement; provided that any reference to the Majority Lenders in such section shall be deemed to refer to a Holder Majority *mutatis mutandis*;

(vii) make any loans or investments of the Corporation or its Subsidiaries other than loans or investments of the kind that would be expressly permitted under Section 6.07 of the Specified Second Lien Credit Agreement, provided that any reference to the Majority Lenders in such section shall be deemed to refer to a Holder Majority *mutatis mutandis*; or

(viii) (1) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (2) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in this clause (viii), (3) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar



official for the Corporation or any Subsidiary or for a substantial part of its assets, (4) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (5) make a general assignment for the benefit of creditors or (6) take any action for the purpose of effecting any of the foregoing.

Section 11. Board Representation Rights.

(a) Subject to Section 11(b), without limiting other rights the Holders and their Affiliates may have (including pursuant to the March Transaction Agreement), from and after the Original Issue Date, the Holder Majority shall have the exclusive right (but not the obligation), voting separately as a class, to designate to the Board of Directors one director (the “Investor Director”) (subject to increase pursuant to Section 10(a)(v)) for as long as the aggregate Stated Value of all outstanding shares of the Preferred Stock is at least equal to \$13,750,000.

(b) Notwithstanding anything herein to the contrary, the number of Investor Directors the Holders shall be entitled to designate pursuant to Section 11(a) shall be reduced if, and only to the extent necessary in order to comply with applicable law or Trading Market rules (as directed in writing by the Commission or the Trading Market on which the Common Stock is then listed) so that the percentage of the number of directors constituting the entire Board of Directors represented by the number of Investor Directors does not exceed the percentage requirements of the Commission or such Trading Market.

(c) Within 10 Business Days after notice to the Corporation by the Holder Majority of the identity of the person designated to be the initial Investor Director, subject to confirmation by the Corporation that such initial Investor Director meets the requirements of Section 11(f), the Corporation shall cause such person to be appointed to the Board of Directors as the initial Investor Director. The Corporation shall take all actions within its power to cause all designees designated pursuant to Section 11(a) to be appointed to the Board of Directors.

(d) Each Investor Director designated pursuant to Section 11(a) shall serve until his or her successor is designated or his or her earlier death, disability, resignation or removal. Any vacancy or newly created directorship in the position of an Investor Director while the Holders have the right to appoint such Investor Director pursuant to Section 11(a) may be filled only by the Holder Majority, subject to the fulfillment of the requirements set forth in Section 11(f). While the Holders have the right to appoint any Investor Director pursuant to Section 11(a), (i) such Investor Director may, during his or her term of office, be removed at any time, with or without cause, by and only by the Holders of not less than two-thirds of the outstanding shares of Preferred Stock, and (ii) the Holders, by and only by a Holder Majority, shall have the right to, at any time, with or without cause (A) cause such Investor Director to resign from his or her directorship, and (B) appoint a replacement Investor Director to fill the vacancy resulting from such resignation, subject to the fulfillment of the requirements set forth in Section 11(f). Any Investor Director appointed pursuant to Section 11(a) shall be deemed to have agreed to resign from his or her directorship (and the Corporation shall recognize such resignation) upon exercise of the Holders’ rights set forth in clause

(ii) of the immediately preceding sentence if such Investor Director shall have previously delivered to the Corporation a written letter of resignation stating that such Investor Director resigns his or her directorship effective upon any exercise of the Holders' rights set forth in clause (ii) of the immediately preceding sentence.

(e) At all times while an Investor Director is serving as a member or observer of the Board of Directors, and following any such Investor Director's death, disability, resignation or removal, such Investor Director shall be entitled to all rights to indemnification and exculpation as are then made available to any other member or observer of the Board of Directors.

(f) Notwithstanding anything to the contrary, any Investor Director shall be reasonably acceptable to the Board of Directors and the Nominating and Corporate Governance Committee thereof acting in good faith (*provided*, that, for the avoidance of doubt, any investment professional of Värde Partners, Inc. or its Affiliates shall be deemed reasonably acceptable) and satisfy all applicable Commission and stock exchange requirements regarding service as a regular director of the Corporation and shall comply in all material respects with the Corporation's corporate governance guidelines as in effect from time to time.

(g) The right to designate an Investor Director pursuant to Section 11(a) shall automatically terminate at such time as the condition set forth in Section 11(a) is not satisfied, and at such time, if requested in writing by the Corporation, any Investor Directors then serving on the Board of Directors in excess of the entitled amount (if less than all then Investor Directors, then as selected by the Holder Majority) shall promptly resign from the Board of Directors. For the avoidance of doubt, any such Investor Director shall not be required to resign from the Board of Directors pursuant to this Section 11(g) if such individual has then currently been appointed or designated as a director of the Corporation pursuant to a right to appoint or designate a director that is then in effect under another agreement with the Corporation or another certificate of designation of preferred stock of the Corporation, but such individual will no longer be an Investor Director under this Certificate of Designation.

(h) To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its Subsidiaries, renounces any interest or expectancy of the Corporation and its Subsidiaries in, or in being offered an opportunity to participate in, any business opportunities that are from time to time presented to the Holders or any of their respective Affiliates or any of their respective agents, shareholders, members, partners, directors, officers, employees, investment manager, investment advisor, Affiliates or subsidiaries (other than the Corporation and its Subsidiaries), including any director or officer of the Corporation who is also an agent, shareholder, member, partner, director, officer, employee, investment manager, investment advisor, Affiliate or subsidiary of any Holder (each, a "Specified Party"), even if the business opportunity is one that the Corporation or its Subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no Specified Party shall have any duty to communicate or offer any such business opportunity to the Corporation or be liable to the

Corporation or any of its Subsidiaries or any stockholder, including for breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, and the Corporation shall indemnify each Specified Party against any claim that such Person is liable to the Corporation or its stockholders for breach of any fiduciary duty, by reason of the fact that such Person (i) participates in, pursues or acquires any such business opportunity, (ii) directs any such business opportunity to another Person or (iii) fails to present any such business opportunity, or information regarding any such business opportunity, to the Corporation or its Subsidiaries, unless, in the case of a Person who is a director or officer of the Corporation, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer of the Corporation.

Section 12. Issuance of Shares.

(a) Each book-entry notation (and, if applicable, each certificate) representing shares of Preferred Stock shall bear a legend substantially to the following effect:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE IDENTIFIED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE IDENTIFIED HEREIN ARE SUBJECT TO TRANSFER AND OTHER RESTRICTIONS SET FORTH IN THE CERTIFICATE OF DESIGNATION AND A TRANSACTION AGREEMENT, DATED AS OF MARCH 5, 2019, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE ISSUER AND WILL BE PROVIDED WITHOUT COST, UPON WRITTEN REQUEST TO THE SECRETARY OF THE ISSUER.

(b) Shares of Preferred Stock shall be in uncertificated, book-entry form as permitted by the bylaws of the Corporation and Nevada law. Within a reasonable time after the issuance or transfer of uncertificated shares and at least annually thereafter, the Corporation shall, or shall cause the Transfer Agent to, send to the registered owner thereof a written statement containing the information specified in Nevada Revised Statutes 78.235(5). Transfers of shares of Preferred Stock held in uncertificated, book-entry form shall be made only upon the transfer books of the Corporation kept at an office of the Transfer Agent upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer such shares. The Corporation may refuse any requested transfer until furnished evidence reasonably satisfactory to it that such transfer is made in accordance with the terms of this Certificate of Designation.

Section 13. Transfers.

(a) Prior to September 5, 2019, without the consent of the Corporation, no Holder may transfer any Preferred Stock other than to an Affiliate of such Holder or in connection with a business combination transaction involving the Corporation. After September 5, 2019, the Preferred Stock shall be unrestricted and freely transferable, subject to applicable securities law binding upon such Holder or transfer.

(b) Notwithstanding anything to the contrary in Section 13(a), Holders may make a bona fide pledge of any or all of its Preferred Stock in connection with a bona fide loan or other extension of credit, and any foreclosure by any pledged under such loan or extension of credit on any such pledged Preferred Stock (or any sale thereof) shall not be considered a violation of Section 13(a) and the transfer of the Preferred Stock by a pledgee who has foreclosed on such loan or extension of credit shall not be considered a violation or breach of Section 13(a).

(c) Any Person that becomes a Holder pursuant to a transfer under this Section 13 shall be subject to all of the terms and conditions of this Certificate of Designation.

Section 14. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder shall be in writing and delivered personally, by facsimile, e-mail, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address set forth above Attention: Joseph Daches, facsimile number (210) 999-5401, JDaches@lilisenergy.com or such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 14. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (i) the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (Houston, Texas time) on a Business Day, (ii) the next Business Day after the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (Houston, Texas time) on any Business Day, (iii) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Information; Notice. If at any time while the Preferred Stock is outstanding the Corporation is not required to file reports under Section 13(a) or 15(d) of the Exchange Act, the Corporation shall provide to the Holders:

(i) quarterly unaudited financial statements prepared in accordance with GAAP within 45 days after the end of each fiscal quarter, in each case, in form and substance acceptable to the Holder Majority;

(ii) audited annual financial statements prepared in accordance with GAAP within 90 days after the end of each fiscal year of the Corporation (certified by an independent accounting firm of national standing); and

(iii) annually, within 90 days after the end of the fiscal year, a reserve report prepared or audited by a third party engineering firm of national standing in accordance with Commission guidelines with an “as of” date of December 31 of the preceding calendar year.

(c) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

(d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof. The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby irrevocable and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any district thereof, in any action or proceeding arising out of or relating to this Certificate of Designation, or for recognition or enforcement of any judgment, and each of them hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. The Corporation and each Holder, by acceptance of shares of Preferred Stock, agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Certificate of Designation shall affect any right that any Holder may otherwise have to bring any action or proceeding relating to this Certificate of Designation against the Corporation or its properties in the courts of any jurisdiction. The Corporation hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Certificate of Designation in any court referred to in this Section 14(d). The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Corporation and each Holder, by

acceptance of shares of Preferred Stock, irrevocably consents to service of process in the manner provided for notices in this Certificate of Designation. Nothing in this Certificate of Designation will affect the right of the Corporation or any Holder to serve process in any other manner permitted by law. The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Certificate of Designation or the transactions contemplated hereby (whether based on contract, tort or any other theory). If any party shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

(e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

(i) Status of Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the March Transaction Agreement or this Certificate of Designation. If any shares of Preferred Stock shall be redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series F 9.00% Participating Preferred Stock.

(j) Calculations. Any calculations made by the Corporation or Board of Directors pursuant to this Certificate of Designation shall be undertaken and made in good faith.

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RESOLVED, FURTHER, that the Chairman, the Chief Executive Officer, the president or any vice-president, and the treasurer, assistant treasurer, secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation in accordance with the foregoing resolution and the provisions of Nevada law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Designation this 5th day of March, 2019.

/s/ Ronald D. Ormand

/s/ Joseph C. Daches

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Name: Ronald D. Ormand

Name: Joseph C. Daches

Title: Chief Executive Officer

Title: President, Chief Financial Officer and Treasurer



LILIS ENERGY, INC.

#5885678

**SECOND AMENDED AND RESTATED  
CERTIFICATE OF DESIGNATION OF PREFERENCES,  
RIGHTS AND LIMITATIONS  
OF  
SERIES C-1 9.75% PARTICIPATING PREFERRED STOCK  
and  
SERIES C-2 9.75% PARTICIPATING PREFERRED STOCK**

PURSUANT TO SECTION 78.1955 OF THE  
NEVADA REVISED STATUTES

The undersigned, Ronald D. Ormand and Joseph C. Daches, do hereby certify that:

1. They are the Executive Chairman and Executive Vice President, Chief Financial Officer and Treasurer, respectively, of Lilis Energy, Inc., a Nevada corporation (the "Corporation").

2. The Corporation is authorized to issue 10,000,000 shares of preferred stock, of which, after giving effect to (i) this Certificate of Designation (as defined below), (ii) that certain Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Participating Preferred Stock, dated as of as of March 5, 2019, (iii) that certain Certificate of Designation of Preferences, Rights and Limitations of Series E 8.25% Convertible Participating Preferred Stock, dated as of March 5, 2019, and (iv) that certain Certificate of Designation of Preferences, Rights and Limitations of Series F 9.00% Participating Preferred Stock, dated as of March 5, 2019, (a) 100,000 are designated as "Series C-1 9.75% Participating Preferred Stock", (b) 25,000 shares are designated as "Series C-2 9.75% Participating Preferred Stock", (c) 39,254 are designated as "Series D 8.25% Participating Preferred Stock" (the "Series D Preferred Stock"), (d) 60,000 are designated as "Series E 8.25% Convertible Participating Preferred Stock" (the "Series E Preferred Stock") and (e) 55,000 shares are designated as "Series F 9.00% Participating Preferred Stock" (the "Series F Preferred Stock").

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors") on March 4, 2019 in accordance with the provisions of the Articles of Incorporation, the bylaws of the Corporation and applicable law, providing for the amendment and restatement of the Amended Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Convertible Participating Preferred Stock and Series C-2 Convertible Participating Preferred Stock of the Corporation filed with the Secretary of State of the State of Nevada on October 10, 2018 (the "Amended Certificate of Designation") in the form of this Second Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock (this "Certificate of Designation"):

WHEREAS, the Articles of Incorporation of the Corporation provide for a class of its authorized stock known as preferred stock, consisting of 10,000,000 shares, \$0.0001 par value per share, issuable from time to time in one or more series; and

WHEREAS, the Articles of Incorporation authorize the Board of Directors to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series of Preferred Stock and the designation thereof.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby approve and adopt this Certificate of Designation, as set forth below, amending and restating the Amended Certificate of Designation in its entirety, and that this Certificate of Designation shall become effective upon filing this Certificate of Designation with the Secretary of State of the State of Nevada:

**TERMS OF PREFERRED STOCK**

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is

under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act; *provided*, that no portfolio company of a Holder or its Affiliates shall be considered or otherwise deemed an Affiliate thereof.

“Articles of Incorporation” shall mean the Amended and Restated Articles of Incorporation of the Corporation, dated as of October 10, 2011, as amended from time to time.

“Board of Directors” shall have the meaning set forth in the Preamble.

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York or Texas are authorized or required by law or other governmental action to close.

“C-1 Original Issue Date” means January 31, 2018.

“C-2 Original Issue Date” means October 10, 2018.

“Change of Control” means:

(a) any “person” or “group” (as such terms are used in sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), other than (i) any Holder, (ii) Värde, (iii) any holder of Series E Preferred Stock or (iv) any Affiliate of any Person specified in the preceding clauses (i)-(iii), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have “beneficial ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of all shares that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the outstanding capital stock (excluding any debt securities convertible into equity) normally entitled to vote in the election of directors of the Corporation (or its successor by merger, consolidation or purchase of all or substantially all of its assets) (*provided*, for the avoidance of doubt, that, for purposes of the foregoing, shares of preferred stock of any series shall not be considered to be normally entitled to vote in the election of directors by reason of any right of the holders of shares of preferred stock of such series to elect or appoint one or more directors voting or acting separately as a class);

(b) except as permitted by Section 6.04 of the Specified Second Lien Credit Agreement, a disposition by the Corporation or a Subsidiary pursuant to which the Corporation or any Subsidiary sells, leases, licenses, transfers, assigns or otherwise disposes, in one or a series of related transactions, all or substantially all of the properties and assets of the Corporation and its Subsidiaries taken as a whole;

(c) the Corporation’s stockholders approve any plan relating to the liquidation or dissolution of the Corporation; or

(d) the occurrence of a “Change of Control” (or similar term) as such term is defined in any of (i) the RBL Credit Agreement or (ii) any other credit facility, indenture or other similar instrument of the Corporation or its Subsidiaries under which indebtedness of the Corporation or its Subsidiaries of at least \$5 million is outstanding at the time of such occurrence or at any point in the 90 days prior thereto.

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the Corporation’s common stock, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Corporation” shall have the meaning set forth in the Preamble.

“Dividend Payment Date” shall have the meaning set forth in Section 3(b).

“Dividend Rate” means (i) on or prior to April 26, 2021, 9.75% per annum and (ii) following April 26, 2021, 12.00% per annum; *provided*, that if, for any Dividend Payment Date after April 26, 2021, dividends on the Preferred Stock are not paid in full in cash on such Dividend Payment Date, then the Dividend Rate for the dividends payable on such Dividend Payment Date (but not on

any subsequent Dividend Payment Date on which such dividends are paid in full in cash) shall be 15.00% per annum.

“GAAP” means United States generally accepted accounting principles.

“Holder” shall have the meaning given such term in Section 3(a).

“Holder Majority” means the Holders of a majority of the outstanding shares of Preferred Stock.

“Investor Director” shall have the meaning set forth in Section 11(a).

“Junior Preferred Stock PIK Dividends” means any dividends on any shares of preferred stock of the Corporation that are Junior Securities to the extent such dividends are paid solely in the form of additional shares of such preferred stock or by increase to the stated value or liquidation preference thereof (or other similar term or amount) in accordance with the terms of such preferred stock.

“Junior Securities” means the Common Stock (and Common Stock Equivalents) and all other classes of the Corporation’s common stock and each other class of capital stock or series of preferred stock, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Liquidation” shall have the meaning set forth in Section 6.

“March Transaction Agreement” means the Transaction Agreement, dated as of March 5, 2019, by and among the Corporation and the original holders of Series E Preferred Stock and Series F Preferred Stock, as amended, modified or supplemented from time to time in accordance with its terms.

“October Transaction Agreement” means the Transaction Agreement, dated as of October 10, 2018, by and among the Corporation and the original Holders of C-2 Preferred Stock, as amended, modified or supplemented from time to time in accordance with its terms.

“Officer” shall mean the Executive Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary, any Assistant Secretary or any Assistant Treasurer of the Corporation.

“Optional Redemption” shall have the meaning set forth in Section 8(a).

“Optional Redemption Amount” shall have the meaning set forth in Section 8(b).

“Optional Redemption Date” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice Date” shall have the meaning set forth in Section 8(a).

“Original Issue Date” means (i) the C-1 Original Issue Date, with respect to the Series C-1 Preferred Stock, and (ii) the C-2 Original Issue Date, with respect to the Series C-2 Preferred Stock.

“Parity Securities” shall mean any class of capital stock or series of preferred stock, the terms of which expressly provide that such class or series will rank on a parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Participation Price” means \$7.00; *provided that* (a) if the Corporation shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock payable in shares of Common Stock, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares of Common Stock, the Participation Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced; and (b) if the Corporation at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Participation Price in effect immediately prior to such combination shall be proportionately increased. Any adjustment under clause (a) or (b) of the preceding sentence of this definition shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Stock” shall have the meaning set forth in Section 2(a).

“Purchase Agreement” means the Securities Purchase Agreement, dated as of January 30, 2018, among the Corporation and the original Holders of C-1 Preferred Stock, as amended, modified or supplemented from time to time in accordance with its terms.

“RBL Credit Agreement” means that certain Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of October 10, 2018, by and among the Corporation, the guarantors from time to time party thereto, the lenders party thereto and BMO Harris Bank, N.A., as administrative agent and collateral agent, as amended by the First Amendment and Waiver thereto, dated as of March 1, 2019, and as further amended from time to time (in accordance with this Certificate of Designation).

“Record Date” means, with respect to any issuance, dividend or distribution declared, paid or made on or with respect to any capital stock of the Corporation, the date fixed for the determination of the stockholders entitled to receive such issuance, dividend or distribution.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Senior Securities” shall mean each class of capital stock or series of preferred stock, the terms of which expressly provide that such class or series will rank senior to the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation, including the Series D Preferred Stock, the Series E Preferred Stock and the Series F Preferred Stock.

“Series C-1 Preferred Stock” shall have the meaning set forth in Section 2(a).

“Series C-2 Preferred Stock” shall shall have the meaning set forth in Section 2(a).

“Series D Preferred Stock” shall have the meaning set forth in the preamble.

“Series E Preferred Stock” shall have the meaning set forth in the preamble.

“Series F Preferred Stock” shall have the meaning set forth in the preamble.

“Specified Party” shall have the meaning set forth in Section 11(h).

“Specified Second Lien Credit Agreement” means that certain Credit Agreement, dated as of April 26, 2017, by and among the Corporation, the guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent, as amended, supplemented or otherwise modified and as in effect as of March 4, 2019, regardless of whether or not in effect as of any date thereafter.

“Stated Value” shall have the meaning set forth in Section 2(a).

“Subsidiary” means any direct or indirect subsidiary of the Corporation, including those set forth on Schedule 3.1(a) to the March Transaction Agreement, and any direct or indirect subsidiary of the Corporation formed or acquired after the date of the March Transaction Agreement.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means Corporate Stock Transfer, the current transfer agent of the Corporation with a mailing address of 3200 Cherry Creek South Drive, Suite 430, Denver, Colorado 80209 and a facsimile number of (303) 282-5800, and any successor transfer agent of the Corporation.

“Värde” means (a) Värde Partners, Inc., its affiliated investment managers and funds or accounts managed by any of them (including the Värde Parties (as defined in the March Transaction Agreement) but excluding any portfolio companies that are owned in whole or in part by any of the foregoing) and (b) any partner, member, manager, principal, director or officer of any of the foregoing.

## Section 2. Designation, Amount and Par Value; Ranking.

(a) The series of preferred stock established pursuant to this Certificate of Designation shall be designated as “Series C-1 9.75% Participating Preferred Stock” (the “Series C-1 Preferred Stock”) and the number of shares so designated and authorized

shall be 100,000 (which shall not be subject to increase without the affirmative vote or written consent of a Holder Majority); and “Series C-2 9.75% Participating Preferred Stock” (the “Series C-2 Preferred Stock” and, together with the Series C-1 Preferred Stock, the “Preferred Stock”) and the number of shares so designated and authorized shall be 25,000 (which shall not be subject to increase without the affirmative vote or written consent of a Holder Majority). Each share of Preferred Stock shall have an initial par value of \$0.0001 per share and an initial stated value equal to \$1,000.00 per share, subject to increase as set forth in Section 3 below (the “Stated Value”).

(b) The Preferred Stock, with respect to dividend rights and rights upon the liquidation, winding-up or dissolution of the Corporation, ranks: (i) senior in all respects to all Junior Securities; (ii) *pari passu* with all Parity Securities; and (iii) junior in all respects to all Senior Securities, in each case, as provided more fully herein.

### Section 3. Dividends.

(a) Participating Dividends. Without limiting Section 10 of this Certificate of Designation, for so long as any shares of Preferred Stock are outstanding, no dividend or other distribution (other than any stock dividend or distribution on the Common Stock payable in shares of Common Stock, any distribution of rights pursuant to a stockholder rights plan or any distribution upon a Liquidation) may be declared or paid on the Common Stock or to the holders thereof unless the holders of the Preferred Stock (each, a “Holder” and collectively, the “Holders”) receive, simultaneously with the distribution to the holders of the Common Stock, a dividend or other distribution of such securities, cash or other property in an amount equal to the amount of such securities, cash or other property as the Holders would have received if, immediately prior to the Record Date for such distribution, each then-outstanding share of the Preferred Stock had been converted into a number of shares of the Common Stock equal to (i) the then applicable Optional Redemption Amount *divided by* (ii) the then-applicable Participation Price (regardless of the fact that shares of the Preferred Stock are not convertible into Common Stock).

(b) Dividends in Cash or in Kind. In addition to participation in cash dividends on, or distributions to, Common Stock as set forth in Section 3(a), Holders shall be entitled to receive, and the Corporation shall pay (prior to any distributions made in respect of any Junior Securities (or contemporaneously therewith in the case of Junior Preferred Stock PIK Dividends) and prior to or contemporaneously with any distributions made in respect of any Parity Securities, in each case in respect of the same fiscal quarter), cumulative dividends per share (as a percentage of the Stated Value per share) at the Dividend Rate, payable and compounded quarterly in arrears on January 1, April 1, July 1 and October 1, beginning on the first such date after the Original Issue Date (each such date, a “Dividend Payment Date”) (if any Dividend Payment Date is not a Business Day, the applicable payment, if paid in cash, shall be due on the next succeeding Business Day, and no interest or dividends on such payment shall accrue or accumulate in respect of such delay), in (i) cash out of funds legally available therefor, (ii) by an increase in the Stated Value of the Preferred Stock, or (iii) any combination of clause (i) and (ii), in each case, in an amount equal to the accrued but unpaid dividends due to a Holder in respect of each share of Preferred Stock on the Dividend Payment Date. For the avoidance of doubt, any dividends paid by an increase in the Stated Value pursuant to this Section 3(b) shall be deemed to have been paid in full for all purposes and (ii) the Series C-1 Preferred Stock and the Series C-2 Preferred Stock shall be paid on a *pari-passu* basis, including as to the time of payment and the type and combination of dividends paid pursuant to the immediately foregoing sentence. The default method of payment shall be an increase in the Stated Value unless, at least five Business Days prior to a Dividend Payment Date, the Corporation provides written notice to the Holders of its election to pay in cash and such cash payment is actually and timely made. Dividends shall be paid *pro rata* for any partial quarter.

(c) Dividend Calculations. Dividends on the Preferred Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, shall accrue daily commencing on the Original Issue Date and shall be deemed to accrue from such date whether or not declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends.

Section 4. Maturity. The Preferred Stock shall be perpetual unless redeemed in accordance with this Certificate of Designation.

### Section 5. Voting Rights.

(a) The Holders in such capacity will not have the right to vote with the holders of Common Stock as a single class on any matter.

(b) Each Holder will have one vote per share of Preferred Stock on any matter on which Holders of Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent.

Section 6. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a “Liquidation”), the Holders shall be entitled to receive, in respect of each share of Preferred Stock, out of the assets, whether capital or surplus, of the Corporation an amount equal to the greater of (i) the then-applicable Optional Redemption Amount and (ii) the proceeds the Holders would be entitled to receive if, immediately prior to the payment of such amount, each then-outstanding share of the Preferred Stock had been converted into a number of shares of the Common Stock equal to (i) the then-applicable Optional Redemption Amount *divided by* (ii) the then-applicable Participation Price (regardless of the fact that shares of the Preferred Stock are not convertible into Common Stock), after any amount shall be paid to holders of any Senior Securities, before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts payable to Holders and the amounts payable to the holders of any Parity Securities, then the entire assets to be distributed to the Holders and the holders of any Parity Securities shall be ratably distributed among the Holders and the holders of any Parity Securities in accordance with the respective amounts that would be payable on shares of Preferred Stock and any Parity Securities if all amounts payable thereon were paid in full. A Change of Control shall not be deemed a Liquidation. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 7. [Intentionally Omitted].

Section 8. Optional Redemption.

(a) Optional Redemption at Election of Corporation. Subject to the provisions of this Section 8 and Section 9, at any time after the Original Issue Date, the Corporation may deliver a notice to the Holders (an “Optional Redemption Notice” and the date such notice is deemed delivered hereunder, the “Optional Redemption Notice Date”) of its election (which shall be irrevocable but may be conditioned on the occurrence of any one or more events) to redeem some or all of the then-outstanding Preferred Stock, for cash in an amount equal to the Optional Redemption Amount on the 20th Business Day following the Optional Redemption Notice Date (such date, the “Optional Redemption Date” and such redemption, the “Optional Redemption”).

(b) Optional Redemption Amount. Each share of Preferred Stock redeemed pursuant to this Section 8 shall be redeemed by paying cash in an amount equal to (i)(1) the applicable Stated Value *multiplied by* (2) 125.0%, *plus* (ii) all accrued but unpaid dividends thereon and all liquidated damages and other amounts due in respect of such Preferred Stock as of the Optional Redemption Date (such amount, the “Optional Redemption Amount”).

(c) Redemption Procedure. The payment of cash pursuant to an Optional Redemption shall be made on the Optional Redemption Date. If any portion of the cash payment for an Optional Redemption has not been paid by the Corporation on the Optional Redemption Date, interest shall accrue thereon until such amount is paid in full at a rate equal to the lesser of 15% per annum or the maximum rate permitted by applicable law.

(d) Limitations on Redemption.

(i) Any Optional Redemption by the Corporation must be of Preferred Stock having a minimum aggregate Stated Value of \$20 million as of the Optional Redemption Notice Date (or such lesser amount if such Optional Redemption is for all of the remaining Preferred Stock).

(ii) The Corporation may consummate no more than one partial Optional Redemption within any 6-month period.

(iii) Any Optional Redemption shall be applied ratably to all of the Holders based on each Holder’s relative ownership of shares of Preferred Stock.

(iv) The Preferred Stock shall only be redeemable as expressly set forth in this Section 8 and Section 9.

Section 9. Change of Control. On or before the 20th Business Day prior to the consummation of a Change of Control (or, if later, promptly after the Corporation discovers that a Change of Control has occurred or will occur), the Corporation shall provide written notice thereof to the Holders, and in connection with any such Change of Control, each Holder may elect one of the following options (subject to such Change of Control having actually occurred or actually occurring) by notice given to the Corporation within 20 Business Days after the date the Corporation provides such written notice (it being understood that if a Holder fails to timely provide notice of its election to the Corporation, such Holder shall be deemed to have elected the option set forth in clause (a) below):

(a) cause the Corporation to redeem all of such Holder’s shares of Preferred Stock for cash in an amount per share of Preferred Stock equal to (i) the applicable Optional Redemption Amount in effect immediately prior to the consummation of such



Change of Control *plus* (ii)(x) the applicable Stated Value in effect immediately prior to the consummation of such Change of Control *multiplied by* (y) 2.5%; or

(b) subject to the Corporation's (or, if the Corporation is not the surviving entity of such Change of Control, the Corporation's successor's) right to redeem the Preferred Stock pursuant to Section 8, continue to hold such Holder's shares of Preferred Stock.

#### Section 10. Negative Covenants.

(a) As long as any shares of Preferred Stock are outstanding, without the prior affirmative vote or prior written consent of a Holder Majority, the Corporation shall not, directly or indirectly (whether by way of amendment to the charter documents, merger, recapitalization, or otherwise):

(i) amend, alter, modify or repeal the Articles of Incorporation or the bylaws of the Corporation, in any manner that materially and adversely affects any rights, preferences, privileges or voting powers of the Preferred Stock or Holders;

(ii) issue, authorize or create, or increase the issued or authorized amount of, Preferred Stock, any class or series of Senior Securities or any Parity Securities or security convertible into or evidencing the right to purchase any shares of Preferred Stock, Senior Securities or Parity Securities other than equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock in accordance with Section 8;

(iii) declare or pay any dividends or distributions on, or redeem or repurchase, or permit any of its controlled Subsidiaries to redeem or repurchase, shares of Common Stock or any other shares of Junior Securities other than:

(1) Junior Preferred Stock PIK Dividends;

(2) any stock dividend or distribution on the Common Stock payable in shares of Common Stock;

(3) any distribution of rights pursuant to a stockholder rights plan with respect to the Common Stock;

(4) any distribution upon a Liquidation; and

(5) redemptions of incentive equity of the Corporation or its Subsidiaries held by employees of the Corporation or its Subsidiaries in connection with the administration of any employee benefit plan of the Corporation in the ordinary course of business;

(iv) authorize, issue or transfer, or permit any of its controlled Subsidiaries to authorize, issue or transfer, any equity (including any obligation or security convertible into, exchangeable for or evidencing the right to purchase any such equity) in any Subsidiary other than (1) equity issued or transferred to the Corporation or another wholly-owned Subsidiary of the Corporation or (2) equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock in accordance with Section 8; or

(v) subject to right of the holders of Common Stock to amend the provisions of the bylaws of the Corporation relating to the number of directors constituting the entire Board of Directors or the manner in which such number of directors is determined (but, for the sake of clarity, without limiting the Holders' rights pursuant to Section 11), modify the number of directors constituting the entire Board of Directors at any time when the Holders have the right to designate an Investor Director pursuant to Section 11; *provided*, that the Corporation may increase the number of directors constituting the entire Board of Directors without the consent of a Holder Majority if the Holders are given the right to designate one or more additional Investor Directors as necessary to cause the number of Investor Director(s) the Holders have the right to designate relative to the number of directors constituting the entire Board of Directors to be in the same proportion prior to such increase, rounded up or down to the nearest whole number of directors.

(b) For so long as shares of Preferred Stock having an aggregate Optional Redemption Amount of at least \$50 million are outstanding, without the prior affirmative vote or prior written consent of a Holder Majority, the Corporation shall not, and shall not permit any of its controlled Subsidiaries to, directly or indirectly:

(i) incur any indebtedness or permit to exist any liens on any of the Corporation's or its Subsidiaries assets or properties, other than (1) indebtedness expressly permitted under Section 6.02 of the Specified Second Lien Credit

Agreement and (2) liens expressly permitted under Section 6.03 of the Specified Second Lien Credit Agreement, in each case without regard to any requirements set forth in such sections of the Specified Second Credit Agreement related to an “Approved Intercreditor Agreement” or any subordination or pledge of intercompany indebtedness among the Corporation and its Subsidiaries; *provided*, that, the Corporation shall only be permitted to refinance, and incur corresponding liens in connection with any refinancing of, “Revolving Debt Obligations,” “Obligations” and/or any refinancing debt in respect thereof, as applicable and as each such term is defined in the Specified Second Lien Credit Agreement, in each case, (A) with indebtedness (I) the principal amount of which does not exceed the sum of (x) the total outstanding principal amount of such debt being refinanced, *plus* (y) any usual and customary accrued and unpaid interest, premium, fees and costs and expenses thereon and (II) that does not contain terms and conditions that are materially adverse to the Preferred Stock or the interests of the Holders relative to the terms and conditions of the indebtedness being refinanced and (B) if, following the incurrence of any such indebtedness and after giving *pro forma* effect to the incurrence of such indebtedness and the application of proceeds thereof and the occurrence of any material acquisitions and/or dispositions on or prior to such date of determination, the Corporation delivers an officers’ certificate certifying that the Proved Developed Producing Coverage Ratio (as defined in the Specified Second Lien Credit Agreement) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such indebtedness is incurred would be greater than 1.40:1.00;

(ii) enter into, adopt or agree to any “restricted payment” provisions (or other similar provisions that restrict or limit the payment of dividends on, or the redemption of, the Preferred Stock) under any credit facility, indenture or other similar instrument of the Corporation or its Subsidiaries (including, for the avoidance of doubt, the RBL Credit Agreement) that would be more restrictive on the payment of dividends on, or redemption of, the Preferred Stock than those existing as of the Original Issue Date (*provided* that, for the avoidance of doubt, any decrease in the amount available to make restricted payments under any such provisions that are the result of the Corporation utilizing capacity under such provisions or any decrease in capacity as a result of the operation of such provisions as set forth in any such credit facility, indenture or other similar instrument as of the Original Issue Date shall not require the consent of the Holders pursuant to this Section 10(b)(ii));

(iii) liquidate or dissolve the Corporation;

(iv) enter into any material new line of business or fundamentally change the nature of the Corporation’s business (including, for the avoidance of doubt, any acquisition of oil and gas properties outside the Permian Basin);

(v) enter into any transaction with any Affiliate of the Corporation which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm’s-length basis and expressly approved by a majority of the disinterested directors of the Corporation (even if less than a quorum otherwise required for board approval);

(vi) make any dispositions of assets or property of the Corporation or its Subsidiaries other than dispositions of the kind that would be expressly permitted under Section 6.05 of the Specified Second Lien Credit Agreement; *provided* that any reference to the Majority Lenders in such section shall be deemed to refer to a Holder Majority *mutatis mutandis*;

(vii) make any loans or investments of the Corporation or its Subsidiaries other than loans or investments of the kind that would be expressly permitted under Section 6.07 of the Specified Second Lien Credit Agreement, *provided* that any reference to the Majority Lenders in such section shall be deemed to refer to a Holder Majority *mutatis mutandis*; or

(viii) (1) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (2) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in this clause (viii), (3) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Corporation or any Subsidiary or for a substantial part of its assets, (4) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (5) make a general assignment for the benefit of creditors or (6) take any action for the purpose of effecting any of the foregoing.

#### Section 11. Board Representation Rights.

(a) Subject to Section 11(b), without limiting other rights the Holders and their Affiliates may have (including pursuant



to the March Transaction Agreement), from and after the Original Issue Date, the Holder Majority shall have the exclusive right (but not the obligation), voting separately as a class, to designate to the Board of Directors two directors (the “Investor Directors”) (subject to increase pursuant to Section 10(a)(v)) for as long as the aggregate Stated Value of all outstanding shares of the Preferred Stock is at least equal to \$31,250,000.

(b) Notwithstanding anything herein to the contrary, the number of Investor Directors the Holders shall be entitled to designate pursuant to Section 11(a) shall be reduced if, and only to the extent necessary in order to comply with applicable law or Trading Market rules (as directed in writing by the Commission or the Trading Market on which the Common Stock is then listed) so that the percentage of the number of directors constituting the entire Board of Directors represented by the number of Investor Directors does not exceed the percentage requirements of the Commission or such Trading Market.

(c) Within 10 Business Days after notice to the Corporation by the Holder Majority of the identity of the person designated to be the initial Investor Directors, subject to confirmation by the Corporation that such initial Investor Directors meet the requirements of Section 11(f), the Corporation shall cause such person to be appointed to the Board of Directors as the initial Investor Director. The Corporation shall take all actions within its power to cause all designees designated pursuant to Section 11(a) to be appointed to the Board of Directors.

(d) Each Investor Director designated pursuant to Section 11(a) shall serve until his or her successor is designated or his or her earlier death, disability, resignation or removal. Any vacancy or newly created directorship in the position of an Investor Director while the Holders have the right to appoint such Investor Directors pursuant to Section 11(a) may be filled only by the Holder Majority, subject to the fulfillment of the requirements set forth in Section 11(f). While the Holders have the right to appoint any Investor Director pursuant to Section 11(a), (i) such Investor Director may, during his or her term of office, be removed at any time, with or without cause, by and only by the Holders of not less than two-thirds of the outstanding shares of Preferred Stock, and (ii) the Holders, by and only by a Holder Majority, shall have the right to, at any time, with or without cause (A) cause such Investor Director to resign from his or her directorship, and (B) appoint a replacement Investor Director to fill the vacancy resulting from such resignation, , subject to the fulfillment of the requirements set forth in Section 11(f). Any Investor Director appointed pursuant to Section 11(a) shall be deemed to have agreed to resign from his or her directorship (and the Corporation shall recognize such resignation) upon exercise of the Holders’ rights set forth in clause (ii) of the immediately preceding sentence if such Investor Director shall have previously delivered to the Corporation a written letter of resignation stating that such Investor Director resigns his or her directorship effective upon any exercise of the Holders’ rights set forth in clause (ii) of the immediately preceding sentence.

(e) At all times while an Investor Director is serving as a member or observer of the Board of Directors, and following any such Investor Director’s death, disability, resignation or removal, such Investor Director shall be entitled to all rights to indemnification and exculpation as are then made available to any other member or observer of the Board of Directors.

(f) Notwithstanding anything to the contrary, any Investor Director shall be reasonably acceptable to the Board of Directors and the Nominating and Corporate Governance Committee thereof acting in good faith (*provided*, that, for the avoidance of doubt, any investment professional of Värde Partners, Inc. or its Affiliates shall be deemed reasonably acceptable) and satisfy all applicable Commission and stock exchange requirements regarding service as a regular director of the Corporation and shall comply in all material respects with the Corporation’s corporate governance guidelines as in effect from time to time.

(g) The right to designate an Investor Director pursuant to Section 11(a) shall automatically terminate at such time as the condition set forth in Section 11(a) is not satisfied, and at such time, if requested in writing by the Corporation, any Investor Directors then serving on the Board of Directors in excess of the entitled amount (if less than all then Investor Directors, then as selected by the Holder Majority) shall promptly resign from the Board of Directors. For the avoidance of doubt, any such Investor Director shall not be required to resign from the Board of Directors pursuant to this Section 11(g) if such individual has then currently been appointed or designated as a director of the Corporation pursuant to a right to appoint or designate a director that is then in effect under another agreement with the Corporation or another certificate of designation of preferred stock of the Corporation, but such individual will no longer be an Investor Director under this Certificate of Designation.

(h) To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its Subsidiaries, renounces any interest or expectancy of the Corporation and its Subsidiaries in, or in being offered an opportunity to participate in, any business opportunities that are from time to time presented to the Holders or any of their respective Affiliates or any of their respective agents, shareholders, members, partners, directors, officers, employees, investment manager, investment advisor, Affiliates or subsidiaries (other than the Corporation and its Subsidiaries), including any director or officer of the Corporation who is also an agent, shareholder, member, partner, director, officer, employee, investment manager, investment advisor, Affiliate or subsidiary of any Holder (each, a “Specified Party”), even if the business opportunity is one that the Corporation or its Subsidiaries might reasonably be

deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no Specified Party shall have any duty to communicate or offer any such business opportunity to the Corporation or be liable to the Corporation or any of its Subsidiaries or any stockholder, including for breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, and the Corporation shall indemnify each Specified Party against any claim that such Person is liable to the Corporation or its stockholders for breach of any fiduciary duty, by reason of the fact that such Person (i) participates in, pursues or acquires any such business opportunity, (ii) directs any such business opportunity to another Person or (iii) fails to present any such business opportunity, or information regarding any such business opportunity, to the Corporation or its Subsidiaries, unless, in the case of a Person who is a director or officer of the Corporation, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer of the Corporation.

#### Section 12. Issuance of Shares.

(a) Each book-entry notation (and, if applicable, each certificate) representing shares of Preferred Stock shall bear a legend substantially to the following effect:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE IDENTIFIED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE IDENTIFIED HEREIN ARE SUBJECT TO TRANSFER AND OTHER RESTRICTIONS SET FORTH IN THE CERTIFICATE OF DESIGNATION AND A SECURITIES PURCHASE AGREEMENT, DATED AS OF JANUARY 30, 2018 // A TRANSACTION AGREEMENT, DATED AS OF OCTOBER 10, 2018, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE ISSUER AND WILL BE PROVIDED WITHOUT COST, UPON WRITTEN REQUEST TO THE SECRETARY OF THE ISSUER.

(b) Shares of Preferred Stock shall be in uncertificated, book-entry form as permitted by the bylaws of the Corporation and Nevada law. Within a reasonable time after the issuance or transfer of uncertificated shares and at least annually thereafter, the Corporation shall, or shall cause the Transfer Agent to, send to the registered owner thereof a written statement containing the information specified in Nevada Revised Statutes 78.235(5). Transfers of shares of Preferred Stock held in uncertificated, book-entry form shall be made only upon the transfer books of the Corporation kept at an office of the Transfer Agent upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer such shares. The Corporation may refuse any requested transfer until furnished evidence reasonably satisfactory to it that such transfer is made in accordance with the terms of this Certificate of Designation.

#### Section 13. Transfers.

(a) Prior to July 31, 2018, without the consent of the Corporation, no Holder may transfer any Series C-1 Preferred Stock other than to an Affiliate of such Holder or in connection with a business combination transaction involving the Corporation. After July 31, 2018, the Series C-1 Preferred Stock shall be unrestricted and freely transferable, subject to applicable securities law binding upon such Holder or transfer.

(b) Prior to April 10, 2019, without the consent of the Corporation, no Holder may transfer any any Series C-2 Preferred Stock other than to an Affiliate of such Holder or in connection with a business combination transaction involving the Corporation. After April 10, 2019, the Series C-2 Preferred Stock shall be unrestricted and freely transferable, subject to applicable securities law binding upon such Holder or transfer.

(c) Notwithstanding anything to the contrary in Section 13(a) or Section 13(b), Holders may make a bona fide pledge of any or all of its Preferred Stock in connection with a bona fide loan or other extension of credit, and any foreclosure by any pledged under such loan or extension of credit on any such pledged Preferred Stock (or any sale thereof) shall not be considered a violation of Section 13(a) or Section 13(b) and the transfer of the Preferred Stock by a pledgee who has foreclosed on such loan or extension of credit shall not be considered a violation or breach of Section 13(a) or Section 13(b).

(d) Any Person that becomes a Holder pursuant to a transfer under this Section 13 shall be subject to all of the terms

and conditions of this Certificate of Designation.

Section 14. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder shall be in writing and delivered personally, by facsimile, e-mail, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address set forth above Attention: Joseph Daches, facsimile number (210) 999-5401, JDaches@lilisenergy.com or such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 14. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (i) the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (Houston, Texas time) on a Business Day, (ii) the next Business Day after the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (Houston, Texas time) on any Business Day, (iii) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Information; Notice. If at any time while the Preferred Stock is outstanding the Corporation is not required to file reports under Section 13(a) or 15(d) of the Exchange Act, the Corporation shall provide to the Holders:

(i) quarterly unaudited financial statements prepared in accordance with GAAP within 45 days after the end of each fiscal quarter, in each case, in form and substance acceptable to the Holder Majority;

(ii) audited annual financial statements prepared in accordance with GAAP within 90 days after the end of each fiscal year of the Corporation (certified by an independent accounting firm of national standing); and

(iii) annually, within 90 days after the end of the fiscal year, a reserve report prepared or audited by a third party engineering firm of national standing in accordance with Commission guidelines with an “as of” date of December 31 of the preceding calendar year.

(c) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

(d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof. The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby irrevocable and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any district thereof, in any action or proceeding arising out of or relating to this Certificate of Designation, or for recognition or enforcement of any judgment, and each of them hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. The Corporation and each Holder, by acceptance of shares of Preferred Stock, agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Certificate of Designation shall affect any right that any Holder may otherwise have to bring any action or proceeding relating to this Certificate of Designation against the Corporation or its properties in the courts of any jurisdiction. The Corporation hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Certificate of Designation in any court referred to in this Section 14(d). The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Corporation and each Holder, by acceptance of shares of Preferred Stock, irrevocably consents to service of process in the manner provided for notices in this Certificate of Designation. Nothing in this Certificate of Designation will affect the right of the Corporation or any Holder to serve process in any other manner permitted by law. The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising

out of or relating to this Certificate of Designation or the transactions contemplated hereby (whether based on contract, tort or any other theory). If any party shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

(e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

(i) Status of Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the Purchase Agreement, October Transaction Agreement or this Certificate of Designation. If any shares of Preferred Stock shall be redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series C-1 9.75% Participating Preferred Stock or Series C-2 9.75% Participating Preferred Stock, as applicable.

(j) Calculations. Any calculations made by the Corporation or Board of Directors pursuant to this Certificate of Designation shall be undertaken and made in good faith.

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RESOLVED, FURTHER, that the Chairman, the Chief Executive Officer, the president or any vice-president, and the treasurer, assistant treasurer, secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation in accordance with the foregoing resolution and the provisions of Nevada law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Designation this 5th day of March, 2019.

/s/ Ronald D. Ormand

/s/ Joseph C. Daches

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Name: Ronald D. Ormand

Name: Joseph C. Daches

Title: Chief Executive Officer

Title: President, Chief Financial Officer and Treasurer

**LILIS ENERGY, INC.**

**AMENDED AND RESTATED CERTIFICATE OF DESIGNATION OF PREFERENCES,  
RIGHTS AND LIMITATIONS  
OF  
SERIES D 8.25% PARTICIPATING PREFERRED STOCK**

PURSUANT TO SECTION 78.1955 OF THE  
NEVADA REVISED STATUTES

The undersigned, Ronald D. Ormand and Joseph C. Daches, do hereby certify that:

1. They are the Executive Chairman and Executive Vice President, Chief Financial Officer and Treasurer, respectively, of Lilis Energy, Inc., a Nevada corporation (the "Corporation").

2. The Corporation is authorized to issue 10,000,000 shares of preferred stock, of which, after giving effect to (i) this Certificate of Designation (as defined below), (ii) that certain Second Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock, dated as of March 5, 2019 (the "Series C Certificate of Designation"), (iii) that certain Certificate of Designation of Preferences, Rights and Limitations of Series E 8.25% Convertible Participating Preferred Stock, dated as of March 5, 2019, and (iv) that certain Certificate of Designation of Preferences, Rights and Limitations of Series F 9.00% Participating Preferred Stock, dated as of March 5, 2019, (a) 100,000 shares are designated as "Series C-1 9.75% Participating Preferred Stock" (the "Series C-1 Preferred Stock"), (b) 25,000 shares are designated as "Series C-2 9.75% Participating Preferred Stock" (the "Series C-2 Preferred Stock" and, together with the Series C-1 Preferred Stock, the "Series C Preferred Stock"), (c) 39,254 shares are designated as "Series D 8.25% Participating Preferred Stock", (d) 60,000 shares are designated as "Series E 8.25% Convertible Participating Preferred Stock" (the "Series E Preferred Stock") and (e) 55,000 shares are designated as "Series F 9.00% Participating Preferred Stock" (the "Series F Preferred Stock").

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors") on March 4, 2019 in accordance with the provisions of the Articles of Incorporation, the bylaws of the Corporation and applicable law, providing for the amendment and restatement of the Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Convertible Participating Preferred Stock of the Corporation filed with the Secretary of State of the State of Nevada on October 10, 2018 (the "Original Certificate of Designation") in the form of this Amended and Restated Certificate of Designation of Preferences,

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Rights and Limitations of Series D 8.25% Participating Preferred Stock (this "Certificate of Designation"):

WHEREAS, the Articles of Incorporation of the Corporation provide for a class of its authorized stock known as preferred stock, consisting of 10,000,000 shares, \$0.0001 par value per share, issuable from time to time in one or more series; and

WHEREAS, the Articles of Incorporation authorize the Board of Directors to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series of Preferred Stock and the designation thereof.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby approve and adopt this Certificate of Designation, as set forth below, amending and restating the Original Certificate of Designation in its entirety, and that this Certificate of Designation shall become effective upon filing this Certificate of Designation with the Secretary of State of the State of Nevada:

### TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act; *provided*, that no portfolio company of a Holder or its Affiliates shall be considered or otherwise deemed an Affiliate thereof.

"Articles of Incorporation" shall mean the Amended and Restated Articles of Incorporation of the Corporation, dated as of October 10, 2011, as amended from time to time.

"Board of Directors" shall have the meaning set forth in the Preamble.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York or Texas are authorized or required by law or other governmental action to close.

"Change of Control" means:

(a) any "person" or "group" (as such terms are used in sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than (i) any Holder, (ii) Värde, (iii) any holder of Series E Preferred Stock or (iv) any Affiliate of any Person specified in the preceding clauses (i)-(iii), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have "beneficial ownership" (within the meaning of Rule 13d-3 under the Exchange Act) of all

shares that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the outstanding capital stock (excluding any debt securities convertible into equity) normally entitled to vote in the election of directors of the Corporation (or its successor by merger, consolidation or purchase of all or substantially all of its assets) (*provided*, for the avoidance of doubt, that, for purposes of the foregoing, shares of preferred stock of any series shall not be considered to be normally entitled to vote in the election of directors by reason of any right of the holders of shares of preferred stock of such series to elect or appoint one or more directors voting or acting separately as a class);

(b) except as permitted by Section 6.04 of the Specified Second Lien Credit Agreement, a disposition by the Corporation or a Subsidiary pursuant to which the Corporation or any Subsidiary sells, leases, licenses, transfers, assigns or otherwise disposes, in one or a series of related transactions, all or substantially all of the properties and assets of the Corporation and its Subsidiaries taken as a whole;

(c) the Corporation's stockholders approve any plan relating to the liquidation or dissolution of the Corporation; or

(d) the occurrence of a "Change of Control" (or similar term) as such term is defined in any of (i) the RBL Credit Agreement or (ii) any other credit facility, indenture or other similar instrument of the Corporation or its Subsidiaries under which indebtedness of the Corporation or its Subsidiaries of at least \$5 million is outstanding at the time of such occurrence or at any point in the 90 days prior thereto.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Corporation" shall have the meaning set forth in the Preamble.

"Dividend Payment Date" shall have the meaning set forth in Section 3(b).

"Dividend Rate" means (i) on or prior to April 26, 2021, 8.25% per annum and (ii) following April 26, 2021, 11.00% per annum; *provided*, that if, for any Dividend Payment Date after April



26, 2021, dividends on the Preferred Stock are not paid in full in cash on such Dividend Payment Date, then the Dividend Rate for the dividends payable on such Dividend Payment Date (but not on any subsequent Dividend Payment Date on which such dividends are paid in full in cash) shall be 15.00% per annum.

“GAAP” means United States generally accepted accounting principles.

“Holder” shall have the meaning given such term in Section 3(a).

“Holder Majority” means the Holders of a majority of the outstanding shares of Preferred Stock.

“Investor Director” shall have the meaning set forth in Section 11(a).

“Junior Preferred Stock PIK Dividends” means any dividends on any shares of preferred stock of the Corporation that are Junior Securities to the extent such dividends are paid solely in the form of additional shares of such preferred stock or by increase to the stated value or liquidation preference thereof (or other similar term or amount) in accordance with the terms of such preferred stock.

“Junior Securities” means the Common Stock (and Common Stock Equivalents), the Series C Preferred Stock and all other classes of the Corporation’s common stock and each other class of capital stock or series of preferred stock, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Liquidation” shall have the meaning set forth in Section 6.

“March Transaction Agreement” means the Transaction Agreement, dated as of March 5, 2019, by and among the Corporation and the original holders of Series E Preferred Stock and Series F Preferred Stock, as amended, modified or supplemented from time to time in accordance with its terms.

“October Transaction Agreement” means the Transaction Agreement, dated as of October 10, 2018, by and among the Corporation and the original Holders of Preferred Stock, as amended, modified or supplemented from time to time in accordance with its terms.

“Officer” shall mean the Executive Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary, any Assistant Secretary or any Assistant Treasurer of the Corporation.

“Optional Redemption” shall have the meaning set forth in Section 8(a).

“Optional Redemption Amount” shall have the meaning set forth in Section 8(b).



“Optional Redemption Date” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice Date” shall have the meaning set forth in Section 8(a).

“Original Issue Date” means October 10, 2018.

“Parity Securities” shall mean any class of capital stock or series of preferred stock, the terms of which expressly provide that such class or series will rank on a parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Participation Price” means \$7.00; *provided* that (a) if the Corporation shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock payable in shares of Common Stock, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares of Common Stock, the Participation Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced; and (b) if the Corporation at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Participation Price in effect immediately prior to such combination shall be proportionately increased. Any adjustment under clause (a) or (b) of the preceding sentence of this definition shall become effective at the close of business on the date the dividend, subdivision or combination becomes effective.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Stock” shall have the meaning set forth in Section 2(a).

“RBL Credit Agreement” means that certain Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of October 10, 2018, by and among the Corporation, the guarantors from time to time party thereto, the lenders party thereto and BMO Harris Bank, N.A., as administrative agent and collateral agent, as amended by the First Amendment and Waiver thereto, dated as of March 1, 2019, and as further amended from time to time (in accordance with this Certificate of Designation).

“Record Date” means, with respect to any issuance, dividend or distribution declared, paid or made on or with respect to any capital stock of the Corporation, the date fixed for the determination of the stockholders entitled to receive such issuance, dividend or distribution.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Senior Securities” shall mean each class of capital stock or series of preferred stock, the terms of which expressly provide that such class or series will rank senior to the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation, including the Series E Preferred Stock and the Series F Preferred Stock.

“Series C Certificate of Designation” shall have the meaning set forth in the preamble.

“Series C Preferred Stock” shall have the meaning set forth in the preamble.

“Series C-1 Preferred Stock” shall have the meaning set forth in the preamble.

“Series C-2 Preferred Stock” shall have the meaning set forth in the preamble.

“Series E Preferred Stock” shall have the meaning set forth in the preamble.

“Series F Preferred Stock” shall have the meaning set forth in the preamble.

“Specified Party” shall have the meaning set forth in Section 11(h).

“Specified Second Lien Credit Agreement” means that certain Credit Agreement, dated as of April 26, 2017, by and among the Corporation, the guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent, as amended, supplemented or otherwise modified and as in effect as of March 4, 2019, regardless of whether or not in effect as of any date thereafter.

“Stated Value” shall have the meaning set forth in Section 2(a).

“Subsidiary” means any direct or indirect subsidiary of the Corporation, including those set forth on Schedule 3.1(a) to the March Transaction Agreement, and any direct or indirect subsidiary of the Corporation formed or acquired after the date of the March Transaction Agreement.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means Corporate Stock Transfer, the current transfer agent of the Corporation with a mailing address of 3200 Cherry Creek South Drive, Suite 430, Denver, Colorado 80209 and a facsimile number of (303) 282-5800, and any successor transfer agent of the Corporation.

“Värde” means (a) Värde Partners, Inc., its affiliated investment managers and funds or accounts managed by any of them (including the Värde Parties (as defined in the March Transaction Agreement) but excluding any portfolio companies that are owned in whole or in part by any of the

foregoing) and (b) any partner, member, manager, principal, director or officer of any of the foregoing.

Section 2. Designation, Amount and Par Value; Ranking.

(a) The series of preferred stock established pursuant to this Certificate of Designation shall be designated as “Series D 8.25% Participating Preferred Stock” (the “Preferred Stock”) and the number of shares so designated and authorized shall be 39,254 (which shall not be subject to increase without the affirmative vote or written consent of a Holder Majority). Each share of Preferred Stock shall have an initial par value of \$0.0001 per share and an initial stated value equal to \$1,000.00 per share, subject to increase as set forth in Section 3 below (the “Stated Value”).

(b) The Preferred Stock, with respect to dividend rights and rights upon the liquidation, winding-up or dissolution of the Corporation, ranks: (i) senior in all respects to all Junior Securities; (ii) *pari passu* with all Parity Securities; and (iii) junior in all respects to all Senior Securities, in each case, as provided more fully herein.

Section 3. Dividends.

(a) Participating Dividends. Without limiting Section 10 of this Certificate of Designation, for so long as any shares of Preferred Stock are outstanding, no dividend or other distribution (other than any stock dividend or distribution on the Common Stock payable in shares of Common Stock, any distribution of rights pursuant to a stockholder rights plan or any distribution upon a Liquidation) may be declared or paid on the Common Stock or to the holders thereof unless the holders of the Preferred Stock (each, a “Holder” and collectively, the “Holders”) receive, simultaneously with the distribution to the holders of the Common Stock, a dividend or other distribution of such securities, cash or other property in an amount equal to the amount of such securities, cash or other property as the Holders would have received if, immediately prior to the Record Date for such distribution, each then-outstanding share of the Preferred Stock had been converted into a number of shares of the Common Stock equal to (i) the then applicable Optional Redemption Amount *divided by* (ii) the then-applicable Participation Price (regardless of the fact that shares of the Preferred Stock are not convertible into Common Stock).

(b) Dividends in Cash or in Kind. In addition to participation in cash dividends on, or distributions to, Common Stock as set forth in Section 3(a), Holders shall be entitled to receive, and the Corporation shall pay (prior to any distributions made in respect of any Junior Securities (or contemporaneously therewith in the case of Junior Preferred Stock PIK Dividends) and prior to or contemporaneously with any distributions made in respect of any Parity Securities, in each case in respect of the same fiscal quarter), cumulative dividends per share (as a percentage of the Stated Value per share) at the Dividend Rate, payable and compounded quarterly in arrears on January 1, April 1, July 1 and October 1, beginning on the first such date after the Original Issue Date (each such date, a “Dividend Payment Date”) (if any Dividend Payment Date is not a Business Day, the applicable payment, if paid in cash, shall be due on the next succeeding Business Day, and

no interest or dividends on such payment shall accrue or accumulate in respect of such delay), in (i) cash out of funds legally available therefor, (ii) by an increase in the Stated Value of the Preferred Stock, or (iii) any combination of clause (i) and (ii), in each case, in an amount equal to the accrued but unpaid dividends due to a Holder in respect of each share of Preferred Stock on the Dividend Payment Date. For the avoidance of doubt, any dividends paid by an increase in the Stated Value pursuant to this Section 3(b) shall be deemed to have been paid in full for all purposes. The default method of payment shall be an increase in the Stated Value unless, at least five Business Days prior to a Dividend Payment Date, the Corporation provides written notice to the Holders of its election to pay in cash and such cash payment is actually and timely made. Dividends shall be paid *pro rata* for any partial quarter.

(c) Dividend Calculations. Dividends on the Preferred Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, shall accrue daily commencing on the Original Issue Date and shall be deemed to accrue from such date whether or not declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends.

Section 4. Maturity. The Preferred Stock shall be perpetual unless redeemed in accordance with this Certificate of Designation.

Section 5. Voting Rights.

(a) The Holders in such capacity will not have the right to vote with the holders of Common Stock as a single class on any matter.

(b) Each Holder will have one vote per share of Preferred Stock on any matter on which Holders of Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent.

Section 6. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive, in respect of each share of Preferred Stock, out of the assets, whether capital or surplus, of the Corporation an amount equal to the greater of (i) the then-applicable Optional Redemption Amount and (ii) the proceeds the Holders would be entitled to receive if, immediately prior to the payment of such amount, each then-outstanding share of the Preferred Stock had been converted into a number of shares of the Common Stock equal to (i) the then-applicable Optional Redemption Amount *divided by* (ii) the then-applicable Participation Price (regardless of the fact that shares of the Preferred Stock are not convertible into Common Stock), after any amount shall be paid to holders of any Senior Securities, before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts payable to Holders and the amounts payable to the holders of any Parity Securities, then the entire assets to be distributed to the Holders and the holders of any Parity Securities shall be ratably distributed among the Holders and the holders of any Parity Securities in accordance with

the respective amounts that would be payable on shares of Preferred Stock and any Parity Securities if all amounts payable thereon were paid in full. A Change of Control shall not be deemed a Liquidation. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 7. [Intentionally Omitted].

Section 8. Optional Redemption.

(a) Optional Redemption at Election of Corporation. Subject to the provisions of this Section 8 and Section 9, at any time after the Original Issue Date, the Corporation may deliver a notice to the Holders (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its election (which shall be irrevocable but may be conditioned on the occurrence of any one or more events) to redeem some or all of the then-outstanding Preferred Stock, for cash in an amount equal to the Optional Redemption Amount on the 20th Business Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date" and such redemption, the "Optional Redemption").

(b) Optional Redemption Amount. Each share of Preferred Stock redeemed pursuant to this Section 8 shall be redeemed by paying cash in an amount equal to (i)(1) the applicable Stated Value *multiplied by* (2) 117.5%, *plus* (ii) all accrued but unpaid dividends thereon and all liquidated damages and other amounts due in respect of such Preferred Stock as of the Optional Redemption Date (such amount, the "Optional Redemption Amount").

(c) Redemption Procedure. The payment of cash pursuant to an Optional Redemption shall be made on the Optional Redemption Date. If any portion of the cash payment for an Optional Redemption has not been paid by the Corporation on the Optional Redemption Date, interest shall accrue thereon until such amount is paid in full at a rate equal to the lesser of 15% per annum or the maximum rate permitted by applicable law.

(d) Limitations on Redemption.

(i) Any Optional Redemption by the Corporation must be of Preferred Stock having a minimum aggregate Stated Value of \$20 million as of the Optional Redemption Notice Date (or such lesser amount if such Optional Redemption is for all of the remaining Preferred Stock).

(ii) The Corporation may consummate no more than one partial Optional Redemption within any 6-month period.

(iii) Any Optional Redemption shall be applied ratably to all of the Holders based on each Holder's relative ownership of shares of Preferred Stock.

(iv) The Preferred Stock shall only be redeemable as expressly set forth in this Section 8 and Section 9.

Section 9. Change of Control. On or before the 20th Business Day prior to the consummation of a Change of Control (or, if later, promptly after the Corporation discovers that a Change of Control has occurred or will occur), the Corporation shall provide written notice thereof to the Holders, and in connection with any such Change of Control, each Holder may elect one of the following options (subject to such Change of Control having actually occurred or actually occurring) by notice given to the Corporation within 20 Business Days after the date the Corporation provides such written notice (it being understood that if a Holder fails to timely provide notice of its election to the Corporation, such Holder shall be deemed to have elected the option set forth in clause (a) below):

(a) cause the Corporation to redeem all of such Holder's shares of Preferred Stock for cash in an amount per share of Preferred Stock equal to (i) the applicable Optional Redemption Amount in effect immediately prior to the consummation of such Change of Control plus (ii)(x) the applicable Stated Value in effect immediately prior to the consummation of such Change of Control multiplied by (y) 2.5%; or

(b) subject to the Corporation's (or, if the Corporation is not the surviving entity of such Change of Control, the Corporation's successor's) right to redeem the Preferred Stock pursuant to Section 8, continue to hold such Holder's shares of Preferred Stock.

Section 10. Negative Covenants.

(a) As long as any shares of Preferred Stock are outstanding, without the prior affirmative vote or prior written consent of a Holder Majority, the Corporation shall not, directly or indirectly (whether by way of amendment to the charter documents, merger, recapitalization, or otherwise):

(i) amend, alter, modify or repeal the Articles of Incorporation or the bylaws of the Corporation, in any manner that materially and adversely affects any rights, preferences, privileges or voting powers of the Preferred Stock or Holders;

(ii) issue, authorize or create, or increase the issued or authorized amount of, Preferred Stock, any class or series of Senior Securities or any Parity Securities or security convertible into or evidencing the right to purchase any shares of Preferred Stock, Senior Securities or Parity Securities other than equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock in accordance with Section 8;

(iii) declare or pay any dividends or distributions on, or redeem or repurchase, or permit any of its controlled Subsidiaries to redeem or repurchase, shares of Common Stock or any other shares of Junior Securities other than:

(1) Junior Preferred Stock PIK Dividends;

(2) any stock dividend or distribution on the Common Stock payable in shares of Common Stock;

(3) any distribution of rights pursuant to a stockholder rights plan with respect to the Common Stock;

(4) any distribution upon a Liquidation;

(5) redemptions of incentive equity of the Corporation or its Subsidiaries held by employees of the Corporation or its Subsidiaries in connection with the administration of any employee benefit plan of the Corporation in the ordinary course of business;

(6) after April 26, 2021, cash dividends on the Series C Preferred Stock in accordance with the Series C Certification of Designation as in effect on the Original Issue Date, *provided* that all dividends on the Preferred Stock payable on the corresponding Dividend Payment Date have been, or contemporaneously are, paid in full in cash; and

(7) redemptions of the Series C Preferred Stock pursuant to and in accordance with a Change of Control redemption election by the “Holders” thereof pursuant to Section 9(a) of the Series C Certificate of Designation as in effect on the Original Issue Date, *provided* that all shares of Preferred Stock as to which the Holders have elected redemption pursuant to Section 9(a) in connection with such Change in Control have been, or contemporaneously are, redeemed in accordance with Section 9(a);

(iv) authorize, issue or transfer, or permit any of its controlled Subsidiaries to authorize, issue or transfer, any equity (including any obligation or security convertible into, exchangeable for or evidencing the right to purchase any such equity) in any Subsidiary other than (1) equity issued or transferred to the Corporation or another wholly-owned Subsidiary of the Corporation or (2) equity, the proceeds of which, are used to immediately redeem all of the outstanding shares of Preferred Stock in accordance with Section 8; or

(v) subject to right of the holders of Common Stock to amend the provisions of the bylaws of the Corporation relating to the number of directors

constituting the entire Board of Directors or the manner in which such number of directors is determined (but, for the sake of clarity, without limiting the Holders' rights pursuant to Section 11), modify the number of directors constituting the entire Board of Directors at any time when the Holders have the right to designate an Investor Director pursuant to Section 11; *provided*, that the Corporation may increase the number of directors constituting the entire Board of Directors without the consent of a Holder Majority if the Holders are given the right to designate one or more additional Investor Directors as necessary to cause the number of Investor Director(s) the Holders have the right to designate relative to the number of directors constituting the entire Board of Directors to be in the same proportion prior to such increase, rounded up or down to the nearest whole number of directors.

(b) For so long as shares of Preferred Stock having an aggregate Optional Redemption Amount of at least \$19.627 million are outstanding, without the prior affirmative vote or prior written consent of a Holder Majority, the Corporation shall not, and shall not permit any of its controlled Subsidiaries to, directly or indirectly:

(i) incur any indebtedness or permit to exist any liens on any of the Corporation's or its Subsidiaries assets or properties, other than (1) indebtedness expressly permitted under Section 6.02 of the Specified Second Lien Credit Agreement and (2) liens expressly permitted under Section 6.03 of the Specified Second Lien Credit Agreement, in each case without regard to any requirements set forth in such sections of the Specified Second Credit Agreement related to an "Approved Intercreditor Agreement" or any subordination or pledge of intercompany indebtedness among the Corporation and its Subsidiaries; *provided*, that, the Corporation shall only be permitted to refinance, and incur corresponding liens in connection with any refinancing of, "Revolving Debt Obligations," "Obligations" and/or any refinancing debt in respect thereof, as applicable and as each such term is defined in the Specified Second Lien Credit Agreement, in each case, (A) with indebtedness (I) the principal amount of which does not exceed the sum of (x) the total outstanding principal amount of such debt being refinanced, *plus* (y) any usual and customary accrued and unpaid interest, premium, fees and costs and expenses thereon and (II) that does not contain terms and conditions that are materially adverse to the Preferred Stock or the interests of the Holders relative to the terms and conditions of the indebtedness being refinanced and (B) if, following the incurrence of any such indebtedness and after giving *pro forma* effect to the incurrence of such indebtedness and the application of proceeds thereof and the occurrence of any material acquisitions and/or dispositions on or prior to such date of determination, the Corporation delivers an officers' certificate certifying that the Proved Developed Producing Coverage Ratio (as defined in the Specified Second Lien Credit Agreement) for the most recently ended four full fiscal quarters for which



internal financial statements are available immediately preceding the date on which such indebtedness is incurred would be greater than 1.40:1.00;

(ii) enter into, adopt or agree to any “restricted payment” provisions (or other similar provisions that restrict or limit the payment of dividends on, or the redemption of, the Preferred Stock) under any credit facility, indenture or other similar instrument of the Corporation or its Subsidiaries (including, for the avoidance of doubt, the RBL Credit Agreement) that would be more restrictive on the payment of dividends on, or redemption of, the Preferred Stock than those existing as of the Original Issue Date (*provided* that, for the avoidance of doubt, any decrease in the amount available to make restricted payments under any such provisions that are the result of the Corporation utilizing capacity under such provisions or any decrease in capacity as a result of the operation of such provisions as set forth in any such credit facility, indenture or other similar instrument as of the Original Issue Date shall not require the consent of the Holders pursuant to this Section 10(b)(ii));

(iii) liquidate or dissolve the Corporation;

(iv) enter into any material new line of business or fundamentally change the nature of the Corporation’s business (including, for the avoidance of doubt, any acquisition of oil and gas properties outside the Permian Basin);

(v) enter into any transaction with any Affiliate of the Corporation which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm’s-length basis and expressly approved by a majority of the disinterested directors of the Corporation (even if less than a quorum otherwise required for board approval);

(vi) make any dispositions of assets or property of the Corporation or its Subsidiaries other than dispositions of the kind that would be expressly permitted under Section 6.05 of the Specified Second Lien Credit Agreement; provided that any reference to the Majority Lenders in such section shall be deemed to refer to a Holder Majority *mutatis mutandis*;

(vii) make any loans or investments of the Corporation or its Subsidiaries other than loans or investments of the kind that would be expressly permitted under Section 6.07 of the Specified Second Lien Credit Agreement, provided that any reference to the Majority Lenders in such section shall be deemed to refer to a Holder Majority *mutatis mutandis*; or

(viii) (1) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect,  
(2)

consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in this clause (viii), (3) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Corporation or any Subsidiary or for a substantial part of its assets, (4) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (5) make a general assignment for the benefit of creditors or (6) take any action for the purpose of effecting any of the foregoing.

Section 11. Board Representation Rights.

(a) Subject to Section 11(b), without limiting other rights the Holders and their Affiliates may have (including pursuant to the March Transaction Agreement), from and after the Original Issue Date, the Holder Majority shall have the exclusive right (but not the obligation), voting separately as a class, to designate to the Board of Directors one director (the “Investor Director”) (subject to increase pursuant to Section 10(a)(v)) for as long as the aggregate Stated Value of all outstanding shares of the Preferred Stock is at least equal to \$9,813,500.

(b) Notwithstanding anything herein to the contrary, the number of Investor Directors the Holders shall be entitled to designate pursuant to Section 11(a) shall be reduced if, and only to the extent necessary in order to comply with applicable law or Trading Market rules (as directed in writing by the Commission or the Trading Market on which the Common Stock is then listed) so that the percentage of the number of directors constituting the entire Board of Directors represented by the number of Investor Directors does not exceed the percentage requirements of the Commission or such Trading Market.

(c) Within 10 Business Days after notice to the Corporation by the Holder Majority of the identity of the person designated to be the initial Investor Director, subject to confirmation by the Corporation that such initial Investor Director meets the requirements of Section 11(f), the Corporation shall cause such person to be appointed to the Board of Directors as the initial Investor Director. The Corporation shall take all actions within its power to cause all designees designated pursuant to Section 11(a) to be appointed to the Board of Directors.

(d) Each Investor Director designated pursuant to Section 11(a) shall serve until his or her successor is designated or his or her earlier death, disability, resignation or removal. Any vacancy or newly created directorship in the position of an Investor Director while the Holders have the right to appoint such Investor Director pursuant to Section 11(a) may be filled only by the Holder Majority, subject to the fulfillment of the requirements set forth in Section 11(f). While the Holders have the right to appoint any Investor Director pursuant to Section 11(a), (i) such Investor Director may, during his or her term of office, be removed at any time, with or without cause, by and only by the Holders of not less than two-thirds of the outstanding shares of Preferred Stock, and (ii) the Holders, by and only by a Holder Majority, shall have the right to, at any time, with or without cause (A) cause such Investor Director to resign from his or her directorship, and (B) appoint a replacement Investor Director to fill the vacancy resulting from such resignation, subject to the

fulfillment of the requirements set forth in Section 11(f). Any Investor Director appointed pursuant to Section 11(a) shall be deemed to have agreed to resign from his or her directorship (and the Corporation shall recognize such resignation) upon exercise of the Holders' rights set forth in clause (ii) of the immediately preceding sentence if such Investor Director shall have previously delivered to the Corporation a written letter of resignation stating that such Investor Director resigns his or her directorship effective upon any exercise of the Holders' rights set forth in clause (ii) of the immediately preceding sentence.

(e) At all times while an Investor Director is serving as a member or observer of the Board of Directors, and following any such Investor Director's death, disability, resignation or removal, such Investor Director shall be entitled to all rights to indemnification and exculpation as are then made available to any other member or observer of the Board of Directors.

(f) Notwithstanding anything to the contrary, any Investor Director shall be reasonably acceptable to the Board of Directors and the Nominating and Corporate Governance Committee thereof acting in good faith (*provided*, that, for the avoidance of doubt, any investment professional of Värde Partners, Inc. or its Affiliates shall be deemed reasonably acceptable) and satisfy all applicable Commission and stock exchange requirements regarding service as a regular director of the Corporation and shall comply in all material respects with the Corporation's corporate governance guidelines as in effect from time to time.

(g) The right to designate an Investor Director pursuant to Section 11(a) shall automatically terminate at such time as the condition set forth in Section 11(a) is not satisfied, and at such time, if requested in writing by the Corporation, any Investor Directors then serving on the Board of Directors in excess of the entitled amount (if less than all then Investor Directors, then as selected by the Holder Majority) shall promptly resign from the Board of Directors. For the avoidance of doubt, any such Investor Director shall not be required to resign from the Board of Directors pursuant to this Section 11(g) if such individual has then currently been appointed or designated as a director of the Corporation pursuant to a right to appoint or designate a director that is then in effect under another agreement with the Corporation or another certificate of designation of preferred stock of the Corporation, but such individual will no longer be an Investor Director under this Certificate of Designation.

(h) To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its Subsidiaries, renounces any interest or expectancy of the Corporation and its Subsidiaries in, or in being offered an opportunity to participate in, any business opportunities that are from time to time presented to the Holders or any of their respective Affiliates or any of their respective agents, shareholders, members, partners, directors, officers, employees, investment manager, investment advisor, Affiliates or subsidiaries (other than the Corporation and its Subsidiaries), including any director or officer of the Corporation who is also an agent, shareholder, member, partner, director, officer, employee, investment manager, investment advisor, Affiliate or subsidiary of any Holder (each, a "Specified Party"), even if the business opportunity is one that

the Corporation or its Subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no Specified Party shall have any duty to communicate or offer any such business opportunity to the Corporation or be liable to the Corporation or any of its Subsidiaries or any stockholder, including for breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, and the Corporation shall indemnify each Specified Party against any claim that such Person is liable to the Corporation or its stockholders for breach of any fiduciary duty, by reason of the fact that such Person (i) participates in, pursues or acquires any such business opportunity, (ii) directs any such business opportunity to another Person or (iii) fails to present any such business opportunity, or information regarding any such business opportunity, to the Corporation or its Subsidiaries, unless, in the case of a Person who is a director or officer of the Corporation, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer of the Corporation.

Section 12. Issuance of Shares.

(a) Each book-entry notation (and, if applicable, each certificate) representing shares of Preferred Stock shall bear a legend substantially to the following effect:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE IDENTIFIED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE IDENTIFIED HEREIN ARE SUBJECT TO TRANSFER AND OTHER RESTRICTIONS SET FORTH IN THE CERTIFICATE OF DESIGNATION AND A TRANSACTION AGREEMENT, DATED AS OF OCTOBER 10, 2018, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE ISSUER AND WILL BE PROVIDED WITHOUT COST, UPON WRITTEN REQUEST TO THE SECRETARY OF THE ISSUER.

(b) Shares of Preferred Stock shall be in uncertificated, book-entry form as permitted by the bylaws of the Corporation and Nevada law. Within a reasonable time after the issuance or transfer of uncertificated shares and at least annually thereafter, the Corporation shall, or shall cause the Transfer Agent to, send to the registered owner thereof a written statement containing the information specified in Nevada Revised Statutes 78.235(5). Transfers of shares of Preferred Stock held in uncertificated, book-entry form shall be made only upon the transfer books of the Corporation kept at an office of the Transfer Agent upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer such shares. The Corporation may refuse any requested transfer until furnished evidence reasonably

satisfactory to it that such transfer is made in accordance with the terms of this Certificate of Designation.

Section 13. Transfers.

(a) Prior to April 10, 2019, without the consent of the Corporation, no Holder may transfer any Preferred Stock other than to an Affiliate of such Holder or in connection with a business combination transaction involving the Corporation. After April 10, 2019, the Preferred Stock shall be unrestricted and freely transferable, subject to applicable securities law binding upon such Holder or transfer.

(b) Notwithstanding anything to the contrary in Section 13(a), Holders may make a bona fide pledge of any or all of its Preferred Stock in connection with a bona fide loan or other extension of credit, and any foreclosure by any pledged under such loan or extension of credit on any such pledged Preferred Stock (or any sale thereof) shall not be considered a violation of Section 13(a) and the transfer of the Preferred Stock by a pledgee who has foreclosed on such loan or extension of credit shall not be considered a violation or breach of Section 13(a).

(c) Any Person that becomes a Holder pursuant to a transfer under this Section 13 shall be subject to all of the terms and conditions of this Certificate of Designation.

Section 14. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder shall be in writing and delivered personally, by facsimile, e-mail, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address set forth above Attention: Joseph Daches, facsimile number (210) 999-5401, JDaches@lilisenergy.com or such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 14. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (i) the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (Houston, Texas time) on a Business Day, (ii) the next Business Day after the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (Houston, Texas time) on any Business Day, (iii) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Information; Notice. If at any time while the Preferred Stock is outstanding the Corporation is not required to file reports under Section 13(a) or 15(d) of the Exchange Act, the Corporation shall provide to the Holders:

(i) quarterly unaudited financial statements prepared in accordance with GAAP within 45 days after the end of each fiscal quarter, in each case, in form and substance acceptable to the Holder Majority;

(ii) audited annual financial statements prepared in accordance with GAAP within 90 days after the end of each fiscal year of the Corporation (certified by an independent accounting firm of national standing); and

(iii) annually, within 90 days after the end of the fiscal year, a reserve report prepared or audited by a third party engineering firm of national standing in accordance with Commission guidelines with an “as of” date of December 31 of the preceding calendar year.

(c) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

(d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof. The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby irrevocable and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any district thereof, in any action or proceeding arising out of or relating to this Certificate of Designation, or for recognition or enforcement of any judgment, and each of them hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. The Corporation and each Holder, by acceptance of shares of Preferred Stock, agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Certificate of Designation shall affect any right that any Holder may otherwise have to bring any action or proceeding relating to this Certificate of Designation against the Corporation or its properties in the courts of any jurisdiction. The Corporation hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Certificate of Designation in any court referred to in this Section 14(d).

The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Corporation and each Holder, by acceptance of shares of Preferred Stock, irrevocably consents to service of process in the manner provided for notices in this Certificate of Designation. Nothing in this Certificate of Designation will affect the right of the Corporation or any Holder to serve process in any other manner permitted by law. The Corporation and each Holder, by acceptance of shares of Preferred Stock, hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Certificate of Designation or the transactions contemplated hereby (whether based on contract, tort or any other theory). If any party shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

(e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

(i) Status of Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the October Transaction Agreement or this Certificate of Designation. If any shares of Preferred Stock shall be redeemed or reacquired by the Corporation, such shares shall

resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series D 8.25% Participating Preferred Stock.

(j) Calculations. Any calculations made by the Corporation or Board of Directors pursuant to this Certificate of Designation shall be undertaken and made in good faith.

\*\*\*\*\*



RESOLVED, FURTHER, that the Chairman, the Chief Executive Officer, the president or any vice-president, and the treasurer, assistant treasurer, secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation in accordance with the foregoing resolution and the provisions of Nevada law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Designation this 5th day of March, 2019.

/s/ Ronald D. Ormand

/s/ Joseph C. Daches

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Name: Ronald D. Ormand

Name: Joseph C. Daches

Title: Chief Executive Officer

Title: President, Chief Financial Officer and Treasurer

*Amendment No. 1*  
*to*  
**GAS GATHERING, PROCESSING AND PURCHASE AGREEMENT**

This Amendment No. 1 to Gas Gathering, Processing and Purchase Agreement (this "Amendment No. 1") is made and entered into as of the 1st day of October, 2017 (the "Amendment No. 1 Effective Date"), by and between Lucid Energy Delaware, LLC, a Delaware limited liability company ("Buyer") and Lilis Energy, Inc., a Nevada corporation ("Seller"). Buyer and Seller are sometimes referred to in this Amendment No. 1 individually as a "Party" and collectively as the "Parties." Capitalized terms used herein but not defined herein will have the meanings set forth in the Agreement.

**Background:**

Buyer and Seller are parties to that certain Gas Gathering, Processing and Purchase Agreement with an Effective Date of August 10, 2017 (the "Agreement").

**Agreement:**

In consideration of the premises and of the mutual covenants set forth in this Amendment, the Parties agree as follows:

**Section 1. Amendment to the Agreement.**

(a) Exhibit D to the Agreement is hereby deleted in its entirety and replaced with the attached Exhibit D-1. As of the Amendment No. 1 Effective Date, all references in the Agreement to Exhibit D will be references to Exhibit D-1.

(b) Exhibit E to the Agreement is hereby deleted in its entirety and replaced with the attached Exhibit E-1. As of the Amendment No. 1 Effective Date, all references in the Agreement to Exhibit E will be references to Exhibit E-1.

**Section 2. Miscellaneous.**

(a) Except as amended by this Amendment No. 1, all of the terms and provisions of the Agreement will remain in full force and effect.

(b) Each capitalized term used in this Amendment No. 1 that is not otherwise defined in this Amendment No. 1 has the meaning assigned to such term in the Agreement.

(c) This Amendment No. 1 may be executed by the Parties in counterparts (including without limitation facsimile counterparts), each of which will be deemed an original.

(d) This Amendment No. 1 is effective on the Amendment No. 1 Effective Date and is binding upon and will inure to the benefit of the Parties and their respective successors and permitted assigns.

(e) This Amendment No. 1 will be governed by and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed in duplicate originals by their duly authorized officers on the dates indicated below but as of the Amendment No. 1 Effective Date.


**SELLER:**

**LILIS ENERGY, INC.**

By:   
Name: Jim Linville  
Title: Chief Executive Officer  
Date: 11/9/17

**BUYER:**

**LUCID ENERGY DELAWARE, LLC**

By:  TM  
Name: Scott Brown  
Title: Executive Vice President and CCO  
Date: 11/10/17



**EXHIBIT D-1**

to

GAS GATHERING, PROCESSING AND PURCHASE AGREEMENT

dated as of October 1, 2017

between

LUCID ENERGY DELAWARE, LLC

(Buyer)

and

LILIS ENERGY, INC.

(Seller)

**LOW PRESSURE RECEIPT POINTS**

<b>Meter Number</b>	<b>Points of Receipt Name</b>	<b>County, State</b>	<b>Lat/Long</b>
TBD	Crittendon Field Station LP	Winkler, Texas	TBD

**HIGH PRESSURE RECEIPT POINTS**

<b>Meter Number</b>	<b>Points of Receipt Name</b>	<b>County, State</b>	<b>Lat/Long</b>
TBD	Wild Hog	Lea, New Mexico	TBD
TBD	Prize Hog	Lea, New Mexico	TBD
TBD	Crittendon North	Winkler, Texas	TBD
TBD	Crittendon Field Station HP	Winkler, Texas	TBD
TBD	Crittendon East	Winkler, Texas	TBD

**DELIVERY POINTS**

<b>Meter Number</b>	<b>Points of Delivery Name</b>	<b>County, State</b>	<b>Lat/Long</b>
37914	El Paso/Kinder Morgan	Lea, New Mexico	32.2888°/-103.6478°
95720	Transwestern	Lea, New Mexico	32.2111°/-103.5948°

**PLANT PRODUCTS DELIVERY POINTS**

<b>Meter Number</b>	<b>Points of Delivery Name</b>	<b>County, State</b>	<b>Lat/Long</b>
TBD	Red Hills Tailgate with redelivery to ONEOK West Texas	Lea, New Mexico	32.3651°/-103.1537°
TBD	Enterprise Pipeline	Lea, New Mexico	32.2168°/-103.5246°
TBD	Enterprise Pipeline	Eddy, New Mexico	32.2665°/-104.1180°
TBD	DCP Sand Hills <sup>1</sup>	Lea, New Mexico	TBD

*1 – Should Seller request to Take-In-Kind, per Article 4.5 of the Agreement, and deliver to DCP Sand Hills, Seller's ability to deliver to such Delivery Point shall be subject to Seller entering into all Plant Product transportation agreements.*

*\*\* Exhibit D will be amended to add meter numbers and locations of facilities if/when Buyer establishes such Plant Products Delivery Points.*

**END OF EXHIBIT D-1**



**EXHIBIT E-1**

to  
GAS GATHERING, PROCESSING AND PURCHASE AGREEMENT  
dated as of October 1, 2017  
between  
LUCID ENERGY DELAWARE, LLC  
(Buyer)  
and  
LILIS ENERGY, INC.  
(Seller)

**INTERESTS IN THE DEDICATED ACREAGE**

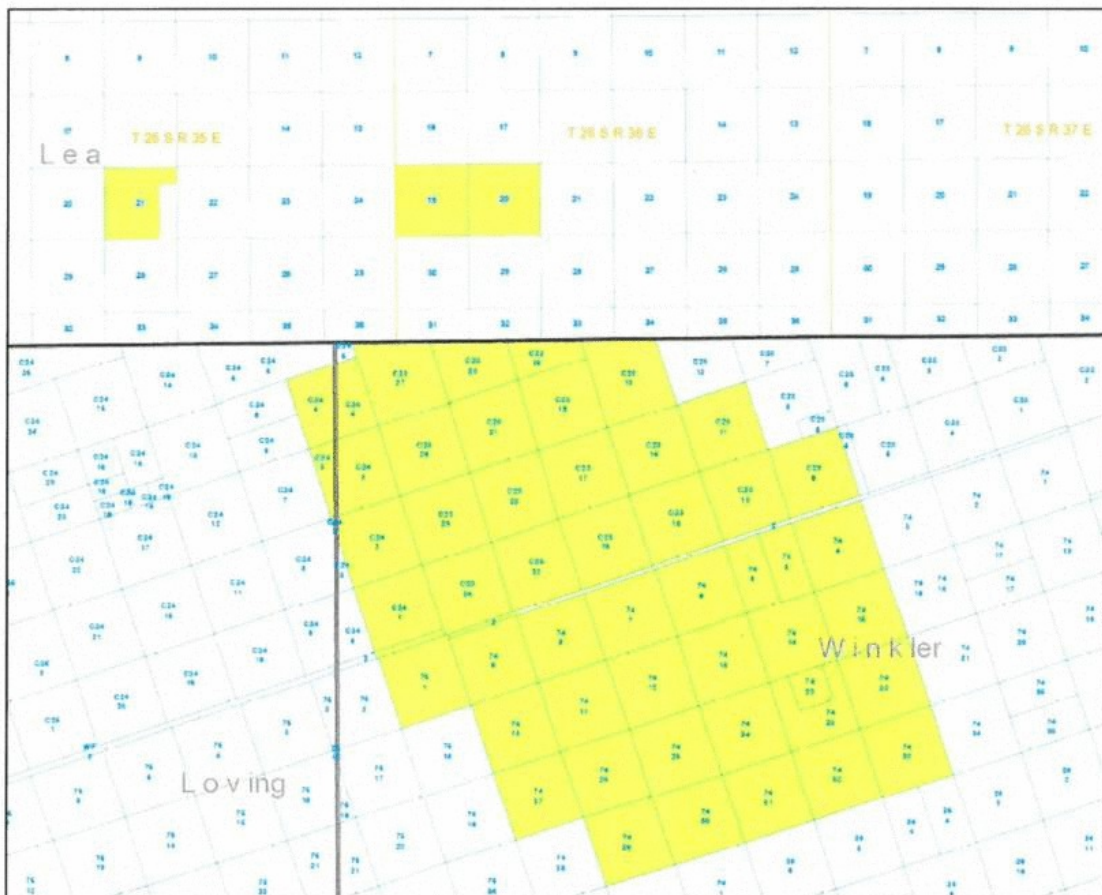
<b>State</b>	<b>County</b>	<b>Description</b>
New Mexico	Lea	Section 21, Township 26 S, Range 35 E
New Mexico	Lea	Section 19, Township 26 S, Range 36 E
New Mexico	Lea	Section 20, Township 26 S, Range 36 E
Texas	Loving	Block C24, Section 4, PSL, Cowden C C, A-1401
Texas	Winkler	Block C24, Section 4, PSL, Cowden C C, A-1397
Texas	Winkler	Block C23, Section 21, PSL, Cowden C C & L, A-1391
Texas	Winkler	Block C24, Section 2, PSL, Cowden C C, A-1396
Texas	Winkler	Block C23, Section 25, PSL, Cowden C C, A-1394
Texas	Winkler	Block C23, Section 22, PSL, Cowden C C, A-1414
Texas	Winkler	Block C24, Section 1, PSL, Cowden C C, A-1395
Texas	Winkler	Block C23, Section 24, PSL, Cowden C C, A-1393
Texas	Winkler	Block C23, Section 23, PSL, Cowden C C, A-1392
Texas	Winkler	Block C23, Section 16, PSL, Beckham W L, A-1324
Texas	Winkler	Block C23, Section 15, PSL, Beckham W L, A-1323
Texas	Winkler	Block 75, Section 1, PSL, Cowden C C, A-1381
Texas	Winkler	Block 74, Section 9, PSL, Cowden C C, A-1377
Texas	Winkler	Block 74, Section 7, PSL, Desmond J L, A-714
Texas	Winkler	Block 74, Section 6, PSL, Moreland R E, A-521
Texas	Winkler	Block 74, Section 5, PSL, Moreland R E, A-614
Texas	Winkler	Block 74, Section 5, PSL, Moreland R E, A-613
Texas	Winkler	Block 74, Section 23, Desmond, J L, A-1021
Texas	Winkler	Block 74, Section 32, Desmond, J L, A-1022
Texas	Winkler	Block 74, Section 30, Leck, R A, A-1099
Texas	Winkler	Block 74, Section 29, Leck, R A, A-1100
Texas	Winkler	Block 74, Section 25, Leck, R A, A-1102
Texas	Winkler	Block 74, Section 11, Cowden, C C, A-1379
Texas	Winkler	Block C23, Section 10, Cowden, C C, A-1383
Texas	Winkler	Block C23, Section 11, Cowden, C C, A-1384
Texas	Winkler	Block C23, Section 13, Cowden, C C, A-1386
Texas	Winkler	Block C23, Section 14, Cowden, C C, A-1387
Texas	Winkler	Block C23, Section 17, Cowden, C C, A-1388
Texas	Winkler	Block C23, Section 26, Cowden, C C, A-1415
Texas	Winkler	Block 74, Section 4, Daugherty, L, A-1482
Texas	Winkler	Block 74, Section 22, Daugherty, L, A-1487
Texas	Winkler	Block 74, Section 33, Daugherty, L, A-1488
Texas	Winkler	Block C23, Section 9, Daugherty, L, A-1491
Texas	Winkler	Block 74, Section 12, Daugherty, L, A-1495





Texas	Winkler	Block 74, Section 14, Leck, M J, A-1683
Texas	Winkler	Block 74, Section 15, Leck, M J, A-1684
Texas	Winkler	Block 74, Section 23, Scarborough, W F, A-1926
Texas	Winkler	Block 74, Section 31, Simpson, J S, A-628
Texas	Winkler	Block 74, Section 24, Cline, C, A-955
Texas	Winkler	Block 74, Section 26, Shafer, J B, A-972
Texas	Winkler	Block 74, Section 10, Cowden, C C, A-1378
Texas	Winkler	Block 74, Section 27, Cowden, C C, A-1380
Texas	Winkler	Block 75, Section 1, Cowden, C C, A-1381
Texas	Winkler	Block C23, Section 18, Cowden, C C, A-1389
Texas	Winkler	Block C23, Section 19, Cowden, C C, A-1390
Texas	Loving	Block C24, Section 3, Cowden, C C, A-1402
Texas	Winkler	Block 74, Section 8, Cowden, C C, A-1412
Texas	Winkler	Block C23, Section 20, Cowden, C C, A-1413
Texas	Winkler	Block C23, Section 27, Cowden, C C, A-1416
Texas	Winkler	Block C24, Section 3, Cowden, C C, A-1417
Texas	Winkler	Block 74, Section 13, Daugherty, L, A-1483

### DEDICATED ACREAGE MAP



Amendment No. 1 dated October 1, 2017  
 To Gas Gathering, Processing and Purchase Agreement effective August 10, 2017



### CONFLICTING DEDICATION

The Parties acknowledge and agree that the Interests are, as of the Effective Date, subject to prior written dedications and commitments for gathering, processing and purchase of Gas pursuant to the certain agreements provided below and that Seller shall be entitled to comply with such prior written dedications or commitments in accordance with the provisions of this Agreement.

- 1) Gas Gathering Agreement dated July 2, 2012, as amended by and between Regency Field Services LLC (predecessor-in-interest to ETC Field Services LLC) and Permian Atlantis LLC (predecessor-in-interest to Lilis Energy, Inc.) with an expiration date of February 1, 2018.
- 2) Gas Gathering Agreement dated August 1, 2008, as amended by and between Regency Field Services LLC (predecessor-in-interest to ETC Field Services LLC) and Lakehills Production, Inc. (predecessor-in-interest to Lilis Energy, Inc.) with an expiration date of February 1, 2018.
- 3) Gas Gathering Agreement effective July 1, 2012, as amended by and between Anadarko Gathering Company LLC and SWEPI LP (predecessor-in-interest to Lilis Energy, Inc.) with an expiration date of December 31, 2017.

The Parties acknowledge and agree that the following wellbores are, as of the Effective Date, subject to prior written dedications and alternative commitments for gathering, processing and purchase of Gas and therefore, such wellbores are excluded from the Dedication.

State	County	Wellbore Name	API
Texas	Winkler	A.G. Hill	42-495-30914
Texas	Winkler	Tubb 1 Unit #1	42-495-30070
Texas	Winkler	Tubb 22 Unit #1R	42-495-10934
Texas	Winkler	Tubb 9 Unit #1	42-495-10933
Texas	Winkler	Tubb Estate 1-75 #1	42-495-30127
Texas	Winkler	Tubb Estate 21 #2	42-495-30285
Texas	Winkler	Tubb Estate 25 #1	42-495-10811
Texas	Winkler	Tubb Estate 25 #3	42-495-32097
Texas	Winkler	Wolfe Unit #1	42-495-10744
Texas	Winkler	Wolfe Unit #5	42-495-32750
Texas	Winkler	Wolfe Unit #6	42-495-32768
Texas	Winkler	Shammo	42-301-31378

### END OF EXHIBIT E-1





**AMENDMENT NO. 5 TO CREDIT AGREEMENT**

This Amendment No. 5 to Credit Agreement (this "Amendment") dated as of February 20, 2018 (the "Effective Date") is among Lilis Energy, Inc. (the "Borrower"), certain subsidiaries of the Borrower party hereto (each, a "Guarantor" and collectively, the "Guarantors"), Wilmington Trust, National Association, as administrative agent (the "Administrative Agent"), Värde Partners, Inc., ("Värde") in its capacity as the Lead Lender (as defined in the Credit Agreement (as defined below)) and the other Lenders (as defined below) party hereto.

**INTRODUCTION**

Whereas, the Borrower, the Guarantors, the Administrative Agent, Värde as the Lead Lender (as defined therein) and the other lenders party thereto from time to time (the "Lenders") are parties to that certain Credit Agreement dated as of April 26, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

Whereas, the Borrower has requested that Administrative Agent and the Lenders amend the Credit Agreement in certain respects as set forth herein, and the Administrative Agent and the Lenders have agreed to the foregoing, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and the mutual covenants, representations and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. **Defined Terms; Other Definitional Provisions.** As used in this Amendment, each of the terms defined in the opening paragraph and the Recitals above shall have the meanings assigned to such terms therein. Each term defined in the Credit Agreement and used herein without definition shall have the meaning assigned to such term in the Credit Agreement, unless expressly provided to the contrary. Article, Section, Schedule, and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Amendment, unless otherwise specified. The words "hereof", "herein", and "hereunder" and words of similar import when used in this Amendment shall refer to this Amendment as a whole and not to any particular provision of this Amendment. The term "including" means "including, without limitation". Paragraph headings have been inserted in this Amendment as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Amendment and shall not be used in the interpretation of any provision of this Amendment.

Section 2. **Amendments to the Credit Agreement.** Subject to the satisfaction of the conditions set forth in Section 4 below, and in reliance on the representations and warranties contained in Section 3 below, the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is hereby amended by inserting the following definitions in the appropriate alphabetical order:

"Amendment No. 5 Effective Date" means February 20, 2018.

(b) Section 6.09 of the Credit Agreement is hereby amended by (i) deleting the word "and" at the end of clause (b), (ii) replacing "." at the end of clause (c) with "; and", and (iii) adding a new clause (d) as set forth below:

(d) at any time on or after the Amendment No. 5 Effective Date, the Borrower may repurchase shares of its common stock for an aggregate purchase price not to exceed \$10,000,000;

provided that the Borrower may not purchase any of its common stock pursuant to this clause (d) that is owned by any (A) Affiliate of the Borrower or current employee, officer, or director of the Borrower or any Affiliate thereof and/or (B) former employee, former officer or former director of the Borrower or any Affiliate thereof unless such purchase made pursuant to this clause (B) is at a market price and on arm's length terms.

Section 3. **Representations and Warranties.** Each Credit Party hereby represents and warrants that: (a) after giving effect to this Amendment, the representations and warranties contained in Article III of the Credit Agreement and in each other Loan Document are true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, as of such earlier date; (b) after giving effect to this Amendment, no Default has occurred and is continuing; (c) the execution, delivery and performance of this Amendment are within the corporate or limited liability company power and authority of such Credit Party and have been duly authorized by appropriate corporate or limited liability company action and proceedings; (d) this Amendment constitutes the legal, valid, and binding obligation of such Credit Party enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally and general principles of equity; (e) there are no governmental or other third party consents, licenses and approvals required in connection with the execution, delivery, performance, validity and enforceability of this Amendment; and (f) the Liens under the Loan Documents are valid and subsisting and secure the Credit Parties' obligations under such Loan Documents.

Section 4. **Conditions to Effectiveness.** This Amendment shall become effective on the Effective Date and enforceable against the parties hereto upon the satisfaction of the following conditions precedent:

(a) the Administrative Agent and the Lead Lender shall have received this Amendment duly executed by the Borrower, the Guarantors, the Administrative Agent, the Lenders party hereto (which constitute all Lenders party to the Credit Agreement) and the Lead Lender;

(b) the Borrower shall have paid on or about the Effective Date all costs and expenses which are payable pursuant to Section 10.03 of the Credit Agreement and which have been invoiced no later than one Business Days prior to the date hereof; and

(c) the Lead Lender and the Administrative Agent shall have received executed copies of any amendments to the Permitted First Lien Credit Agreement executed on or about the date hereof.

Section 5. **Acknowledgments and Agreements.**

(a) Each Credit Party acknowledges that on the date hereof, all outstanding Obligations are payable in accordance with their terms and each Credit Party waives any defense, offset, counterclaim or recoupment, in each case existing on the date hereof, with respect to such Obligations. Each Credit Party does hereby adopt, ratify, and confirm the Credit Agreement and acknowledges and agrees that the Credit Agreement is and remains in full force and effect, and each Credit Party acknowledges and agrees that its respective liabilities and obligations under the Credit Agreement are not impaired in any respect by this Amendment.

(b) This Amendment is a Loan Document for the purposes of the provisions of the other Loan Documents. Without limiting the foregoing, any breach of representations, warranties, and covenants under this Amendment shall be a Default or Event of Default, as applicable, under the Credit Agreement.

Section 6. **Reaffirmation of Guaranty**. Each Guarantor hereby ratifies, confirms, and acknowledges that its obligations under the Credit Agreement are in full force and effect and that each Guarantor continues to unconditionally and irrevocably, jointly and severally, guarantee the full and punctual payment, when due, whether at stated maturity or earlier by acceleration or otherwise, of all of the Obligations, and its execution and delivery of this Amendment does not indicate or establish an approval or consent requirement by the Guarantors in connection with the execution and delivery of amendments, consents or waivers to the Credit Agreement or any of the other Loan Documents.

Section 7. **Reaffirmation of Liens**. Each Credit Party (a) is party to certain Security Documents securing and supporting the Obligations under the Loan Documents, (b) represents and warrants that it has no defenses to the enforcement of the Security Documents and that according to their terms the Security Documents will continue in full force and effect to secure the Obligations under the Loan Documents, as the same may be amended, supplemented, or otherwise modified, and (c) acknowledges, represents, and warrants that the liens and security interests created by the Security Documents are valid and subsisting and create an acceptable security interest in the collateral to secure the Obligations under the Loan Documents, as the same may be amended, supplemented, or otherwise modified.

Section 8. **Counterparts**. This Amendment may be signed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Transmission by facsimile or other electronic transmission of an executed counterpart of this Amendment shall be deemed to constitute due and sufficient delivery of such counterpart.

Section 9. **Successors and Assigns**. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted pursuant to the Credit Agreement.

Section 10. **Invalidity**. In the event that any one or more of the provisions contained in this Amendment shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment.

Section 11. **Governing Law**. This Amendment shall be governed by and construed in accordance with the laws of the State of New York. Section 10.09 of the Credit Agreement is hereby incorporated by reference herein mutatis mutandis.

Section 12. **Instruction to Administrative Agent**. The Lenders hereby (i) authorize and instruct the Administrative Agent to execute and deliver this Amendment and that certain Letter Agreement, dated as of the date hereof, by and between the Administrative Agent and Riverstone Credit Management LLC and (ii) acknowledge and agree that the instruction set forth in this Section 12 constitutes an instruction from the Lenders under the Loan Documents, including Section 9.03 and Section 9.04 of the Credit Agreement.

Section 13. **RELEASE**. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Credit Party hereby, for itself and its successors and assigns, fully and without reserve, releases, acquits, and forever discharges each Secured Party, its respective successors and assigns, officers, directors, employees, representatives, trustees, attorneys, agents and



affiliates (collectively the “Released Parties” and individually a “Released Party”) from any and all actions, claims, demands, causes of action, judgments, executions, suits, debts, liabilities, costs, damages, expenses or other obligations of any kind and nature whatsoever, direct and/or indirect, at law or in equity, whether now existing or hereafter asserted, whether absolute or contingent, whether due or to become due, whether disputed or undisputed, whether known or unknown (INCLUDING, WITHOUT LIMITATION, ANY OFFSETS, REDUCTIONS, REBATEMENT, CLAIMS OF USURY OR CLAIMS WITH RESPECT TO THE NEGLIGENCE OF ANY RELEASED PARTY) (collectively, the “Released Claims”), for or because of any matters or things occurring, existing or actions done, omitted to be done, or suffered to be done by any of the Released Parties, in each case, on or prior to the Effective Date and are in any way directly or indirectly arising out of or in any way connected to any of this Amendment, the Credit Agreement, any other Loan Document, or any of the transactions contemplated hereby or thereby (collectively, the “Released Matters”). Each Credit Party, by execution hereof, hereby acknowledges and agrees that the agreements in this Section 13 are intended to cover and be in full satisfaction for all or any alleged injuries or damages arising in connection with the Released Matters herein compromised and settled. Each Credit Party hereby further agrees that it will not sue any Released Party on the basis of any Released Claim released, remised and discharged by the Credit Parties pursuant to this Section 13. In entering into this Amendment, each Credit Party consulted with, and has been represented by, legal counsel and expressly disclaim any reliance on any representations, acts or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth herein do not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity hereof. The provisions of this Section 13 shall survive the termination of this Amendment, the Credit Agreement and the other Loan Documents and payment in full of the Obligations.

Section 14. Entire Agreement. THIS AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS CONSTITUTE THE ENTIRE UNDERSTANDING AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

(a) [The remainder of this page has been left blank intentionally.]

EXECUTED to be effective as of the date first above written.

BORROWER:

LILIS ENERGY, INC.

By: \_\_\_\_\_

Name: Joseph C. Daches

Title: EVP, Chief Financial Officer and Treasurer

GUARANTORS:

BRUSHY RESOURCES, INC.  
HURRICANE RESOURCES LLC  
LILIS OPERATING COMPANY, LLC  
IMPETRO OPERATING, LLC  
IMPETRO RESOURCES, LLC

By: \_\_\_\_\_

Name: Joseph C. Daches

Title: Chief Financial Officer and Treasurer

ADMINISTRATIVE AGENT:

WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Administrative Agent

By: \_\_\_\_\_

Name: Alisha Clendaniel

Title: Assistant Vice President

LEAD LENDER:

VÄRDE PARTNERS, INC.

By: \_\_\_\_\_

Name: Markus Specks

Title: Managing Director

**SEVERALLY AND NOT JOINTLY FOR EACH ENTITY LISTED BELOW:**

By: \_\_\_\_\_

Name: Markus Specks

Title: Managing Director

**THE VÄRDE FUND VI-A, L.P.**

By Värde Investment Partners G.P., LLC, Its General Partner

By Värde Partners, L.P., Its Managing Member

By Värde Partners, Inc., Its General Partner

**VÄRDE INVESTMENT PARTNERS, L.P.**

By Värde Investment Partners G.P., LLC, Its General Partner

By Värde Partners, L.P., Its Managing Member

By Värde Partners, Inc., Its General Partner

**THE VÄRDE FUND XI (MASTER), L.P.**

By Värde Fund XI G.P., LLC, Its General Partner

By Värde Partners, L.P., Its Managing Member

By Värde Partners, Inc., Its General Partner

**VÄRDE INVESTMENT PARTNERS (OFFSHORE) MASTER, L.P.**

By Värde Investment Partners G.P., LLC, Its General Partner

By Värde Partners, L.P., Its Managing Member

By Värde Partners, Inc., Its General Partner

**THE VÄRDE SKYWAY MASTER FUND, L.P.**

By The Värde Skyway Fund G.P., LLC, Its General Partner

By Värde Partners, L.P., Its Managing Member

By Värde Partners, Inc., Its General Partner

**THE VÄRDE FUND XII (MASTER), L.P.**

By The Värde Fund XII G.P., L.P., Its General Partner

By: The Värde Fund XII UGP, LLC, its General Partner

By Värde Partners, L.P., Its Managing Member

By Värde Partners, Inc., Its General Partner

**AMENDMENT NO. 1 TO CREDIT AGREEMENT**

This Amendment No. 1 to Credit Agreement (this “Amendment”) dated as of February 20, 2018 (the “Effective Date”) is among Lilis Energy, Inc. (the “Borrower”), certain subsidiaries of the Borrower party hereto (each, a “Guarantor” and collectively, the “Guarantors”) and Riverstone Credit Management LLC, as Administrative Agent (in such capacity, the “Administrative Agent”) and as Collateral Agent (as defined in the Credit Agreement (as defined below)) and the Lenders (as defined below) party hereto.

**INTRODUCTION**

Whereas, the Borrower, the Guarantors, the Administrative Agent, the Collateral Agent (as defined therein) and the lenders party thereto from time to time (the “Lenders”) are parties to that certain Amended and Restated Senior Secured Term Loan Credit Agreement dated as of January 30, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”).

Whereas, the Borrower has requested that the Administrative Agent and the Lenders amend the Credit Agreement in certain respects as set forth herein, and the Administrative Agent and the Lenders have agreed to the foregoing, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the promises and the mutual covenants, representations and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. **Defined Terms; Other Definitional Provisions.** As used in this Amendment, each of the terms defined in the opening paragraph and the Introduction above shall have the meanings assigned to such terms therein. Each term defined in the Credit Agreement and used herein without definition shall have the meaning assigned to such term in the Credit Agreement, unless expressly provided to the contrary. Article, Section, Schedule, and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Amendment, unless otherwise specified. Section 1.2 of the Credit Agreement is hereby incorporated by reference herein mutatis mutandis.

Section 2. **Amendments to the Credit Agreement.** Subject to the satisfaction of the conditions set forth in Section 4 below, and in reliance on the representations and warranties contained in Section 3 below, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is hereby amended by inserting the following definition in the appropriate alphabetical order:

“Amendment No. 1 Effective Date” means February 20, 2018.

(b) Section 8.9(d) of the Credit Agreement is hereby amended to read as follows:

(d) Restricted Payments permitted pursuant to Section 9.6(a) or Section 9.6(b);

(c) Section 9.6 of the Credit Agreement is hereby amended by (i) deleting the word “and” at the end of clause (a), (ii) replacing “.” at the end of clause (b) with “; and”, and (iii) adding a new clause (c) as set forth below:

(c) at any time on or after the Amendment No. 1 Effective Date, the Borrower may repurchase shares of its common stock for an aggregate purchase price not to exceed \$10,000,000; provided that the Borrower may not purchase any of its common stock pursuant to this clause (c) that is owned by any (A) Affiliate of the Borrower or current employee, officer, or director of the Borrower or any Affiliate thereof and/or (B) former employee, former officer, or former director of the Borrower or any Affiliate thereof unless such purchase made pursuant to this clause (B) is at a market price and on arm’s length terms.

Section 3. **Representations and Warranties.** Each Credit Party hereby represents and warrants that: (a) after giving effect to this Amendment, the representations and warranties contained in Article VII of the Credit Agreement and in each other Credit Document are true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, as of such earlier date; (b) after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing; (c) the execution, delivery and performance of this Amendment are within the corporate or limited liability company power and authority of such Credit Party and have been duly authorized by appropriate corporate or limited liability company action and proceedings; (d) this Amendment constitutes the legal, valid, and binding obligation of such Credit Party enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally and general principles of equity; (e) there are no governmental or other third party consents, licenses and approvals required in connection with the

execution, delivery, performance, validity and enforceability of this Amendment; and (f) the Liens under the Credit Documents are valid and subsisting and secure the Credit Parties' obligations under such Credit Documents.

Section 4. **Conditions to Effectiveness.** This Amendment shall become effective on the Effective Date and enforceable against the parties hereto upon the satisfaction of the following conditions precedent:

(a) the Administrative Agent shall have received this Amendment duly executed by the Borrower, the Guarantors, the Administrative Agent, and the Lenders party hereto (which constitute all Lenders party to the Credit Agreement);

(b) the Borrower shall have paid on the Effective Date (i) all costs and expenses which are payable pursuant to Section 12.5 of the Credit Agreement and which have been invoiced no later than one Business Day prior to the date hereof and (ii) an amendment fee as provided for in that certain Fee Letter, dated as of the Effective Date, by and between Lilis and the Administrative Agent;

(c) the Administrative Agent shall have received executed copies of any amendments to the Permitted Second Lien Credit Agreement executed on or about the date hereof; and

(d) the Administrative Agent shall have entered into that certain Letter Agreement, dated as of the Effective Date, by and between the Administrative Agent, in its capacity as Priority Lien Agent (as defined in the Amended and Restated Intercreditor Agreement), and Wilmington Trust, National Association, in its capacity as Second Lien Agent (as defined in the Amended and Restated Intercreditor Agreement), and such Letter Agreement shall be in form and substance satisfactory to the Administrative Agent.

Section 5. **Acknowledgments and Agreements.**

(a) Each Credit Party acknowledges that on the date hereof, all outstanding Obligations are payable in accordance with their terms and each Credit Party waives any defense, offset, counterclaim or recoupment, in each case existing on the date hereof, with respect to such Obligations. Each Credit Party does hereby adopt, ratify, and confirm the Credit Agreement and acknowledges and agrees that the Credit Agreement is and remains in full force and effect, and each Credit Party acknowledges and agrees that its respective liabilities and obligations under the Credit Agreement are not impaired in any respect by this Amendment.

(b) This Amendment is a Credit Document for the purposes of the provisions of the other Credit Documents. Without limiting the foregoing, any breach of representations, warranties, and covenants under this Amendment shall be a Default or Event of Default, as applicable, under the Credit Agreement.

Section 6. **Reaffirmation of Guaranty.** Each Guarantor hereby ratifies, confirms, and acknowledges that its obligations under the Credit Agreement are in full force and effect and that each Guarantor continues to unconditionally and irrevocably, jointly and severally, guarantee the full and punctual payment, when due, whether at stated maturity or earlier by acceleration or otherwise, of all of the Obligations, and its execution and delivery of this Amendment does not indicate or establish an approval or consent requirement by the Guarantors in connection with the execution and delivery of amendments, consents or waivers to the Credit Agreement or any of the other Credit Documents.

Section 7. **Reaffirmation of Liens.** Each Credit Party (a) is party to certain Security Documents securing and supporting the Obligations under the Credit Documents, (b) represents and warrants that it has no defenses to the enforcement of the Security Documents and that according to their terms the Security Documents will continue in full force and effect to secure the Obligations under the Credit Documents, as the same may be amended, supplemented, or otherwise modified, and (c) acknowledges, represents, and warrants that the liens and security interests created by the Security Documents are valid and subsisting and create an acceptable security interest in the collateral to secure the Obligations under the Credit Documents, as the same may be amended, supplemented, or otherwise modified.

Section 8. **Miscellaneous.** Sections 12.3, 12.6, 12.9, 12.10, 12.11, 12.12, 12.13, 12.14 and 12.15 of the Credit Agreement are hereby incorporated by reference herein mutatis mutandis.

Section 9. **RELEASE.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and without limitation or curtailment of any of the provisions of Section 12.5 of the Credit Agreement, each Credit Party hereby, for itself and its successors and assigns, fully and without reserve, releases, acquits, and forever discharges each Secured Party, its respective successors and assigns, officers, directors, employees, representatives, trustees, attorneys, agents and affiliates (collectively the "**Released Parties**" and individually a "**Released Party**") from any and all actions, claims, demands, causes of action, judgments, executions, suits, debts, liabilities, costs, damages, expenses or other obligations of any kind and nature whatsoever, direct and/or indirect, at law or in equity, whether now existing or hereafter asserted, whether absolute or contingent, whether due or to become due, whether disputed or undisputed, whether known or unknown (INCLUDING, WITHOUT LIMITATION, ANY OFFSETS, REDUCTIONS, REBATEMENT, CLAIMS OF USURY OR CLAIMS WITH RESPECT TO THE NEGLIGENCE OF ANY RELEASED PARTY) (collectively, the "**Released Claims**"), for or because of any matters or things occurring, existing or actions done, omitted to be done, or suffered to be done by any of the Released Parties, in each case, on or prior to the Effective Date and are in any way directly or indirectly arising out of or in any way connected to any

of this Amendment, the Credit Agreement, any other Credit Document, or any of the transactions contemplated hereby or thereby (collectively, the “Released Matters”). Each Credit Party, by execution hereof, hereby acknowledges and agrees that the agreements in this Section 9 are intended to cover and be in full satisfaction for all or any alleged injuries or damages arising in connection with the Released Matters herein compromised and settled. Each Credit Party hereby further agrees that it will not sue any Released Party on the basis of any Released Claim released, remised and discharged by the Credit Parties pursuant to this Section 9. In entering into this Amendment, each Credit Party consulted with, and has been represented by, legal counsel and expressly disclaim any reliance on any representations, acts or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth herein do not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity hereof. The provisions of this Section 9 shall survive the termination of this Amendment, the Credit Agreement and the other Credit Documents and payment in full of the Obligations.

(a) [The remainder of this page has been left blank intentionally.]

EXECUTED to be effective as of the date first above written.

BORROWER:

**LILIS ENERGY, INC.**

By: \_\_\_\_\_

Name:

Title:

GUARANTORS:

**BRUSHY RESOURCES, INC.**

**HURRICANE RESOURCES LLC**

**LILIS OPERATING COMPANY, LLC**

**IMPETRO OPERATING LLC**

**IMPETRO RESOURCES, LLC**

By: \_\_\_\_\_

Name:

Title:

ADMINISTRATIVE AGENT:

**RIVERSTONE CREDIT MANAGEMENT LLC**, as Administrative Agent and  
Collateral Agent

By: Riverstone Equity Partners LP, its sole member

By: Riverstone Holdings LLC, its general partner

By: \_\_

Name: Thomas J. Walker

Title: Chief Financial Officer; Authorized Person

LENDERS:

**RIVERSTONE CREDIT PARTNERS – DIRECT, L.P., as Lender**

By: RCP F2 GP, L.P., its general partner

By: RCP F1 GP, L.L.C., its general partner

By: \_\_

Name: Thomas J. Walker

Title: Manager

**RIVERSTONE CREDIT PARTNERS II – DIRECT, L.P., as Lender**

By: RCP F2 GP, L.P., its general partner

By: RCP F1 GP, L.L.C., its general partner

By: \_\_

Name: Thomas J. Walker

Title: Manager



**RIVERSTONE STRATEGIC CREDIT PARTNERS A-1 AIV, L.P.**, as Lender

By: RCP Strategic Credit Partners (A-2) GP, L.P., its general partner

By: RCP Strategic Credit Partners (A) GP, L.L.C., its general partner

By: \_\_

Name: Thomas J. Walker

Title: Manager

**RIVERSTONE STRATEGIC CREDIT PARTNERS A-2 AIV, L.P.**, as Lender

By: RCP Strategic Credit Partners (A-2) GP, L.P., its general partner

By: RCP Strategic Credit Partners (A) GP, L.L.C., its general partner

By: \_\_

Name: Thomas J. Walker

Title: Manager

**FIRST AMENDMENT AND WAIVER TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

This FIRST AMENDMENT AND WAIVER TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of March 1, 2019, is among Lilis Energy Inc., a Nevada corporation (the "Borrower"), certain Subsidiaries of the Borrower (the "Guarantors"), BMO Harris Bank, N.A. ("BMO"), as Administrative Agent for the Lenders, and the other Lenders from time to time party hereto.

Recitals

A. WHEREAS, the Borrower, the Guarantors, the Lenders party thereto and the Administrative Agent are parties to that certain Second Amended and Restated Senior Secured Revolving Credit Agreement dated as of October 10, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders have made certain credit available to and on behalf of the Borrower.

B. WHEREAS, subject to the terms and conditions set forth herein, the Lenders have agreed to redetermine the Borrowing Base and make certain other amendments to the Credit Agreement as set forth herein.

C. WHEREAS, the Borrower has informed the Administrative Agent that the Borrower may be unable to satisfy the leverage ratio covenant in Section 9.01(a) of the Credit Agreement as of the fiscal quarter ended December 31, 2018 (the "December 31, 2018 Leverage Ratio") and the Borrower has requested that the Majority Lenders consent to a waiver of the requirement to comply with the December 31, 2018 Leverage Ratio (the "Waiver Request").

D. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, which include all of the Lenders party to the Credit Agreement, agree as follows:

Section 1 Defined Terms. Each capitalized term which is defined in the Credit Agreement, but which is not defined in this Agreement, shall have the meaning ascribed to such term in the Credit Agreement.

Section 2 Waiver. Subject to the occurrence of the Effective Date, the Borrower hereby requests, and the Administrative Agent and the Majority Lenders hereby agree to the Waiver Request.

Section 3 Effective Date Amendments. Subject to the occurrence of the Effective Date, the following amendments to the Credit Agreement shall be made:

3.1 The definition of "EBITDAX" is hereby amended by (a) inserting "and" immediately before clause (vi) thereof and (b) replacing such clause (vi) in its entirety to read as follows:

(vi) transactional costs, fees and expenses (excluding, for the avoidance of doubt, capitalization of PIK interest, payment of accrued interest and other similar costs and expenses) relating to this Agreement, the Transactions, the Second Lien Facility and transactions relating to the Second Lien Discharge in an aggregate amount with respect to this clause (vi) not to exceed (A) \$2,000,000 with respect to the Fiscal Quarter ended December 31, 2018, (B) \$1,750,000 with respect to the Fiscal Quarter ending March 31, 2019, and (C) thereafter, 10.00% of EBITDAX during the period in which such costs, fees and expenses are incurred, minus (b) all noncash income to the extent included in determining Consolidated Net Income for such period (including cancellation of indebtedness income and non-cash income resulting from the requirements of ASC 410 and 815)

3.2 The definition of "Indebtedness" is hereby amended by amending and restating clause (i) of the proviso at the end thereof in its entirety to read as follows:

(i) (A) from and after the Closing Date until June 1, 2019, trade and other ordinary-course payables and accrued expenses arising in the ordinary course of business and (B) from and after June 1, 2019, trade and other ordinary-course payables and accrued expenses arising in the ordinary course of business that are not overdue by more than ninety (90) days (other than those which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP),

Section 4 Amendments. Subject to the occurrence of the Borrowing Base and Amendment Effective Date, the following amendments to the Credit Agreement shall be made:

4.1 Amendment to Section 1.01. The following definitions are added to the Credit Agreement in their entirety where alphabetically appropriate, in each case, to read as follows:

“Borrowing Base and Amendment Effective Date” means the Borrowing Base and Amendment Effective Date as defined in the First Amendment.

“First Amendment” means that certain First Amendment and Waiver to Second Amended and Restated Credit Agreement dated as of March 1, 2019 among the Borrower, Guarantors, Administrative Agent and the Lenders party hereto, as amended, supplemented or otherwise modified.

“First Amendment Period” means the period commencing on and from the Borrowing Base and Amendment Effective Date through the date on which the New Borrowing Base Notice is delivered in respect of the July 1, 2019 Scheduled Redetermination pursuant to the First Amendment.

“May 2019 Reserve Report” has the meaning assigned to such term in Section 8.12(a).

“Series E Preferred Stock” means the Borrower’s Series E 8.25% Convertible Participating Preferred Stock.

“Series F Preferred Stock” means the Borrower’s Series F 9.00% Participating Preferred Stock.

4.2 Amendment to Section 1.01. Clause (d)(iii) of the definition of “Change in Control” is hereby amended by replacing “Specified Preferred Stock” with “Permitted Holders”.

4.3 Amendment to Section 1.01. The following definitions in the Credit Agreement are hereby amended and restated in their entirety, in each case, to read as follows:

“Maturity Date” means the fifth (5<sup>th</sup>) anniversary of the Closing Date.

“Second Lien Discharge” means the Second Lien Facility and/or the Second Lien Obligations, in each case, has been repaid and/or converted in full to (i) common Equity Interests, (ii) preferred Equity Interests on terms substantially similar to those set forth in the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock or the Series F Preferred Stock and/or (iii) other preferred Equity Interests on terms reasonably acceptable to the Administrative Agent.

“Second Lien Discharge Date” means the date on which the Second Lien Discharge has occurred.

“Series C Preferred Stock” means the Borrower’s Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock.

“Series D Preferred Stock” means the Borrower’s Series D 8.25% Participating Preferred Stock.

“Specified Preferred Stock” shall mean (a) the Series C Preferred Stock, (b) the Series D Preferred Stock, (c) the Series E Preferred Stock, (d) the Series F Preferred Stock, (e) any Equity Interests issued in connection with a conversion of the Second Lien Facility and (f) any Equity Interests of the Borrower that (i) are perpetual preferred stock, (ii) are not Disqualified Capital Stock, (iii) do not require the scheduled payments of dividends in cash or Cash Equivalents prior to the Maturity Date (it being understood, for the avoidance of doubt, that dividends in the form of additional Specified Preferred Stock or accrual to the stated value or liquidation preference thereof are permitted) and (iv) are not and do not become convertible into or exchangeable for Indebtedness or any other Equity Interests that would (A) constitute Disqualified Capital Stock or (B) provide for the required scheduled payments of dividends in cash or Cash Equivalents prior to the Maturity Date.

4.4 Amendment to Section 1.01. Section 1.01 of the Credit Agreement is hereby amended by deleting the definition of “September 1, 2018 Reserve Report”.

4.5 Amendment to Section 2.07. Section 2.07 of the Credit Agreement is hereby amended as follows:

(a) Clause (a) thereof is amended and restated in its entirety to read as follows:

(a) Initial Borrowing Base. For the period from and including the Borrowing Base and Amendment Effective Date to but excluding the first Redetermination Date thereafter, the amount of the Borrowing Base shall be \$125,000,000. Notwithstanding the foregoing, the Borrowing Base may be subject to further adjustments from time to time pursuant to the Borrowing Base Adjustment Provisions.

(b) Clause (b) thereof is amended and restated in its entirety to read as follows:

(b) Scheduled and Interim Redeterminations. The Borrowing Base shall be redetermined on or about July 1, 2019 and thereafter, semi-annually on or about May 1st and November 1st of each year, commencing on or about November 1, 2019, in each case in accordance with this Section 2.07 (each such redetermination, a “Scheduled Redetermination”), and, subject to Section 2.07(d), such redetermined Borrowing Base shall become effective and applicable to the Borrower, the Administrative Agent, the Issuing Bank(s) and the Lenders on the date of such applicable redetermination. The Borrower may, by notifying the Administrative Agent thereof, one time between any Scheduled Redetermination, elect to cause the Borrowing Base to be redetermined in accordance with this Section 2.07. Further, the Administrative Agent may, or at the direction of the Required Lenders shall, by notifying the Borrower thereof, one time between any Scheduled Redeterminations, elect to cause the Borrowing Base to be redetermined (collectively with the Borrower’s right set forth in the previous sentence, an “Interim Redetermination”) in accordance with this Section 2.07.

(c) Clause (c)(ii)(A) thereof is amended and restated in its entirety to read as follows:

(A) in the case of a Scheduled Redetermination (1) if the Administrative Agent shall have received the Engineering Reports required to be delivered by the Borrower pursuant to Section 8.12(a) and Section 8.12(c) (excluding the May 2019 Reserve Report) in a timely and complete manner, then before or on or about April 15th or October 15<sup>th</sup>, as the case may be, of such year following the date of delivery, and (2) if (I) the Administrative Agent shall not have received the Engineering Reports required to be delivered by the Borrower pursuant to Section 8.12(a) and Section 8.12(c) in a timely and complete manner and (II) in connection with the May 2019 Reserve Report, then promptly after the Administrative Agent has received complete Engineering Reports from the Borrower and has had a reasonable opportunity to determine the Proposed Borrowing Base in accordance with Section 2.07(c)(i); and

(d) Clause (d)(i) thereof is amended and restated in its entirety to read as follows:

(i) in the case of a Scheduled Redetermination, (A) if the Administrative Agent shall have received the Engineering Reports required to be delivered by the Borrower pursuant to Section 8.12(a) and Section 8.12(c) (excluding the May 2019 Reserve Report) in a timely and complete manner, then on or about May 1st or November 1st of each year, as applicable, following such notice (or as soon as possible thereafter, pursuant to the procedures set forth in Section 2.07(c)(iii)), (B) in connection with the May 2019 Reserve Report, then on or about July 1, 2019 and (C) if the Administrative Agent shall not have received the Engineering Reports required to be delivered by the Borrower pursuant to Section 8.12(a) and Section 8.12(c) in a timely and complete manner, then on the Business Day next succeeding delivery of such New Borrowing Base Notice; and

4.6 Amendment to Section 8.12. Section 8.12(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(a) On or before June 1, 2019 and each October 1st and April 1st thereafter, the Borrower shall furnish to the Administrative Agent a Reserve Report evaluating the Oil and Gas Properties of the Borrower and its Subsidiaries as of the immediately preceding January 1st and July 1st, as applicable, or, with respect to the report required to be delivered on or before June 1, 2019, as of no earlier than May 1, 2019 (the “May 2019 Reserve Report”). The Reserve Report as of January 1st and delivered on or before April 1st of each year (the “January 1 Reserve Report”), shall be prepared by one or more Approved Petroleum Engineers, and the May 2019 Reserve Report and each Reserve Report as of July 1<sup>st</sup> and delivered on or before October 1<sup>st</sup> of each year, shall be prepared by one or more Approved Petroleum Engineers or internally under the supervision of the chief engineer of the Borrower (in a manner reasonably acceptable to the Administrative Agent) who shall certify such Reserve Report to be true and accurate in all material respects and, except as otherwise specified therein, to have been prepared in accordance with the procedures used in the immediately preceding January 1 Reserve Report.

4.7 Amendment to Section 9.04. Section 9.04 of the Credit Agreement is hereby amended as follows:

(a) Part (A) of the parenthetical in clause (a)(iv) thereof is amended by deleting “or” before “the Series D Preferred Stock”, replacing it with a comma and adding “, the Series E Preferred Stock or the Series F Preferred Stock” before “and/or other preferred Equity Interests”.

(b) The period at the end of clause (a)(v) thereof is hereby deleted and replaced with a semicolon, and the following proviso is added at the end thereof:

provided that no Restricted Payment shall be permitted to be made pursuant to this Section 9.04(a)(v) during the First Amendment Period.

(c) Clause (b)(i)(B)(2) thereof is amended by deleting “or” before “the Series D Preferred Stock”, replacing it with a comma and

adding “, the Series E Preferred Stock or the Series F Preferred Stock” before “and/or other preferred Equity Interests”.

Section 5 Conditions Precedent to Effective Date. This Agreement shall become effective on the date (such date, the “Effective Date”) when each of the following conditions is satisfied (or waived) in accordance with the terms herein:

5.1 The Administrative Agent and the Lenders, shall have received (a) reimbursement or payment of all reasonable and documented out-of-pocket expenses required to be reimbursed or paid by the Borrower under Section 12.03 of the Credit Agreement in connection with this Agreement (including, the fees, charges and disbursements of Simpson Thacher & Bartlett LLP, counsel to the Administrative Agent) and (b) a consent fee payable to the Administrative Agent for the account of each Lender that executes and delivers a signed counterpart of this Agreement on or prior to the Effective Date (each such Lender, a “Consenting Lender”) in an amount equal to 0.175% of each such Consenting Lender’s pro rata share of the Borrowing Base in effect immediately prior to the Effective Date;

5.2 The Administrative Agent shall have received from the Borrower, each Guarantor, and each Lender in their respective capacities, counterparts of this Agreement signed on behalf of such Persons.

5.3 As of the Effective Date, after giving effect to this Agreement, (a) the representations and warranties of each Loan Party set forth in the Credit Agreement and in each other Loan Document are true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct), except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct) as of such earlier date and (b) no Default, Event of Default or Borrowing Base Deficiency has occurred and is continuing.

Each party hereto hereby authorizes and directs the Administrative Agent to declare the this Agreement to be effective (and the Effective Date shall occur) when it has received documents confirming or certifying, to the reasonable satisfaction of the Administrative Agent, compliance with the conditions set forth in this Section 5. Such declaration shall be final, conclusive and binding upon all parties to the Credit Agreement for all purposes.

Section 6 Conditions Precedent to Borrowing Base and Amendment Effective Date. Section 4 of the Agreement shall become effective on the date (such date, the “Borrowing Base and Amendment Effective Date”) when each of the following conditions is satisfied (or waived) in accordance with the terms herein:

6.1 The Effective Date shall have occurred.

6.2 The Administrative Agent and the Lenders shall have received (a), for the ratable benefit of each Lender, an upfront fee equal to 60.0 basis points on an amount equal to the increase in such Lender’s allocated share of the Borrowing Base on the Borrowing Base and Amendment Effective Date over such Lender’s allocated share of the Borrowing Base in effect immediately prior to the Borrowing Base and Amendment Effective Date (which upfront fees shall be fully earned and due and payable in full on the occurrence of the Borrowing Base and Amendment Effective Date) and (b) reimbursement or payment of all reasonable and documented out-of-pocket expenses required to be reimbursed or paid by the Borrower under Section 12.03 of the Credit Agreement in connection with this Agreement (including, fees, charges and disbursements of Simpson Thacher & Bartlett LLP, counsel to the Administrative Agent).

6.3 The Second Lien Discharge Date shall have occurred, or shall occur, substantially contemporaneously with the occurrence of the Borrowing Base and Amendment Effective Date.

6.4 As of the Borrowing Base and Amendment Effective Date, after giving effect to this Agreement, (a) the representations and warranties of each Loan Party set forth in the Credit Agreement and in each other Loan Document shall be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct), except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct) as of such earlier date and (b) no Default, Event of Default or Borrowing Base Deficiency has occurred and is continuing.

Each party hereto hereby authorizes and directs the Administrative Agent to declare effective the Borrowing Base and Amendment Effective Date when it has received documents confirming or certifying, to the reasonable satisfaction of the Administrative Agent, compliance with the conditions set forth in this Section 6. Such declaration shall be final, conclusive and binding upon all parties to the Credit Agreement for all purposes.

Section 7 Covenant. The Borrower covenants and agrees with the Lenders that the Second Lien Discharge Date shall occur within thirty (30) days of the Effective Date. The failure of the Second Lien Discharge Date to occur prior to a date that is within

thirty (30) days of the Effective Date shall result in an Event of Default under the Credit Agreement.

## Section 8 Miscellaneous.

8.1 Preferred Stock Terms. For the avoidance of doubt, the Administrative Agent acknowledges and agrees that the terms of the Series E Preferred Stock and the Series F Preferred Stock (in each case, as defined in Section 3 above and as in effect on the Effective Date and as amended thereafter in a manner not materially adverse to the Administrative Agent or the Lenders) are reasonably acceptable to the Administrative Agent for purposes of clause (b)(B)(iii) of the definition of “Maturity Date” in the Credit Agreement (as in effect prior to the Borrowing Base and Amendment Effective Date).

8.2 Limitation of Waivers. The consent, waiver and agreement contained herein, shall not be a consent, waiver or agreement by the Administrative Agent or the Lenders of any Defaults or Events of Default, as applicable, which may exist (other than, for the avoidance of doubt, with respect to the December 31, 2018 Leverage Ratio) or which may occur in the future under the Credit Agreement or any other Loan Document, or any future defaults of the same provision waived hereunder (collectively, “Other Violations”). Similarly, nothing contained in this Agreement shall directly or indirectly in any way whatsoever: (a) impair, prejudice or otherwise adversely affect the Administrative Agent’s or the Lenders’ right at any time to exercise any right, privilege or remedy in connection with the Credit Agreement or any other Loan Document, as the case may be, with respect to any Other Violations, (b) except as set forth herein, amend or alter any provision of the Credit Agreement, the other Loan Documents, or any other contract or instrument, or (c) constitute any course of dealing or other basis for altering any obligation of the Borrower or any right, privilege or remedy of the Administrative Agent or the Lenders under the Credit Agreement, the other Loan Documents, or any other contract or instrument, as applicable. Nothing in this letter shall be construed to be a consent by the Administrative Agent or the Lenders to any Other Violations.

8.3 Confirmation. The provisions of the Credit Agreement shall remain in full force and effect following the Effective Date and the Borrowing Base and Amendment Effective Date.

8.4 Ratification and Affirmation; Representations and Warranties. Each of the Guarantors and the Borrower (a) acknowledges the terms of this Agreement, (b) ratifies and affirms its obligations under, and acknowledges its continued liability under, each Loan Document (including, without limitation, the Guaranteed Liabilities) and agrees that each Loan Document remains in full force and effect as expressly amended hereby, (c) certifies to the Lenders, on the Effective Date or the Borrowing Base Amendment Effective Date, as applicable, that, after giving effect to this Agreement and the amendments and transactions occurring on the Effective Date or the Borrowing Base Amendment Effective Date, (i) the representations and warranties of each Loan Party set forth in the Credit Agreement and in each other Loan Document are true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty are true and correct), except to the extent such representations and warranties expressly relate to an earlier date, in which case they are true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty are true and correct) as of such earlier date and (ii) no Default, Event of Default or Borrowing Base Deficiency has occurred and is continuing and (c) acknowledges that it is a party to certain Security Instruments securing the Secured Obligations and agrees that according to their terms the Security Instruments to which it is a party will continue in full force and effect to secure the Secured Obligations under the Loan Documents, as the same may be amended, supplemented or otherwise modified.

8.5 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed a signature page of this Agreement by facsimile or email transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

8.6 No Oral Agreement. This Agreement, the Credit Agreement, the other Loan Documents and any separate letter agreement with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreement and understandings, oral or written, relating to the subject matter hereof and thereof. THIS AGREEMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

8.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8.8 Payment of Expenses. In accordance with Section 12.03 of the Credit Agreement, the Borrower agrees to pay or reimburse the Administrative Agent for all of its reasonable and documented out-of-pocket expenses incurred in connection with this Agreement, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without

limitation, the reasonable fees, charges and disbursements of counsel to the Administrative Agent.

8.9 Severability. Any provision of this Agreement or any other Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

8.10 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns in accordance with Section 12.04 of the Credit Agreement.

8.11 Loan Documents. This Agreement is a Loan Document.

***[Signature Pages Follow]***

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed effective as of the Effective Date.

**BORROWER:**

**LILIS ENERGY, INC.**

By: /s/ Joseph C. Daches  
Name: Joseph C. Daches  
Title: President, Chief Financial Officer and Treasurer

**GUARANTORS:**

**BRUSHY RESOURCES, INC.**

By: /s/ Joseph C. Daches  
Name: Joseph C. Daches  
Title: President, Chief Financial Officer and Treasurer

**HURRICANE RESOURCES LLC**

By: /s/ Joseph C. Daches  
Name: Joseph C. Daches  
Title: President, Chief Financial Officer and Treasurer

**IMPETRO OPERATING LLC**

By: /s/ Joseph C. Daches  
Name: Joseph C. Daches  
Title: President, Chief Financial Officer and Treasurer

**LILIS OPERATING COMPANY, LLC**

By: /s/ Joseph C. Daches  
Name: Joseph C. Daches  
Title: President, Chief Financial Officer and Treasurer



**IMPETRO RESOURCES, LLC**

By: /s/ Joseph C. Daches

Name: Joseph C. Daches

Title: President, Chief Financial Officer and Treasurer

**ADMINISTRATIVE AGENT:**

**BMO HARRIS BANK N.A.,**  
as Administrative Agent, and a Lender

By: /s/ Melissa Guzmann  
Name: Melissa Guzmann  
Title: Director

**LENDERS:**

**SUNTRUST BANK,**  
as a Lender

By:/s/ Benjamin L. Brown  
Name: Benjamin L. Brown  
Title: Director

**CAPITAL ONE, NATIONAL ASSOCIATION,**  
as a Lender

By: /s/ Christopher Kuna  
Name: Christopher Kuna  
Title: Director

**ISLANDS BRANCH, as a Lender**

By: /s/ Nupur Kumar  
Name: Nupur Kumar  
Title: Authorized Signatory

By: /s/ Christopher Zybrick  
Name: Christopher Zybrick  
Title: Authorized Signatory

**TRANSACTION AGREEMENT**

dated as of March 5, 2019

by and among

**LILIS ENERGY, INC.**

**THE VÄRDE FUND VI-A, L.P.**

**VÄRDE INVESTMENT PARTNERS, L.P.**

**THE VÄRDE FUND XI (MASTER), L.P.**

**VÄRDE INVESTMENT PARTNERS (OFFSHORE) MASTER, L.P.**

**THE VÄRDE SKYWAY FUND, L.P.**

**THE VÄRDE SKYWAY MINI-MASTER FUND, L.P.**

and

**THE VÄRDE FUND XII (MASTER), L.P.**

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Exhibit A: Form of A&R Series C Certificate of Designation

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Exhibit D: Form of Registration Rights Agreement

Exhibit E: Form of Series E Certificate of Designation

Exhibit F: Form of Series F Certificate of Designation

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Exhibit H: Form of Nevada Opinion

## **TRANSACTION AGREEMENT**

This Transaction Agreement (this “Agreement”) is dated as of March 5, 2019, between Lilis Energy, Inc., a Nevada corporation (the “Company”), and The Värde Fund VI-A, L.P., Värde Investment Partners, L.P., The Värde Fund XI (Master), L.P., Värde Investment Partners (Offshore) Master, L.P., The Värde Skyway Fund, L.P., The Värde Skyway Mini-Master Fund, L.P. and The Värde Fund XII (Master), L.P. (each, a “Värde Party” and collectively, the “Värde Parties”).

WHEREAS, the Company, the guarantors from time to time party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent, are parties to the Second Lien Credit Agreement (as defined herein);

WHEREAS, pursuant to the Payoff Letter (as defined herein), the Company desires to issue to the Värde Parties, as consideration for the termination of the Second Lien Credit Agreement and the satisfaction in full of all indebtedness, liabilities and other Obligations (as defined therein) (the outstanding principal amount of the Loans thereunder, accrued and unpaid interest thereon and the Make-Whole Amount (as defined herein) totaling \$133,596,279 (the “Term Loan Exchange Amount”)), (i) 9,891,638 shares of the Common Stock (as defined herein), (ii) 60,000 shares of the Series E Preferred Stock (as defined herein), having the terms set forth in the Series E Certificate of Designation (as defined herein), and (iii) 55,000 shares of the Series F Preferred Stock (as defined herein), having the terms set forth in the Series F Certificate of Designation (as defined herein);

WHEREAS, shares of the Series E Preferred Stock will be convertible into shares of the Common Stock in accordance with the terms of the Series E Certificate of Designation;

WHEREAS, the Company desires to issue to the Värde Parties, as consideration for the amendment and restatement of the Series C Certificate of Designation (as defined herein) and the Series D Certificate of Designation (as defined herein), 7,750,000 shares of the Common Stock; and

WHEREAS, at Closing (as defined herein), the Company and the Värde Parties will enter into the Registration Rights Agreement (as defined herein).

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Värde Party agree as follows:

### **Article I.**

#### **DEFINITIONS**

1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth in this Section 1.1:

“2016 Plan” means the Lilis Energy, Inc. 2016 Omnibus Incentive Plan, as amended from time to time.

“A&R Series C Certificate of Designation” means the Second Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Participating Preferred Stock and Series C-2 9.75% Participating Preferred Stock to be filed prior to the Closing by the Company with the Secretary of State of the State of Nevada, in the form of Exhibit A attached hereto.

“A&R Series D Certificate of Designation” means the Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Participating Preferred Stock to be filed prior to the Closing by the Company with the Secretary of State of the State of Nevada, in the form of Exhibit B attached hereto.

“Action” has the meaning ascribed to such term in Section 3.1(j).

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act; *provided*, that no portfolio company of a Värde Party or its Affiliates shall be considered or otherwise deemed an Affiliate thereof.

“Agreement” has the meaning ascribed to such term in the preamble.

“Articles of Incorporation” means the Amended and Restated Articles of Incorporation of the Company, dated as of October 10, 2011, as amended from time to time.

“Board of Directors” means the board of directors of the Company.

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York or Texas are authorized or required by law or other governmental action to close.

“Capitalization Date” has the meaning ascribed to such term in Section 3.1(g).

“Certificates of Designation” means each of the A&R Series C Certificate of Designation, the A&R Series D Certificate of Designation, the Series E Certificate of Designation and the Series F Certificate of Designation.

“Closing” means the closing of the issuance of the Exchanged Shares pursuant to Section 2.1.

“Closing Date” means the date on which the Closing actually occurs.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commission” means the United States Securities and Exchange Commission.

“Common Shares” means the Exchanged Common Shares and the Underlying Shares.

“Common Stock” means the common stock of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Company” has the meaning ascribed to such term in the preamble.

“Company Information” has the meaning ascribed to such term in Section 5.10(b).

“Company Stock Awards” has the meaning ascribed to such term in Section 3.1(g).

“Company Stockholders” means the holders of shares of the Common Stock.

“Effect” means any change, event, effect or circumstance.

“Environmental Laws” means any Law relating in any way to protection of the environment, preservation or

reclamation of natural resources, pollution, occupational or public health or safety, or the management, release or threatened release of, or exposure to, any Hazardous Material.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Värde Party directly or indirectly resulting from or based upon (a) violation of or liability under any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal (or arrangement for the disposal) of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement, proceeding or other arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 or Title IV of ERISA and Section 412 or 430 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means: (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the failure of any Plan to satisfy the minimum funding standard applicable to that Plan for a plan year under Section 412 or 430 of the Code or Section 302 of ERISA; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (e) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Multiemployer Plan or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Company or any ERISA Affiliate of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent within the meaning of Title IV of ERISA.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchanged Common Shares” has the meaning ascribed to such term in Section 2.1(b).

“Exchanged Preferred Shares” has the meaning ascribed to such term in Section 2.1(a).

“Exchanged Series E Shares” has the meaning ascribed to such term in Section 2.1(a).

“Exchanged Series F Shares” has the meaning ascribed to such term in Section 2.1(a).

“Exchanged Shares” has the meaning ascribed to such term in Section 2.1(b).

“FCPA” means the Foreign Corrupt Practices Act of 1977, as amended.

“GAAP” has the meaning ascribed to such term in Section 3.1(h).

“Governmental Entity” means any court, administrative agency or commission or other governmental or arbitral body or authority or instrumentality, whether federal, state, local or foreign, and any applicable industry self-regulatory organization.

“Hazardous Materials” means all pollutants, contaminants, chemicals, materials, substances, wastes, mixtures, pesticides, and any other substance for which liability or standards of conduct may be imposed under any Environmental Law, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, noise, odor, mold, infectious or medical wastes and all other materials, substances or wastes of any nature regulated pursuant to any Environmental Law.

“Intellectual Property Rights” has the meaning ascribed to such term in Section 3.1(p).

“Investor Directors” has the meaning ascribed to such term in Section 5.13(b).

“Knowledge of the Company” means the actual knowledge of one or more executive officers of the Company.

“Law” means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, order, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

“Legend Removal Date” has the meaning ascribed to such term in Section 5.2(d).

“Lien” means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Loans” has the meaning ascribed to such term in the Second Lien Credit Agreement.

“Make-Whole Amount” has the meaning ascribed to such term in the Second Lien Credit Agreement.

“Material Adverse Effect” means, with respect to the Company, any Effect that, individually or taken together with all other Effects that have occurred prior to the date of determination of the occurrence of the Material Adverse Effect, is or is reasonably likely to be materially adverse to the business, assets, results of operations or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole; *provided*, that in no event shall any of the following, alone or in combination, be deemed to constitute a Material Adverse Effect or be taken into account in determining whether a Material Adverse Effect has occurred: (i) any change in the Company’s stock price or trading volume, (ii) any failure by the Company to meet revenue, earnings production or other projections, (iii) any change in commodity prices or other Effect affecting the oil and gas industry generally, or the United States economy generally, or any Effect that results from changes affecting general worldwide economic or capital market conditions, in each case except to the extent such change of Effect disproportionately affects the Company and its Subsidiaries, taken as a whole, relative to other oil and gas exploration and production companies operating in the United States, (iv) any Effect caused by or resulting from the announcement or pendency of the transactions contemplated by the Transaction Documents or the RBL Amendment or the identity of a Värde Party or any of its Affiliates in connection with the transactions contemplated by this Agreement, (v) acts of war or terrorism or natural disasters, (vi) the performance of the obligations under the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, including compliance with the covenants set forth herein and therein, or any action taken or omitted to be taken by the Company at the request or with the prior consent of the Värde Parties, (vii) in and of itself, the commencement of any suit, action or proceeding (*provided*, that such exclusion shall not apply to any underlying fact, event or circumstance that may have caused or contributed to such action, suit or proceeding), or any liability, sanction or penalty arising from any governmental proceeding or investigation that was commenced prior to the date of this Agreement and disclosed by the Company in this Agreement, in a correspondingly identified schedule attached hereto or in any SEC Report filed with or furnished to the Commission prior to the date of this Agreement, (viii) changes in GAAP or other accounting standards (or any interpretation thereof) or (ix) changes in any Laws or other binding directives issued by any Governmental Entity or interpretations or enforcement thereof; *provided*, that (A) the exceptions in clause (i) or (ii) shall not prevent or otherwise affect a determination that any Effect underlying such change or failure has resulted in, or contributed to, a Material Adverse Effect, (B) without limiting clause (iii), with respect to clauses (viii) and (ix), such Effects, alone or in combination, may be deemed to constitute, or be taken into account in determining whether a Material Adverse Effect has occurred, but only to the extent that such Effects disproportionately affect the Company and its Subsidiaries, taken as a whole, relative to other oil and gas exploration and production companies operating in the United States.

“Money Laundering Laws” has the meaning ascribed to such term in Section 3.1(ii).

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate contributes or has any obligations or liabilities (current or contingent).

“October Transaction Agreement” means that certain Transaction Agreement, dated as of October 10, 2018, among the Company and the Värde Parties.

“OFAC” has the meaning ascribed to such term in Section 3.1(gg).

“Payoff Letter” means that certain Payoff Letter, to be dated as of the date hereof, by Wilmington Trust, National Association, as administrative agent, and Värde Partners, Inc., as lead lender, acknowledged and agreed by the Company and the Värde Parties, in the form of Exhibit C attached hereto.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 or 430 of the Code or Section 302 of ERISA, and in respect of which the Company or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as determined under ERISA.

“Preferred Stock” means each of the Series C-1 Preferred Stock, the Series C-2 Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock and the Series F Preferred Stock.

“Proxy Statement” has the meaning ascribed to such term in Section 5.9.

“RBL Amendment” has the meaning ascribed to such term in the definition of “RBL Credit Agreement” in this Section 1.1.

“RBL Credit Agreement” means that certain Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of October 10, 2018, by and among the Company, the guarantors from time to time party thereto, the lenders party thereto and BMO Harris Bank, N.A., as administrative agent and collateral agent, as amended by the First Amendment and Waiver thereto, dated as of March 1, 2019 (the “RBL Amendment”), and as further amended from time to time (in accordance with the Certificates of Designation).

“Registration Rights Agreement” means that certain Amended and Restated Registration Rights Agreement, dated as of the Closing Date, by and among the Company and the Värde Parties, in the form of Exhibit D attached hereto.

“Registration Statement” means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale of the Common Shares by each Värde Party as provided for in the Registration Rights Agreement.

“Representatives” means, with respect to a specified Person, the investors, officers, directors, managers, employees, agents, advisors, counsel, accountants, investment bankers and other representatives of such Person.

“Required Approvals” has the meaning ascribed to such term in Section 3.1(e).

“Required Minimum” means, as of any date, the maximum aggregate number of shares of the Common Stock then issuable upon conversion in full of all then outstanding Exchanged Series E Shares, ignoring any conversion limits set forth in the Series E Certificate of Designation.

“Requisite Stockholder Approval” has the meaning ascribed to such term in Section 5.9.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“SEC Reports” has the meaning ascribed to such term in Section 3.1(h).

“Second Lien Credit Agreement” means that certain Credit Agreement, dated as of April 26, 2017, by and among the Company, the guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent, as amended, supplemented or otherwise modified to the Closing Date, prior to giving effect to the Transaction Documents.

“Securities” means the Exchanged Shares and the Underlying Shares.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Securities Purchase Agreement” means the Securities Purchase Agreement, dated January 30, 2018 among the Company and the original Holders (as defined therein), as amended, modified or supplemented from time to time in accordance with its terms.

“Series C and Series D Exchanged Common Shares” has the meaning ascribed to such term in Section 2.1(b).

“Series C Certificate of Designation” means the Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series C-1 9.75% Convertible Participating Preferred Stock and Series C-2 9.75% Convertible Participating Preferred Stock filed by the Company with the Secretary of State of the State of Nevada on October 10, 2018.

“Series C-1 Preferred Stock” means (a) prior to the filing of the A&R Series C Certificate of Designation with the Secretary of State of the State of Nevada, the Company’s Series C-1 9.75% Convertible Participating Preferred Stock, par value \$0.0001 per share, having the rights, preferences and privileges set forth in the Series C Certificate of Designation, and (b) from and after the filing of the A&R Series C Certificate of Designation with the Secretary of State of the State of Nevada, the Company’s Series C-1 9.75% Participating Preferred Stock, par value \$0.0001 per share, having the rights, preferences and privileges set forth in the A&R Series C Certificate of Designation.

“Series C-2 Preferred Stock” means (a) prior to the filing of the A&R Series C Certificate of Designation with the Secretary of State of the State of Nevada, the Company’s Series C-2 9.75% Convertible Participating Preferred Stock, par value \$0.0001 per share, having the rights, preferences and privileges set forth in the Series C Certificate of Designation, and (b) from and after the filing of the A&R Series C Certificate of Designation with the Secretary of State of the State of Nevada, the Company’s Series C-2 9.75% Participating Preferred Stock, par value \$0.0001 per share, having the rights, preferences and privileges set forth in the A&R Series C Certificate of Designation.

“Series D Certificate of Designation” means the Certificate of Designation of Preferences, Rights and Limitations of Series D 8.25% Convertible Participating Preferred Stock filed by the Company with the Secretary of State of the State of Nevada on October 10, 2018.

“Series D Preferred Stock” means (a) prior to the filing of the A&R Series D Certificate of Designation with the Secretary of State of the State of Nevada, the Company’s Series D 8.25% Convertible Participating Preferred Stock, par value \$0.0001 per share, having the rights, preferences and privileges set forth in the Series D Certificate of Designation, and (b) from and after the filing of the A&R Series D Certificate of Designation with the Secretary of State of the State of Nevada, the Company’s Series D 8.25% Participating Preferred Stock, par value \$0.0001 per share, having the rights, preferences and privileges set forth in the A&R Series D Certificate of Designation.

“Series E Certificate of Designation” means the Certificate of Designation of Preferences, Rights and Limitations of Series E 8.25% Convertible Participating Preferred Stock to be filed prior to the Closing by the Company with the Secretary of State of the State of Nevada, in the form of Exhibit E attached hereto.

“Series E Preferred Stock” means the Company’s Series E 8.25% Convertible Participating Preferred Stock, par value \$0.0001 per share, having the rights, preferences and privileges set forth in the Series E Certificate of Designation.

“Series F Certificate of Designation” means the Certificate of Designation of Preferences, Rights and Limitations of Series F 9.00% Participating Preferred Stock to be filed prior to the Closing by the Company with the Secretary of State of the State of Nevada, in the form of Exhibit F attached hereto.

“Series F Preferred Stock” means the Company’s Series F 9.00% Participating Preferred Stock, par value \$0.0001 per share, having the rights, preferences and privileges set forth in the Series F Certificate of Designation.

“Specified Party” has the meaning ascribed to such term in Section 5.13(j).

“Standstill Termination Date” means (a) with respect to Section 5.7(a), the date that is the earlier of (i) the date the Värde Parties and their Affiliates are no longer entitled to designate any Investor Directors pursuant to Section 5.13 or the Certificates of Designation and (ii) the date the Company fails to fully declare and pay all accrued dividends on the Preferred Stock in cash on a “Dividend Payment Date” (as defined in the Certificates of Designation) occurring after April 26, 2022 pursuant to the Certificates of Designation; (b) with respect to Section 5.7(b)-(h), the date that is the earlier of (i) the date the Värde Parties and their Affiliates are no longer entitled to designate any Investor Directors pursuant to Section 5.13 or the Certificates of Designation and (ii) the date the Company fails to fully declare and pay all accrued dividends on the Preferred Stock in cash on a “Dividend Payment Date” (as defined in the Certificates of Designation) occurring after April 26, 2021 pursuant to the Certificates of Designation; and (c) with respect to Section 5.7(i), the date the Värde Parties and their Affiliates are no longer entitled to designate any Investor Directors pursuant to Section 5.13 or the Certificates of Designation.

“Stated Value” has the meaning ascribed to such term in the Certificates of Designation, as applicable.

“Stockholder Meeting” has the meaning ascribed to such term in Section 5.9.

“Subsidiary” means any subsidiary of the Company as set forth on Schedule 3.1(a) and, where applicable, also includes any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Tax” means any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including any interest, penalty or addition thereto.

“Tax Return” means any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Term Loan Exchange Amount” has the meaning ascribed to such term in the recitals.

“Term Loan Exchanged Common Shares” has the meaning ascribed to such term in Section 2.1(a).

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or NYSE National (or any successors to any of the foregoing).

“Transaction Documents” means this Agreement, the Certificates of Designation, the Registration Rights Agreement and the Payoff Letter, in each case including all exhibits and schedules thereto and hereto.

“Transfer Agent” means Corporate Stock Transfer, Inc., the current transfer agent and registrar for the Common Stock, and any successor transfer agent and registrar for the Common Stock.

“Underlying Shares” means the shares of Common Stock issuable upon conversion of the Exchanged Series E Shares.

“Värde Party” and “Värde Parties” have the meanings ascribed to such terms in the preamble.

“Värde Party Majority” has the meaning ascribed to such term in Section 5.13(b).

“Värde Parties’ Transaction Expense Amount” means all reasonable and documented out-of-pocket fees and expenses incurred by the Värde Parties in connection with the transactions contemplated by the Transaction Documents.

“VWAP” means, for any date, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)).

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

## ARTICLE II.

### ISSUE OF EXCHANGED SHARES; CLOSING

#### 2.1 Issue of Exchanged Shares.

(a) On the Closing Date, on the terms and subject to the conditions set forth herein and as consideration for the termination of the Second Lien Credit Agreement and the satisfaction in full, in lieu of the repayment in full in cash, of the Term Loan Exchange Amount pursuant to the Payoff Letter, the Company will issue to the Värde Parties (i) an aggregate of 9,891,638 shares of the Common Stock (the “Term Loan Exchanged Common Shares”), with each Värde Party receiving such number of the Term Loan Exchanged Common Shares as set forth opposite such Värde Party’s name on Schedule I hereto, (ii) an aggregate of 60,000 shares of the Series E Preferred Stock (the “Exchanged Series E Shares”), with an aggregate Stated

Value of \$60,000,000, with each Värde Party receiving such number of the Exchanged Series E Shares as set forth opposite such Värde Party's name on Schedule I hereto, and (iii) an aggregate of 55,000 shares of the Series F Preferred Stock (the "Exchanged Series F Shares" and, together with the Exchanged Series E Shares, the "Exchanged Preferred Shares"), with an aggregate Stated Value of \$55,000,000, with each Värde Party receiving such number of the Exchanged Series F Shares as set forth opposite such Värde Party's name on Schedule I hereto. The Term Loan Exchanged Common Shares correspond to \$18,596,279 of the Term Loan Exchange Amount, based on an agreed exchange price of \$1.88 per share of Common Stock; and the Exchanged Preferred Shares correspond to \$115,000,000 of the Term Loan Exchange Amount, based on an agreed exchange price of \$1,000 per share of each of the Series E Preferred Stock and the Series F Preferred Stock.

(b) On the Closing Date, on the terms and subject to the conditions set forth herein and as consideration for the amendment and restatement of the Series C Certificate of Designation and the Series D Certificate of Designation as set forth in, respectively, the A&R Series C Certificate of Designation and the A&R Series D Certificate of Designation, the Company will issue to the Värde Parties 7,750,000 shares of the Common Stock (the "Series C and Series D Exchanged Common Shares" and, together with the Term Loan Exchanged Common Shares, the "Exchanged Common Shares"), with each Värde Party receiving such number of the Series C and Series D Exchanged Common Shares as set forth opposite such Värde Party's name on Schedule I hereto. The Series C and Series D Exchanged Common Shares consist of (i) 6,250,000 shares of the Common Stock issued as consideration for the amendment and restatement of the Series C Certificate of Designation and (ii) 1,500,000 shares of the Common Stock issued as consideration for the amendment and restatement of the Series D Certificate of Designation. The Exchanged Common Shares and the Exchanged Preferred Shares shall collectively constitute the "Exchanged Shares."

## 2.2 Deliveries.

- (a) On the Closing Date, the Company shall deliver or cause to be delivered to each Värde Party the following:
- (i) evidence of the number of shares of the Exchanged Shares issued to such Värde Party having been issued in book-entry form to such Värde Party;
  - (ii) evidence that the A&R Series C Certificate of Designation has been filed with, and accepted by, the Secretary of State of the State of Nevada;
  - (iii) evidence that the A&R Series D Certificate of Designation has been filed with, and accepted by, the Secretary of State of the State of Nevada;
  - (iv) evidence that the Series E Certificate of Designation has been filed with, and accepted by, the Secretary of State of the State of Nevada;
  - (v) evidence that the Series F Certificate of Designation has been filed with, and accepted by, the Secretary of State of the State of Nevada;
  - (vi) the Registration Rights Agreement duly executed by the Company;
  - (vii) the Payoff Letter duly executed by the Company and the other parties thereto (other than the Värde Parties);
  - (viii) evidence that a number of Underlying Shares at least equal to the Required Minimum has been reserved by the Company and approved, subject to official notice of issuance, for listing on the NYSE American;
  - (ix) evidence that the Exchanged Common Shares have been approved, subject to official notice of issuance, for listing on the NYSE American;
  - (x) to the extent not previously delivered to the Värde Parties, the RBL Amendment duly executed by the Company and the other parties thereto;
  - (xi) a certificate of the Company's Secretary or another authorized officer of the Company, dated as of the Closing Date, certifying (A) the Articles of Incorporation and bylaws, as then in effect and attached thereto, (B) the resolutions adopted by the Board of Directors authorizing the transactions contemplated hereby and (C) as to the signatures and authority of the Persons signing the Transaction Documents and related documents on behalf of the



Company;

(xii) a certificate of the Company signed on behalf of the Company by an executive officer and dated as of the Closing Date, certifying that the conditions in Section 2.4(b) (other than clause (iv) thereof) have been satisfied;

(xiii) an opinion from Bracewell LLP, in substantially the form attached hereto as Exhibit G, which shall be addressed to the Värde Parties and dated as of the Closing Date;

(xiv) an opinion of Nevada counsel, in substantially the form attached hereto as Exhibit H, which shall be addressed to the Värde Parties and dated as of the Closing Date;

(xv) payment of the Värde Parties' Transaction Expense Amount, payable by wire transfer of immediately available funds to the accounts designated by the Värde Parties prior to the Closing Date; and

(xvi) evidence that the Payoff Amount (as defined in the Payoff Letter) has been received by the applicable parties to which such amount is owed.

(b) On the Closing Date, each Värde Party shall deliver or cause to be delivered to the Company the following:

(i) the Registration Rights Agreement duly executed by such Värde Parties;

(ii) the Payoff Letter duly acknowledged by such Värde Parties and the other lenders party thereto;

(iii) a certificate of such Värde Party signed on behalf of such Värde Party by a duly authorized Person and dated as of the Closing Date, certifying that the conditions in Section 2.4(c) (other than clause (iii) thereof) have been satisfied; and

(iv) a cross-receipt, duly executed by such Värde Party, acknowledging such Värde Party's receipt of the number of Exchanged Shares set forth opposite such Värde Party's name on Schedule I hereto.

2.3 Closing. The Closing shall occur by the first Business Day that is on or following the satisfaction or waiver of the conditions set forth in Section 2.4 (other than those conditions that, by their terms, are to be satisfied or waived at the Closing, but subject to the satisfaction or waiver thereof) at the offices of Kirkland & Ellis LLP, 609 Main Street, Houston, Texas 77002 or such other location (or remotely by electronic exchange of documentation) as the parties may mutually agree.

#### 2.4 Closing Conditions.

(a) Mutual Closing Conditions. The obligations of the Värde Parties, on the one hand, and the Company, on the other hand, to effect the Closing is subject to the satisfaction or, to the extent permitted by applicable Law, waiver by Värde Parties whose aggregate Exchanged Shares represent a majority of the aggregate Exchanged Shares of all Värde Parties and the Company, at the Closing of the following condition:

(i) no temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any Governmental Entity and no Law shall be in effect restraining, enjoining, making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement.

(b) Värde Parties Closing Conditions. The obligations of the Värde Parties to effect the Closing are also subject to the satisfaction or, to the extent permitted by applicable Law, waiver by Värde Parties whose aggregate Exchanged Shares represent a majority of the aggregate Exchanged Shares of all Värde Parties at or prior to the Closing of the following conditions:

(i) (A) the representations and warranties of the Company set forth in Section 3.1 shall be true and correct in all material respects (other than Sections 3.1(b)(i), 3.1(c), 3.1(d), 3.1(f), 3.1(g), 3.1(u) or 3.1(w) or any other representations qualified by materiality which, in each case, shall be true and correct in all respects) as of the date of this Agreement and as of the Closing Date as though made on and as of such date (except to the extent that such representation or warranty speaks to an earlier date, in which case as of such earlier date);

(ii) there shall not be pending any suit, action or proceeding by any Governmental Entity or shareholder of the Company (other than a Värde Party or its Affiliates) seeking to restrain, enjoin or prohibit the consummation of the

transactions contemplated by this Agreement;

(iii) the Company shall have performed and complied with, in all material respects, its obligations, covenants and agreements required to be performed by it pursuant to this Agreement at or prior to the Closing;

(iv) the Company shall have delivered to the Värde Parties all deliverables required to be delivered by the Company pursuant to Section 2.2(a); and

(v) no notice of delinquency or delisting from the NYSE American shall have been received by the Company with respect to the Common Stock.

(c) Company Closing Conditions. The obligation of the Company to effect the Closing is also subject to the satisfaction or, to the extent permitted by applicable Law, waiver by the Company at or prior to the Closing of the following conditions:

(i) (A) the representations and warranties of the Värde Parties set forth in Section 3.2 shall be true and correct in all material respects (other than Sections 3.2(a), 3.2(b) or 3.2(c), which shall be true and correct in all respects) as of the date of this Agreement and as of the Closing Date as though made on and as of such date (except to the extent that such representation or warranty speaks to an earlier date, in which case as of such earlier date);

(ii) each of the Värde Parties shall have performed and complied with, in all material respects, its obligations, covenants and agreements required to be performed by it pursuant to this Agreement at or prior to the Closing; and

(iii) each of the Värde Parties shall have delivered to the Company all deliverables required to be delivered by the Värde Parties pursuant to Section 2.2(b).

2.5 Termination. The Värde Parties shall be entitled to terminate this Agreement by written notice to the Company if the Closing has not occurred on or before March 8, 2019; *provided, however*, that the Värde Parties shall not have the right to terminate this Agreement under this Section 2.5 if the failure of the Closing to occur on or before such date is the result of the failure of any of the Värde Parties to fulfill any material covenant or agreement under this Agreement.

### ARTICLE III.

#### REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. The Company hereby represents and warrants to each Värde Party, as of the date hereof and as of the Closing Date, that, except as disclosed in the SEC Reports filed with or furnished to the Commission and publicly available prior to the date of this Agreement (excluding any risk factor disclosure and disclosure of risks included in any “forward-looking statements” disclaimer or other statements included in such SEC Reports to the extent that they are predictive, forward-looking or primarily cautionary in nature, in each case other than any specific factual information contained therein, and excluding any supplement, modification or amendment thereto made after the date hereof):

(a) Subsidiaries. The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens (except for Liens created under or expressly permitted by the RBL Credit Agreement and the Second Lien Credit Agreement), and all of the issued and outstanding shares of capital stock or other equity interests of each Subsidiary have been validly issued, are fully paid and nonassessable (except in the case of any Subsidiary that is a limited liability company, as such nonassessability may be affected by the applicable limited liability company Law) and were not issued in violation of any preemptive or similar rights to subscribe for or purchase securities. None of the Company’s Subsidiaries is currently prohibited, directly or indirectly, from paying any dividends or distributions to the Company, from making any other distribution on such Subsidiary’s capital stock or other equity securities, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary’s property or assets to the Company or any other Subsidiary of the Company, except for (i) such prohibitions under applicable Law, applicable organizational or charter documents, the RBL Credit Agreement or the Second Lien Credit Agreement, (ii) restrictions on the subletting, assignment or transfer of any property, right or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other similar contract and (iii) other restrictions incurred in the ordinary course of business under agreements or instruments not relating to indebtedness of the Company or any of its Subsidiaries.

(b) Organization and Qualification.

(i) The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite corporate or other applicable entity power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents.

(ii) Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except to the extent that any failure to be so qualified or in good standing has not had, and would not reasonably be expected to have, a Material Adverse Effect.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. Except for obtaining the Requisite Stockholder Approval, the execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company and no further approval of the Board of Directors or the Company's stockholders is required in connection herewith or therewith. The Transaction Documents to which the Company is a party have been (or upon delivery or filing thereof will have been) duly executed by the Company and, when delivered or filed with the Secretary of State of the State of Nevada, as applicable, in accordance with the terms hereof and thereof, will constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms (except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents to which it is a party and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) assuming the due execution and delivery of the Payoff Letter by the parties thereto, conflict with, or constitute a material default (or an event that with notice or lapse of time or both would become a material default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise and including, for the avoidance of doubt, the RBL Credit Agreement) to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or, (iii) subject to the Required Approvals, conflict with or result in a material violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound.

(e) Filings, Consents and Approvals. Assuming the due execution and delivery of the Payoff Letter by the parties thereto and giving effect to the RBL Amendment, the Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any Governmental Entity or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) as contemplated by Sections 5.5, 5.8, 5.9 and 5.11; (ii) as contemplated by the Registration Rights Agreement; (iii) as required in connection with the listing of the Common Shares on the NYSE American; (iv) the filing of the Certificates of Designation with the Secretary of State of the State of Nevada; and (v) as may be required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended in connection with the conversion of shares of the Preferred Stock (collectively, the "Required Approvals").

(f) Issuance of the Securities. The Exchanged Shares have been duly authorized. When the Certificates of Designation have been filed with the Secretary of State of the State of Nevada and the Exchanged Shares have been issued, in accordance with the Transaction Documents, the Exchanged Shares will be duly and validly issued, fully paid and nonassessable and free and clear of all Liens imposed by, or arising through, the Company other than restrictions on transfer provided for in the Transaction Documents. Each of the Underlying Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable and free and clear of all Liens imposed by, or arising through, the Company other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized Common Stock a number of shares of the Common Stock for issuance of the Underlying Shares at least equal to the Required Minimum.

(g) Capitalization. The authorized shares of capital stock consist of (i) 150,000,000 shares of the Common Stock and (ii) 10,000,000 shares of preferred stock, par value \$0.0001 per share. As of the close of business on March 1, 2019 (the “Capitalization Date”), (i) 73,682,816 shares of the Common Stock were issued and outstanding, (ii) 100,000 shares of Series C-1 Preferred Stock were issued and outstanding, (iii) 25,000 shares of Series C-2 Preferred Stock were issued and outstanding, (iv) 39,254 shares of Series D Preferred Stock were issued and outstanding, (v) 5,256,578 shares of the Common Stock were reserved for issuance upon the exercise of stock options outstanding on such date and zero shares of the Common Stock were reserved for issuance upon the exercise or payment of stock units (including deferred stock units, restricted stock and restricted stock units) or other equity-based incentive awards granted pursuant to any plans, agreements or arrangements of the Company and outstanding on such date (collectively, the “Company Stock Awards”), (vi) 4,422,329 shares of the Common Stock were reserved for issuance upon the exercise of outstanding warrants, (vii) 28,874,078 shares of the Common Stock were reserved for issuance upon the conversion of outstanding Series C-1 Preferred Stock, (viii) 6,776,237 shares of the Common Stock were reserved for issuance upon the conversion of the outstanding Series C-2 Preferred Stock, (ix) 10,353,632 shares of the Common Stock were reserved for issuance upon the conversion of outstanding Series D Preferred Stock, (x) 17,173,367 shares of the Common Stock were reserved for issuance upon conversion of the Loans under the Second Lien Credit Agreement, and (xi) 253,598 shares of the Common Stock were held by the Company in its treasury. Since the Capitalization Date, the Company has not sold or issued or repurchased, redeemed or otherwise acquired any shares of the Company’s capital stock or other equity securities other than shares of the Common Stock issued in respect of the exercise of Company Stock Awards in the ordinary course of business. Except as contemplated by the Transaction Documents and as set forth in this Section 3.1(g), there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares of the Common Stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of the Common Stock or Common Stock Equivalents. None of (i) the issuance of the Exchanged Shares pursuant to this Agreement or (ii) the issuance of the Underlying Shares upon conversion of the Exchanged Series E Shares will obligate the Company to issue shares of the Common Stock or other securities to any Person (other than the Värde Parties) or result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and have been issued in compliance with all federal and state securities Laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. Except as provided in the Transaction Documents, the Second Lien Credit Agreement, the Series C Certificate of Designation, the Series D Certificate of Designation, the October Transaction Agreement and the Securities Purchase Agreement, there are no stockholders agreements, voting agreements or other similar agreements with respect to the Company’s capital stock to which the Company is a party or, to the Knowledge of the Company, between or among any of the Company’s stockholders.

(h) SEC Reports; Financial Statements.

(i) The Company has filed with or furnished to the Commission all reports, schedules, forms, statements and other documents required to be filed with or furnished to the Commission by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, since December 31, 2015 (all such materials filed or furnished by the Company, whether or not required to be filed or furnished, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the “SEC Reports”) on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports complied in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved (“GAAP”), except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(ii) The Company (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are reasonably designed to ensure that material information relating to the

Company, including its Subsidiaries, is made known to the individuals responsible for the preparation of the Company's filings with the Commission and (ii) has disclosed, based on its most recent evaluation prior to the date of this Agreement, to the Company's outside auditors and the Board of Directors' audit committee (A) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that are reasonably likely to materially adversely affect the Company's ability to record, process, summarize and report financial information and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed or furnished prior to the date hereof: (i) there has been no event, occurrence or development that has had or that would reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice, (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP and (C) liabilities under the Transaction Documents, the RBL Credit Agreement and the Second Lien Credit Agreement and (iii) the Company has not altered its methods of accounting.

(j) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the Knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any Governmental Entity (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or (ii) if adversely determined, would reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof (in his or her capacity as a director or officer of the Company), is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the Knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or, to the Knowledge of the Company, former director or officer of the Company (in his or her capacity as a director or officer of the Company). The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the Exchange Act or the Securities Act.

(k) Labor Relations. No strike, concerted refusal to work or other similar material labor dispute exists or, to the Knowledge of the Company, is imminent with respect to any of the employees of the Company. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement. To the Knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or noncompetition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in material compliance with all Laws relating to employment and employment practices, terms and conditions of employment and wages and hours. There are no material Actions against the Company pending, or to the Knowledge of the Company, threatened to be filed in connection with the employment of any employee of the Company or any of its Subsidiaries.

(l) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (except as provided in the RBL Amendment, whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any Governmental Entity or (iii) is or has been in violation of any Laws, except, in each case, as would not reasonably be expected to have a Material Adverse Effect.

(m) Sarbanes-Oxley. The Company, the Subsidiaries and the Company's officers and directors (in their capacity as such) are in material compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof.

(n) Regulatory Permits. Except as would not reasonably be expected to have a Material Adverse Effect, (i) the



Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate Governmental Entity necessary to conduct their respective businesses as described in the SEC Reports and have fulfilled and performed all of their respective obligations with respect to such certificates, authorizations and permits and (ii) no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or result in any other impairment of the rights of the holder of such certificates, authorizations and permits.

(o) Title to Assets. The Company and the Subsidiaries have generally satisfactory title to all of their interests in producing oil and gas properties and to all of their material interests in non-producing oil and gas properties, in each case free and clear of all Liens, except for Liens created under or expressly permitted by the RBL Credit Agreement and the Second Lien Credit Agreement.

(p) Intellectual Property. The Company and the Subsidiaries have, or have rights to use, all trademarks, service marks, trade names, trade secrets, information, copyrights, and other intellectual property rights and similar rights material to its business as presently conducted (collectively, the “Intellectual Property Rights”). Neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim that the Intellectual Property Rights violate the intellectual property rights of any Person. To the Knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights.

(q) Insurance. Each of the Company and its Subsidiaries carry, or are covered by, insurance from insurers of recognized financial responsibility in such amounts and covering such risks as is reasonably adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar businesses in similar industries. All material policies of insurance of the Company and its Subsidiaries are in full force and effect; the Company and its Subsidiaries are in compliance with the terms of such policies in all material respects; there are no material claims by the Company or any of its Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; and none of the Company or any of its Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(r) Related Party Transactions. Since December 31, 2015, neither the Company nor any of its Subsidiaries has entered into (i) any transaction required to be disclosed in SEC Reports prior to the date hereof pursuant to Item 404 of Regulation S-K promulgated by the Commission that has not been so disclosed or (ii) any related party transaction subject to the Company’s related party transactions policy that has not been approved in accordance with such policy.

(s) [Reserved].

(t) Private Placement. Assuming the accuracy of the Värde Parties’ representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the issue of the Exchanged Shares or the issue of the Underlying Shares by the Company to the Värde Parties as contemplated hereby. The issuance of the Exchanged Shares hereunder does not, and the issuance of the Underlying Shares will not, contravene the rules and regulations of the NYSE American.

(u) Investment Company. The Company is not, and immediately after the issuance of the Exchanged Shares will not be, an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

(v) Registration Rights. Except as set forth on Schedule 3.1(v), no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company or any Subsidiary. The Company has not granted registration rights to any Person other than the Värde Parties that would provide such Person priority over the Värde Parties’ rights with respect to any registration pursuant to the Registration Rights Agreement.

(w) Registration and Transfer Requirements. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is listed on NYSE American and the Company has not taken (and, to the Knowledge of the Company, no Person has taken) any action designed to, or which to the Knowledge of the Company, is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating (or seeking to terminate) such registration or listing. No notice of delinquency or delisting from the NYSE American has been received by the Company with respect to the Common Stock. The Exchanged Common Shares and a number of Underlying Shares at least equal to the Required Minimum have been approved, subject to official notice of issuance, for listing on the NYSE American.

(x) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Articles of Incorporation (or similar charter documents) or the laws of its state of incorporation (including the “acquisition of controlling interest” statutes codified in Nevada Revised Statutes 78.378 through 78.3793, inclusive, and the “combinations with interested stockholders” statutes codified in Nevada Revised Statutes 78.411 through 78.444, inclusive) that is or could become applicable to the Värde Parties as a result of the Värde Parties and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including, without limitation, as a result of the Company’s issuance of the Securities and the Värde Parties’ ownership of the Securities.

(y) No Integrated Offering. Assuming the accuracy of the Värde Parties’ representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause the offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act or (ii) any applicable stockholder approval provisions of the NYSE American.

(z) Tax Status. The Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and all other material Tax Returns, reports and declarations required by any jurisdiction to which it is subject and (ii) has paid all Taxes and other governmental assessments and charges that are material in amount or shown or determined to be due on such Tax Returns, reports and declarations, except those being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary, as applicable, has set aside on its books adequate reserves in accordance with GAAP.

(aa) ERISA. No ERISA Event has occurred or is reasonably expected to occur that could reasonably be expected to result in a Material Adverse Effect.

(bb) No General Solicitation. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D promulgated under the Securities Act).

(cc) Foreign Corrupt Practices. Neither the Company nor any Subsidiary, nor to the Knowledge of the Company or any Subsidiary, any agent or other person acting on behalf of the Company or any Subsidiary, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity; (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds; (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any Person acting on its behalf of which the Company is aware) which is in violation of law; or (iv) violated in any material respect any provision of FCPA.

(dd) Acknowledgment Regarding Värde Parties’ Acquisition of Securities. The Company acknowledges and agrees that each of the Värde Parties is acting solely in the capacity of an arm’s length acquirer with respect to the Securities. The Company further acknowledges that no Värde Party is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby and any advice given by any Värde Party or any of their respective Representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the transactions contemplated hereby and thereby. The Company further represents to each Värde Party that the Company’s decision to enter into the Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its Representatives. The Company acknowledges and agrees that no Värde Party makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(ee) Regulation M Compliance. The Company has not, and to the Knowledge of the Company, no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, or (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of any of the Securities.

(ff) Stock Option Plans. To the Knowledge of the Company, each stock option granted by the Company under the 2016 Plan was granted (i) in accordance with the terms of the 2016 Plan and (ii) with an exercise price at least equal to the fair

market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. To the Knowledge of the Company, no stock option granted under the 2016 Plan has been backdated. To the Knowledge of the Company, the Company has not intentionally granted, and there is no and has been no Company policy or practice to intentionally grant, stock options under the 2016 Plan prior to, or otherwise intentionally coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(gg) Office of Foreign Assets Control. Neither the Company nor any Subsidiary nor, to the Knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”).

(hh) Environmental Matters.

(i) Except as would not reasonably be expected to have a Material Adverse Effect, the Company and its Subsidiaries (i) for the last 5 years have been and are in compliance with all Environmental Laws, which compliance includes and has included obtaining, maintaining and complying with any permit, license, authorization or other approval required under any Environmental Law, (ii) have not incurred, assumed, provided an indemnity with respect to, or otherwise become subject to any Environmental Liability of any other Person and (iii) have not received any notice, report, order, directive or other information regarding any actual or alleged violation of or liability under Environmental Laws, and are not subject to any pending or, to the Knowledge of the Company, threatened proceedings arising under Environmental Laws, in each case the subject matter of which is unresolved.

(ii) Except as would not reasonably be expected to have a Material Adverse Effect, neither the Company nor any Subsidiary has treated, stored, released, discharged, disposed of, arranged for or permitted the disposal of, transported, handled, manufactured, distributed, or exposed any Person to, or owned or operated any property or facility which is or has been contaminated by, any Hazardous Materials, in each case so as to give rise to any Environmental Liability of the Company or its Subsidiaries.

(ii) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the “Money Laundering Laws”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the Knowledge of the Company or any Subsidiary, threatened.

Except for the representations and warranties made by the Company in this Section 3.1, neither the Company nor any other Person makes any express or implied representation or warranty with respect to the Company or any Subsidiaries or their respective businesses, operations, assets liabilities, condition or prospects, and the Company hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer, neither the Company nor any other Person makes or has made any representation or warranty to the Värde Parties, or any of their respective Affiliates or representatives with respect to (i) any financial projection, forecast, estimate, budget or prospect information relating to the Company or any of its Subsidiaries or their respective business, or (ii) except for the representations and warranties made by the Company in this Section 3.1 and the certificate delivered pursuant to Section 2.2(a)(xi), any oral or written information presented to the Värde Parties, or any of their respective Affiliates or representatives, in the course of their due diligence investigation of the Company, the negotiation of this Agreement or in the course of the transactions contemplated hereby. Notwithstanding anything to the contrary herein, nothing in this Agreement shall limit the right of the Värde Parties to rely on the representations, warranties, covenants and agreements made to the Värde Parties expressly set forth in the Transaction Documents or in any certificate delivered hereunder or thereunder.

3.2 Representations and Warranties of the Värde Parties. Each Värde Party, for itself and for no other Värde Party, hereby represents and warrants to the Company, as of the date hereof and as of the Closing Date, that:

(a) Organization; Authority. Such Värde Party is an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Värde Party of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Värde Party. The Transaction Documents to which such Värde Party is a party have been duly executed by



such Värde Party and, when delivered by such Värde Party in accordance with the terms hereof, will constitute the valid and legally binding obligations of such Värde Party, enforceable against it in accordance with their terms (except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).

(b) Own Account. Such Värde Party understands that the Securities are "restricted securities," as defined in Section (a) (3) of Rule 144 of the Securities Act, and have not been registered under the Securities Act or any applicable state securities law and such Värde Party is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling the Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of the Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other Persons to distribute or regarding the distribution of the Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Värde Party's right to sell the shares of the Preferred Stock pursuant to a Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Värde Party is acquiring the Securities hereunder in the ordinary course of its business.

(c) Värde Party Status. At the time such Värde Party was offered the Securities, it was, and as of the date hereof it is, an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act.

(d) Access to Information. Such Värde Party acknowledges that it has had the opportunity to review the Transaction Documents (including all exhibits and schedules thereto) and the SEC Reports and has been afforded: (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, Representatives of the Company concerning the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities; (ii) access to information about the Company and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment.

(e) Experience of Such Värde Party. Such Värde Party, either alone or together with its Representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Värde Party is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(f) General Solicitation. Such Värde Party is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

#### ARTICLE IV.

##### CONSENT OF THE SERIES C-1, SERIES C-2 AND SERIES D HOLDERS

4.1 Ownership. The Värde Parties hereby represent and warrant to the Company that, as of the date hereof, they currently own a majority of the outstanding shares of each of the Series C-1 Preferred Stock, the Series C-2 Preferred Stock and the Series D Preferred Stock.

4.2 Consent. The Värde Parties, in their capacity as holders of a majority of the outstanding shares of each of the Series C-1 Preferred Stock, the Series C-2 Preferred Stock and the Series D Preferred Stock, hereby consent to (i) the issuance by the Company of the Exchanged Preferred Shares, (ii) the amendment and restatement of the Series C Certificate of Designation as set forth in the A&R Series C Certificate of Designation and the filing of the A&R Series C Certificate of Designation with the Secretary of State of the State of Nevada, (iii) the amendment and restatement of the Series D Certificate of Designation as set forth in the A&R Series D Certificate of Designation and the filing of the A&R Series D Certificate of Designation with the Secretary of State of the State of Nevada, (iv) the filing of the Series E Certificate of Designation with the Secretary of State of the State of Nevada, (v) the filing of the Series F Certificate of Designation with the Secretary of State of the State of Nevada, and (vi) the increase in the number of directors constituting the entire Board of Directors contemplated by Section 5.13 of this Agreement.

#### ARTICLE V.

## OTHER AGREEMENTS OF THE PARTIES

5.1 Filings; Other Actions. Following the execution of this Agreement, the Värde Parties, on the one hand, and the Company, on the other hand, will cooperate and consult with the other and use commercially reasonable efforts to prepare and file all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to obtain all necessary permits, consents, orders, approvals and authorizations of, or any exemption by, all third parties and Governmental Entities, and the expiration or termination of any applicable waiting period, necessary or advisable to consummate the transactions contemplated by this Agreement, and to perform the covenants contemplated by this Agreement. Each party shall execute and deliver such further certificates, agreements and other documents and take such other actions as the other parties may reasonably request to consummate or implement such transactions or to evidence such events or matters. Each party hereto agrees to keep the other party apprised of the status of matters referred to in this Section 5.1. The Värde Parties shall promptly furnish the Company, and the Company shall promptly furnish the Värde Parties, to the extent permitted by applicable Law, with copies of written communications received by it or its Subsidiaries from, or delivered by any of the foregoing to, any Governmental Entity in respect of the transactions contemplated by this Agreement.

### 5.2 Transfer Restrictions.

(a) Prior to September 5, 2019, without the consent of the Company, no Värde Party may transfer any of the Exchanged Common Shares other than to an affiliate of such Värde Party or in connection with a business combination transaction involving the Company. After September 5, 2019, the Exchanged Common Shares shall be unrestricted and freely transferable, subject to applicable securities laws binding on such Värde Party or transfer. No Värde Party may transfer any of the Exchanged Preferred Shares or the Underlying Shares except in accordance with the terms of the Certificates of Designation. Any purported transfer of any shares of the Securities in violation of this Section 5.2 or the Certificates of Designation shall be void *ab initio*, neither the Company nor such Värde Party shall recognize the same and the Company shall not record such purported transfer on its books or treat the purported transferee as the owner of any such Securities for any purpose.

(b) Subject to Section 5.2(d), certificates and book-entry notations representing shares of the Securities will bear a legend conspicuously thereon in accordance with Nevada Revised Statutes 78.242, as provided in the Certificates of Designation, or, with respect to the Common Shares, a substantially similar legend with appropriate modifications.

(c) The Company acknowledges and agrees that a Värde Party may from time to time pledge or grant a security interest in some or all of the Securities to a financial institution that is an “accredited investor” as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and the Registration Rights Agreement and, if required under the terms of such arrangement, such Värde Party may transfer pledged or secured shares of the Securities to the pledgees or secured parties. Such a pledge or transfer will not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledger shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Värde Party’s expense, the Company shall reasonably cooperate with the Värde Party in connection with such pledge or transfer and will execute and deliver such reasonable documentation as a pledgee secured party of the Securities may reasonably request in connection with a transfer of the Securities.

(d) Subject to the limitations set forth below, certificates evidencing the Common Shares shall not contain any legend (except in respect of the restrictions set forth in Section 5.2(a) or in Section 13(a) of the Series E Certificate of Designation, as relevant): (i) while a Registration Statement covering the resale of such Common Shares is effective under the Securities Act, (ii) following any sale of such Common Shares pursuant to Rule 144 or (iii) if such Common Shares are held by a Person who is not, and has not been for the preceding 90 days, an Affiliate of the Company and such Common Shares are eligible for sale under Rule 144 without restriction and, in the case of this clause (iii), the Company’s counsel (upon receipt of requested certifications from the holder of such Common Shares) has delivered an opinion of counsel in form and substance reasonably acceptable to the Transfer Agent if so requested by the Transfer Agent. The Company agrees that at such time as such legend is no longer required under clause (i), (ii) or (iii) of the first sentence of this Section 5.2(d), it will, no later than five Trading Days following the delivery by a Värde Party to the Company or the Transfer Agent of a certificate representing Common Shares, as applicable, issued with a restrictive legend (such third Trading Day, the “Legend Removal Date”), deliver or cause to be delivered to such Värde Party a certificate representing such shares that is free from all restrictive and other legends (except in respect of the restrictions set forth in Section 5.2(a) or in Section 13(a) of the Series E Certificate of Designation, as relevant).

(e) In connection with Section 5.2(d), each Värde Party, severally and not jointly with the other Värde Parties, understands and hereby acknowledges that in order for Rule 144 to be applicable to the sale of the Common Shares, the

Company must be current with respect to its filing obligations under the Exchange Act at the time of such sale. Each Värde Party further understands and hereby acknowledges that any legal opinion given by the Company's counsel in connection with Section 5.2(d) may be limited as to scope and in particular may expire or be withdrawn in the event that the requirements of Rule 144 are not satisfied, including if the Company is not in compliance with the current public information requirement of Rule 144. Finally, each Värde Party understands and hereby acknowledges that the Company and its legal counsel will rely on such Värde Party's understanding and agreement in connection with the issuance of the legal opinion and removal of the legends from the Common Shares in accordance with Section 5.2(d), and that it is each Värde Party's sole responsibility to confirm with the Company at the time of any sale of Common Shares that the current public information requirement set forth in Rule 144 has been met.

(f) In addition to such Värde Party's other available remedies, the Company shall pay to a Värde Party, in cash, as partial liquidated damages and not as a penalty, for each \$1,000 of Common Shares (based on the VWAP of the Common Stock on the date such Common Shares are submitted to the Transfer Agent) delivered for removal of the restrictive legend and subject to Section 5.2(d) and (e), \$5 per Trading Day for each Trading Day after the Legend Removal Date until such certificate is delivered without a legend (except in respect of the restrictions set forth in Section 5.2(a) or in Section 13(a) of the Series E Certificate of Designation, as applicable). Nothing herein shall limit such Värde Party's right to pursue actual damages for the Company's failure to deliver certificates representing any Securities as required by the Transaction Documents, and such Värde Party shall have the right to pursue all remedies available to it at law or in equity, including, without limitation, a decree of specific performance or injunctive relief.

(g) Each Värde Party, severally and not jointly with the other Värde Parties, agrees with the Company that such Värde Party shall sell any of the Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom and that, if any of the Securities are sold pursuant to a Registration Statement, such of the Securities shall be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing the Securities as set forth in this Section 5.2 is predicated, in part, upon the Company's reliance upon this understanding.

5.3 Furnishing of Information. Without limitation of any information delivery requirements set forth in the Securities Purchase Agreement or the Certificates of Designation, as applicable, if, at any time while the Värde Parties and their Affiliates beneficially own at least 10% of the outstanding shares of the Common Stock, the Company is not required to file reports under Section 13(a) or 15(d) of the Exchange Act, the Company shall provide to each Värde Party who, together with its Affiliates, beneficially owns at least 10% of the outstanding shares of the Common Stock:

(a) quarterly unaudited financial statements prepared in accordance with GAAP within 45 days after the end of each fiscal quarter, in each case, in form and substance acceptable to the Värde Parties (by action of the Värde Parties who, together with their Affiliates, beneficially own a majority of the Underlying Shares held by the Värde Parties);

(b) audited annual financial statements prepared in accordance with GAAP within 90 days after the end of each fiscal year of the Company (certified by an independent accounting firm of national standing); and

(c) annually, within 90 days after the end of the fiscal year, a reserve report prepared or audited by a third party engineering firm of national standing in accordance with Commission guidelines with an "as of" date of December 31 of the preceding calendar year.

5.4 Integration. The Company shall not sell, offer for sale or solicit offers to buy any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Exchanged Shares in a manner that would require the registration under the Securities Act of the sale of the Exchanged Shares or that would be integrated with the offer or sale of the Exchanged Shares for purposes of the rules and regulations of any Trading Market such that it would require stockholder approval prior to the closing of such other transaction unless stockholder approval is obtained before the closing of such subsequent transaction.

5.5 Securities Laws Disclosure; Publicity. The Company shall (a) by 9:30 a.m. (New York City time) on the date hereof, issue a press release disclosing the material terms of the transactions contemplated hereby, and (b) file a Current Report on Form 8-K, including the Transaction Documents as exhibits thereto, with the Commission within the time required by the Exchange Act. The Company and each Värde Party shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Värde Party shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Värde Party, or without the prior consent of each Värde Party, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by Law; *provided*, that no party shall be required to seek the consent of any other party to

this Agreement to disclose information with respect to the transactions contemplated hereby that has previously been publicly disclosed in accordance with this Section 5.5.

5.6 Stockholder Rights Plan. No claim shall be made or enforced by the Company or, with the consent of the Company, any other Person, that any Värde Party is an “acquiring person” under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that any Värde Party could be deemed to trigger the provisions of any such plan or arrangement, in each case, solely by virtue of receiving Securities under the Transaction Documents.

5.7 Standstill. Until the applicable Standstill Termination Date, each Värde Party agrees that such Värde Party and its Affiliates who hold any shares of Preferred Stock, any Common Shares or any shares of Common Stock issued pursuant to the October Transaction Agreement will not, except as expressly approved or invited in writing by the Board of Directors, directly or indirectly, through their subsidiaries, Affiliates or any other Persons, or in concert with any Person, or as part of a group that is deemed to be a “person” under Section 13(d)(3) of the Exchange Act: acquire or offer or agree to acquire, by purchase or otherwise, any ownership, including, but not limited to, beneficial ownership (as defined in Rule 13d-3 under the Exchange Act), of any shares of Common Stock or other voting securities of the Company, or any securities or other rights exercisable or exchangeable for or convertible into shares of Common Stock or other voting securities of the Company, other than (i) the acquisition of the Exchanged Shares pursuant to this Agreement, (ii) the acquisition of the Underlying Shares upon any conversion of the Exchanged Series E Shares or upon payment of any dividends thereon, any increase of the liquidation preference or convertible amount with respect to the Preferred Stock or any adjustments to the conversion price or conversion ratio or (iv) receiving any shares of securities generally distributed by the Company or an acquirer or target of the Company to holders of Common Stock or Preferred Stock;

(a) make or participate in any solicitation of proxies (as such term is defined in Rule 14a-1 under the Exchange Act) or consents, whether or not such solicitation is exempt under Rule 14a-2 under the Exchange Act, with respect to any matter from any holder of shares of Common Stock or other voting securities of the Company, or any securities exercisable or exchangeable for or convertible into shares of Common Stock or other voting securities of the Company, or make any communication exempted from the definition of solicitation by Rule 14a-1(1)(2)(iv) under the Exchange Act (other than communications in the ordinary course of business on a confidential basis among such Värde Party and its Affiliates);

(b) other than through the Company or Board of Directors, call or request any special meeting of holders of Common Stock or other voting securities of the Company or submit or propose the submission of any matter to a vote of the holders of Common Stock or other voting securities of the Company;

(c) other than through the Company or Board of Directors, effect or agree, offer, seek or propose to effect any business combination, merger, tender offer, sale or acquisition of substantially all of the assets, restructuring, recapitalization, liquidation, dissolution or other extraordinary transaction involving the Company or any of its Subsidiaries;

(d) otherwise seek or propose to influence, control or change the Board of Directors, management, policies, affairs, strategy or organizational documents of the Company or any of its Subsidiaries by way of any public communication or other broadly disseminated communication to holders of Common Stock or other voting securities of the Company;

(e) enter into any discussions, negotiations, agreements, arrangements or understandings with, or intentionally assist, advise or encourage, any other Person with respect to any matter described in the foregoing clauses (a) through (e) of this Section 5.7;

(f) intentionally take any action that would reasonably be expected to cause or require the Company or such Värde Party or any of its Affiliates to make any public announcement or other public disclosure with respect to any of the matters described in this Section 5.7;

(g) intentionally publicly disclose any intention, plan or arrangement inconsistent with any provision of this Section 5.7; or

(h) without limitation of Section 5.7(a), acquire or offer or agree to acquire, by purchase or otherwise, any ownership, including, but not limited to, beneficial ownership (as defined in Rule 13d-3 under the Exchange Act), of any shares of Common Stock or other voting securities of the Company, or any securities or other rights exercisable or exchangeable for or convertible into shares of Common Stock or other voting securities of the Company, in each case, that would result in the Värde Parties and their Affiliates collectively owning, beneficially or otherwise, greater than 50% of the outstanding shares of Common Stock, other than (i) the acquisition of the Exchanged Shares pursuant to this Agreement, (ii) the acquisition of the



Underlying Shares upon any conversion of the Exchanged Series E Shares or upon payment of any dividends thereon, any increase of the liquidation preference or convertible amount with respect to the Preferred Stock or any adjustments to the conversion price or conversion ratio or (iv) receiving any shares of securities generally distributed by the Company or an acquirer or target of the Company to holders of Common Stock or Preferred Stock;

provided, however, that nothing in this Section 5.7 will limit (i) any Värde Party's ability to vote or, subject to the other restrictions set forth herein and in the Certificates of Designation, the October Transaction Agreement and the Securities Purchase Agreement, transfer its Securities or any shares of Preferred Stock or Common Stock issued pursuant to the October Transaction Agreement or the Securities Purchase Agreement or otherwise exercise its rights under this Agreement, the Certificates of Designation, the October Transaction Agreement or the Securities Purchase Agreement, (ii) the ability of any director designated by the Värde Parties pursuant to this Agreement or the Certificates of Designation to vote, exercise his or her fiduciary duties as or otherwise fully participate as a member of the Board of Directors, (iii) the ability of the Värde Parties to assert or protect their rights as a stockholder of the Company in the event of the commencement of any bankruptcy or similar proceeding or assignment for the benefit of creditors involving the Company or (iv) the ability of the Värde Parties to exercise their rights to appoint, remove or cause the resignation of directors pursuant to this Agreement and the Certificates of Designation.

In the event that, prior to the Standstill Termination Date applicable to Section 5.7(i), any Värde Party or its Affiliate makes any acquisition of securities of the Company that is permitted under Section 5.7(i) (other an acquisition described in clauses (i)-(iv) of Section 5.7(i)), such Värde Party shall give (or shall cause its Affiliate to give) notice to the Company of such acquisition, including the number and type of securities acquired, no later than the first Business Day after the date of such acquisition.

Notwithstanding the foregoing, in the case of a Värde Party that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Värde Party's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Värde Party's assets and barriers are in place to prevent such portfolio managers from obtaining such knowledge, the covenant set forth in Section 5.7(a) shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the securities covered by this Agreement, the October Transaction Agreement or the Securities Purchase Agreement; provided, that such assets managed by other managers not subject to such covenant does not exceed 1% of the Common Stock then issued and outstanding.

The parties agree that the covenants and other terms of Section 4.2 of the Securities Purchase Agreement are hereby superseded in their entirety from and after the Closing by the foregoing provisions this Section 5.7.

#### 5.8 Reservation and Listing of Securities.

(a) At any time that shares of the Series E Preferred Stock are outstanding, the Company shall from time to time take all lawful action within its control to cause the authorized capital stock of the corporation to include a sufficient number of authorized but unissued shares of the Common Stock to satisfy the conversion requirements for all shares of the Series E Preferred Stock then outstanding, or issuable as a dividend, including by accretion to the Stated Value of, or accrued but unpaid dividends with respect to, such shares of Series E Preferred Stock (assuming for the purposes of this calculation that the Requisite Stockholder Approval has been obtained).

(b) If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of the Common Stock is less than the Required Minimum on such date, the Company shall take all lawful action to amend the Articles of Incorporation to increase the number of authorized but unissued (and otherwise unreserved) shares of the Common Stock to at least the Required Minimum at such time, as soon as possible and in any event not later than the 90<sup>th</sup> day after such date; *provided*, that the Company will not be required at any time to authorize a number of additional shares of the Common Stock greater than the maximum remaining number of shares of the Common Stock that could possibly be issued after such time pursuant to the Series E Certificate of Designation.

(c) The Company hereby agrees to use reasonable best efforts to maintain the listing of the Common Stock on the NYSE American or another Trading Market. The Company shall, if applicable: (i) in the time and manner required by the principal Trading Market or as may be otherwise necessary to permit the conversion of all outstanding shares of the Series E Preferred Stock, prepare and file with such Trading Market an additional shares listing application covering a number of shares of the Common Stock at least equal to the Required Minimum on the date of each such application; (ii) take all steps necessary to cause such shares of the Common Stock to be approved for listing or quotation on such Trading Market as soon as possible thereafter; and (iii) provide to the Värde Parties evidence of such listing or quotation. The Company agrees to use reasonable best efforts to maintain the eligibility of the Common Stock for electronic transfer through The Depository Trust Company or another established clearing corporation, including, without limitation, by timely payment of fees to The Depository Trust

Company or such other established clearing corporation in connection with such electronic transfer.

(d) The Company agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will then include in such application the applicable number of Underlying Shares specified in clause (i) of Section 5.8(c), and will take such other action as is necessary to cause such Underlying Shares to be listed or quoted on such other Trading Market as promptly as possible. The Company will then use reasonable best efforts to continue the listing or quotation and trading of its Common Stock on a Trading Market and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market.

(e) The Company agrees that, if any shares of the Common Stock to be provided for the purpose of the conversion of the Series E Preferred Stock require registration with or approval of any Governmental Entity under any Law before such shares of the Common Stock may be validly issued upon conversion, the Company will use commercially reasonable efforts to secure such registration or approval, as the case may be.

5.9 Company Stockholder Approval. The Company agrees to use commercially reasonable efforts to obtain, at the next annual meeting of the Company Stockholders (at which a quorum is present) (the "Stockholder Meeting"), the approval by the Company Stockholders of the conversion of all Exchanged Series E Shares issued or issuable pursuant to this Agreement (assuming the maximum conversion rate as set forth in the Series E Certificate of Designation and that the Company elects to pay dividends in kind or otherwise accrues to Stated Value in accordance with the terms of the Series E Certificate of Designation, as applicable) (such approval, the "Requisite Stockholder Approval") in accordance with the Articles of Incorporation and the bylaws of the Company. The Company will prepare and file with the SEC a proxy statement to be sent to the Company's stockholders in connection with the Stockholder Meeting (the "Proxy Statement"). Subject to the directors' fiduciary duties, the Proxy Statement shall include the Board of Directors' recommendation that the holders of shares of the Common Stock vote in favor of the Requisite Stockholder Approval. Each Värde Party agrees to furnish to the Company information concerning such Värde Party and its Affiliates as the Company, on the advice of outside counsel, reasonably determines is necessary for the Proxy Statement, the Stockholder Meeting or any subsequent proxy solicitation; *provided*, that the Värde Party shall not be obligated to provide (i) any information subject to confidentiality, non-disclosure, or similar agreements or which cannot be disclosed under applicable Law, (ii) personally identifiable information, (iii) information regarding the limited partners of such Värde Party and (iv) financial information that the Värde Party reasonably deems to be material to its business, as determined in good faith in its sole discretion. The Company shall promptly notify the Värde Parties of (i) the receipt of the Requisite Stockholder Approval or (ii) any projected failure to obtain the Requisite Stockholder Approval.

#### 5.10 Certain Transactions and Confidentiality.

(a) Each Värde Party, severally and not jointly with the other Värde Parties, covenants that neither it, nor any Affiliate acting on its behalf or pursuant to any understanding with it, shall execute any purchases or sales, including short sales, of any of the Company's securities during the period commencing with the execution of this Agreement and ending at such time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 5.5. Each Värde Party, severally and not jointly with the other Värde Parties, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 5.5, such Värde Party shall maintain the confidentiality of the existence and terms of this transaction and the information included in the Transaction Documents and the schedules hereto. Notwithstanding the foregoing, in the case of a Värde Party that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Värde Party's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Värde Party's assets and barriers are in place to prevent such portfolio managers from obtaining such knowledge, the covenant set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to acquire the Securities covered by this Agreement.

(b) Each Värde Party shall, and shall cause its respective Affiliates and its and their Representatives to, (i) hold, in strict confidence, all non-public records, books, contracts, instruments, computer data and other data and information concerning the Company and its Subsidiaries furnished to it by the Company or its Representatives pursuant to, or in connection with the negotiation of, this Agreement (collectively, "Company Information") (except to the extent that such Company Information was (A) previously known by such Värde Party from other sources; *provided*, that such source was not known by such Värde Party to be bound by a contractual, legal or fiduciary obligation of confidentiality to the Company or any of its Subsidiaries, (B) in the public domain through no violation of this Section 5.10(b) by such Värde Party or (C) later lawfully acquired from other sources by such Värde Party), and (ii) not release or disclose such Company Information to any other Person, except its Representatives and financing sources who need to know such Company Information, who are aware of the confidential nature of such Company Information and who have agreed to keep such Company Information strictly

confidential. Notwithstanding the foregoing, each Värde Party may disclose Company Information to the extent that (i) disclosure to a regulatory authority is necessary or appropriate in connection with any necessary regulatory approval required to be obtained in connection with the Transaction Documents and the consummation of the transactions contemplated hereby and thereby or (ii) disclosure is required by judicial or administrative process or by other requirement of Law or the applicable requirements of any regulatory agency or relevant stock exchange.

5.11 Form D; Blue Sky Filings. The Company shall timely file a Form D with respect to the Securities if and as required under Regulation D. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Värde Parties under applicable securities or “Blue Sky” laws of the states of the United States.

5.12 Tax Matters.

(a) Absent a change in law or Internal Revenue Service practice, or a contrary determination (as defined in Section 1313(a) of the Code), the Värde Parties and the Company agree not to treat, for United States federal income Tax and withholding Tax purposes, the Preferred Stock (based on the terms of each series of Preferred Stock as set forth in the relevant Certificates of Designation) as “preferred stock” within the meaning of Section 305 of the Code and Treasury Regulation Section 1.305-5, and shall not take any position inconsistent with such treatment except pursuant to a determination within the meaning of Section 1313 of the Code; provided that, in the event Internal Revenue Service or other taxing authority successfully challenges such treatment, then the Värde Parties and the Company shall each be held harmless and shall not be required to indemnify any person for losses incurred due to the successful challenge by the taxing authority of such treatment.

(b) The Company shall pay any and all documentary, stamp or similar issue or transfer Tax due on (x) the issue of the Exchanged Preferred Shares and (y) the issue of the Underlying Shares. However, in the case of conversion of Preferred Stock, the Company shall not be required to pay any Tax or duty that may be payable in respect of any transfer involved in the issue and delivery of the Underlying Shares or shares of the Preferred Stock in a name other than that of the holder of the shares to be converted, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such Tax or duty, or has established to the satisfaction of the Company that such Tax or duty has been paid.

(c) For U.S. federal and applicable state income tax purposes, (i) the issuance to the Värde Parties on the terms and subject to the conditions set forth herein and pursuant to the Payoff Letter of (A) 9,891,638 shares of the Common Stock, (B) 60,000 shares of the Series E Preferred Stock and (C) 55,000 shares of the Series F Preferred Stock and (ii) the amendment to the Series C Certificate of Designation, the amendment to the Series D Certificate of Designation and the receipt of the Series C and Series D Exchanged Common Shares, shall be treated by the parties as a “recapitalization” of the Company pursuant to Section 368(a)(1)(E) of the Code except pursuant to a determination within the meaning of Section 1313 of the Code; provided that, in the event that the transactions do not so qualify as a recapitalization, as the result of a successful challenge by the Internal Revenue Service or other taxing authority, then the Company shall be held harmless and shall not be required to indemnify any person for losses incurred due to the failure of the transaction to so qualify or the successful challenge, including the Värde Parties.

5.13 Board Representation Right.

(a) On or prior to the Closing Date, the Board of Directors shall have taken or shall take all actions necessary to increase the number of directors constituting the entire Board of Directors by two directors (to total eleven). The Company shall cause the vacancies created by such increase to be filled by (and shall only be filled by) (i) the person designated by the holders of the Series E Preferred Stock to be the initial Investor Director (as defined in the Series E Certificate of Designation) and (ii) the person designated by the holders of the Series F Preferred Stock to be the initial Investor Director (as defined in the Series F Certificate of Designation), in each case, as and when required under the Series E Certificate of Designation or the Series F Certificate of Designation, as applicable. The parties agree that the rights granted to the Purchasers (as defined in the Securities Purchase Agreement) under Section 4.15 of the Securities Purchase Agreement, and the rights granted to the Värde Parties under Section 5.13 of the October Transaction Agreement are hereby superseded in their entirety by this Section 5.13.

(b) Subject to Section 5.13(c), without limiting the other rights the Värde Parties and their Affiliates may have, from and after the Closing Date and for so long as the Värde Parties and their Affiliates continue to beneficially own (as defined in Rule 13d-3 under the Exchange Act) shares of Common Stock (including the Common Shares) (for purposes of calculating beneficial ownership in this Section 5.13, without regard to limitations based on stockholder approval and giving effect to conversion of the Exchanged Series E Shares, whether or not then convertible) representing at least the applicable percentage

of the outstanding shares of Common Stock specified in clauses (i) through (v) below, the Värde Parties (by action of the Värde Parties who, together with their Affiliates, beneficially own a majority of the total number of shares of Common Stock beneficially owned by all of the Värde Parties and their Affiliates, calculated on the basis set forth above (such Värde Parties, the “Värde Party Majority”)) shall have the right (but not the obligation) to designate to the Board of Directors the following number of directors (the “Investor Directors”):

(i) five Investor Directors, for as long as the Värde Parties and their Affiliates beneficially own shares of Common Stock representing at least 40.0% of the outstanding shares of Common Stock;

(ii) four Investor Directors, for as long as the Värde Parties and their Affiliates beneficially own shares of Common Stock representing at least 33.3% of the outstanding shares of Common Stock;

(iii) three Investor Directors, for as long as the Värde Parties and their Affiliates beneficially own shares of Common Stock representing at least 25.0% of the outstanding shares of Common Stock;

(iv) two Investor Directors, for as long as the Värde Parties and their Affiliates beneficially own shares of Common Stock representing at least 10.0% of the outstanding shares of Common Stock; and

(v) one Investor Director, for as long as the Värde Parties and their Affiliates beneficially own shares of Common Stock representing at least 5.0% of the outstanding shares of Common Stock.

(c) Notwithstanding anything herein to the contrary:

(i) during the time that the holders of Preferred Stock of any series are entitled to appoint one or more directors to the Board of Directors pursuant to one or more of the Certificates of Designation, the number of Investor Directors the Värde Parties shall be entitled to designate pursuant to Section 5.13(b) shall be reduced by the total number of directors the holders of the Preferred Stock of all series are then entitled to appoint pursuant to the Certificates of Designation; and

(ii) the number of Investor Directors the Värde Parties shall be entitled to designate pursuant to Section 5.13(b) shall be reduced if, and only to the extent necessary in order to comply with applicable law or Trading Market rules (as directed in writing by the Commission or the Trading Market on which the Common Stock is then listed), so that the percentage of the number of directors constituting the entire Board of Directors represented by the number of Investor Directors does not exceed the percentage of the outstanding shares of Common Stock beneficially owned by the Värde Parties and their Affiliates, calculated as set forth in Section 5.13(b) (rounded up to the nearest whole number of Investor Directors).

(d) Notwithstanding anything herein to the contrary, as long as the Värde Parties and their Affiliates meet the conditions set forth in Sections 5.13(b)(i), 5.13(b)(ii), 5.13(b)(iii), 5.13(b)(iv) or 5.13(b)(v), as applicable, without the prior affirmative vote or prior written consent of a Värde Party Majority, the Company shall not, directly or indirectly (whether by way of amendment to the charter documents of the Company, merger, recapitalization or otherwise), subject to right of the holders of Common Stock to amend the provisions of the bylaws of the Company relating to the number of directors constituting the entire Board of Directors or the manner in which such number of directors is determined (but, for the sake of clarity, without limiting the Värde Parties’ other rights pursuant to this Section 5.13), modify the number of directors constituting the entire the Board of Directors at any time (except as required by Section 5.13(a)); *provided*, that the Company may increase the number of directors constituting the entire Board of Directors without the consent of a Värde Party Majority if the Värde Parties and their Affiliates are given the right to designate one or more additional Investor Directors as necessary to cause (i) the number of Investor Director(s) the Värde Parties and their Affiliates have the right to designate (subject to Section 5.13(c)) relative to the number of directors constituting the entire Board of Directors to be in the same proportion as (ii) the number of shares of Common Stock beneficially owned by the Värde Parties and their Affiliates relative to the total number of outstanding shares of Common Stock, rounded up or down to the nearest whole number of directors.

(e) The Company shall take all actions within its power to cause all designees designated pursuant to Section 5.13(b) to be appointed or elected to the Board of Directors, including (i) causing such designees to be included in the slate of nominees recommended by the Board of Directors to the holders of Common Stock for election as directors at each meeting of the Company Stockholders called for the purpose of electing directors (and/or in connection with any election by written consent), (ii) soliciting proxies in favor of the election of such nominees, (ii) seeking the adoption of stockholders’ resolutions and amendments to the organizational documents of the Company, (iii) executing required agreements and instruments, (iv)



making, or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result and (v) for so long as the Värde Parties retain the rights described under Section 5.13(b), not nominating or recommending the election of any other candidates against or in replacement of such designated Investor Directors.

(f) Each Investor Director designated pursuant to Section 5.13(b) shall serve until his or her successor is designated or his or her earlier death, disability, resignation or removal. Any vacancy or newly created directorship in the position of an Investor Director while the Värde Parties have the right to appoint such Investor Director pursuant to Section 5.13(b) may be filled by the Board of Directors only with an individual designated by the Värde Party Majority, subject to the fulfillment of the requirements set forth in Section 5.13(h). While the Värde Parties have the right to appoint any Investor Director pursuant to Section 5.13(b), the Värde Parties, by and only by a Värde Party Majority, shall have the right to, at any time, with or without cause (i) cause such Investor Director to resign from his or her directorship, and (ii) appoint a replacement Investor Director to fill the vacancy resulting from such resignation, subject to the fulfillment of the requirements set forth in Section 5.13(h). Any Investor Director appointed pursuant to Section 5.13(b) shall be deemed to have agreed to resign from his or her directorship (and the Company shall recognize such resignation) upon exercise of the Värde Parties' rights set forth in the immediately preceding sentence if such Investor Director shall have previously delivered to the Company a written letter of resignation stating that such Investor Director resigns his or her directorship effective upon any exercise of the Värde Parties' rights set forth in the immediately preceding sentence.

(g) At all times while an Investor Director is serving as a member or observer of the Board of Directors, and following any such Investor Director's death, disability, resignation or removal, such Investor Director shall be entitled to all rights to indemnification and exculpation as are then made available to any other member or observer of the Board of Directors.

(h) Notwithstanding anything to the contrary, any Investor Director shall be reasonably acceptable to the Board of Directors and the Nominating and Corporate Governance Committee thereof acting in good faith (*provided*, that, for the avoidance of doubt, any investment professional of Värde Partners, Inc. or its Affiliates shall be deemed reasonably acceptable) and satisfy all applicable Commission and stock exchange requirements regarding service as a regular director of the Company and shall comply in all material respects with the Company's corporate governance guidelines as in effect from time to time.

(i) Without limiting the Certificates of Designation, the right to designate an Investor Director pursuant to Section 5.13(b) shall automatically terminate at such time as the Värde Parties and their Affiliates no longer meet the conditions set forth in Sections 5.13(b)(i), 5.13(b)(ii), 5.13(b)(iii), 5.13(b)(iv) or 5.13(b)(v), as applicable, and at such time, if requested in writing by the Company, any Investor Directors then serving on the Board of Directors in excess of the entitled amount (if less than all then Investor Directors, then as selected by the Värde Party Majority) shall promptly resign from the Board of Directors. For the avoidance of doubt, any such Investor Director shall not be required to resign from the Board of Directors pursuant to this Section 5.13(i) if such individual has then currently been appointed or designated as a director of the Company pursuant to a right to appoint or designate a director that is then in effect under another agreement with the Company or the Certificates of Designation, but such individual will no longer be an Investor Director under this Agreement.

(j) To the fullest extent permitted by applicable law, the Company, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Company and its subsidiaries in, or in being offered an opportunity to participate in, any business opportunities that are from time to time presented to the Värde Parties or any of their respective affiliates or any of their respective agents, shareholders, members, partners, directors, officers, employees, investment managers, investment advisors, affiliates or subsidiaries (other than the Company and its subsidiaries), including any director or officer of the Company who is also an agent, shareholder, member, partner, director, officer, employee, investment managers, investment advisors, affiliate or subsidiary of any Värde Party (each, a "Specified Party"), even if the business opportunity is one that the Company or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no Specified Party shall have any duty to communicate or offer any such business opportunity to the Company or be liable to the Company or any of its subsidiaries or any stockholder, including for breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, and the Company shall indemnify each Specified Party against any claim that such person is liable to the Company or its stockholders for breach of any fiduciary duty, by reason of the fact that such person (i) participates in, pursues or acquires any such business opportunity, (ii) directs any such business opportunity to another person or (iii) fails to present any such business opportunity, or information regarding any such business opportunity, to the Company or its subsidiaries, unless, in the case of a Person who is a director or officer of the Company, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer of the Company.

(k) The parties agree that, as of the Closing Date, (i) the members of the Board of Directors designated or appointed pursuant to this Section 5.13 and the Certificates of Designation shall be the individuals listed on Schedule 5.13, and (ii) each such individual shall be deemed to have been designated or appointed to the Board of Directors pursuant to this Section 5.13 or the applicable Certificate of Designation as specified for such individual on Schedule 5.13.

## ARTICLE VI.

### MISCELLANEOUS

6.1 Fees and Expenses. Except as expressly set forth in the Transaction Documents to the contrary (including with respect to the Värde Parties' Transaction Expense Amount), each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all fees of the Transfer Agent (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company and any conversion or exercise notice delivered by a Värde Party) levied in connection with the delivery of any Securities to the Värde Parties. Further, for the avoidance of doubt, the Company shall be responsible for the fees, commissions and expenses of brokers, financial advisors, finders, placement agents, investment banks or similar Persons engaged (or purportedly engaged) by the Company or its Subsidiaries with respect to the offer and sale or issue of any of the Securities.

6.2 Survival; Limitation on Liability. The representations and warranties of the parties contained in this Agreement shall survive until the first anniversary of the date hereof, except for (i) the representations and warranties of the Company contained in Sections 3.1(b)(i), 3.1(c), 3.1(d), 3.1(f), 3.1(g), 3.1(u) and 3.1(w) and (ii) the representations and warranties of the Värde Parties contained in Sections 3.2(a), 3.2(b) and 3.2(c), which will survive indefinitely and (iii) the representations and warranties of the Company contained in Section 3.1(z), which will survive until 30 days after the expiration of the applicable statute of limitations. All of the covenants or other agreements of the parties contained in this Agreement shall survive until fully performed or fulfilled, unless and to the extent that non-compliance with such covenants or agreements is waived in writing by the party entitled to such performance. The Company shall not be liable hereunder to the Värde Party or any other Person for any punitive, exemplary, treble, special, indirect, incidental or consequential damages (including any loss of earnings or profits), except for any such damages that are direct damages in the form of diminution of value or payable to a third-party.

6.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

6.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered e-mail attachment as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (Houston, Texas time) on a Business Day, (b) the next Business Day after the date of transmission (if there is no receipt of notice of a failed delivery to the notice party), if such notice or communication is delivered via e-mail attachment as set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (Houston, Texas time) on any Business Day, (c) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The initial address for such notices and communications shall be as set forth on Schedule 6.4 attached hereto; *provided*, that a party may update its address by notice duly given to the other parties.

6.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Värde Parties holding at least a majority in interest of the Securities held by such Värde Parties then outstanding or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner be deemed to impair the exercise of any such right.

6.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

6.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors

and permitted assigns. The Company shall not assign this Agreement or any rights or obligations hereunder (other than by merger) without the prior written consent of each Värde Party. No Värde Party may assign this Agreement or any rights or obligations hereunder to any Person without the prior written consent of the Company, except that a Värde Party may assign any or all of its rights hereunder to (i) an Affiliate of such Värde Party or (ii) following April 26, 2021, to any Person, in each case, to which such Värde Party transfers any Securities in accordance with the Transaction Documents; *provided*, that (x) such transferee or Affiliate agrees with the Company in writing to be bound by the provisions of the Transaction Documents that apply to the Värde Parties, (y) no such assignment by a Värde Party shall relieve such Värde Party of its obligations hereunder without the prior written consent of the Company and (z) the Värde Parties' rights under Section 5.13 may not be assigned pursuant to clause (ii) above unless such assignment has been approved by a majority of the members of the Board of Directors.

6.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 6.15.

6.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by the Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, stockholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts in the state and federal courts, sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service will constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party commences an action, suit or proceeding to enforce any provisions of the Transaction Documents, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

6.10 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THE TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY.

6.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

6.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

6.13 Replacement of Securities. If any certificate or instrument evidencing any of the Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such new

certificate or instrument.

6.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Värde Parties and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

6.15 Non-Recourse. Notwithstanding anything that may be expressed or implied in this Agreement or any document, agreement, or instrument delivered contemporaneously herewith, and notwithstanding the fact that any party may be a partnership or limited liability company, each party hereto, by its acceptance of the benefits of the Transaction Documents, covenants, agrees and acknowledges that no Persons other than the parties shall have any obligation hereunder and that it has no rights of recovery hereunder against, and no recourse hereunder or under any documents, agreements, or instruments delivered contemporaneously herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future director, officer, agent, Affiliate, manager, investment manager, investment advisor, assignee, incorporator, controlling Person, fiduciary, representative or employee of any party (or any of their successors or permitted assignees), against any former, current, or future general or limited partner, manager, stockholder or member of any party (or any of their successors or permitted assignees) or any Affiliate thereof or against any former, current or future director, officer, agent, employee, Affiliate, manager, investment manager, investment advisor, assignee, incorporator, controlling Person, fiduciary, representative, general or limited partner, stockholder, manager or member of any of the foregoing, but in each case not including the parties, whether by or through attempted piercing of the corporate veil, by or through a claim (whether in tort, contract or otherwise) by or on behalf of such party against such Persons and entities, by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, or otherwise; it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on, or otherwise be incurred by any such Persons, as such, for any obligations of the applicable party under this Agreement or the transactions contemplated hereby, under any documents or instruments delivered contemporaneously herewith, in respect of any oral representations made or alleged to be made in connection herewith or therewith, or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, such obligations or their creation. Notwithstanding anything in the Transaction Documents to the contrary, the liability of the Värde Parties shall be several, not joint.

6.16 Payment Set Aside. To the extent that the Company makes a payment or payments to any Värde Party pursuant to any of the Transaction Documents or a Värde Party enforces or exercises its rights hereunder or thereunder and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

6.17 Independent Nature of Värde Parties' Obligations and Rights. The obligations of each Värde Party under any of the Transaction Documents are several and not joint with the obligations of any other Värde Party hereunder or thereunder and no Värde Party will be responsible in any way for the performance or non-performance of the obligations of any other Värde Party under any of the Transaction Documents. Nothing contained in the Transaction Documents, and no action taken by any Värde Party pursuant hereto or thereto, shall be deemed to constitute the Värde Parties as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Värde Parties are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Värde Party shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of the Transaction Documents, and it shall not be necessary for any other Värde Party to be joined as an additional party in any proceeding for such purpose.

6.18 Liquidated Damages. The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid, notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

6.19 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein is not a Business Day, such action may be taken or such right may be exercised on the next succeeding Business Day.

6.20 Construction and Interpretation.

(a) The term “or” when used in the Agreement is not exclusive, unless the context required otherwise. The parties agree that each of them and their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of the Common Stock in any of the Transaction Documents shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

(b) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and subsection references are to this Agreement unless otherwise specified. The headings in this Agreement are included for convenience of reference only and will not limit or otherwise affect the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The phrases “the date of this Agreement,” “the date hereof” and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the first paragraph of this Agreement. The meanings given to terms defined herein will be equally applicable to both the singular and plural forms of such terms. Except as otherwise specified herein, references to agreements, policies, standards, guidelines or instruments, or to statutes or regulations, are to such agreements, policies, standards, guidelines or instruments, or statutes or regulations, as amended or supplemented from time to time (or to successors thereto).

*(Signature Pages Follow)*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**LILIS ENERGY, INC.**

By: /s/ Joseph C. Daches  
Name: Joseph C. Daches  
Title: President, Chief Financial Officer and Treasurer

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGES FOR VÄRDE PARTIES FOLLOW]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**SEVERALLY AND NOT JOINTLY FOR EACH ENTITY LISTED BELOW:**

By: /s/ Markus Specks  
Name: Markus Specks  
Title: Managing Director

**THE VÄRDE FUND VI-A, L.P.,**

By: Värde Investment Partners G.P., LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member  
By: Värde Partners, Inc., its General Partner

**VÄRDE INVESTMENT PARTNERS, L.P.,**

By: Värde Investment Partners G.P., LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member

By: Värde Partners, Inc., its General Partner

**THE VÄRDE FUND XI (MASTER), L.P.,**

By: Värde Fund XI G.P., LLC, its General Partner

By: Värde Partners, L.P., its Managing Member

By: Värde Partners, Inc., its General Partner

**VÄRDE INVESTMENT PARTNERS (OFFSHORE) MASTER, L.P.,**

By: Värde Investment Partners G.P., LLC, its General Partner

By: Värde Partners, L.P., its Managing Member

By: Värde Partners, Inc., its General Partner

**THE VÄRDE SKYWAY FUND, L.P.,**

By: The Värde Skyway Fund G.P., LLC, its General Partner

By: Värde Partners, L.P., its Managing Member

By: Värde Partners, Inc., its General Partner

**THE VÄRDE SKYWAY MINI-MASTER FUND, L.P.,**

By: The Värde Skyway Fund G.P., LLC, its General Partner

By: Värde Partners, L.P., its Managing Member

By: Värde Partners, Inc., its General Partner

**THE VÄRDE FUND XII (MASTER), L.P.,**

By: The Värde Fund XII G.P., LLC, its General Partner

By: The Värde Fund XII UGP, LLC, its General Partner

By: Värde Partners, L.P., its Managing Member

By: Värde Partners, Inc., its General Partner

**Schedule I**

Värde Party Allocation

Värde Party	Term Loan Exchanged Common Shares	Exchanged Series E Shares	Exchanged Series F Shares	Term Loan Exchange Amount (pursuant to Payoff Letter)	Series C and Series D Exchanged Common Shares
THE VÄRDE FUND VI-A, L.P.	296,749	1,800	1,650	\$4,007,888	232,500
VÄRDE INVESTMENT PARTNERS, L.P.	672,631	4,080	3,740	\$9,084,547	527,000
THE VÄRDE FUND XI (MASTER), L.P.	4,114,922	24,960	22,880	\$55,576,052	3,224,000
VÄRDE INVESTMENT PARTNERS (OFFSHORE) MASTER, L.P.	593,498	3,600	3,300	\$8,015,777	465,000
THE VÄRDE SKYWAY FUND, L.P.	242,490	1,471	1,348	\$3,275,061	189,988
THE VÄRDE SKYWAY MINI-MASTER FUND, L.P.	1,043,423	6,329	5,802	\$14,092,455	817,512
THE VÄRDE FUND XII (MASTER), L.P.	2,927,925	17,760	16,280	\$39,544,499	2,294,000
<b>Total:</b>	9,891,638	60,000	55,000	\$133,596,279	7,750,000



**Schedule 3.1(a)**

Subsidiaries

Brushy Resources, Inc.  
ImPetro Resources, LLC  
ImPetro Operating, LLC  
Lilis Operating Company, LLC  
Hurricane Resources, LLC

**Schedule 3.1(v)**

Registration Rights

Registration Rights Agreement, dated as of February 28, 2017, by and among the Company and the Purchasers party thereto.

Registration Rights Agreement, dated as of April 26, 2017, by and among the Company and the Lenders party thereto.

Registration Rights Agreement, dated as of January 31, 2018, by and among the Company and the Purchasers party thereto.

Registration Rights Agreement, dated as of October 10, 2018, by and among the Company and the Värde Parties party thereto.

The Registration Rights Agreement (as defined herein).

**Schedule 5.13**

Director Designees/Appointees

<u>Name:</u>	<u>Designated or Appointed Pursuant to:</u>
Mark Christensen	Series D Certificate of Designation
John Johanning	Series C Certificate of Designation
Markus Specks	Series C Certificate of Designation

**Schedule 6.4**

Address for Notice

If to the Company:

201 Main Street, Suite 1351  
Fort Worth, Texas 76102  
Attn: Joseph Daches  
Email: JDaches@lilisenergy.com

with a copy to (which will not constitute notice):

Bracewell LLP  
711 Louisiana Street  
Suite 2300

Houston, Texas  
Attn: Charles H. Still, Jr.  
Fax: (800) 404-3970  
Email: charles.still@bracewell.com

If to the Värde Parties:

609 Main Street, Suite 3925  
Houston, Texas 77002  
Attn: Markus Specks  
Email: mspecks@varde.com

901 Marquette Ave S., Suite 3300  
Minneapolis, Minnesota 55402  
Attn: Legal Department  
Email: legalnotices@varde.com

with a copy to (which will not constitute notice):

Kirkland & Ellis LLP  
609 Main Street  
Houston, Texas 77002  
Attn: Lucas E. Spivey, P.C.  
Julian Seiguer, P.C.  
Jhett R. Nelson  
Email: [lucas.spivey@kirkland.com](mailto:lucas.spivey@kirkland.com)  
[julian.seiguer@kirkland.com](mailto:julian.seiguer@kirkland.com)  
[jhett.nelson@kirkland.com](mailto:jhett.nelson@kirkland.com)

**Exhibit A**

Form of A&R Series C Certificate of Designation

[See Attached.]

**Exhibit B**

Form of A&R Series D Certificate of Designation

[See Attached.]

**Exhibit C**

Form of Payoff Letter

[See Attached.]

**Exhibit D**

Form of Registration Rights Agreement

[See Attached.]

**Exhibit E**

Form of Series E Certificate of Designation

[See Attached.]

**Exhibit F**



Form of Series F Certificate of Designation

[See Attached.]

**Exhibit G**

Form of Legal Opinion of Bracewell LLP

[See Attached.]

**Exhibit H**

Form of Nevada Opinion

1. The Company is a corporation duly incorporated under the laws of the State and in good standing in the State of Nevada, with the corporate power and authority to conduct its business and own its properties as presently conducted.
2. The execution and delivery to the Värde Parties by the Company of the Transaction Agreement, the Payoff Letter, the Certificates of Designation and the Registration Rights Agreement (collectively, the “Opinion Documents”), the performance by the Company of its obligations thereunder, and the consummation of the transactions contemplated thereby, have been duly authorized by all necessary corporate action by the Company and the Opinion Documents have been duly executed and delivered by the Company.
3. The execution and delivery to the Värde Parties by the Company of the Opinion Documents, the performance by the Company of its obligations thereunder, and the consummation of the transactions contemplated thereby, do not violate any provision of the articles of incorporation or bylaws (together, the “Organizational Documents”) of the Company.
4. The execution and delivery to the Värde Parties by the Company of the Opinion Documents, the performance by the Company of its obligations under each Opinion Document, and the consummation of the transactions contemplated thereby, do not require under Nevada law any filing or registration by the Company with, or approval or consent to the Company of, any governmental agency or authority of the State of Nevada, that has not been made or obtained except that we express no opinion with respect to any securities laws.
5. Issuance of the Exchanged Shares has been duly authorized by all necessary corporate action on the part of the Company.
6. Upon issuance of the Exchanged Shares, in accordance with the terms of the Transaction Agreement, the Exchanged Shares will be duly issued, fully paid and non-assessable and, to the best of our knowledge, free and clear of all liens, and will not be issued in violation of preemptive or other similar rights pursuant to (A) any statute, rule or regulation of the State of Nevada (B) the Company’s Organizational Documents as in effect on the date hereof or (C) to the best of our knowledge, any agreement to which the Company or any of its subsidiaries is a party or bound.
7. Issuance of (i) the Preferred Stock in accordance with the terms of the Transaction Agreement and (ii) Common Stock issuable upon conversion of the Preferred Stock, as applicable, has been duly authorized by all necessary corporate action on the part of the Company.
8. Upon issuance of the Preferred Stock in accordance with the terms of the Transaction Agreement, the Preferred Stock will be duly issued, fully paid and non-assessable and, to the best of our knowledge, free and clear of all liens, and will not be issued in violation of preemptive or other similar rights pursuant to (A) any statute, rule or regulation of the State of Nevada (B) the Company’s Organizational Documents in effect on the date hereof or (C) to the best of our knowledge, any agreement to which the Company was a party or bound.
9. The shares of Common Stock issuable upon conversion of the Preferred Stock, as applicable, when issued in accordance with the terms of the Certificates of Designations, will be duly issued, fully paid and non-assessable and, to the best of our knowledge, free and clear of all liens, and will not be issued in violation of preemptive or other similar rights pursuant to (A) any statute, rule or regulation of the State of Nevada (B) the Company’s Organizational Documents as in effect on the date hereof or (C) to the best of our knowledge, any agreement to which the Company or any of its subsidiaries is a party or bound.

KE 57151467.9

**AMENDED AND RESTATED**  
  
**REGISTRATION RIGHTS AGREEMENT**  
  
**BY AND AMONG**  
  
**LILIS ENERGY, INC.**  
  
**AND**  
  
**THE VÄRDE PARTIES PARTY HERETO**

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## Annex A – Selling Stockholder Notice and Questionnaire

### AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

This AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT (this “Agreement”) is made and entered into as of March 5, 2019, by and among Lilis Energy, Inc., a Nevada corporation (the “Company”), and The Värde Fund VI-A, L.P., Värde Investment Partners, L.P., The Värde Fund XI (Master), L.P., Värde Investment Partners (Offshore) Master, L.P., The Värde Skyway Fund, L.P., The Värde Skyway Mini-Master Fund, L.P. and The Värde Fund XII (Master), L.P. (each, a “Värde Party” and, collectively, the “Värde Parties”).

WHEREAS, the Company and the Värde Parties have entered into that certain Registration Rights Agreement, dated as of October 10, 2018 (the “October Registration Rights Agreement”);

WHEREAS, the Company and the Värde Parties desire to amend and restate the October Registration Rights Agreement in connection with the Company’s issuance of Common Stock, Series E Preferred Stock and Series F Preferred Stock;

WHEREAS, this Agreement is made pursuant to the Transaction Agreement, dated as of March 5, 2019 (the “Transaction Agreement”), among the Company and the Värde Parties, pursuant to which the Värde Parties acquired the Securities;

WHEREAS, the Company has agreed to provide the registration and other rights set forth in this Agreement for the benefit of the Värde Parties pursuant to the October Transaction Agreement (as defined below) and the Transaction Agreement; and

WHEREAS, the undersigned Holders represent the Majority Holders required to amend the October Registration Rights Agreement pursuant to Section 3.11 thereof.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, the parties hereby agree as follows:

#### ARTICLE I DEFINITIONS

##### Section 1.01 Definitions.

Capitalized terms used herein without definition shall have the meanings given to them in the Transaction Agreement. The terms set forth below are used herein as so defined:

“Agreement” has the meaning specified therefor in the introductory paragraph of this Agreement.

“April Registration Rights Agreement” means that certain Registration Rights Agreement dated as of April 26, 2017, by and among the Company and the lenders party thereto.

“Commission” means the U.S. Securities and Exchange Commission, including the staff thereof as applicable.

“Common Share Price” means the volume weighted average closing price of the Common Stock (as reported by the Primary Exchange on which the Common Stock is then traded) for the ten (10) trading days immediately preceding the date on which the determination is made (or, if such price is not available, as determined in good faith by the Board of Directors).

“Company” has the meaning specified therefor in the introductory paragraph of this Agreement.

“Company Securities” has the meaning specified therefor in Section 2.04(c)(i).

“Effective Date” means April 10, 2019; *provided, however*, that, if (a) the Company has filed the Shelf Registration Statement by March 29, 2019, (b) prior to the time the Shelf Registration Statement becomes effective, the Company (i) is notified by the Commission that the Commission intends to review the Shelf Registration Statement or any reports filed by the Company under the Exchange Act or (ii) receives from the Commission any comments on the Shelf Registration Statement or any reports filed by the Company under the Exchange Act, and (c) the Company uses commercially reasonable efforts to address any such comments received from the Commission as promptly as reasonably practicable after receipt thereof, the Effective Date shall automatically be extended to be the date that is ninety days after the date of this Agreement.

“Effectiveness Period” has the meaning specified therefor in Section 2.01(g).

“Exchange Amount” means the sum of the Term Loan Exchange Amount plus \$14,570,000 less \$55,000,000.

“Expenses” has the meaning specified therefor in Section 2.10(a).

“Holder” means the record holder of any Registrable Securities; *provided*, that each record holder of Exchanged Series E Shares shall be deemed to be the record holder of the Registrable Securities issuable upon conversion of such Exchanged Series E Shares for purposes of this definition and all other references in this Agreement to holding or owning Registrable Securities.

“Indemnified Party” has the meaning specified therefor in Section 2.10(c).

“Indemnifying Party” has the meaning specified therefor in Section 2.10(c).

“January Registration Rights Agreement” means that certain Registration Rights Agreement dated as of January 31, 2018, by and among the Company and the purchasers party thereto.

“Liquidated Damages” has the meaning specified in Section 2.01(c).

“Liquidated Damages Multiplier” means an amount equal to the sum of (a) the Exchange Amount and (b) \$29,013,795.

“Losses” has the meaning specified therefor in Section 2.10(a).

“Majority Holders” means, at any time, the Holder or Holders of more than fifty percent (50%) of the Registrable Securities at such time.

“Managing Underwriter” means, with respect to any Underwritten Offering, the lead book-running manager(s) of such Underwritten Offering.

“October Exchanged Common Shares” means the “Exchanged Common Shares” as such term is defined in the October Transaction Agreement.

“October Registration Rights Agreement” has the meaning specified therefor in the recitals of this Agreement.

“October Shelf Registration Statement” means the shelf registration statement (File No.: 333-228712), including any amendments or supplements thereto, filed by the Company pursuant to the October Registration Rights Agreement.

“October Transaction Agreement” means that certain Transaction Agreement, dated as of October 10, 2018, among the Company and the Värde Parties.

“Other Securities” has the meaning specified therefor in Section 2.04(c)(i).

“Piggybacking Holder” has the meaning specified therefor in Section 2.04(a).

“Piggyback Underwritten Offering” has the meaning specified therefor in Section 2.04(a).

“Primary Exchange” means, at any time, the primary U.S. national or regional securities exchange or market on which the Common Stock is listed or admitted for trading at such time.

“Registrable Securities” means the Exchanged Common Shares, the Underlying Shares and the October Exchanged Common Shares, in each case until such Registrable Securities cease to be Registrable Securities pursuant to Section 1.02.

“Registrable Securities Amount” means the Common Share Price times the number of applicable Registrable Securities.

“Registration Default” has the meaning specified therefor in Section 2.01(c).

“Registration Expenses” means all expenses, other than Selling Expenses, incident to the Company’s performance under or compliance with this Agreement to effect the registration of Registrable Securities on a Registration Statement and the disposition of such Registrable Securities, including, without limitation, all registration, filing, securities exchange listing fees, all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, fees of the Financial Industry Regulatory Authority, fees of transfer agents and registrars, all word processing, duplicating and printing expenses and the fees and disbursements of counsel to the Company and the independent public accountants for the Company, including the expenses of any special audits or “comfort” letters required by or incident to such performance and compliance, and the reasonable fees and expenses of one counsel for all Holders.

“Registration Statement” means (a) the Shelf Registration Statement and (b) any other registration statement of the Company filed or to be filed with the Commission under the Securities Act in which Registrable Securities are or, as the context requires, may be included in the securities registered thereby pursuant to this Agreement.

“Requesting Holder” has the meaning specified therefor in Section 2.02(a).

“Requesting Holder and Shelf Piggybacking Holder Securities” has the meaning specified therefor in Section 2.02(c)(i).

“Section 2.02 Maximum Number of Shares” has the meaning specified therefor in Section 2.02(c).

“Section 2.04 Maximum Number of Shares” has the meaning specified therefor in Section 2.04(c).

“Selling Expenses” means all (a) underwriting fees, discounts and selling commissions allocable to the sale of Registrable Securities, (b) transfer taxes allocable to the sale of the Registrable Securities, (c) costs or expenses related to any roadshows conducted in connection with the marketing of any Shelf Underwritten Offering, and (d) fees and expenses of any counsel engaged by any Holder that are not expressly included in Registration Expenses.

“Selling Holder” means a Holder selling Registrable Securities pursuant to a Registration Statement.

“Selling Stockholder Questionnaire” has the meaning specified therefor in Section 2.07.

“Shelf Piggybacking Holder” has the meaning specified therefor in Section 2.02(b).

“Shelf Registration Statement” has the meaning specified therefor in Section 2.01(a), subject to Section 2.01(f).

“Shelf Underwritten Offering” has the meaning specified therefor in Section 2.02(a).

“Transaction Agreement” has the meaning specified therefor in the recitals of this Agreement.

“Underwritten Offering” means an offering (including an offering pursuant to the Shelf Registration Statement) in which shares of Common Stock are sold to an underwriter on a firm commitment basis for reoffering to the public.

“Underwritten Offering Filing” means (a) with respect to a Shelf Underwritten Offering, a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to the Shelf Registration Statement relating to such Shelf Underwritten Offering, and (b) with respect to a Piggyback Underwritten Offering, (i) a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to an effective shelf Registration Statement (other than the Shelf Registration Statement) in which Registrable Securities could be included and Holders could be named as selling security holders without the filing of a post-effective amendment thereto (other than a post-effective amendment that becomes effective upon filing) or (ii) a Registration Statement (other than the Shelf Registration Statement), in each case relating to such Piggyback Underwritten Offering.

“Värde Party” and “Värde Parties” have the meaning specified therefor in the introductory paragraph of this Agreement.

#### Section 1.02 Registrable Securities.

Any Registrable Security will cease to be a Registrable Security when (a) a Registration Statement covering such Registrable Security has become effective under the Securities Act and such Registrable Security has been sold or disposed of pursuant to such Registration Statement; (b) such Registrable Security has been disposed of pursuant to any section of Rule 144 (or any similar provision then in effect) under the Securities Act; (c) such Registrable Security is held by the Company or one of its Subsidiaries; (d) such Registrable Security has been sold or disposed of in a transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of such Registrable Security pursuant to Section 2.12; or (e) such Registrable Security becomes eligible for resale without restriction and without volume limitations or the need for current public information pursuant to any section of Rule 144

(or any similar provision then in effect) under the Securities Act. Any security that has ceased to be a Registrable Security shall not thereafter become a Registrable Security, and any security that is issued or distributed in respect of a security that has ceased to be a Registrable Security shall not be a Registrable Security.

## ARTICLE II REGISTRATION RIGHTS

### Section 2.01 Shelf Registration.

(a) The Company shall prepare and file with the Commission, and use commercially reasonable efforts to cause to be declared effective as soon as practicable after the filing thereof, but in no event later than the Effective Date, a Registration Statement under the Securities Act relating to the offer and sale of all the Registrable Securities by the Holders thereof (the “Shelf Registration Statement”) from time to time in accordance with the methods of distribution set forth in the Shelf Registration Statement and Rule 415 under the Securities Act; *provided*, that the Company may satisfy its obligation to file a Registration Statement under this Section 2.01(a) by filing an amendment to the October Shelf Registration Statement to provide for the registration of all of the Registrable Securities, in which case the October Shelf Registration Statement shall be deemed to be the Shelf Registration Statement. Promptly following the effective date of the Shelf Registration Statement, the Company shall notify the Holders of the effectiveness thereof.

(b) Notwithstanding anything in Section 2.01(a), if for any reason the Commission does not permit the Company to include any or all of the Registrable Securities in the initial Shelf Registration Statement due to limitations on the use of Rule 415 under the Securities Act for the resale of the Registrable Securities by the Holders, or the Commission informs the Company that any of the Selling Holders would be deemed to be statutory underwriters, the Company shall notify the Holders thereof and use commercially reasonable efforts to promptly file amendments to the initial Shelf Registration Statement as required by the Commission and/or withdraw the initial Shelf Registration Statement and file a new registration statement on Form S-3 or such other form available for registration of the Registrable Securities as a secondary offering, in either case covering the maximum number of Registrable Securities permitted to be registered by the Commission and avoid the Selling Holders being deemed to be statutory underwriters; *provided, however*, that prior to such amendment or subsequent Shelf Registration Statement, the Company shall be obligated to use commercially reasonable efforts to advocate with the Commission for the registration of all of the Registrable Securities and against the Selling Holders’ being deemed statutory underwriters in accordance with Commission guidance, including without limitation, the Compliance and Disclosure Interpretation “Securities Act Rules” No. 612.09, and the Securities Act. In the event the Company amends the initial Shelf Registration Statement or files a subsequent Shelf Registration Statement, as the case may be, the Company will use commercially reasonable efforts to file with the Commission, as promptly as allowed by the Commission, Commission guidance or the Securities Act, one or more additional Shelf Registration Statements covering those Registrable Securities not included in the initial Shelf Registration Statement as amended or any subsequent Shelf Registration Statement previously filed. The number of Registrable Securities that may be included in each such Shelf Registration Statement shall be allocated among the Holders thereof in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as is necessary to avoid the Selling Holders being deemed to be statutory underwriters. If the Commission requires the Company to name any Holder as a statutory underwriter and such Holder does not consent thereto, then such Holder’s Registrable Securities shall not be included on the Shelf Registration Statement and the Company shall have no further obligations under this Section 2.01 or Section 2.02 with respect to the Registrable Securities held by such Holder.

(c) If (i) the Shelf Registration Statement required by Section 2.01(a) does not become or is not declared effective by the Effective Date or (ii) the Shelf Registration Statement is declared effective but (A) the Shelf Registration Statement shall thereafter be withdrawn by the Company or shall become subject to an effective stop order issued pursuant to Section 8(d) of the Securities Act suspending the effectiveness of such Shelf Registration Statement (except as specifically permitted pursuant to Section 2.03) without being succeeded by an additional Shelf Registration Statement filed and declared effective within 3 Business Days, (B) the use of any prospectus that is a part of the Shelf Registration Statement is suspended pursuant to Section 2.03 in excess of the number of days permitted thereby or (C) except as addressed by the foregoing clauses (A) and (B) or except as expressly permitted by Section 2.03, the Shelf Registration Statement fails to be available for the resale by the Holders of all the Registrable Securities required to be included therein during the Effectiveness Period (each such event referred to in clauses (i) and (ii), a “Registration Default”), then each Holder shall be entitled to a payment (with respect to each of the Holder’s pro rata share of Registrable Securities as liquidated damages (which liquidated damages will not be exclusive of any other remedies available in equity, including, without limitation, specific performance) and not as a penalty), (x) for the first 90 days following the occurrence of such Registration Default, an amount equal to 0.25% of the Liquidated Damages Multiplier, which shall accrue daily, and (y) for each non-overlapping 90-day period beginning on the 91st day thereafter, an amount equal to the amount set forth in clause (x) plus an additional 0.25% of the Liquidated Damages Multiplier for each subsequent 90 days (i.e., 0.5% for 91-180 days, 0.75% for 181-270 days, 1.0% for 271-360, etc.), which shall accrue daily, up to a maximum amount equal to 2.5% of the Liquidated Damages Multiplier per non-overlapping 90-day period (the “Liquidated Damages”), until such time as such Registration Default is cured or there are no longer any Registrable Securities outstanding. The Liquidated Damages shall be payable within 10 Business Days after the end of each such 90-day period in immediately available funds to the account or accounts specified by the applicable Holders. Any amount of Liquidated Damages shall

be prorated for any period of less than 90 days accruing during any period for which a Holder is entitled to Liquidated Damages hereunder.

(d) The Company may request a waiver of all or any portion of the Liquidated Damages, which may be granted by the consent of the Majority Holders, in their sole discretion, and which such waiver shall apply to all the Holders of Registrable Securities.

(e) The Shelf Registration Statement shall be on Form S-3 (or any equivalent or successor form) under the Securities Act or, if Form S-3 is not then available to the Company, on Form S-1 or such other form of registration statements as is then available to effect a registration for resale of the Registrable Securities; *provided, however*, that if the Company has filed the Shelf Registration Statement on Form S-1 and subsequently becomes eligible to use Form S-3 or any equivalent or successor form or forms, the Company shall (i) file a post-effective amendment to the Shelf Registration Statement converting such Registration Statement on Form S-1 to a Registration Statement on Form S-3 or any equivalent or successor form or forms or (ii) withdraw the Shelf Registration Statement on Form S-1 and file a subsequent Shelf Registration Statement on Form S-3 or any equivalent or successor form or forms.

(f) Unless otherwise specifically stated herein, the term “Shelf Registration Statement” shall refer individually to the initial Shelf Registration Statement and to each subsequent Shelf Registration Statement, if any, filed pursuant to Section 2.01(b) or Section 2.01(e).

(g) The Company shall use commercially reasonable efforts to cause the Shelf Registration Statement to remain effective, and to be supplemented and amended to the extent necessary to ensure that the Shelf Registration Statement is available for the resale of all the Registrable Securities by the Holders until all of the Registrable Securities have ceased to be Registrable Securities (the “Effectiveness Period”).

(h) When effective, the Shelf Registration Statement (including the documents incorporated therein by reference) will comply as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained in the Shelf Registration Statement, in the light of the circumstances under which such statements are made).

#### Section 2.02 Underwritten Shelf Offering Requests.

(a) In the event that any Holder or group of Holders elects to dispose of Registrable Securities under the Shelf Registration Statement pursuant to an Underwritten Offering and reasonably expects gross proceeds of at least \$20,000,000 from such Underwritten Offering (including proceeds attributable to any Registrable Securities included in such Underwritten Offering by any Shelf Piggybacking Holders), the Company shall, at the request (a “Shelf Underwritten Offering Request”) of such Holder or Holders (in such capacity, a “Requesting Holder”), enter into an underwriting agreement in a form as is customary in Underwritten Offerings of securities by the Company with the underwriter or underwriters selected pursuant to Section 2.02(d) and shall take all such other reasonable actions as are requested by the Managing Underwriter of such Underwritten Offering and/or the Requesting Holders in order to expedite or facilitate the disposition of, subject to Section 2.02(c), such Registrable Securities and the Registrable Securities requested to be included by any Shelf Piggybacking Holder (a “Shelf Underwritten Offering”); *provided, however*, that the Company shall have no obligation to facilitate or participate in more than one Shelf Underwritten Offering in any 180-day period or more than two Shelf Underwritten Offerings per calendar year.

(b) If the Company receives a Shelf Underwritten Offering Request, it will give written notice of such proposed Shelf Underwritten Offering to each Holder (other than the Requesting Holder) that, together with such Holder’s Affiliates, holds at least \$5,000,000 of Registrable Securities calculated based on the Registrable Securities Amount, which notice shall be held in strict confidence by such Holders and shall include the anticipated filing date of the related Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Shelf Underwritten Offering, and of such Holders’ rights under this Section 2.02(b). Such notice shall be given promptly (and in any event at least five Business Days before the filing of the Underwritten Offering Filing or two Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering); *provided*, that if the Shelf Underwritten Offering is a bought or overnight Underwritten Offering and the Managing Underwriter advises the Company and the Requesting Holder that the giving of notice pursuant to this Section 2.02(b) would adversely affect the offering, no such notice shall be required (and such Holders shall have no right to include Registrable Securities in such bought or overnight Underwritten Offering); and *provided further*, that the Company shall not so notify any such other Holder that has notified the Company (and not revoked such notice) requesting that such Holder not receive notice from the Company of any proposed Shelf Underwritten Offering. Each such Holder shall then have four Business Days (or one Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.02(b) to request inclusion of Registrable Securities in the Shelf Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and include such other information as is requested pursuant to clause (i) of Section 2.05(c)) (any such Holder making such request, a “Shelf Piggybacking Holder”). If no



request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Shelf Underwritten Offering.

(c) If the Managing Underwriter of the Shelf Underwritten Offering shall inform the Company and the Requesting Holders in writing, with a copy to be provided upon request to any Shelf Piggybacking Holder, of its belief that the number of Registrable Securities requested to be included in such Shelf Underwritten Offering by the Requesting Holders and any Shelf Piggybacking Holders (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering) would materially adversely affect such offering, then the Company shall include in the applicable Underwritten Offering Filing, to the extent of the total number of Registrable Securities that the Company is so advised can be sold in such Shelf Underwritten Offering without so materially adversely affecting such offering (the “Section 2.02 Maximum Number of Shares”), Registrable Securities in the following priority:

(i) First, all Registrable Securities that the Requesting Holder and Shelf Piggybacking Holders requested to be included therein (the “Requesting Holder and Shelf Piggybacking Holder Securities”) (pro rata among the Requesting Holders and Shelf Piggybacking Holders based on the number of Registrable Securities each requested to be included); and

(ii) Second, to the extent that the number of Requesting Holder and Shelf Piggybacking Holder Securities is less than the Section 2.02 Maximum Number of Shares, the shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering, pro rata among such other Persons based on the number of shares of Common Stock each requested to be included.

(d) The Company shall select the Managing Underwriter and any other underwriters in connection with such Shelf Underwritten Offering. The Requesting Holders shall determine the pricing of the Registrable Securities offered pursuant to any Shelf Underwritten Offering and the applicable underwriting discounts and commissions and determine the timing of any such Shelf Underwritten Offering, subject to Section 2.03.

#### Section 2.03 Delay and Suspension Rights.

Notwithstanding any other provision of this Agreement, the Company may (a) delay filing or effectiveness of the Shelf Registration Statement (or any amendment thereto) or effecting a Shelf Underwritten Offering or (b) suspend the Holders’ use of any prospectus that is a part of a Shelf Registration Statement upon written notice to each Holder whose Registrable Securities are included in such Shelf Registration Statement (*provided* that in no event shall such notice contain any material non-public information regarding the Company) (in which event such Holder shall immediately discontinue sales of Registrable Securities pursuant to such Registration Statement but may settle any then-contracted sales of Registrable Securities), in each case for a period of up to 60 days, if the Company determines (i) that such delay or suspension is in the best interest of the Company and its stockholders generally due to a pending transaction involving the Company (including a pending securities offering by the Company, or any proposed financing, acquisition, merger, tender offer, business combination, corporate reorganization, consolidation or other significant transaction involving the Company), (ii) that such registration or offering would render the Company unable to comply with applicable securities laws or (iii) that such registration or offering would require disclosure of material information that the Company has a *bona fide* business purpose for preserving as confidential (any such period, a “Suspension Period”); *provided, however*, that in no event shall any Suspension Periods collectively exceed an aggregate of 120 days in any twelve-month period.

#### Section 2.04 Piggyback Registration Rights.

(a) Subject to Section 2.04(c), if the Company at any time proposes to file an Underwritten Offering Filing for an Underwritten Offering of shares of Common Stock for its own account or for the account of any other Persons who have or have been granted registration rights (a “Piggyback Underwritten Offering”), it will give written notice of such Piggyback Underwritten Offering to each Holder that, together with such Holder’s Affiliates, holds at least the \$5,000,000 of Registrable Securities calculated based on the Registrable Securities Amount, which notice shall be held in strict confidence by such Holders and shall include the anticipated filing date of the Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Piggyback Underwritten Offering, and of such Holders’ rights under this Section 2.04(a). Such notice shall be given promptly (and in any event at least five Business Days before the filing of the Underwritten Offering Filing or two Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering); *provided*, that if the Piggyback Underwritten Offering is a bought or overnight Underwritten Offering and the Managing Underwriter advises the Company that the giving of notice pursuant to this Section 2.04(a) would adversely affect the offering, no such notice shall be required (and such Holders shall have no right to include Registrable Securities in such bought or overnight Underwritten Offering). Each such Holder shall then have four Business Days (or one Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.04(a) to request inclusion of Registrable Securities in the Piggyback Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and include such other information as is requested pursuant to clause (i) of Section 2.05(c)) (any such Holder

making such request, a “Piggybacking Holder”). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Piggyback Underwritten Offering. Subject to Section 2.04(c), the Company shall use commercially reasonable efforts to include in the Piggyback Underwritten Offering all Registrable Securities that the Company has been so requested to include by the Piggybacking Holders; *provided, however*, that if, at any time after giving written notice of a proposed Piggyback Underwritten Offering pursuant to this Section 2.04(a) and prior to the execution of an underwriting agreement with respect thereto, the Company or such other Persons who have or have been granted registration rights, as applicable, shall determine for any reason not to proceed with or to delay such Piggyback Underwritten Offering, the Company shall give written notice of such determination to the Piggybacking Holders (which such Holders will hold in strict confidence) and (i) in the case of a determination not to proceed, shall be relieved of its obligation to include any Registrable Securities in such Piggyback Underwritten Offering (but not from any obligation of the Company to pay the Registration Expenses in connection therewith), and (ii) in the case of a determination to delay, shall be permitted to delay inclusion of any Registrable Securities for the same period as the delay in including the shares of Common Stock to be sold for the Company’s account or for the account of such other Persons who have or have been granted registration rights, as applicable.

(b) Each Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Piggyback Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

(c) If the Managing Underwriter of the Piggyback Underwritten Offering shall inform the Company of its belief that the number of Registrable Securities requested to be included in such Piggyback Underwritten Offering, when added to the number of shares of Common Stock proposed to be offered by the Company or such other Persons who have or have been granted registration rights (and any other shares of Common Stock requested to be included by any other Persons having registration rights on parity with the Piggybacking Holders with respect to such offering), would materially adversely affect such offering, then the Company shall include in such Piggyback Underwritten Offering, to the extent of the total number of securities which the Company is so advised can be sold in such offering without so materially adversely affecting such offering (the “Section 2.04 Maximum Number of Shares”), shares of Common Stock in the following priority:

(i) First, if the Piggyback Underwritten Offering is for the account of the Company, all shares of Common Stock that the Company proposes to include for its own account (the “Company Securities”) or, if the Piggyback Underwritten Offering is for the account of any other Persons who have or have been granted registration rights, all shares of Common Stock that such Persons propose to include (the “Other Securities”); and

(ii) Second, if the Piggyback Underwritten Offering is for the account of the Company, to the extent that the number of Company Securities is less than the Section 2.04 Maximum Number of Shares, the shares of Common Stock requested to be included by the Piggybacking Holders; and holders of any other shares of Common Stock requested to be included by Persons having rights of registration on parity with the Piggybacking Holders with respect to such offering, pro rata among the Piggybacking Holders and such other holders based on the number of shares of Common Stock each requested to be included and, if the Piggyback Underwritten Offering is for the account of any other Persons who have or have been granted registration rights, to the extent that the number of Other Securities is less than the Section 2.04 Maximum Number of Shares, the shares of Common Stock requested to be included by the Piggybacking Holders, pro rata among the Piggybacking Holders.

(d) The Company or the other Persons who have or have been granted registration rights initiating such Piggyback Underwritten Offering (if so entitled pursuant to such registration rights), as applicable, shall select the underwriters in any Piggyback Underwritten Offering and shall determine the pricing of the shares of Common Stock offered pursuant to any Piggyback Underwritten Offering, the applicable underwriting discounts and commissions and the timing of any such Piggyback Underwritten Offering.

#### Section 2.05 Participation in Underwritten Offerings.

(a) In connection with any Underwritten Offering contemplated by Section 2.02 or Section 2.04, the underwriting agreement into which each Selling Holder and the Company shall enter into shall contain such representations, covenants, indemnities (subject to Section 2.10) and other rights and obligations as are customary in Underwritten Offerings by the Company. No Selling Holder shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Selling Holder’s authority to enter into such underwriting agreement and to sell, and information provided by such Selling Holder for inclusion in the Registration Statement relating thereto and its ownership of, the securities being registered on its behalf, its intended method of distribution and any other representation required by law.

(b) Any participation by Holders in a Piggyback Underwritten Offering shall be in accordance with the plan of distribution of (i) the Company, if such Piggyback Underwritten Offering is for the account of the Company, or (ii) any other Persons who have or have been granted registration rights, if the Piggyback Underwritten Offering is for the account of such other Persons.

(c) In connection with any Piggyback Underwritten Offering in which any Holder has the right to include Registrable Securities pursuant to Section 2.04, such Holder agrees (i) to supply any information reasonably requested by the Company in connection with the preparation of a Registration Statement and/or any other documents relating to such registered offering (including a Selling Stockholder Questionnaire) and (ii) to execute and deliver any agreements and instruments being executed by all holders on substantially the same terms reasonably requested by the Company or the Managing Underwriter, as applicable, to effectuate such registered offering, including, without limitation, underwriting agreements (subject to Section 2.05(a)), custody agreements, lock-up agreements pursuant to which such Holder agrees not to sell or purchase any securities of the Company for the same period of time following the registered offering as is agreed to by the Company and the other participating holders or such shorter period as the Managing Underwriter shall agree to, powers of attorney and questionnaires.

(d) If the Company or the Managing Underwriter, as applicable, requests that the Holders take any of the actions referred to in clause (ii) of Section 2.05(c), the Holders shall take such action promptly but in any event within two Business Days following the date of such request.

#### Section 2.06 Registration and Sale Procedures.

In connection with its obligations under this Article II and with respect to each Registration Statement that includes Registrable Securities, the Company will:

(a) promptly prepare and file with the Commission such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by the Registration Statement;

(b) make available to each Selling Holder (i) as far in advance as reasonably practicable before filing the Registration Statement, any prospectus used in connection therewith or any supplement or amendment thereto, upon request, copies of reasonably complete drafts of all such documents proposed to be filed (including exhibits and each document incorporated by reference therein to the extent then required by the rules and regulations of the Commission), and provide each such Selling Holder the opportunity to object to any information pertaining to such Selling Holder and its plan of distribution that is contained therein and make the corrections reasonably requested by such Selling Holder with respect to such information prior to filing the Registration Statement, prospectus or supplement or amendment thereto, and (ii) such number of copies of the Registration Statement and the prospectus included therein and any supplements and amendments thereto as such Selling Holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities covered thereby;

(c) if applicable, use commercially reasonable efforts to register or qualify the Registrable Securities covered by the Registration Statement under the securities or blue sky laws of such jurisdictions as the Selling Holders shall reasonably request; *provided, however*, that the Company will not be required to qualify generally to transact business in any jurisdiction where it is not then required to so qualify, take any action that would subject the Company to any material tax in any such jurisdiction where it is not then so subject, or to take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject;

(d) promptly notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered by any of them under the Securities Act, of (i) the filing of the Registration Statement or any prospectus or prospectus supplement to be used in connection therewith, or any amendment or supplement thereto, and, with respect to the Registration Statement or any post-effective amendment thereto, when the same has become effective; and (ii) the receipt of any written comments from the Commission with respect to any filing referred to in clause (i) and any written request by the Commission for amendments or supplements to the Registration Statement or any prospectus or prospectus supplement thereto;

(e) (i) immediately notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (A) the happening of any event as a result of which the prospectus or prospectus supplement contained in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained therein, in the light of the circumstances under which such statements were made); (B) the issuance or express threat of issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, or the initiation of any proceedings for that purpose; or (C) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction; and (ii) following the provision of such notice, as promptly as practicable amend or supplement the prospectus or prospectus supplement or take other appropriate action so that the prospectus or prospectus supplement does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and take such other commercially reasonable action as is necessary to remove a stop order, suspension, threat thereof or proceedings related thereto;

(f) upon request and subject to appropriate confidentiality obligations, furnish to each Selling Holder copies of any and all transmittal letters or other correspondence with the Commission or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to the Registration Statement;

(g) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(h) cause all such Registrable Securities registered pursuant to this Agreement to be listed on each securities exchange or nationally recognized quotation system on which similar securities issued by the Company are then listed;

(i) use commercially reasonable efforts to cause the Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the Selling Holders to consummate the disposition of such Registrable Securities;

(j) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of the Registration Statement;

(k) if requested by a Selling Holder, (i) incorporate in a prospectus supplement or post-effective amendment such information as such Selling Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering and (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(l) in connection with an Underwritten Offering, use commercially reasonable efforts to provide to each Selling Holder a copy of any auditor "comfort" letters, customary legal opinions or reports of the independent petroleum engineers of the Company relating to the oil and gas reserves of the Company, in each case that have been provided to the Managing Underwriter in connection with the Underwritten Offering; and

(m) make available for inspection by any Selling Holder of Registrable Securities, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by any such holder or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such Registration Statement; provided, that the Company need not disclose any non-public information to any such person unless and until such person has entered into a confidentiality agreement with the Company.

Each Selling Holder, upon receipt of notice from the Company of the happening of any event of the kind described in subsection (e) of this Section 2.06, shall forthwith discontinue offers and sales of the Registrable Securities by means of a prospectus or prospectus supplement until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by subsection (e) of this Section 2.06 or until it is advised in writing by the Company that the use of the prospectus may be resumed and has received copies of any additional or supplemental filings incorporated by reference in the prospectus, and, if so directed by the Company, such Selling Holder will deliver to the Company (at the Company's expense) all copies in their possession or control, other than permanent file copies then in such Selling Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

#### Section 2.07 Cooperation by Holders.

The Company shall have no obligation to include Registrable Securities of a Holder in a Registration Statement who has failed to furnish, within five Business Days of a request by the Company, such information that the Company determines, after consultation with its counsel, is reasonably required in order for the Registration Statement or prospectus supplement, as applicable, to comply with the Securities Act. The Company may require each Holder to furnish to the Company a written statement as to the number of shares of Common Stock beneficially owned by such Holder. Without limiting the foregoing, with respect to the Shelf Registration Statement, each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex A (a "Selling Stockholder Questionnaire") on a date that is not less than 45 days after the date hereof or three Business Days following the date on which such Holder receives draft materials in accordance with Section 2.06(b).

#### Section 2.08 Restrictions on Public Sales by Holders.

Each Holder agrees not to effect any public sale or distribution of Registrable Securities for a period of up to 60 days following completion of an Underwritten Offering of equity securities by the Company; *provided* that (i) the Company gives written notice to

such Holder of the date of the commencement and termination of such period with respect to any such Underwritten Offering and (ii) the duration of the foregoing restrictions shall be no longer than the duration of the shortest restriction generally imposed by the underwriters of such Underwritten Offering on the Company or on the officers or directors or any other shareholder of the Company on whom a restriction is imposed and (iii) the restrictions set forth in this Section 2.08 shall not apply to any Registrable Securities that are included in such Underwritten Offering by such Selling Holder; *provided further*, that this Section 2.08 shall not apply to any Holder that, together with such Holder's Affiliates, holds less than 5% of the outstanding shares of Common Stock.

#### Section 2.09 Expenses.

The Company will pay all reasonable Registration Expenses as determined in good faith. Each Selling Holder shall pay its pro rata share of all Selling Expenses in connection with any sale of its Registrable Securities hereunder.

#### Section 2.10 Indemnification and Contribution.

(a) Indemnification by the Company. The Company will indemnify and hold harmless each Selling Holder, its directors, officers managers, employees, investment managers, agents and Affiliates and each other Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any losses, claims, damages or liabilities, joint or several (collectively, "Losses") to which such Selling Holder or any such director, officer or controlling person may become subject, under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement or any preliminary prospectus, free writing prospectus or final prospectus contained therein or related thereto, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus, in the light of the circumstances under which such statements were made), or (ii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law, or any rule or regulations promulgated under the Securities Act, the Exchange Act or any state securities law applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance required under this Agreement, and the Company will reimburse such Selling Holder and each such director, officer, manager, employee, investment manager, agent, Affiliate and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such Losses, actions or proceedings (collectively, "Expenses"); *provided* that the Company shall not be liable in any such case to the extent that any such Losses or Expenses arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement, preliminary prospectus, free writing prospectus, final prospectus, amendment or supplement in reliance upon and in conformity with information furnished to the Company in writing or electronically by or on behalf of such Selling Holder expressly for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Selling Holder or any such director, officer or controlling person and shall survive the transfer of such securities by such Selling Holder.

(b) Indemnification by Selling Holders. Each Selling Holder, severally and not jointly, will indemnify and hold harmless the Company, each director of the Company, its directors and officers and each other Person, if any, who controls the Company within the meaning of the Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any Losses to which the Company or any such director, officer or controlling person may become subject, under the Securities Act or otherwise, and will reimburse them for any Expenses reasonably incurred by any of them (in each case in the same manner and to the same extent as set forth in Section 2.10(a)), insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) or Expenses arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement or any preliminary prospectus, free writing prospectus or final prospectus contained therein or related thereto, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus, in the light of the circumstances under which such statements were made), if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with information furnished to the Company in writing or electronically by or on behalf of such Selling Holder expressly for use in the preparation thereof (it being understood that any Selling Stockholder Questionnaire furnished by such Selling Holder is furnished expressly for this purpose). Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling person and shall survive the transfer of such securities by such Selling Holder.

(c) Notices of Claims; Indemnification Procedures. In case any proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to Section 2.10(a) or Section 2.10(b), such Person (the "Indemnified Party") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Party") in writing (*provided* that the failure of the Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2.10, except to the extent the Indemnifying Party is actually prejudiced by such failure to give notice), and the Indemnifying Party shall be entitled to participate in such proceeding and, unless in the reasonable opinion of outside

counsel to the Indemnified Party a conflict of interest between the Indemnified Party and Indemnifying Party may exist in respect of such claim, to assume the defense thereof jointly with any other Indemnifying Party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party that it so chooses, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other Expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; *provided, however,* that (i) if the Indemnifying Party fails to assume the defense or employ counsel reasonably satisfactory to the Indemnified Party, (ii) if such Indemnified Party who is a defendant in any action or proceeding which is also brought against the Indemnifying Party reasonably shall have concluded that there may be one or more legal defenses available to such Indemnified Party that are not available to the Indemnifying Party or (iii) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct then, in any such case, the Indemnified Party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all Indemnified Parties (plus one firm of local counsel for all Indemnified Parties in each relevant jurisdiction)), and the Indemnifying Party shall be liable for any Expenses therefor. No Indemnifying Party shall, without the written consent of the Indemnified Party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the Indemnified Party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (A) includes an unconditional release of the Indemnified Party from all liability arising out of such action or claim and (B) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any Indemnified Party.

(d) Contribution.

(i) If the indemnification provided for in this Section 2.10 is unavailable to an Indemnified Party in respect of any Losses in respect of which indemnity is to be provided hereunder, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall to the fullest extent permitted by law contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of such party in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Company (on the one hand) and any Selling Holder (on the other hand) shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(ii) The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 2.10(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 2.10(d)(i). The amount paid or payable by an Indemnified Party as a result of the Losses referred to in Section 2.10(d)(i) shall be deemed to include, subject to the limitations set forth above, any Expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Limitation of Holders' Liability. Notwithstanding the provisions of this Section 2.10, no Holder shall be liable for indemnification or contribution pursuant to this Section 2.10 for any amount in excess of the net proceeds received by such Holder from the sale of Registrable Securities pursuant to a Registration Statement.

(f) Indemnification Payments. The indemnification and contribution required by this Section 2.10 shall be made by periodic payments of the amount of any such Losses or Expenses as and when bills are received or such Losses or Expenses are incurred.

Section 2.11 Rule 144 Reporting.

With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(a) make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after the date hereof;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at all times from and after the date hereof; and

(c) so long as a Holder owns any Registrable Securities, furnish, unless otherwise available via EDGAR, to such Holder forthwith upon request a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell

any such securities without registration.

Section 2.12 Transfer or Assignment of Registration Rights.

The rights to cause the Company to register Registrable Securities granted to the Holders by the Company under this Article II may be transferred or assigned by the Holders to one or more transferees or assignees of Registrable Securities; *provided, however*, that (a) unless the transferee or assignee is an Affiliate of, and after such transfer or assignment continues to be an Affiliate of, the transferee, the number of Registrable Securities transferred or assigned to such transferee or assignee, together with any other Registrable Securities held by such transferee or assignee, shall be at least \$5,000,000 in Registrable Securities calculated based on the Registrable Securities Amount, (b) the Company is given written notice prior to such transfer or assignment, stating the name and address of each such transferee or assignee and identifying the Registrable Securities with respect to which such registration rights are being transferred or assigned, and (c) each such transferee or assignee assumes in writing responsibility for its portion of the obligations of the transferor under this Agreement.

Section 2.13 Other Registration Rights.

From and after the date hereof, the Company shall not, without the prior written consent of the Majority Holders, enter into any agreement with any current or future holder of any securities of the Company that would allow such current or future holder to require the Company to include securities in any registration statement filed by the Company for such Holders on a basis other than *pari passu* with, or expressly subordinate to, the piggyback rights of the Holders hereunder; *provided*, that in no event shall the Company enter into any agreement that would permit another holder of securities of the Company to participate on a *pari passu* basis (in terms of priority of cut-back based on advice of underwriters) with a Requesting Holder or a Shelf Piggybacking Holder in a Shelf Underwritten Offering.

Section 2.14 Amendment and Restatement of October Registration Rights Agreement; Termination of Other Registration Rights Agreements.

This Agreement amends, restates and supersedes in all respects the October Registration Rights Agreement. Each of the January Registration Rights Agreement and the April Registration Rights Agreement, and all rights and obligations thereunder of the parties thereto, are hereby terminated for all purposes effective as of the date hereof.

**ARTICLE III  
MISCELLANEOUS**

Section 3.01 Communications.

All notices and other communications provided for or permitted hereunder shall be made in writing by electronic mail, courier service or personal delivery:

- (a) if to a Värde Party, to such Värde Party at its notice address set forth in the Transaction Agreement;
- (b) if to any Holder other than a Värde Party, to such Holder at the address provided pursuant to Section 2.12; and
- (c) if to the Company, to it at:

1800 Bering Drive, Suite 510  
Houston, Texas 77057  
Attn: Christa Garrett  
Email: CGarrett@lilisenergy.com

; or, in each case, to such other address for such party as shall have been communicated by such party by like notice.

All such notices and communications shall be deemed to have been received at the time delivered by hand, if personally delivered; when receipt acknowledged, if sent by electronic mail; and when actually received, if sent by courier service.

Section 3.02 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties, including subsequent Holders of Registrable Securities to the extent permitted herein; *provided, however*, that all or any portion of the rights and obligations of any Holder under this Agreement may be transferred or assigned by such Holder only in accordance with Section 2.12.

Section 3.03 Recapitalization, Exchanges, Etc. Affecting the Shares.

The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all shares of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, share splits, recapitalizations, pro rata distributions of shares and the like occurring after the date of this Agreement.

Section 3.04 Aggregation of Registrable Securities.

All Registrable Securities held or acquired by Persons who are Affiliates of one another shall be aggregated together for the purpose of determining the availability of any rights and applicability of any obligations under this Agreement.

Section 3.05 Specific Performance.

Damages in the event of breach of this Agreement by a party hereto may be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each of the parties hereto hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity that such Person may have.

Section 3.06 Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 3.07 Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 3.08 Governing Law.

THIS AGREEMENT, AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS AGREEMENT (INCLUDING ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS AGREEMENT), WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. ANY ACTION AGAINST ANY PARTY RELATING TO THE FOREGOING SHALL BE BROUGHT IN ANY FEDERAL OR STATE COURT OF COMPETENT JURISDICTION LOCATED WITHIN THE STATE OF NEW YORK, AND THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT LOCATED WITHIN THE STATE OF NEW YORK OVER ANY SUCH ACTION. THE PARTIES HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH DISPUTE BROUGHT IN SUCH COURT OR ANY DEFENSE OF INCONVENIENT FORUM FOR THE MAINTENANCE OF SUCH DISPUTE. EACH OF THE PARTIES HERETO AGREES THAT A JUDGMENT IN ANY SUCH DISPUTE MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

Section 3.09 Severability of Provisions.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or impairing the validity or enforceability of such provision in any other jurisdiction.

Section 3.10 Entire Agreement.

This Agreement, together with the Transaction Agreement, the October Transaction Agreement and the Series E Certificate of Designation, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions,



promises, warranties or undertakings, other than those set forth or referred to herein with respect to the rights granted by the Company set forth herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

Section 3.11 Amendment.

This Agreement may be amended only by means of a written amendment signed by the Company and the Majority Holders; *provided, however*, that no such amendment shall materially and adversely affect the rights of any Holder hereunder without the consent of such Holder.

Section 3.12 No Presumption.

If any claim is made by a party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular party or its counsel.

Section 3.13 Obligations Limited to Parties to Agreement.

Each of the parties hereto covenants, agrees and acknowledges that no Person other than the Holders and the Company shall have any obligation hereunder and that, notwithstanding that one or more of the Holders may be a corporation, partnership or limited liability company, no recourse under this Agreement or under any documents or instruments delivered in connection herewith or therewith shall be had against any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any Holder or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the foregoing, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any Holder or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the foregoing, as such, for any obligations of the Holders under this Agreement or any documents or instruments delivered in connection herewith or therewith or for any claim based on, in respect of or by reason of such obligation or its creation, except in each case for any transferee or assignee of a Holder hereunder.

Section 3.14 Independent Nature of Holders' Obligations.

The obligations of each Holder under this Agreement are several and not joint with the obligations of any other Holder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder under this Agreement. Nothing contained herein, and no action taken by any Holder pursuant thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Holder shall be entitled to independently protect and enforce its rights, including without limitation, the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

Section 3.15 Interpretation.

Article and Section references are to this Agreement, unless otherwise specified. All references to instruments, documents, contracts and agreements are references to such instruments, documents, contracts and agreements as the same may be amended, supplemented and otherwise modified from time to time, unless otherwise specified. The word "including" shall mean "including but not limited to." Whenever any determination, consent or approval is to be made or given by a Holder under this Agreement, such action shall be in such Holder's sole discretion unless otherwise specified.

*[Signature pages follow]*

IN WITNESS WHEREOF, the parties hereto execute this Agreement, effective as of the date first above written.

**COMPANY:**

**LILIS ENERGY, INC.**

By: /s/ Joseph C. Daches

Name: Joseph C. Daches  
Title: President, Chief Financial Officer and

Treasurer

**SEVERALLY AND NOT JOINTLY FOR EACH ENTITY LISTED BELOW:**

By: /a/ Markus Specks  
Name: Markus Specks  
Title: Managing Director

**THE VÄRDE FUND VI-A, L.P.**

By: Värde Investment Partners G.P., LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member  
By: Värde Partners, Inc., its General Partner

**VÄRDE INVESTMENT PARTNERS, L.P.**

By: Värde Investment Partners G.P., LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member  
By: Värde Partners, Inc., its General Partner

**THE VÄRDE FUND XI (MASTER), L.P.**

By: Värde Fund XI G.P., LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member  
By: Värde Partners, Inc., its General Partner

**VÄRDE INVESTMENT PARTNERS (OFFSHORE) MASTER, L.P.**

By: Värde Investment Partners G.P., LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member  
By: Värde Partners, Inc., its General Partner

**THE VÄRDE SKYWAY FUND, L.P.**

By: The Värde Skyway Fund G.P., LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member  
By: Värde Partners, Inc., its General Partner

**THE VÄRDE SKYWAY MINI-MASTER FUND, L.P.**

By: The Värde Skyway Fund G.P., LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member  
By: Värde Partners, Inc., its General Partner

**THE VÄRDE FUND XII (MASTER), L.P.**

By: The Värde Fund XII G.P., LLC, its General Partner  
By: The Värde Fund XII UGP, LLC, its General Partner  
By: Värde Partners, L.P., its Managing Member  
By: Värde Partners, Inc., its General Partner

**LILIS ENERGY, INC.**

**Selling Stockholder Notice and Questionnaire**

The undersigned beneficial owner of common stock (the “Registrable Securities”) of Lilis Energy, Inc., a Nevada corporation (the “Company”), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the “Commission”) a registration statement (the “Registration Statement”) for the registration and resale under the Securities Act of 1933, as amended (the “Securities Act”), of the Registrable Securities, in accordance with the terms of the Amended and Restated Registration Rights Agreement (the “Registration Rights Agreement”) to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling stockholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling stockholder in the Registration Statement and the related prospectus.

### NOTICE

The undersigned beneficial owner (the "Selling Stockholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

### QUESTIONNAIRE

#### 1. Name.

- (a) Full Legal Name of Selling Stockholder
- (b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:
- (c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

#### 2. Address for Notices to Selling Stockholder:

—  
—

Telephone: \_\_\_

Fax: \_\_\_

Contact Person: \_\_\_

#### 3. Broker-Dealer Status:

- (a) Are you a broker-dealer?  
Yes  No
- (b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?  
Yes  No

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

- (c) Are you an affiliate of a broker-dealer?  
Yes  No
- (d) If you are an affiliate of a broker-dealer, do you certify that you obtained the Registrable Securities in the ordinary course of business, and at the time you obtained the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?  
Yes  No

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

#### 4. Beneficial Ownership of Securities of the Company Owned by the Selling Stockholder.

*Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Transaction Agreement.*

(a) Type and Amount of other securities beneficially owned by the Selling Stockholder:

—

**5. Relationships with the Company:**

*Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past two years.*

State any exceptions here:

—

The undersigned agrees to promptly notify the Company of any material inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective; provided, that the undersigned shall not be required to notify the Company of any changes to the number of securities held or owned by the undersigned or its affiliates.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date:\_\_\_ Beneficial Owner:\_\_\_

By:\_\_\_  
Name:\_\_\_  
Title:\_\_\_

**PLEASE FAX A COPY (OR EMAIL A .PDF COPY) OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:**

Lilis Energy, Inc.  
1800 Bering Drive, Suite 510  
Houston, Texas 77057  
Attn: Christa Garrett  
Email: CGarrett@lilisenergy.com

[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

Subsidiaries of the Registrant

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
Brushy Resources, Inc.	Delaware
Lilis Operating Company, LLC	Texas
ImPetro Resources, LLC	Delaware
ImPetro Operating, LLC	Delaware
Hurricane Resources, LLC	Texas

**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

Lilis Energy, Inc. and Subsidiaries  
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-212285, No. 333-214822, No. 333-220188, and No. 333-226742) of Lilis Energy, Inc. of our reports dated March 7, 2019, relating to the consolidated financial statements and the effectiveness of Lilis Energy, Inc.'s internal control over financial reporting, which appear in this Form 10-K.

/s/ BDO USA, LLP

Dallas, Texas  
March 7, 2019

### **Petroleum Engineer Consent and Report Certificate of Qualification**

Cawley, Gillespie & Associates, Inc. here by consents to the use of the name, to references to our firm in the form and context in which they appear in the Annual Report on Form 10-K of Lilis Energy, Inc. for the year ended December 31, 2018 (the "Annual Report"). We hereby further consent to the inclusion in the Annual Report of estimates of oil and natural natural gas reserves contained in our report dated January 17, 2019, and to the inclusion of our report as an exhibit to the Annual Report and in all current and future registration statements of the Company that incorporate by reference such Annual Report.

/s/ Cawley, Gillespie & Associates, Inc.

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Cawley, Gillespie & Associates, Inc.  
Texas Registered Engineering Firm F-693

March 7, 2019







**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Lilis Energy, Inc. (the "Company") on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Ronald D. Ormand

---

Ronald D. Ormand

*Executive Chairman of the Board and Chief Executive Officer*

March 7, 2019

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Lilis Energy, Inc. (the "Company") on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Joseph C. Daches

Joseph C. Daches

*President, Chief Financial Officer and Treasurer*

March 7, 2019

EXHIBIT 99.1

EVALUATION SUMMARY

## LILIS ENERGY, INC. INTERESTS

DELAWARE BASIN PROPERTIES IN TEXAS AND NEW MEXICO

TOTAL PROVED RESERVES

AS OF DECEMBER 31, 2018

*Pursuant to the Guidelines of the  
Securities and Exchange Commission for  
Reporting Corporate Reserves and  
Future Net Revenue*

**CG&A**  
CAWLEY, GILLESPIE & ASSOCIATES, INC.  
PETROLEUM CONSULTANTS

EVALUATION SUMMARY

LILIS ENERGY, INC. INTERESTS

DELAWARE BASIN PROPERTIES IN TEXAS AND NEW MEXICO

TOTAL PROVED RESERVES

AS OF DECEMBER 31, 2018

*Pursuant to the Guidelines of the  
Securities and Exchange Commission for  
Reporting Corporate Reserves and  
Future Net Revenue*

CAWLEY, GILLESPIE & ASSOCIATES, INC.  
PETROLEUM CONSULTANTS  
TEXAS REGISTERED ENGINEERING FIRM F-693



W. TODD BROOKER, P.E.  
PRESIDENT



MATTHEW K. REGAN, P.E.  
PARTNER



# CAWLEY, GILLESPIE & ASSOCIATES, INC.

13640 BRIARWICK DRIVE, SUITE 100  
AUSTIN, TEXAS 78729-1107  
512-249-7000

PETROLEUM CONSULTANTS  
306 WEST SEVENTH STREET, SUITE 302  
FORT WORTH, TEXAS 76102-4987  
817-336-2461  
www.cgaus.com

1000 LOUISIANA STREET, SUITE 1900  
HOUSTON, TEXAS 77002-5008  
713-651-9944

January 17, 2019

Lilis Energy, Inc.  
300 E. Sonterra Blvd, Suite 1220  
San Antonio, TX 78258

Re: Evaluation Summary  
Lilis Energy, Inc. Interests  
Total Proved Reserves  
As of December 31, 2018

*Pursuant to the Guidelines of the  
Securities and Exchange Commission for  
Reporting Corporate Reserves and  
Future Net Revenue*

Ladies and Gentlemen:

As requested, this report was prepared on January 17, 2019 for Lilis Energy, Inc. ("LEI") for the purpose of submitting our estimates of proved reserves and forecasts of economics attributable to the subject interests. We have evaluated 100% of LEI reserves, which are made up of oil and gas properties in the Delaware Basin. This evaluation utilized an effective date of December 31, 2018, was prepared using constant prices and costs, and conforms to Item 1202(a)(8) of Regulation S-K and other rules of the Securities and Exchange Commission (SEC). The results of this evaluation are presented in the accompanying tabulations, with a composite summary of the values presented below:

		Proved Developed Producing	Proved Developed Non-Producing	Proved Undeveloped	Proved Developed	Total Proved
Net Reserves						
Oil	- Mbbl	5,434.2	843.8	14,927.0	6,278.0	21,205.0
Gas	- MMcf	24,486.2	2,560.0	51,703.4	27,046.2	78,749.6
NGL	- Mbbl	2,370.6	283.3	5,722.6	2,653.9	8,376.6
Revenue						
Oil	- M\$	313,238.1	48,680.8	861,180.5	361,918.9	1,223,099.3
Gas	- M\$	45,032.8	4,761.5	96,168.4	49,794.3	145,962.7
NGL	- M\$	36,700.1	4,458.2	90,042.4	41,158.3	131,200.7
Severance Taxes	- M\$	21,984.7	2,939.4	59,870.8	24,924.1	84,794.9
Ad Valorem Taxes	- M\$	11,482.2	1,447.5	33,344.1	12,929.8	46,273.9
Operating Expenses	- M\$	51,601.5	5,609.6	80,947.9	57,211.1	138,159.0
Other Deductions	- M\$	36,877.9	5,719.2	102,291.9	42,597.1	144,889.0
Investments	- M\$	0.0	7,859.9	338,365.0	7,859.9	346,225.0
Net Cash Flows	- M\$	273,024.6	34,324.8	432,571.4	307,349.5	739,920.9
Discounted @ 10% (Present Worth)	- M\$	172,940.8	19,948.4	134,869.5	192,889.2	327,758.7

Future revenue is prior to deducting state production taxes and ad valorem taxes. Future net cash flow is after deducting these taxes, future capital costs and operating expenses, but before consideration of federal income taxes. In accordance with SEC guidelines, the future net cash flow has been discounted at an annual rate of ten percent to determine its "present worth". The present worth is shown to indicate the effect of time on the value of money and should not be construed as being the fair market value of the properties. The oil reserves include oil and condensate. Oil and NGL volumes are expressed in barrels (42 U.S. gallons). Gas volumes are expressed in thousands of standard cubic feet (Mcf) at contract temperature and pressure base.

Our estimates are for proved reserves only and do not include any probable or possible reserves nor have any values been attributed to interest in acreage beyond the location for which undeveloped reserves have been estimated. The Proved Developed category is the summation of the Proved Developed Producing and Proved Developed Non-Producing estimates.

#### Presentation

This report is divided into four main sections: Summary (Total Proved and Proved Developed), Proved Developed Producing ("PDP"), Proved Developed Non-Producing ("PDNP") and Proved Undeveloped ("PUD"). Within each section are Tables I and Summary Plots. Tables II and Individual Figures and Tables are also included in the PDP, PDNP and PUD sections. The Tables I present composite reserve estimates and economic forecasts for the particular reserve category or property grouping. The Summary Plots are composite rate-time history-forecast curves for the corresponding Table I. Following certain Summary Plots are Table II "oneline" summaries that present estimates of ultimate recovery, gross and net reserves, ownership, revenue, expenses, investments, net income and discounted cash flow for the individual properties that make up the corresponding Table I. Individual Figures and Tables present reserve estimates, economic forecasts and rate-time plots on a lease or well level. For a more detailed explanation of the report layout, please refer to the Table of Contents following this letter.

#### Hydrocarbon Pricing

The base SEC oil and gas prices calculated for December 31, 2018 were \$65.56/Bbl and \$3.100/MMBTU, respectively. As specified by the SEC, a company must use a 12-month average price, calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period. The base oil price is based upon WTI-Cushing spot prices (Bloomberg) from January - December 2018 and the base gas price is based upon Henry Hub spot prices (Gas Daily) from January - December 2018.

The base prices shown above were adjusted for differentials on a per-property basis, which may include local basis differentials, transportation, gas shrinkage, gas heating value (BTU content) and/or crude quality and gravity corrections. Natural gas liquid (NGL) prices were applied as a percentage of WTI. After these adjustments, the net realized prices for the SEC price case over the life of the proved properties was estimated to be \$57.680 per barrel for oil, \$1.854 per MCF for gas and \$15.663 per barrel for NGLs. All economic factors were held constant in accordance with SEC guidelines.

#### Economic Parameters

Ownership was accepted as furnished and has not been independently confirmed. Oil and gas price differentials, gas shrinkage, ad valorem taxes, severance taxes, lease operating expenses and investments were calculated and prepared by LEI and were reviewed by us for accuracy and completeness. In some cases, data was accepted as provided. Lease operating expenses were either determined at the area or individual well level using averages calculated from historical lease operating statements. All economic parameters, including lease operating expenses and investments, were held constant (not escalated) throughout the life of these properties.

---

#### SEC Conformance and Regulations

The reserve classifications and the economic considerations used herein conform to the criteria of the SEC as defined in pages 3 and 4 of the Appendix. The reserves and economics are predicated on regulatory agency classifications, rules, policies, laws, taxes and royalties currently in effect except as noted herein. The possible effects of changes in legislation or other Federal or State restrictive actions which could affect the reserves and economics have not been considered. However, we do not anticipate nor are we aware of any legislative changes or restrictive regulatory actions that may impact the recovery of reserves.

This evaluation includes 37 proved undeveloped locations. Each of the drilling locations proposed conform to the proved undeveloped standards as set forth by the SEC. In our opinion, LEI has indicated they have every intent to complete this development plan as scheduled. Furthermore, LEI has indicated that they have the proper company staffing, financial backing and prior development success to ensure this development plan will be fully executed.

#### Reserve Estimation Methods

The methods employed in estimating reserves are described in page 2 of the Appendix. Reserves for proved developed producing wells were estimated using production performance methods. Certain new producing properties with little production history were forecast using a combination of production performance and analogy to similar production, both of which are considered to provide a relatively high degree of accuracy.

Non-producing reserve estimates, for both developed and undeveloped properties, were forecast using a combination of volumetric and analogy methods. These methods provide a relatively high degree of accuracy for predicting proved developed non-producing and proved undeveloped reserves for LEI properties. The assumptions, data, methods and procedures used herein are appropriate for the purpose served by this report.

#### General Discussion

The estimates and forecasts were based upon interpretations of data furnished by your office and available from our files. To some extent information from public records has been used to check and/or supplement these data. The basic engineering and geological data were subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data. All estimates represent our best judgment based on the data available at the time of preparation. Due to inherent uncertainties in future production rates, commodity prices and geologic conditions, it should be realized that the reserve estimates, the reserves actually recovered, the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts.

An on-site field inspection of the properties has not been performed. The mechanical operation or condition of the wells and their related facilities have not been examined nor have the wells been tested by Cawley, Gillespie & Associates, Inc. Possible environmental liability related to the properties has not been investigated nor considered. The cost of plugging and the salvage value of equipment at abandonment have not been included.

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Cawley, Gillespie & Associates, Inc. is a Texas Registered Engineering Firm (F-693), made up of independent registered professional engineers and geologists that have provided petroleum consulting services to the oil and gas industry for over 50 years. This evaluation was supervised by W. Todd Brooker, President at Cawley, Gillespie & Associates, Inc. and a State of Texas Licensed Professional Engineer (License #83462). We do not own an interest in the properties of Lilis Energy, Inc. and are not employed on a contingent basis. We have used all methods and procedures that we consider necessary under the circumstances to prepare this report. Our work-papers and related data utilized in the preparation of these estimates are available in our office.

Yours very truly,

CAWLEY, GILLESPIE & ASSOCIATES, INC.  
TEXAS REGISTERED ENGINEERING FIRM F-693



W. Todd Brooker, P. E.  
President



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Note: Table I's are Grand Total Summaries of Reserves and Economics  
Table II's are "One-Line" Lease Summaries of Economics for wells/leases in corresponding Table I's.  
Summary Plots are Grand Total Rate-Time History-Forecast Curves based on the corresponding Table I.

**Table I - TP**  
**Composite Reserve Estimates and Economic Forecasts**  
**Lilis Energy, Inc. Interests**  
**Delaware Basin Properties in Texas and New Mexico**  
**Total Proved Reserves**  
**As of December 31, 2018**

(1) End Mo-Year	(2) Gross Oil Production MMBBL/S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBBL/S	(5) Net Oil Production MMBBL/S	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBBL/S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL	
12-2019	2,001.7	10,763.0	797.0	1,333.390	4,761.775	536.060	57.642	1.852	15.568	
12-2020	2,695.9	13,654.3	1,041.2	1,838.538	6,804.777	713.363	57.673	1.855	15.619	
12-2021	3,322.4	17,635.3	1,372.9	2,153.475	8,358.448	888.295	57.681	1.856	15.647	
12-2022	3,716.3	18,362.2	1,436.9	2,435.366	8,741.135	933.005	57.684	1.856	15.656	
12-2023	2,735.1	14,264.4	1,105.3	1,781.211	6,728.126	712.317	57.684	1.855	15.638	
12-2024	1,978.8	10,517.8	801.9	1,294.534	4,972.618	519.825	57.682	1.853	15.611	
12-2025	1,596.0	8,810.6	649.2	1,046.232	4,070.905	421.846	57.682	1.852	15.593	
12-2026	1,356.0	7,244.1	544.6	890.058	3,431.043	355.067	57.680	1.849	15.644	
12-2027	1,185.5	6,369.9	476.1	779.505	3,016.787	310.862	57.680	1.847	15.645	
12-2028	1,061.4	5,731.5	426.2	697.769	2,713.410	278.496	57.680	1.846	15.645	
12-2029	956.8	5,175.0	383.4	629.284	2,449.351	250.736	57.680	1.845	15.654	
12-2030	872.8	4,592.0	341.0	574.128	2,176.663	223.658	57.680	1.839	15.757	
12-2031	800.4	4,224.8	312.7	526.584	2,001.296	205.130	57.679	1.839	15.757	
12-2032	737.9	3,936.8	283.3	485.478	1,849.357	189.107	57.679	1.838	15.757	
12-2033	675.3	3,274.1	264.3	444.134	1,584.466	173.337	57.679	1.858	15.754	
12-2034	618.5	2,972.6	242.8	406.505	1,442.650	159.218	57.679	1.861	15.750	
12-2035	569.0	2,734.9	223.4	374.006	1,327.314	146.489	57.679	1.861	15.750	
12-2036	524.9	2,522.9	206.1	345.009	1,224.406	135.132	57.679	1.861	15.750	
12-2037	481.6	2,314.6	189.1	316.522	1,123.310	123.974	57.679	1.861	15.750	
S Tot	27,887.3	144,870.9	11,102.5	18,352.719	68,777.839	7,275.919	57.678	1.852	15.653	
After	4,341.0	20,633.1	1,685.0	2,852.317	9,971.774	1,100.632	57.692	1.861	15.729	
Total	32,228.3	165,504.0	12,787.5	21,205.036	78,749.613	8,376.551	57.680	1.854	15.663	
Cum Ult	4,116.3	100,688.2	0	0	0	0	0	0	0	
36,344.6	266,192.2	12,787.5	0	0	0	0	0	0	0	
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6	
12-2019	76,858.311	8,819.310	8,345.440	0.000	0.000	94,023.062	5,076.909	2,629.174	4.585	
12-2020	106,090.898	12,620.175	11,141.733	0.000	0.000	129,852.806	7,601.810	4,328.431	4.467	
12-2021	124,215.068	15,511.226	13,899.410	0.000	0.000	153,625.707	8,744.497	4,785.982	4.424	
12-2022	140,482.451	16,223.952	14,606.965	0.000	0.000	171,313.388	9,703.239	5,326.617	4.593	
12-2023	102,746.643	12,480.855	11,138.900	0.000	0.000	126,366.888	7,085.947	3,618.944	6.854	
12-2024	74,671.722	9,216.609	8,115.024	0.000	0.000	92,003.356	5,183.408	2,805.471	5.285	
12-2025	60,348.539	7,540.592	6,577.862	0.000	0.000	74,466.994	4,203.253	2,277.081	5.657	
12-2026	51,338.854	6,343.082	5,554.596	0.000	0.000	63,236.523	3,569.703	1,937.328	5.994	
12-2027	44,961.834	5,573.126	4,864.217	0.000	0.000	55,399.177	3,128.654	1,698.649	6.319	
12-2028	40,247.167	5,010.216	4,357.190	0.000	0.000	49,614.573	2,803.308	1,522.010	6.626	
12-2029	36,296.882	4,519.517	3,924.912	0.000	0.000	44,741.312	2,528.389	1,373.141	6.955	
12-2030	33,115.440	4,003.748	3,524.073	0.000	0.000	40,643.261	2,293.976	1,248.902	7.356	
12-2031	30,373.072	3,679.759	3,232.147	0.000	0.000	37,284.978	2,104.788	1,145.929	7.686	
12-2032	28,002.085	3,395.125	2,976.687	0.000	0.000	34,380.897	1,941.038	1,056.715	8.023	
12-2033	25,617.378	2,944.128	2,730.799	0.000	0.000	31,292.305	1,764.051	963.219	8.521	
12-2034	23,446.926	2,684.553	2,507.694	0.000	0.000	28,639.173	1,615.187	882.427	8.825	
12-2035	21,572.404	2,469.930	2,307.210	0.000	0.000	26,349.543	1,486.057	811.879	9.270	
12-2036	19,999.981	2,278.434	2,129.330	0.000	0.000	24,306.646	1,370.842	749.934	9.737	
12-2037	18,256.798	2,090.310	1,952.589	0.000	0.000	22,298.708	1,257.655	687.006	10.279	
S Tot	1,058,542.356	127,408.650	113,889.269	0.000	0.000	1,299,840.275	73,462.030	40,047.581	5.736	
After	164,556.965	18,554.035	17,311.430	0.000	0.000	200,422.430	11,332.902	6,226.289	16.237	
Total	1,223,099.321	145,962.685	131,200.699	0.000	0.000	1,500,262.705	84,794.932	46,273.870	7.116	
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10.7% M\$
12-2019	2,400,788	34	29.1	0.000	0.000	8,949.954	42,131.856	32,834.381	32,148.767	
12-2020	2,877,613	46	39.7	0.000	0.000	12,478.008	128,027.875	-25,460.931	7,373.450	9,224.147
12-2021	3,542,743	58	49.4	0.000	0.000	14,702.145	17,895.697	17,895.697	25,269.147	23,628.005
12-2022	4,017,982	68	57.8	0.000	0.000	16,645.947	103,954.643	63,508.382	85,778.130	68,335.219
12-2023	4,144,209	67	57.1	0.000	0.000	12,191.011	72,110.580	72,110.580	99,128.026	133,138.847
12-2024	4,144,209	67	57.1	0.000	0.000	8,862.461	0.000	71,007.807	258,913.963	175,273.430
12-2025	4,144,209	67	57.1	0.000	0.000	7,164.010	0.000	56,678.441	315,592.404	205,829.791
12-2026	4,048,566	67	57.1	0.000	0.000	6,097.198	0.000	47,583.729	363,176.133	229,146.049
12-2027	4,038,289	66	56.4	0.000	0.000	5,340.888	0.000	41,192.517	404,368.650	247,493.238
12-2028	4,038,289	66	56.4	0.000	0.000	4,781.223	0.000	36,469.742	440,838.393	262,257.480
12-2029	4,037,237	66	56.4	0.000	0.000	4,312.080	0.000	32,490.464	473,328.856	274,213.422
12-2030	4,028,949	65	55.6	0.000	0.000	3,934.167	0.000	29,139.267	502,468.124	283,961.279
12-2031	4,026,949	65	55.6	0.000	0.000	3,608.392	0.000	26,398.918	528,867.042	291,989.892
12-2032	4,026,949	65	55.6	0.000	0.000	3,328.720	0.000	24,029.475	552,896.516	298,633.140
12-2033	3,951,167	65	55.6	0.000	0.000	3,043.178	0.000	21,570.691	574,467.208	304,054.324
12-2034	3,837,987	63	54.1	0.000	0.000	2,784.947	0.000	19,518.625	593,985.833	308,513.977
12-2035	3,837,987	63	54.1	0.000	0.000	2,562.297	0.000	17,651.323	611,637.155	312,180.622
12-2036	3,837,987	63	54.1	0.000	0.000	2,363.641	0.000	15,985.243	627,622.398	315,195.201
12-2037	3,837,987	63	54.1	0.000	0.000	2,168.481	0.000	14,348.489	641,970.887	317,662.207
S Tot	72,818,096			0.000	0.000	125,316.727	346,224.953	641,970.887	641,970.887	317,662.207
After	65,340,892			0.000	0.000	19,572.295	0.000	97,950.052	739,920.939	327,758.742
Total	138,158,988			0.000	0.000	144,889.031	346,224.953	739,920.939	739,920.939	327,758.742
SEC Pricing YE2018										
		WTI Cushing		Henry Hub				Percent		Cum. Disc.
Year		Oil \$/STB		Gas \$/MMBTU						
2019		65.56		3.100					10.00	489,289.978
Thereafter		Flat		Flat					12.00	374,987.916
Cap		65.56		3.100					15.00	327,758.742
									12.00	289,312.377
									15.00	243,682.265
									20.00	189,247.399

12 Months in first year      42.932 Year Life(12/2061)

THESE DATA ARE PART OF A Q&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

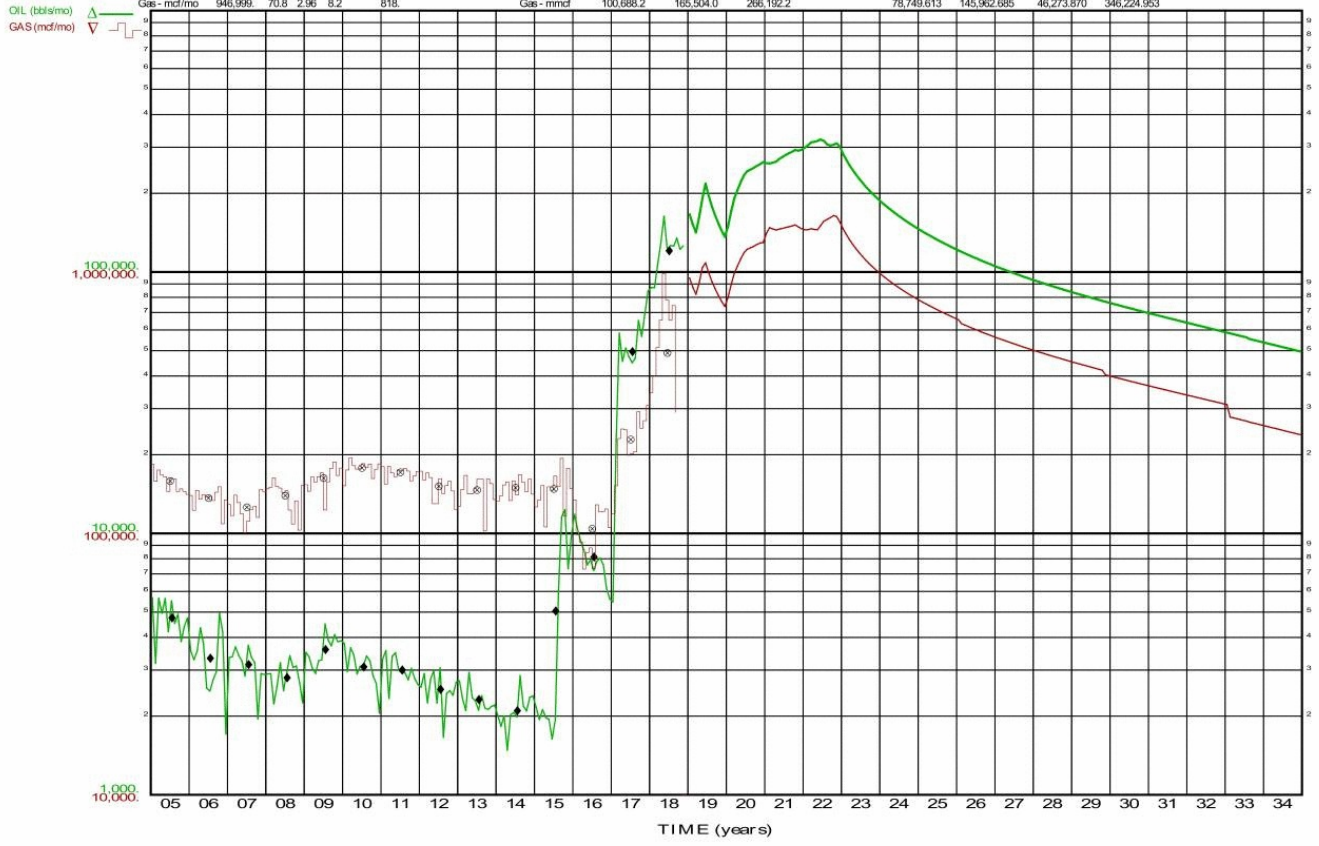
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 Summary

Cawley, Gillespie & Associates, Inc.

Summary Plot- TP  
 Lili Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Total Proved Reserves

Gross Production

As of 01/2019					42.93 Year Life (12/2061)			Current Interest %	Net Oil Prod. Net Gas Sales mbo/mmcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
Q1	Q2	Q3	Q4	Q1	12/2018 Cumulatives	Remaining Reserves	Ultimate Recovery							
Oil - bbls/mo	166,039	75.9	2.84	8.2	127	4,116.3	32,228.3	36,344.6	21,235,036	1,223,059,321	84,794,932	283,048,012	739,920,909	327,758,742
Gas - mcf/mo	946,999	70.8	2.96	8.2	818	100,688.2	165,504.0	266,192.2	78,749,613	145,962,685	46,273,870	346,224,953		



▲ ● - Annual Averages Perf: 0 - 0 Status  
 First Production 00' 0 First Data 01/1968 Last Data 11/2018  
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Cawley, Gillespie & Associates, Inc.

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 SUMMARY

**Table I - PD**  
**Composite Reserve Estimates and Economic Forecasts**  
**Lilis Energy, Inc. Interests**  
**Delaware Basin Properties in Texas and New Mexico**  
**Proved Developed Reserves**  
**As of December 31, 2018**

(1) End Mo-Year	(2) Gross Oil Production MMBBL/S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBBL/S	(5) Net Oil Production MMBBL/S	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBBL/S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL	
12-2019	1,755.1	9,827.4	720.4	1,194.951	4,371.557	492.870	57.626	1.850	15.528	
12-2020	1,083.3	6,474.0	453.1	727.425	3,124.169	305.985	57.632	1.847	15.426	
12-2021	774.3	4,947.4	333.7	524.110	2,373.740	225.895	57.638	1.844	15.351	
12-2022	609.8	4,107.2	269.4	413.994	1,858.097	182.244	57.635	1.841	15.288	
12-2023	505.2	3,556.4	229.2	343.870	1,686.919	154.346	57.638	1.838	15.244	
12-2024	437.1	3,166.0	199.7	297.775	1,495.511	134.971	57.641	1.837	15.211	
12-2025	384.5	2,848.8	177.3	262.169	1,341.157	119.712	57.643	1.835	15.187	
12-2026	344.5	2,440.0	151.1	235.044	1,152.880	102.915	57.639	1.824	15.130	
12-2027	312.8	2,224.1	136.5	213.519	1,049.452	93.117	57.640	1.821	15.415	
12-2028	287.4	2,060.6	125.6	196.199	970.761	85.619	57.640	1.819	15.418	
12-2029	263.5	1,888.4	114.2	179.920	888.558	77.984	57.640	1.816	15.448	
12-2030	242.4	1,605.0	96.4	165.534	757.732	66.608	57.640	1.796	15.817	
12-2031	223.1	1,489.1	88.7	152.300	701.656	61.283	57.640	1.794	15.817	
12-2032	205.8	1,385.6	81.8	140.422	651.550	56.531	57.640	1.792	15.817	
12-2033	187.1	1,311.1	74.8	127.640	485.581	51.710	57.640	1.853	15.809	
12-2034	169.3	844.5	68.5	115.313	431.617	47.315	57.639	1.863	15.793	
12-2035	155.8	777.0	63.0	106.094	397.111	43.532	57.639	1.863	15.793	
12-2036	143.7	716.7	58.1	97.968	366.323	40.157	57.639	1.863	15.793	
12-2037	131.8	657.5	53.4	89.798	336.077	36.842	57.639	1.863	15.793	
S Tot	8,216.3	51,976.8	3,494.0	5,583.995	24,540.485	2,379.636	57.635	1.837	15.456	
After	1,013.5	4,821.3	398.1	694.041	2,505.710	274.272	57.691	1.863	15.708	
Total	9,229.8	56,898.0	3,892.1	6,278.036	27,046.195	2,653.908	57.642	1.839	15.482	
Cum Ult	4,116.3	100,688.2	0.0							
	13,346.1	157,586.2	3,892.1							
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6	
12-2019	68,871.970	8,093.505	7,665.869	0.000	0.000	84,631.343	4,602.736	2,394.381	1,041	
12-2020	41,929.958	5,774.244	4,731.893	0.000	0.000	52,436.095	2,875.053	1,485.338	1,652	
12-2021	30,212.428	4,379.673	3,476.943	0.000	0.000	38,069.044	2,097.268	1,082.177	2,218	
12-2022	23,865.213	3,607.502	2,794.192	0.000	0.000	30,266.907	1,675.545	862.283	2,496	
12-2023	19,822.412	3,104.209	2,360.042	0.000	0.000	25,286.663	1,402.698	721.536		
12-2024	17,165.852	2,749.190	2,059.584	0.000	0.000	21,974.625	1,220.912	627.374	3,126	
12-2025	15,113.735	2,463.260	1,823.961	0.000	0.000	19,400.956	1,079.308	554.099	3,521	
12-2026	13,549.238	2,105.700	1,587.129	0.000	0.000	17,242.066	956.548	493.318	3,822	
12-2027	12,308.525	1,913.956	1,438.138	0.000	0.000	15,660.619	869.947	448.294	4,184	
12-2028	11,310.232	1,768.888	1,322.337	0.000	0.000	14,401.458	799.391	412.316	4,541	
12-2029	10,371.784	1,616.441	1,206.764	0.000	0.000	13,194.989	732.219	377.836	4,957	
12-2030	9,542.505	1,364.537	1,052.982	0.000	0.000	11,960.024	660.181	343.127	5,571	
12-2031	8,779.605	1,262.425	968.798	0.000	0.000	11,010.829	607.928	318.869	6,041	
12-2032	8,098.917	1,171.204	893.687	0.000	0.000	10,163.808	561.297	291.547	6,532	
12-2033	7,357.919	900.201	817.072	0.000	0.000	9,075.192	498.254	261.239	7,396	
12-2034	6,647.266	804.033	746.964	0.000	0.000	8,198.262	450.587	236.569	7,697	
12-2035	6,115.833	739.753	687.246	0.000	0.000	7,542.832	414.564	217.655	8,366	
12-2036	5,941.669	682.396	633.953	0.000	0.000	6,958.031	382.422	200.781	9,069	
12-2037	5,175.851	626.055	581.616	0.000	0.000	6,383.524	350.846	184.203	9,865	
S Tot	321,878.910	45,127.173	36,849.185	0.000	0.000	403,855.268	22,234.594	11,509.963	3,281	
After	40,039.953	4,667.156	4,309.155	0.000	0.000	49,016.264	2,689.536	1,419.800	15,813	
Total	361,918.863	49,794.329	41,158.340	0.000	0.000	452,871.532	24,924.130	12,929.763	4,573	
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	2,334.845	32	27.6	0.000	0.000	7,975.416	7,859.948	59,464.018	56,791.492	
12-2020	2,390.475	32	27.6	0.000	0.000	4,872.204	0.000	40,813.026	100,277.405	92,291.699
12-2021	2,365.643	32	27.6	0.000	0.000	3,516.391	0.000	29,007.564	129,284.609	115,203.143
12-2022	2,142.384	31	26.8	0.000	0.000	2,801.897	0.000	22,794.817	152,069.426	131,556.163
12-2023	1,984.239	30	26.1	0.000	0.000	2,347.206	0.000	18,831.070	170,900.496	143,839.901
12-2024	1,984.239	30	26.1	0.000	0.000	2,034.429	0.000	16,107.672	187,008.168	153,389.462
12-2025	1,984.239	30	26.1	0.000	0.000	1,792.430	0.000	13,990.879	200,999.046	166,928.351
12-2026	1,888.596	30	26.1	0.000	0.000	1,609.450	0.000	12,294.155	213,293.201	186,950.708
12-2027	1,878.319	29	25.4	0.000	0.000	1,462.927	0.000	11,002.131	224,295.334	171,849.925
12-2028	1,878.319	29	25.4	0.000	0.000	1,344.541	0.000	9,966.891	234,262.225	175,884.281
12-2029	1,877.267	29	25.4	0.000	0.000	1,233.030	0.000	8,974.637	243,236.862	179,186.750
12-2030	1,866.979	28	24.6	0.000	0.000	1,134.445	0.000	7,955.291	251,192.153	181,847.984
12-2031	1,866.979	28	24.6	0.000	0.000	1,043.749	0.000	7,176.303	258,368.457	184,030.555
12-2032	1,866.979	28	24.6	0.000	0.000	962.826	0.000	6,481.160	264,849.615	185,822.461
12-2033	1,791.197	28	24.6	0.000	0.000	874.508	0.000	5,649.996	270,499.612	187,242.666
12-2034	1,678.017	26	23.1	0.000	0.000	789.656	0.000	5,043.434	275,543.046	188,395.069
12-2035	1,678.017	26	23.1	0.000	0.000	726.525	0.000	4,506.070	280,049.116	189,331.163
12-2036	1,678.017	26	23.1	0.000	0.000	670.197	0.000	4,026.615	284,075.731	190,091.605
12-2037	1,678.017	26	23.1	0.000	0.000	614.861	0.000	3,555.598	287,631.327	190,702.011
S Tot	36,812.747			0.000	0.000	37,806.688	7,859.948	287,631.327	287,631.327	190,702.011
After	20,398.361			0.000	0.000	4,790.398	0.000	19,718.168	307,349.496	192,889.245
Total	57,211.108			0.000	0.000	42,597.000	7,859.948	307,349.496	307,349.496	192,889.245
SEC Pricing YE2018										
		WTI Cushing		Henry Hub				Percent		
Year	Oil \$/STB	Gas \$/MMBTU							Cum. Disc.	
2019	65.56	3.100							5.00	
Thereafter	Flat	Flat							8.00	
Cap	65.56	3.100							10.00	
									12.00	
									15.00	
									20.00	
									147,265.030	
12 Months in first year								38,806 Year Life(10/2057)		

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

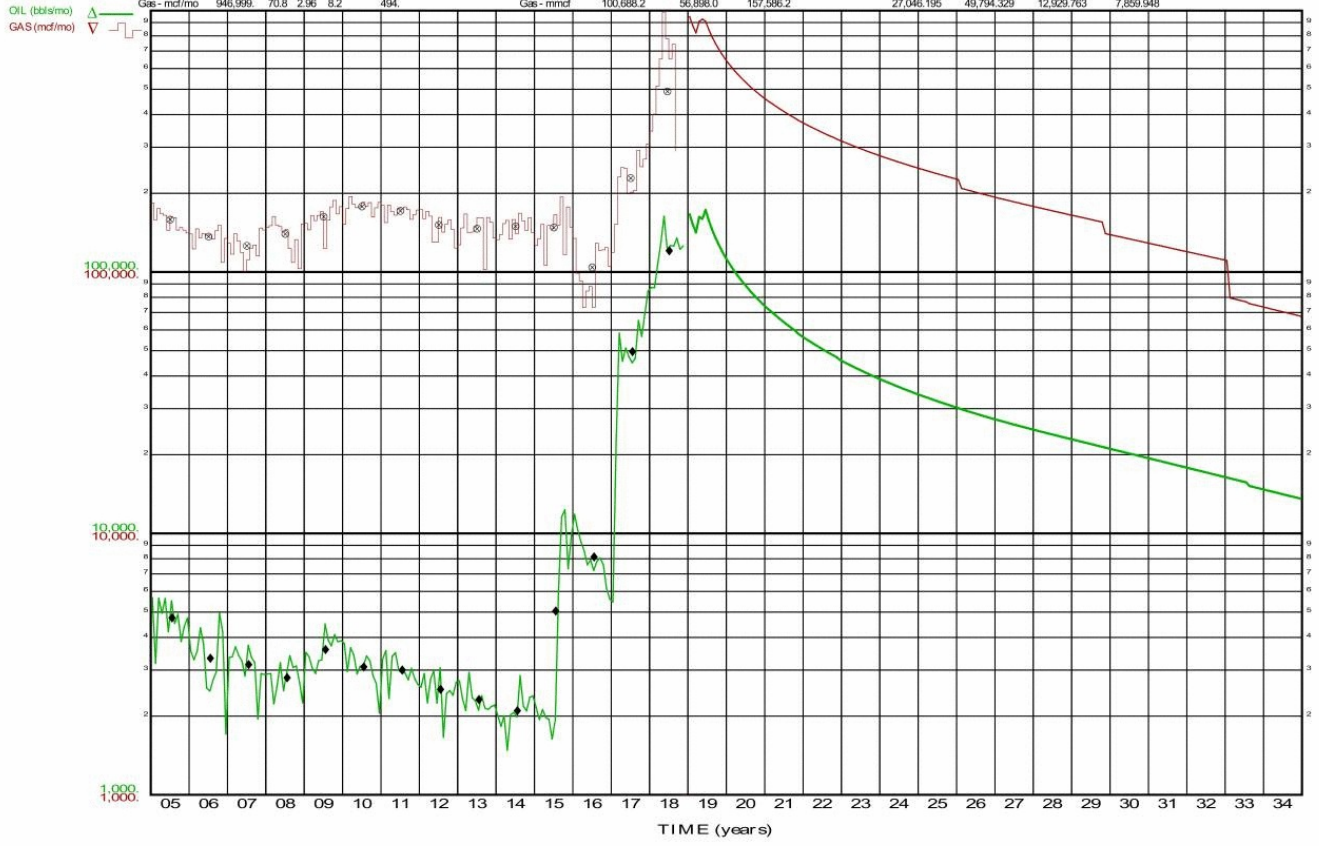
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 Summary

Cawley, Gillespie & Associates, Inc.

Summary Plot- PD  
 Lili Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Reserves

Gross Production

As of 01/2019				12/2018			38.80 Year Life (10/2057)			Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow					
Q1	Q2	Q3	Q4	Cumulatives	Remaining Reserves	Ultimate Recovery	Interest %	Net Gas Sales mbo/mmcf	Oil Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$	Net Gas Sales mbo/mmcf	Oil Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$								
Oil - bbls/mo	166,039	75,9	2,84	8,1	130	4,116.3	9,229.8	13,346.1	6,273.036	361,918,963	24,924,130	99,808,196	307,349,496	Gas - mcf/mo	946,999	70.8	2,96	8.2	494	100,688.2	56,858.0	157,586.2	27,046,195	49,794,329	12,929,763	7,859,948	192,889,245



◆ □ - Annual Averages Perf: 0 - 0 Status  
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Cawley, Gillespie & Associates, Inc.

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 SUMMARY

**Table I - PDP**  
 Composite Reserve Estimates and Economic Forecasts  
 Lillis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Producing Reserves  
 As of December 31, 2018

(1) End Mo-Year	(2) Gross Oil Production MMBBL/S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBBL/S	(5) Net Oil Production MMBBL/S	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBBL/S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL	
12-2019	1,409.8	8,406.5	804.0	1,016.547	3,825.589	432.441	57.626	1.850	15.528	
12-2020	852.6	5,554.1	577.8	611.910	2,777.615	267.628	57.632	1.847	15.426	
12-2021	629.9	4,368.1	286.3	451.396	2,154.731	201.655	57.638	1.844	15.351	
12-2022	502.1	3,574.1	233.9	359.613	1,794.108	164.093	57.635	1.841	15.288	
12-2023	418.4	3,206.8	199.6	296.985	1,554.460	138.685	57.638	1.838	15.244	
12-2024	363.7	2,870.3	175.5	260.656	1,383.423	122.565	57.641	1.837	15.211	
12-2025	321.0	2,592.7	156.3	230.024	1,244.059	108.965	57.643	1.835	15.187	
12-2026	286.2	2,213.0	132.5	206.546	1,096.780	93.385	57.639	1.824	15.130	
12-2027	262.1	2,019.7	119.8	187.666	971.973	84.537	57.640	1.821	15.115	
12-2028	241.1	1,874.0	110.3	172.771	898.956	77.782	57.640	1.819	15.118	
12-2029	221.1	1,717.5	100.2	158.463	823.707	70.806	57.640	1.816	15.148	
12-2030	203.4	1,447.7	83.5	145.793	698.066	60.004	57.640	1.796	15.817	
12-2031	187.2	1,344.4	76.8	134.137	646.760	55.207	57.640	1.794	15.817	
12-2032	172.7	1,252.1	70.9	123.737	600.910	50.926	57.640	1.792	15.817	
12-2033	156.7	838.6	64.8	112.288	438.122	46.568	57.640	1.853	15.809	
12-2034	141.4	731.8	59.3	101.170	388.873	42.584	57.639	1.863	15.793	
12-2035	130.1	673.3	54.5	93.082	357.784	39.179	57.639	1.863	15.793	
12-2036	120.0	621.1	50.3	85.895	330.045	36.142	57.639	1.863	15.793	
12-2037	110.1	589.8	46.2	78.776	302.704	33.188	57.639	1.863	15.793	
S Tot	6,731.5	45,975.7	3,002.5	4,830.604	22,260.752	2,127.310	57.635	1.837	15.456	
After	842.2	4,201.3	339.1	603.639	2,225.472	243.255	57.691	1.863	15.708	
Total	7,573.7	50,177.0	3,341.6	5,434.243	24,486.224	2,370.565	57.642	1.839	15.482	
Cum Ult	4,116.3	100,888.2	.0							
	11,690.0	150,865.2	3,341.6							
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6	
12-2019	58,579.317	7,078.004	6,715.056	0.000	0.000	72,372.377	3,979.969	2,087.907	4.645	
12-2020	35,265.596	5,129.653	4,128.363	0.000	0.000	44,523.611	2,473.702	1,287.526	5.052	
12-2021	26,017.326	3,972.316	3,095.535	0.000	0.000	33,085.177	1,844.392	957.580	5.543	
12-2022	20,726.407	3,302.482	2,508.602	0.000	0.000	26,537.481	1,484.400	769.098	5.757	
12-2023	17,290.571	2,857.835	2,129.363	0.000	0.000	22,277.769	1,246.855	646.537	6.946	
12-2024	15,024.357	2,540.707	1,864.382	0.000	0.000	19,429.445	1,091.747	563.744	6.301	
12-2025	13,259.198	2,282.659	1,654.864	0.000	0.000	17,196.721	967.443	498.993	6.669	
12-2026	11,905.110	1,945.554	1,437.184	0.000	0.000	15,287.847	857.369	444.463	7.045	
12-2027	10,628.512	1,769.771	1,303.138	0.000	0.000	13,901.421	776.665	404.314	7.406	
12-2028	9,958.577	1,637.191	1,199.029	0.000	0.000	12,794.798	717.850	372.149	7.753	
12-2029	9,133.876	1,495.818	1,093.825	0.000	0.000	11,723.519	657.538	341.049	8.179	
12-2030	8,403.566	1,253.558	949.072	0.000	0.000	10,606.196	591.471	309.281	8.960	
12-2031	7,731.722	1,160.318	873.196	0.000	0.000	9,765.236	544.711	284.729	9.424	
12-2032	7,132.277	1,077.014	805.497	0.000	0.000	9,014.787	502.981	262.821	9.910	
12-2033	6,471.092	813.788	736.163	0.000	0.000	8,021.043	444.753	234.885	11.088	
12-2034	5,831.338	724.528	672.524	0.000	0.000	7,228.389	401.364	212.322	11.372	
12-2035	5,365.137	666.604	618.757	0.000	0.000	6,650.498	369.276	195.347	12.049	
12-2036	4,949.175	614.921	570.794	0.000	0.000	6,134.880	340.645	180.202	12.761	
12-2037	4,540.534	564.149	523.656	0.000	0.000	5,628.339	312.519	165.323	13.587	
S Tot	278,413.686	40,886.869	32,878.991	0.000	0.000	352,179.546	19,611.689	10,218.070	6.686	
After	34,824.410	4,145.913	3,821.116	0.000	0.000	42,791.439	2,372.994	1,264.179	19.540	
Total	313,238.096	45,032.782	36,700.107	0.000	0.000	394,970.985	21,984.683	11,482.249	8.003	
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net Count	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. %
12-2019	2,221.086	28	25.2	0.000	0.000	6,768.296	.000	57,315.120	54,961.386	
12-2020	2,221.086	28	25.2	0.000	0.000	4,087.555	.000	34,453.743	91,768.864	84,921.326
12-2021	2,196.254	28	25.2	0.000	0.000	3,022.821	.000	25,064.130	116,832.994	104,716.016
12-2022	1,972.975	27	24.3	0.000	0.000	2,432.339	.000	19,879.079	136,711.073	118,982.046
12-2023	1,814.850	26	23.6	0.000	0.000	2,049.448	.000	16,517.238	153,228.311	129,756.082
12-2024	1,814.850	26	23.6	0.000	0.000	1,782.600	.000	14,176.504	167,404.815	138,160.551
12-2025	1,814.850	26	23.6	0.000	0.000	1,574.360	.000	12,341.074	179,745.889	144,810.351
12-2026	1,719.207	26	23.6	0.000	0.000	1,416.130	.000	10,850.679	190,596.568	150,125.582
12-2027	1,708.930	25	22.9	0.000	0.000	1,288.910	.000	9,719.602	200,316.171	154,453.658
12-2028	1,708.930	25	22.9	0.000	0.000	1,185.620	.000	8,810.249	209,126.420	158,019.826
12-2029	1,707.878	25	22.9	0.000	0.000	1,087.485	.000	7,929.569	217,055.989	160,937.770
12-2030	1,697.590	24	22.1	0.000	0.000	1,000.536	.000	7,007.317	224,063.306	163,281.890
12-2031	1,697.590	24	22.1	0.000	0.000	920.546	.000	6,317.659	230,390.966	165,203.322
12-2032	1,697.590	24	22.1	0.000	0.000	849.175	.000	5,702.220	236,083.185	166,779.874
12-2033	1,621.808	24	22.1	0.000	0.000	770.240	.000	4,949.358	241,032.543	168,023.995
12-2034	1,508.628	22	20.6	0.000	0.000	693.724	.000	4,412.352	245,444.895	169,032.203
12-2035	1,508.628	22	20.6	0.000	0.000	638.263	.000	3,938.984	249,383.879	169,850.494
12-2036	1,508.628	22	20.6	0.000	0.000	598.778	.000	3,516.628	252,900.507	170,514.627
12-2037	1,508.628	22	20.6	0.000	0.000	540.164	.000	3,101.705	256,002.211	171,047.106
S Tot	33,649.987			0.000	0.000	32,697.590	.000	256,002.211	256,002.211	171,047.106
After	17,951.521			0.000	0.000	4,180.306	.000	17,022.438	273,024.649	172,940.825
Total	51,601.508			0.000	0.000	36,877.895	.000	273,024.649	273,024.649	172,940.825
SEC Pricing YE2018										
		WTI Cushing		Henry Hub				Percent	Cum. Disc.	
Year	Oil \$/STB	Gas \$/MMBTU						5.00	209,382.391	
2019	65.56	3.100						8.00	185,445.029	
Thereafter	Flat	Flat						10.00	172,940.825	
Cap	65.56	3.100						12.00	162,432.418	
								15.00	149,471.240	
								20.00	133,048.130	

12 Months in first year      38,806 Year Life(10/2057)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

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 Summary

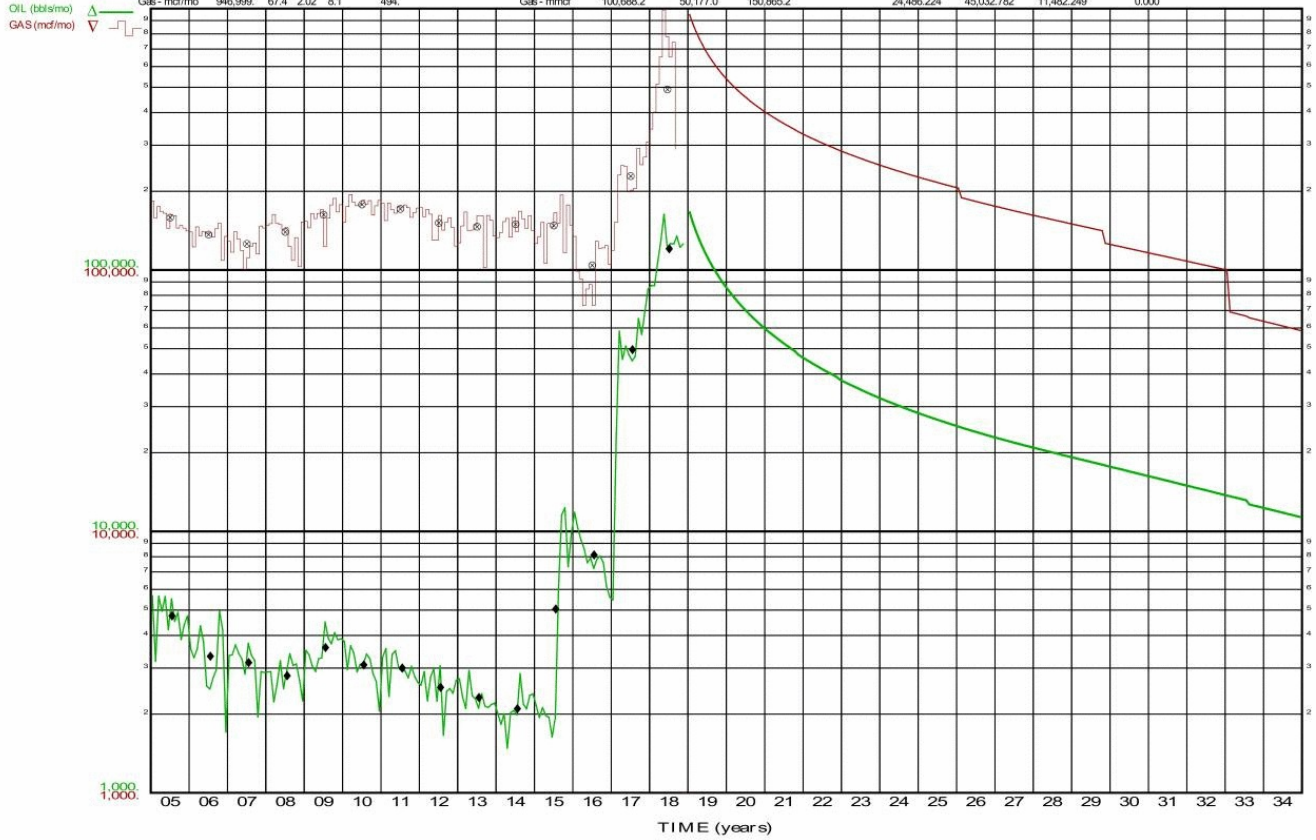
Cawley, Gillespie & Associates, Inc.



Summary Plot- PDP  
 Lili Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Producing Reserves

Gross Production

As of 01/2019					12/2018			38.80 Year Life (10/2057)			Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow	
Q1	Q2	Q3	Q4	QTD	Cumulative	Remaining	Ultimate	Interest	%	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Future Net Cash Flow	Disc. @10.0%									
Oil - bbls/mo	Gas - mcf/mo	Oil - mbbls	Gas - mmcf	Oil - mbbls	Gas - mmcf	Recovery	Recovery	%	%	mmbbl/mmmcf	M\$	M\$	M\$	M\$	M\$									
166,039	71.2	1.84	8.1	130	4,116.3	7,573.7	11,690.0			5,434,243	313,238,056	21,994,683	88,473,404	273,024,649	172,940,625									
946,999	67.4	2.02	8.1	494	100,688.2	50,177.0	150,865.2			24,486,224	45,032,782	11,482,249	0,000											



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Cawley, Gillespie & Associates, Inc.

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 SUMMARY



Table II - PDP  
 Lease Reserve Summary  
 Lilis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Producing Reserves  
 As of December 31, 2018

OPERATOR				Current	Well/Cnt	Ultimate	Gross	Net	Oil Revenue	Prod Tax	Expenses	Future Net	Cash Flow	
LEASE NAME	Well No.	Start Date	ASN	Interest %	Life	Recovery	Reserves MBL / MMCF	Reserves	Gas Revenue M\$ / M\$	Adv. Tax M\$ / M\$	Investments M\$ / M\$	Cash Flow M\$	Disc. @ 10.0 M\$	
<b>CHEYENNE (ATOKA) -- WINKLER COUNTY, TEXAS</b>														
<b>LILISENERGY, INC.</b>														
A.G. HILL 1	1	PDP	Gas	1	140	59.0625 NI 78.7900 WI	10.9	1.9 7,272.2	0.0 2,987.0	1,323.1	0.0 2,666.1	288.1 96.0	123.7 0.0	3,333.3 2,239.0
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>														
<b>LILISENERGY, INC.</b>														
A.G. HILL 1H	2	PDP	Oil	1H	428	75.0000 NI 100.0000 WI	14.6	241.4 320.9	184.7 277.0	138.5 153.7	7,991.0 286.0	413.7 214.7	3,573.5 0.0	4,387.4 3,402.2
<b>PHANTOM (2ND BONE SPRINGS) -- WINKLER COUNTY, TEXAS</b>														
<b>LILISENERGY, INC.</b>														
A.G. HILL 2H	3	PDP	Oil	2H	501	75.0000 NI 100.0000 WI	32.0	428.8 1,160.0	397.5 2,093.2	298.2 519.1	17,201.4 965.5	945.7 480.6	4,328.1 0.0	13,469.1 8,914.9
<b>PHANTOM (3RD BONE SPRINGS) -- WINKLER COUNTY, TEXAS</b>														
<b>LILISENERGY, INC.</b>														
ANTELOPE 1H 3RD BS 1.5	4	PDP	Oil	1H	412	77.3363 NI 100.0000 WI	24.5	221.3 2,392.7	204.9 2,253.5	158.4 1,124.4	9,140.7 2,091.4	747.9 337.0	3,671.4 0.0	8,722.0 5,969.5
<b>PHANTOM (WOLFCAMP XY) -- WINKLER COUNTY, TEXAS</b>														
<b>LILISENERGY, INC.</b>														
AXIS 2H (WASMEERKAT 1H)	5	PDP	Oil	1H	435	75.4847 NI 100.0000 WI	33.9	376.6 3,496.6	305.9 3,059.4	230.9 1,709.0	13,323.7 3,178.7	1,077.6 487.0	3,975.7 0.0	13,938.3 8,536.9
<b>PHANTOM (WOLFCAMP) -- WINKLER COUNTY, TEXAS</b>														
<b>IMPETRO OPERATING LLC</b>														
BISON 1H	6	PDP	Oil	1H	331	68.7771 NI 91.2062 WI	27.6	599.9 1,664.0	251.6 905.9	173.1 504.7	10,098.7 907.4	603.8 298.3	2,980.9 0.0	8,049.5 5,154.9
<b>PHANTOM (WOLFCAMP A) -- WINKLER COUNTY, TEXAS</b>														
<b>LILISENERGY, INC.</b>														
EAST AXIS 1.5	7	PDP	Oil		531	75.0000 NI 100.0000 WI	38.3	655.7 1,967.0	643.5 1,930.4	482.6 1,071.4	27,842.2 1,992.7	1,574.8 792.5	6,063.8 0.0	23,269.6 14,488.5
<b>PHANTOM (WOLFCAMP) -- WINKLER COUNTY, TEXAS</b>														
<b>IMPETRO OPERATING LLC</b>														
GRIZZLY 1H	8	PDP	Oil	1H	332	64.8591 NI 89.4651 WI	36.6	392.4 2,438.1	253.1 1,771.7	164.2 907.8	9,578.3 1,744.8	702.2 326.0	3,187.8 0.0	8,824.5 5,034.0
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>														
<b>LILISENERGY, INC.</b>														
GRIZZLY 2H	9	PDP	Oil	2H	426	66.8118 NI 92.2789 WI	35.2	496.1 2,587.1	382.1 2,101.7	255.3 828.5	14,394.7 1,386.9	825.7 413.5	3,072.7 0.0	12,227.7 7,625.7
<b>EVETTS (SILURIAN) -- WINKLER COUNTY, TEXAS</b>														
<b>IMPETRO OPERATING LLC</b>														
HALEY, J. 605	10	PDP	Gas	605	522	36.3786 NI 49.8337 WI	14.1	0.5 22,092.5	0.0 7,555.8	0.0 2,721.2	0.0 4,217.9	318.2 105.4	160.2 0.0	3,633.9 2,163.5
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>														
<b>LILISENERGY, INC.</b>														
HIPPO 1H	11	PDP	Oil	1H	224	73.4685 NI 100.0000 WI	27.6	396.2 1,552.7	232.5 1,069.7	170.8 636.6	9,988.6 1,184.0	638.9 308.7	3,630.7 0.0	7,770.4 4,918.7

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 TEXAS REGISTERED ENGINEERING FIRM F-693.

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Table II - PDP (cont.)  
 Lease Reserve Summary  
 Lillis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Producing Reserves  
 As of December 31, 2018

OPERATOR					Current	Well/Cnt	Ultimate	Gross	Net	Oil Revenue	Prod Tax	Expenses	Future Net	Cash Flow
LEASE NAME	Major	Well No.	Start Date	ASN	Interest %	Life	Recovery	Reserves	Reserves	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0
Table Class								MBBL / MMCF		MS / MS	MS / MS	MS / MS	MS	MS
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
HIPPO 2H					59.4972 NI	1	450.2	332.2	197.7	10,884.9	663.8	3,277.7	8,765.4	5,867.9
12 PDP	Oil	2H		432	85.4037 WI	25.9	1,652.7	1,362.1	551.1	1,059.1	325.6	0.0		
<b>PHANTOM (WOLFCAMP XY) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
HOWELL 1H					75.0000 NI	1	173.6	151.9	113.9	6,572.2	705.7	2,976.1	7,946.1	5,528.2
13 PDP	Oil	1H		476	100.0000 WI	23.5	3,117.4	2,885.9	1,378.7	2,564.4	298.2	0.0		
<b>PHANTOM (WOLFCAMP) -- WINKLER COUNTY, TEXAS</b>														
<b>IMPETRO OPERATING LLC</b>														
KUDU 1H					61.6309 NI	1	207.6	103.3	63.6	3,754.8	232.2	1,365.4	2,828.3	2,009.4
14 PDP	Oil	1H		28	79.3142 WI	21.6	980.5	442.3	220.8	417.6	113.5	0.0		
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
KUDU 2H					58.2447 NI	1	490.8	365.9	213.1	12,434.8	807.4	3,119.2	11,227.9	6,847.5
15 PDP	Oil	2H		320	74.9912 WI	32.7	2,068.8	1,795.1	826.0	1,562.0	388.6	0.0		
LION 1H					70.0364 NI	1	430.3	294.3	206.1	12,161.2	880.9	3,235.5	11,886.7	7,072.8
16 PDP	Oil			319	94.0921 WI	35.4	2,866.2	2,207.2	1,252.1	2,367.7	410.3	0.0		
LION 3H					72.3491 NI	1	494.1	376.3	272.2	14,991.3	971.2	3,720.6	13,545.5	8,551.7
17 PDP	Oil	3H		427	97.2173 WI	30.4	2,699.1	2,144.7	1,287.9	2,355.5	467.6	0.0		
<b>JABALINA (WOLFCAMP, SOUTHWEST) -- LEA COUNTY, NEW MEXICO</b>														
<b>IMPETRO OPERATING, LLC</b>														
MEXICO P FEDERAL 001					78.4445 NI	0	13.7			Non-Commercial				
18 PDP	Oil	001		133	100.0000 WI	0.0	86.3							
<b>PHANTOM (WOLFCAMP A) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
MOOSE #1H 1.5 (CGA)					61.9618 NI	1	616.2	548.8	340.0	19,614.3	1,163.9	4,325.6	16,991.5	10,028.2
19 PDP	Oil	1H		498	77.2739 WI	38.8	2,213.6	2,085.4	956.0	1,778.2	576.4	0.0		
<b>PHANTOM (WOLFCAMP A) -- LEA COUNTY, NEW MEXICO</b>														
<b>LILIS ENERGY, INC.</b>														
PRIZE HOG 2H (CGA)					79.3750 NI	1	388.6	301.7	239.5	13,815.8	1,161.6	3,687.3	10,454.8	6,856.3
20 PDP	Oil			479	100.0000 WI	30.1	1,220.0	1,059.9	620.2	1,153.6	805.5	0.0		
<b>TBD (WOLFCAMP B) -- LEA COUNTY, NEW MEXICO</b>														
<b>LILIS ENERGY, INC.</b>														
PRIZE HOG BWZ ST COM 1H					80.3125 NI	1	417.8	296.8	238.4	13,597.0	1,123.3	5,765.4	7,934.4	4,956.6
21 PDP	Oil	#1H		317	100.0000 WI	29.3	1,089.1	890.5	321.8	626.5	780.2	0.0		
<b>HALEY (LWR. WOLFCAMP-PENN CONS.) -- LOVING COUNTY, TEXAS</b>														
<b>IMPETRO OPERATING LLC</b>														
SHAMMO C24.4.1					37.5264 NI	0	1.1			Non-Commercial				
22 PDP	Gas	1		68	50.0000 WI	0.0	363.4							
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
TIGER 1H					72.8298 NI	1	437.1	294.7	214.6	12,381.3	828.6	3,545.5	11,034.5	6,944.8
23 PDP	Oil	1H		322	89.8677 WI	29.4	2,070.6	1,502.8	897.5	1,697.2	395.1	0.0		

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Table II - PDP (cont.)  
 Lease Reserve Summary  
 Lilis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Producing Reserves  
 As of December 31, 2018

OPERATOR				Current	Well/Cnt	Ultimate	Gross	Net	Oil Revenue	Prod Tax	Expenses	Future Net	Cash Flow	
LEASE NAME	Start	Interest	Life	Recovery	Reserves	Reserves	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0			
Table Class	Major	Well No.	Date	ASN	%	MBBL / MMCF	M\$ / M\$	M\$ / M\$	M\$ / M\$	M\$	M\$	M\$		
PHANTOM (3RD BONE SPRINGS) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
TIGER 3H 1.5					75.3079 NI	1	529.6	502.5	378.4	21,832.5	1,500.3	4,901.3	21,276.8	13,837.6
24 PDP	Oil			534	93.5038 WI	37.2	3,442.1	3,266.3	1,820.2	3,385.6	709.7	0.0		
CRITTENDON (ATOKA OOLITIC) -- WINKLER COUNTY, TEXAS														
IMPETRO OPERATING LLC														
TUBB 1 UNIT 1					57.4207 NI	0	0.2		Non-Commercial					
25 PDP	Gas	1		24	71.9605 WI	0.0	728.3							
CRITTENDON (MORROW) -- WINKLER COUNTY, TEXAS														
IMPETRO OPERATING LLC														
TUBB 22 UNIT 1R					67.1790 NI	0	0.6		Non-Commercial					
26 PDP	Gas	1R		104	85.4286 WI	0.0	2,455.8							
TUBB 9 UNIT 1					55.4437 NI	0	3.0		Non-Commercial					
27 PDP	Gas	1		94	69.5816 WI	0.0	1,418.8							
CRITTENDON (BRUSHY CANYON) -- WINKLER COUNTY, TEXAS														
IMPETRO OPERATING LLC														
TUBB ESTATE 1-75 1					48.5349 NI	0	74.4		Non-Commercial					
28 PDP	Oil	1		23	62.9061 WI	0.0	89.7							
TUBB ESTATE 21 2					65.9115 NI	0	29.7		Non-Commercial					
29 PDP	Oil	2		88	89.8183 WI	0.0	19.5							
CRITTENDON (ELLEN. 21450) -- WINKLER COUNTY, TEXAS														
IMPETRO OPERATING LLC														
TUBB ESTATE 25 1					72.0760 NI	0	0.0		Non-Commercial					
30 PDP	Gas	1		99	90.7357 WI	0.0	58.5							
CRITTENDON (BRUSHY CANYON) -- WINKLER COUNTY, TEXAS														
IMPETRO OPERATING LLC														
TUBB ESTATE 25 3					75.7795 NI	0	11.7		Non-Commercial					
31 PDP	Oil	3		71	93.5935 WI	0.0	12.8							
PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
WEST AXIS 1H 1.5					74.9996 NI	1	590.6	527.6	395.7	22,829.3	1,204.0	5,232.3	17,775.8	11,417.1
32 PDP	Oil			436	100.0000 WI	35.2	1,019.9	1,002.5	556.4	1,034.8	620.8	0.0		
PHANTOM (WOLFCAMP XY) -- LEA COUNTY, NEW MEXICO														
LILIS ENERGY, INC.														
WILD HOG 2H (CGA)					79.3750 NI	1	334.4	268.3	213.0	12,566.7	1,110.8	3,070.9	10,386.8	6,535.4
33 PDP	Oil			481	100.0000 WI	35.8	1,681.2	1,395.3	764.2	1,445.1	766.8	0.0		
TBD (WOLFCAMP B) -- LEA COUNTY, NEW MEXICO														
LILIS ENERGY, INC.														
WILD HOG BWX ST COM 1H					80.3125 NI	1	425.4	300.8	241.5	14,252.0	1,250.2	3,384.5	11,772.9	6,773.4
34 PDP	Oil	#1H		314	100.0000 WI	38.7	1,816.0	1,503.8	833.3	1,575.8	863.6	0.0		
CRITTENDON (PENN.) -- WINKLER COUNTY, TEXAS														
IMPETRO OPERATING LLC														
WOLFE UNIT 1					57.3676 NI	1	706.0	3.9	2.2	139.7	147.3	751.7	1,061.8	798.2
35 PDP	Gas	1		50	70.6134 WI	7.1	69,781.2	1,563.5	663.7	1,316.8	50.3	0.0		

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Table II - PDP (cont.)  
 Lease Reserve Summary  
 Lillis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Producing Reserves  
 As of December 31, 2018

OPERATOR					Current	Well/Cnt	Ultimate	Gross	Net	Oil Revenue	Prod Tax	Expenses	Future Net	Cash Flow
LEASE NAME	Table Class	Major	Well No.	Start Date	Interest %	Life	Recovery	Reserves	Reserves	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0
								MBBL / MMCF		M\$ / M\$	M\$ / M\$	M\$ / M\$	M\$	M\$
CRITTENDON (BRUSHY CANYON) -- WINKLER COUNTY, TEXAS														
IMPETRO OPERATING LLC														
WOLFE UNIT 3H					69.4042	NI	1	77.7	26.2	18.2	1,060.3	57.4	713.0	346.7
36 PDP	Oil	3H		111	86.4624	WI	2.9	72.2	52.4	29.4	55.7	29.3	0.0	
CRITTENDON (BELL CANYON) -- WINKLER COUNTY, TEXAS														
IMPETRO OPERATING LLC														
WOLFE UNIT 5&6					61.8916	NI	1	975.2	22.7	14.1	810.6	39.3	639.0	121.3
37 PDP	Oil	5,6		15	70.2980	WI	4.0	897.9	16.1	7.4	13.8	20.9	0.0	
GRAND TOTAL							28	11,690.0	7,573.7	5,434.2	313,238.1	21,964.7	88,479.4	273,024.7
								150,865.2	50,177.0	24,486.2	45,032.8	11,462.2	0.0	172,940.8

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Scenario: .000

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Rate-Time History-Forecast Curves  
And  
Tabular Reserves and Economics  
By Property

Cawley, Gillespie & Associates, Inc.  
Petroleum Consultants

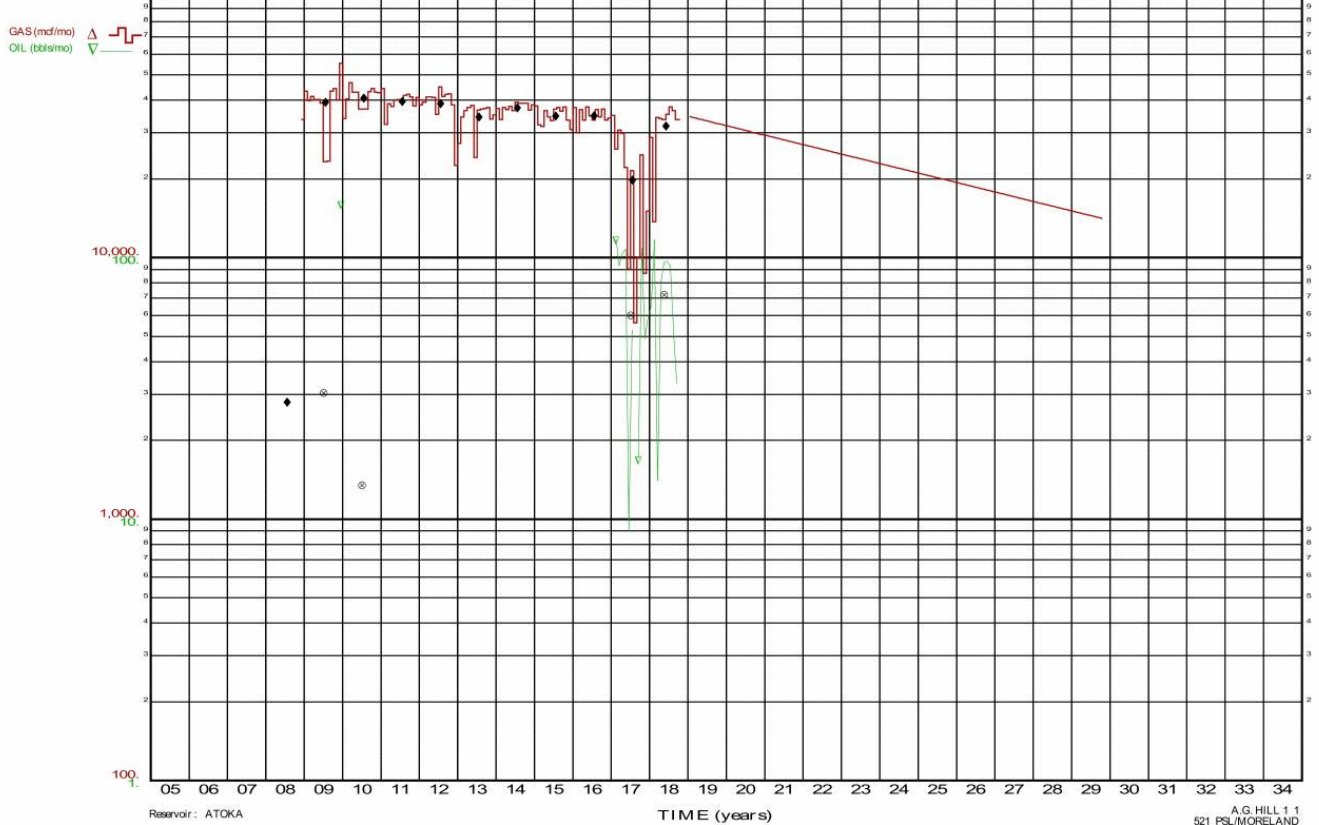
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Figure 1  
 LILISENERGY, INC. -- A.G. HILL 1 1  
 CHEYENNE (ATOKA) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category : PDP

As of 01/2019

As of 01/2019										10.90 Year Life (11/2029)									
		Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Q <sub>1b</sub>	YIELD - bbl/mmcf		12/2018	10.90	Year	Life	Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	0	0.0	0.00	0.0	0	Initial	Final	Cumulatives	Remaining	Recovery	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%
		34,624	8.0	0.00	8.0	14,130	0.0	0.0	1.9	0.0	1.9	7,272.2	59.062 NI	0.000	2,666.099	288.085	123.688	3,333.336	2,239.013
									4,285.2	2,987.0	7,272.2	78.750 WI		1,323.126		96.028	0.000		



Reservoir : ATOKA

TIME (years)

• @ \* - Annual Averages Perf: 14696 - 14702 Status:  
 First Production 00/ 0 First Data 12/2008 Last Data 09/2018  
 01/16/2019 12:15:19 21 API: 42495309140100

Cawley, Gillespie & Associates, Inc.

A.G. HILL 1 1  
 521 PSL/MORELAND  
 TX GAS 2313341  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 140

**Table 1**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 LILLIS ENERGY, INC. -- A.G. HILL 1 1  
 CHEYENNE (ATOKA) FIELD -- Winkler COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	0	399.8	23.9	0.000	177,092	14,111	0.000	2,015	11,145
12-2020	0	368.8	22.0	0.000	163,362	13,017	0.000	2,015	11,145
12-2021	0	338.3	20.2	0.000	149,873	11,942	0.000	2,015	11,145
12-2022	0	311.3	18.6	0.000	137,891	10,988	0.000	2,015	11,145
12-2023	0	286.4	17.1	0.000	128,867	10,109	0.000	2,015	11,145
12-2024	0	264.2	15.8	0.000	117,031	9,325	0.000	2,015	11,145
12-2025	0	242.4	14.5	0.000	107,368	8,555	0.000	2,015	11,145
12-2026	0	223.0	13.3	0.000	98,784	7,871	0.000	2,015	11,145
12-2027	0	205.2	12.3	0.000	90,887	7,242	0.000	2,015	11,145
12-2028	0	189.3	11.3	0.000	83,840	6,681	0.000	2,015	11,145
11-2029	0	158.3	9.5	0.000	70,128	5,588	0.000	2,015	11,145
12-2030									
12-2031									
12-2032									
12-2033									
12-2034									
12-2035									
12-2036									
12-2037									
S Tot	0	2,987.0	178.5	0.000	1,323,126	105,430	0.000	2,015	11,145
After	0	0	0	0.000	0.000	0.000	0.000	0.000	0.000
Total	0	2,987.0	178.5	0.000	1,323,126	105,430	0.000	2,015	11,145
Cum Ult	1.9	4,285.2	0						
	1.9	7,272.2	178.5						

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	356,840	157,271	0.000	0.000	514,112	38,558	12,853	293
12-2020	0.000	329,174	145,078	0.000	0.000	474,252	35,569	11,856	318
12-2021	0.000	301,995	133,099	0.000	0.000	435,094	32,632	10,877	346
12-2022	0.000	277,851	122,458	0.000	0.000	400,310	30,023	10,008	376
12-2023	0.000	255,638	112,688	0.000	0.000	368,306	27,623	9,208	409
12-2024	0.000	235,818	103,933	0.000	0.000	339,751	25,481	8,494	444
12-2025	0.000	216,347	95,351	0.000	0.000	311,699	23,377	7,792	483
12-2026	0.000	199,051	87,728	0.000	0.000	286,779	21,508	7,169	525
12-2027	0.000	183,137	80,715	0.000	0.000	263,852	19,789	6,596	571
12-2028	0.000	168,938	74,457	0.000	0.000	243,395	18,255	6,085	619
11-2029	0.000	141,309	62,280	0.000	0.000	203,588	15,269	5,090	672
12-2030									
12-2031									
12-2032									
12-2033									
12-2034									
12-2035									
12-2036									
12-2037									
S Tot	0.000	2,666,099	1,175,039	0.000	0.000	3,841,138	288,085	96,028	428
After	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	0.000	2,666,099	1,175,039	0.000	0.000	3,841,138	288,085	96,028	428

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	11,340	1	0.8	0.000	0.000	0.000	0.000	451,360	451,360	430,785
12-2020	11,340	1	0.8	0.000	0.000	0.000	0.000	415,487	866,847	791,258
12-2021	11,340	1	0.8	0.000	0.000	0.000	0.000	380,245	1,247,092	1,091,146
12-2022	11,340	1	0.8	0.000	0.000	0.000	0.000	346,939	1,594,031	1,341,343
12-2023	11,340	1	0.8	0.000	0.000	0.000	0.000	320,135	1,914,166	1,550,033
12-2024	11,340	1	0.8	0.000	0.000	0.000	0.000	294,436	2,210,602	1,724,510
12-2025	11,340	1	0.8	0.000	0.000	0.000	0.000	269,189	2,479,791	1,869,516
12-2026	11,340	1	0.8	0.000	0.000	0.000	0.000	246,761	2,726,552	1,990,364
12-2027	11,340	1	0.8	0.000	0.000	0.000	0.000	226,127	2,952,679	2,091,046
12-2028	11,340	1	0.8	0.000	0.000	0.000	0.000	207,716	3,160,394	2,175,118
11-2029	10,288	1	0.8	0.000	0.000	0.000	0.000	172,941	3,333,336	2,239,013
12-2030										
12-2031										
12-2032										
12-2033										
12-2034										
12-2035										
12-2036										
12-2037										
S Tot	123,688			0.000	0.000	0.000	0.000	3,333,336	3,333,336	2,239,013
After	0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	123,688			0.000	0.000	0.000	0.000	3,333,336	3,333,336	2,239,013

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Del n Def	Initial	Final	Units		Initial	Final		M\$
Gas Rate	34,738	13,991	Mcf/mo	8.0%	0.00	0.0%	1,200	1,200		5.00	2,691,845
Oil Rate	0	0	bbl/mo	0.0%	0.00	0.0%				8.00	2,402,347
NGL Rate	0	0	bbl/mo	0.0%	0.00	0.0%				10.00	2,239,013
Cond Yield	2.107	860	bbl/MMcf							12.00	2,085,073
NGL Yield	60.7	61.5	bbl/MMcf							15.00	1,909,313
Gas Shrinkage	25.3	24.3	%							20.00	1,662,156
Oil Severance	0.0	0.0	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	46.3		%								

12 Months in first year    10,908 Year Life (11/2029)

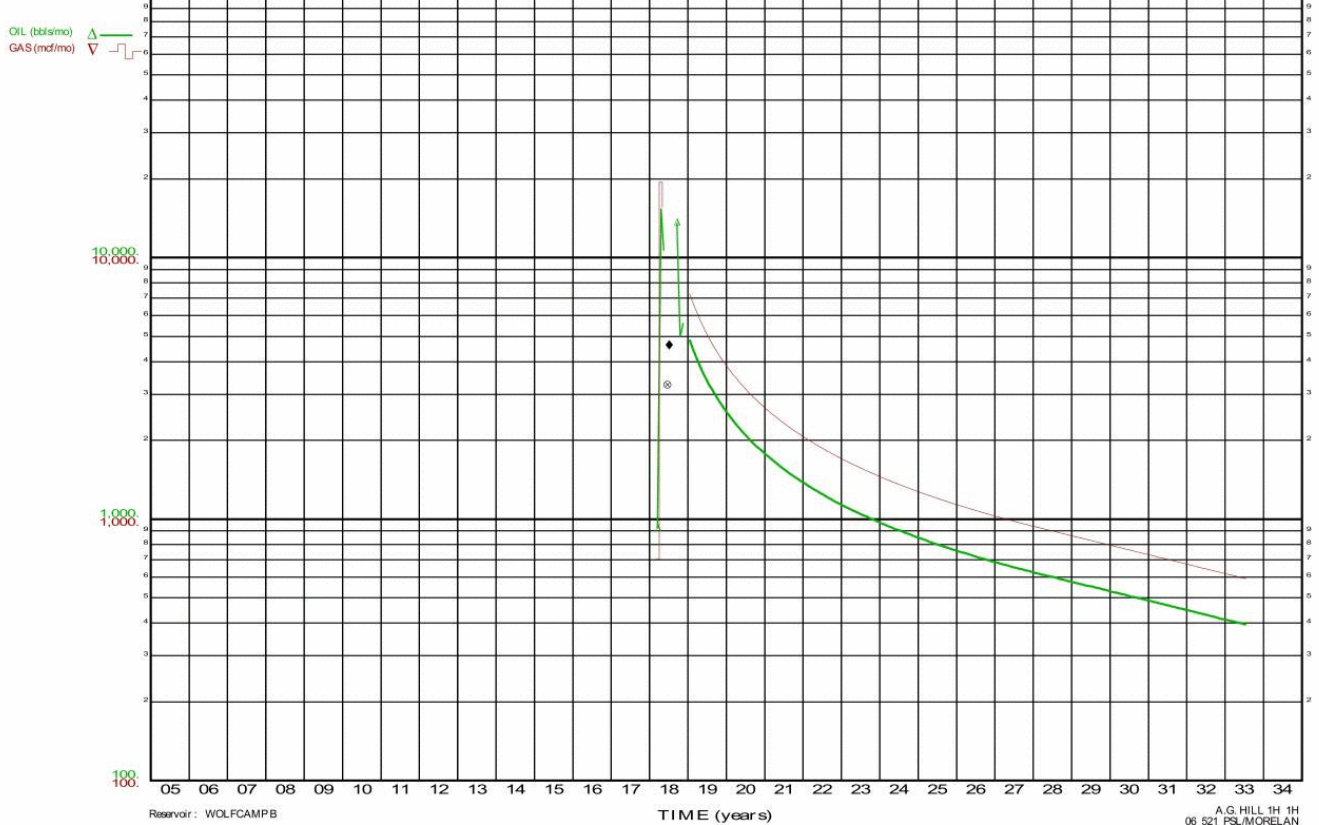
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 140    DEFAULT 1/16/2019    12-12-35  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    GAS FOP    Table 1

Figure 2  
 LILISENERGY, INC. -- A.G. HILL 1H 1H  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				14.63 Year Life (09/2033)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow		
Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Q <sub>1</sub>	GOR - scf/bbl	12/2018	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Future Net	Cash Flow
Oil - bbls/mo	4,854	64.8	1.20	8.0	394	Initial	Final	Oil - mmbbls	75,000	NI	138,510	7,991,034	413,696	3,573,526	4,387,422
Gas - mcf/mo	7,280	0.0	0.00	8.0	592	1,500	1,500	Gas - mmmcf	100,000	WI	153,746	285,968	214,734	0,000	3,402,176



Reservoir: WOLFCAMPB  
 \* @ \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 02/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495339400000

Cawley, Gillespie & Associates, Inc.

A.G. HILL 1H 1H  
 06 521 PSL/MORELAN  
 TX OIL  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 426



**Table 2**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lilis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 LILIS ENERGY, INC. -- A.G. HILL 1H 1H  
 PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	42.2	63.2	5.2	31,616	35,093	3,884	57.693	1.860	18.357
12-2020	25.5	38.3	3.1	19,139	21,245	2,351	57.693	1.860	18.357
12-2021	18.7	28.1	2.3	14,031	15,574	1,724	57.693	1.860	18.357
12-2022	15.0	22.5	1.8	11,226	12,461	1,379	57.693	1.860	18.357
12-2023	12.6	18.8	1.5	9,420	10,456	1,157	57.693	1.860	18.357
12-2024	10.9	16.3	1.3	8,172	9,071	1,004	57.693	1.860	18.357
12-2025	9.6	14.4	1.2	7,204	7,997	885	57.693	1.860	18.357
12-2026	8.6	12.9	1.1	6,472	7,184	795	57.693	1.860	18.357
12-2027	7.8	11.8	1.0	5,885	6,533	723	57.693	1.860	18.357
12-2028	7.2	10.8	.9	5,415	6,011	665	57.693	1.860	18.357
12-2029	6.6	9.9	.8	4,968	5,515	610	57.693	1.860	18.357
12-2030	6.1	9.1	.7	4,571	5,074	562	57.693	1.860	18.357
12-2031	5.6	8.4	.7	4,205	4,668	517	57.693	1.860	18.357
12-2032	5.2	7.8	.6	3,879	4,306	477	57.693	1.860	18.357
08-2033	3.1	4.6	.4	2,306	2,560	283	57.693	1.860	18.357
12-2034									
12-2035									
12-2036									
12-2037									
S Tot	184.7	277.0	22.7	138,510	153,746	17,017	57.693	1.860	18.357
After	.0	.0	.0	.000	.000	.000	.000	.000	.000
Total	184.7	277.0	22.7	138,510	153,746	17,017	57.693	1.860	18.357
Cum Ult	56.7	43.9	.0						
	241.4	320.9	22.7						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6
12-2019	1,823,991	65,274	71,301	0.000	0.000	1,960,566	94,428	49,014	10,007
12-2020	1,104,203	39,515	43,164	0.000	0.000	1,186,882	57,165	29,672	12,902
12-2021	809,472	28,968	31,643	0.000	0.000	870,083	41,906	21,752	15,573
12-2022	647,672	23,178	25,318	0.000	0.000	696,158	33,530	17,404	18,073
12-2023	543,466	19,449	21,245	0.000	0.000	584,158	28,135	14,604	20,472
12-2024	471,460	16,872	18,430	0.000	0.000	506,762	24,408	12,669	22,748
12-2025	415,625	14,874	16,247	0.000	0.000	446,745	21,517	11,169	25,066
12-2026	373,370	13,361	14,595	0.000	0.000	401,327	19,329	10,033	27,262
12-2027	338,546	12,151	13,273	0.000	0.000	364,972	17,576	9,124	29,423
12-2028	312,420	11,180	12,213	0.000	0.000	335,813	16,174	8,395	31,495
12-2029	286,621	10,257	11,204	0.000	0.000	308,082	14,838	7,702	33,829
12-2030	263,707	9,437	10,309	0.000	0.000	283,452	13,652	7,086	36,285
12-2031	242,624	8,683	9,484	0.000	0.000	260,791	12,561	6,520	38,954
12-2032	223,813	8,009	8,749	0.000	0.000	240,572	11,587	6,014	41,760
08-2033	133,043	4,761	5,201	0.000	0.000	143,005	6,888	3,575	43,969
12-2034									
12-2035									
12-2036									
12-2037									
S Tot	7,991,034	285,968	312,377	0.000	0.000	8,589,379	413,696	214,734	20,397
After	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
Total	7,991,034	285,968	312,377	0.000	0.000	8,589,379	413,696	214,734	20,397

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10.1%
12-2019	177,600	1	1.0	0.000	0.000	222,574	.000	1,416,950	1,416,950	1,359,461
12-2020	177,600	1	1.0	0.000	0.000	134,741	.000	787,705	2,204,655	2,044,826
12-2021	177,600	1	1.0	0.000	0.000	98,776	.000	530,048	2,734,703	2,463,668
12-2022	177,600	1	1.0	0.000	0.000	78,033	.000	388,601	3,123,304	2,742,712
12-2023	177,600	1	1.0	0.000	0.000	66,317	.000	297,503	3,420,806	2,936,878
12-2024	177,600	1	1.0	0.000	0.000	57,530	.000	234,555	3,655,361	3,076,021
12-2025	177,600	1	1.0	0.000	0.000	50,717	.000	185,743	3,841,104	3,176,165
12-2026	177,600	1	1.0	0.000	0.000	45,561	.000	148,803	3,989,908	3,249,099
12-2027	177,600	1	1.0	0.000	0.000	41,434	.000	119,236	4,109,144	3,302,229
12-2028	177,600	1	1.0	0.000	0.000	38,123	.000	95,521	4,204,664	3,340,929
12-2029	177,600	1	1.0	0.000	0.000	34,975	.000	72,967	4,277,631	3,367,804
12-2030	177,600	1	1.0	0.000	0.000	32,179	.000	52,935	4,330,566	3,385,536
12-2031	177,600	1	1.0	0.000	0.000	29,906	.000	34,504	4,365,070	3,395,053
12-2032	177,600	1	1.0	0.000	0.000	27,311	.000	18,059	4,383,129	3,401,073
08-2033	112,015	1	1.0	0.000	0.000	16,235	.000	4,292	4,387,422	3,402,176
12-2034										
12-2035										
12-2036										
12-2037										
S Tot	2,598,415			0.000	0.000	975,111	.000	4,387,422	4,387,422	3,402,176
After	.000			0.000	0.000	.000	.000	.000	.000	.000
Total	2,598,415			0.000	0.000	975,111	.000	4,387,422	4,387,422	3,402,176

Evaluation Parameters (Gross)						Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Del	n	Def	Initial	Final	Units	Initial	Final		
Oil Rate	5.050	391	bbl/mo	64.9%	1.20	0.0%	5,800	5,800	\$/m	5.00	3,818,887	
Gas Rate	7.575	586	Mcf/mo	0.0%	0.00	0.0%	9,000	9,000	\$/mo	8.00	3,554,570	
GOR	1,500	1,500	scf/bbl							10.00	3,402,176	
NGL Rate	607	49	bbl/mo							12.00	3,265,525	
NGL Yield	80.2	84.1	bbl/MMcf							15.00	3,085,222	
Gas Shrinkage	28.9	25.7	%							20.00	2,836,549	
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	46.7		%									

12 Months in first year      14,639 Year Life (08/2033)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.      ASN 428      DEFAULT 1/16/2019 12:12:35  
 TEXAS REGISTERED ENGINEERING FIRM F-683.      Oil, PDP      Table 2

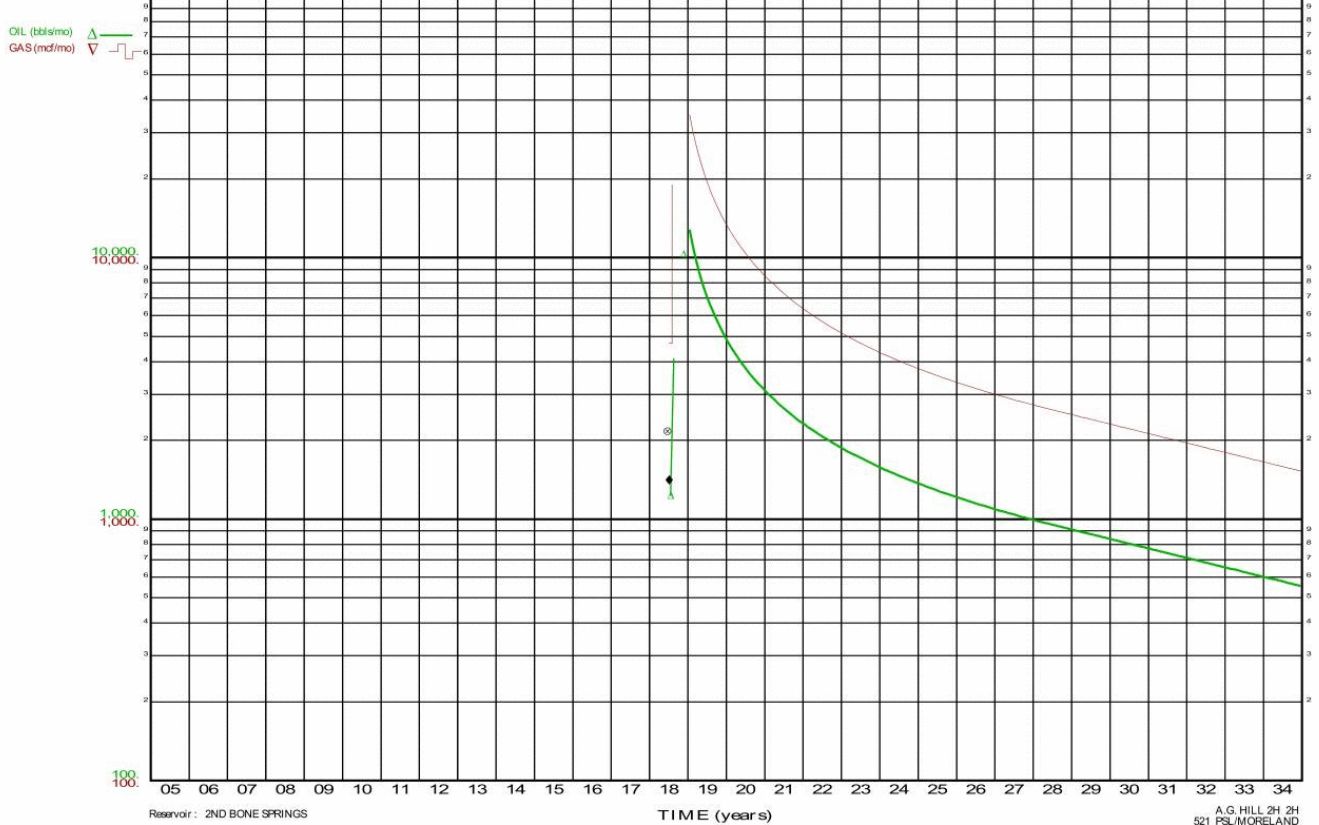
Cawley, Gillespie & Associates, Inc.

Figure 3  
 LILISENERGY, INC. -- A.G. HILL 2H 2H  
 PHANTOM (2ND BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				32.02 Year Life (01/2051)			Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow	
Oil - bbls/mo	GOR - scf/bbl	Initial	Final	Oil - mbbls	Gas - mmcf	12/2018 Cumulative	Remaining Reserve	Ultimate Recovery	Net Gas Sales mmbbl/mcf	Gas Revenue \$M	Adv. Tax \$M	Investments \$M	CashFlow \$M	Disc. @10.0%	Net CashFlow \$M	Disc. @10.0%				
12,810	87.8	1.20	8.0	146	2,750	31.2	397.5	428.8	298.155	17,201.391	945.710	4,328.081	13,469.144	8,914.885						
35,228	0.0	0.00	8.0	402	2,750	66.7	1,053.2	1,180.0	519.073	965.476	480.588	0.000								



Reservoir: 2ND BONE SPRINGS  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 06/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 4249533951

Cawley, Gillespie & Associates, Inc.

A.G. HILL 2H 2H  
 521 PSL/MORELAND  
 TX OIL  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 501

Table 3  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Developed Producing Reserves  
LILIS ENERGY, INC. -- A.G. HILL 2H 2H

PHANTOM (2ND BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)				
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL				
12-2019	92.6	254.7	20.9	69,476	53,711	15,649	57,693	1,860	15,734				
12-2020	46.2	127.0	10.4	34,637	70,486	7,802	57,693	1,860	15,734				
12-2021	32.0	88.0	7.2	24,006	48,856	5,408	57,693	1,860	15,734				
12-2022	24.9	68.5	5.6	18,690	38,033	4,210	57,693	1,860	15,734				
12-2023	20.6	56.6	4.6	15,427	31,396	3,475	57,693	1,860	15,734				
12-2024	17.7	48.5	4.0	13,238	26,939	2,982	57,693	1,860	15,734				
12-2025	15.4	42.5	3.5	11,579	23,563	2,608	57,693	1,860	15,734				
12-2026	13.8	37.9	3.1	10,341	21,044	2,329	57,693	1,860	15,734				
12-2027	12.5	34.3	2.8	9,361	19,051	2,109	57,693	1,860	15,734				
12-2028	11.4	31.5	2.6	8,587	17,475	1,934	57,693	1,860	15,734				
12-2029	10.5	28.9	2.4	7,876	16,027	1,774	57,693	1,860	15,734				
12-2030	9.7	26.6	2.2	7,246	14,746	1,632	57,693	1,860	15,734				
12-2031	8.9	24.4	2.0	6,667	13,567	1,502	57,693	1,860	15,734				
12-2032	8.2	22.5	1.8	6,150	12,515	1,385	57,693	1,860	15,734				
12-2033	7.5	20.7	1.7	5,642	11,482	1,271	57,693	1,860	15,734				
12-2034	6.9	19.0	1.6	5,191	10,564	1,169	57,693	1,860	15,734				
12-2035	6.4	17.5	1.4	4,776	9,719	1,076	57,693	1,860	15,734				
12-2036	5.9	16.2	1.3	4,406	8,966	992	57,693	1,860	15,734				
12-2037	5.4	14.8	1.2	4,042	8,242	910	57,693	1,860	15,734				
S Tot	356.5	980.2	80.3	267,339	456,362	60,215	57,693	1,860	15,734				
After	41.1	113.0	9.3	30,816	62,711	6,941	57,693	1,860	15,734				
Total	397.5	1,093.2	89.5	298,155	519,073	67,156	57,693	1,860	15,734				
Cum Ult	31.2	66.7	0										
428.8	1,160.0	89.5											
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)				
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6				
12-2019	4,008,246	99,902	248,221	0.000	0.000	4,354,369	210,941	108,859	6,306				
12-2020	1,998,287	131,103	122,752	0.000	0.000	2,252,143	111,291	56,304	6,092				
12-2021	1,385,087	90,873	85,084	0.000	0.000	1,561,044	77,140	39,026	6,690				
12-2022	1,076,252	70,742	66,235	0.000	0.000	1,215,229	60,051	30,381	7,246				
12-2023	890,853	58,394	54,675	0.000	0.000	1,003,122	48,070	24,776	8,776				
12-2024	763,725	50,106	46,915	0.000	0.000	860,746	42,534	21,519	8,278				
12-2025	668,030	43,828	41,036	0.000	0.000	752,894	37,205	18,822	8,785				
12-2026	596,605	39,142	36,649	0.000	0.000	672,396	33,227	16,810	9,269				
12-2027	540,089	35,434	33,177	0.000	0.000	608,701	30,079	15,216	9,744				
12-2028	495,416	32,503	30,433	0.000	0.000	558,352	27,591	13,959	10,195				
12-2029	454,367	29,810	27,911	0.000	0.000	512,088	25,305	12,802	10,688				
12-2030	418,041	27,427	25,680	0.000	0.000	471,148	23,282	11,779	11,205				
12-2031	384,620	25,234	23,627	0.000	0.000	433,481	21,421	10,837	11,766				
12-2032	354,800	23,278	21,795	0.000	0.000	399,873	19,760	9,957	12,357				
12-2033	325,505	21,356	19,956	0.000	0.000	366,856	18,128	9,171	13,043				
12-2034	299,482	19,648	18,397	0.000	0.000	337,527	16,679	8,438	13,764				
12-2035	275,539	18,078	16,926	0.000	0.000	310,543	15,346	7,764	14,549				
12-2036	254,176	16,676	15,614	0.000	0.000	296,466	14,156	7,152	15,373				
12-2037	233,190	15,299	14,325	0.000	0.000	282,813	12,987	6,570	16,300				
S Tot	15,423,512	848,833	947,444	0.000	0.000	17,219,789	846,694	430,495	8,377				
After	1,777,879	116,643	109,213	0.000	0.000	2,003,734	99,016	50,093	24,544				
Total	17,201,391	965,476	1,056,657	0.000	0.000	19,223,524	945,710	480,588	10,105				
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)			
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$			
12-2019	69,600	1	1.0	0.000	0.000	489,109	0.000	3,475,861	3,339,896	3,339,896			
12-2020	69,600	1	1.0	0.000	0.000	243,842	0.000	1,771,106	5,246,966	4,881,114			
12-2021	69,600	1	1.0	0.000	0.000	189,016	0.000	1,206,262	6,453,228	5,834,108			
12-2022	69,600	1	1.0	0.000	0.000	131,574	0.000	823,623	7,375,851	6,497,116			
12-2023	69,600	1	1.0	0.000	0.000	108,609	0.000	750,265	8,127,115	6,986,579			
12-2024	69,600	1	1.0	0.000	0.000	93,194	0.000	633,899	8,761,014	7,362,422			
12-2025	69,600	1	1.0	0.000	0.000	81,517	0.000	545,750	9,306,765	7,656,515			
12-2026	69,600	1	1.0	0.000	0.000	72,801	0.000	479,958	9,796,723	7,891,626			
12-2027	69,600	1	1.0	0.000	0.000	65,905	0.000	427,899	10,214,621	8,082,174			
12-2028	69,600	1	1.0	0.000	0.000	60,453	0.000	386,748	10,601,370	8,236,721			
12-2029	69,600	1	1.0	0.000	0.000	55,444	0.000	348,936	10,950,306	8,367,112			
12-2030	69,600	1	1.0	0.000	0.000	51,012	0.000	315,475	11,265,781	8,472,646			
12-2031	69,600	1	1.0	0.000	0.000	46,933	0.000	294,689	11,550,471	8,559,230			
12-2032	69,600	1	1.0	0.000	0.000	43,286	0.000	257,221	11,807,692	8,630,346			
12-2033	69,600	1	1.0	0.000	0.000	39,720	0.000	230,236	12,037,928	8,688,210			
12-2034	69,600	1	1.0	0.000	0.000	36,544	0.000	206,265	12,244,193	8,735,341			
12-2035	69,600	1	1.0	0.000	0.000	33,623	0.000	184,210	12,428,404	8,773,609			
12-2036	69,600	1	1.0	0.000	0.000	31,016	0.000	164,532	12,592,936	8,804,682			
12-2037	69,600	1	1.0	0.000	0.000	28,455	0.000	145,201	12,738,137	8,829,609			
S Tot	1,322,400			0.000	0.000	1,882,064	0.000	12,738,137	12,738,137	8,829,609			
After	906,671			0.000	0.000	216,947	0.000	731,007	13,469,144	8,914,885			
Total	2,229,071			0.000	0.000	2,099,010	0.000	13,469,144	13,469,144	8,914,885			
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests				Percent	Cum. Disc.
Initial	Final	Units	Def	n	Def	Initial	Final	Units	Initial	Final	Percent	Cum. Disc.	
Oil Rate	13.831	145. bbl/mo	87.8%	1.20	0.0%	5,800.	5,800.	\$/m	5.00		5.00	10,587,972	
Gas Rate	38.037	400. Mcf/mo	0.0%	0.00	0.0%				8.00		8.00	9,491,012	
GOR	2.750	2.750. scf/bbl							10.00		10.00	8,914,885	
NGL Rate	2.938	33. bbl/mo							12.00		12.00	8,428,878	
NGL Yield	77.3	83.9 bbl/MMcf							15.00		15.00	7,826,789	
Gas Shrinkage	100.0	26.0 %							20.00		20.00	7,058,711	
Oil Severance	4.6	4.6 %											
Gas Severance	0.0	7.5 %											
NGL Severance	7.5	7.5 %											
Ad Valorem	18.2	%											

12 Months in first year 32,027 Year Life(01/2051)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 501 DEFAULT 1/16/2019 12:12:35  
Oil, PDP Table 3

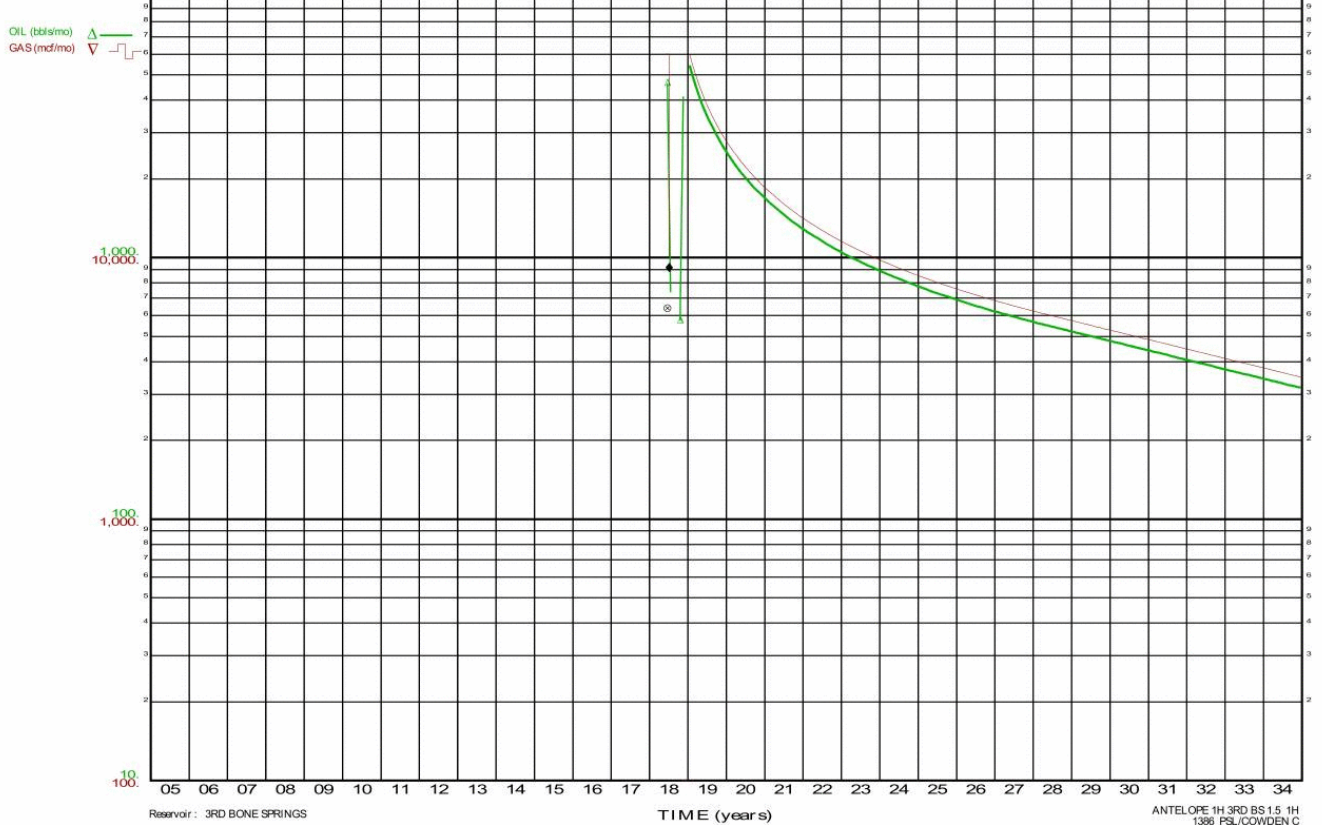
Cawley, Gillespie & Associates, Inc.

Figure 4  
 LILISENERGY, INC. -- ANTELOPE 1H 3RD BS 1.5 1H  
 PHANTOM (3RD BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				24.52 Year Life (07/2043)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - tbbbl/mo	D <sub>1</sub>	n	D <sub>2</sub>	GOR - scf/tbl	Initial	Final	Interest %	Net Gas Sales mmbbl/mo	Gas Revenue \$M	Adv. Tax \$M	Investments \$M	CashFlow \$M	Disc. @10.0%
5,453	75.4	1.20	8.0	156	11,000	11,000	77.336 NI	158,437	9,140,685	747,853	3,671,352	8,721,952	5,969,473
58,979	0.0	0.00	8.0	1,721	11,000	11,000	100,000 WI	1,124,423	2,091,427	336,953	0,000		



Reservoir: 3RD BONE SPRINGS

TIME (years)

ANTELOPE 1H 3RD BS 1.5 1H  
 1386 PSL/COWDEN C  
 TX OIL

• ⊗ \* - Annual Averages Perfic: 0. - 0. Status:  
 First Production 00/ 0 First Data 03/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495340340000

Cawley, Gillespie & Associates, Inc.

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 (DEFAULT) ASN 412

**Table 4**  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Developed Producing Reserves  
LILIS ENERGY, INC. -- ANTELOPE 1H 3RD BS 1.5 1H  
PHANTOM (3RD BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	44.1	485.1	39.7	34,108	112,380	30,729	57.693	1.860	15.734
12-2020	24.6	271.0	22.2	19,056	155,119	17,169	57.693	1.860	15.734
12-2021	17.6	193.6	15.9	13,613	110,807	12,264	57.693	1.860	15.734
12-2022	13.9	152.9	12.5	10,750	87,508	9,686	57.693	1.860	15.734
12-2023	11.6	127.3	10.4	8,950	72,849	8,063	57.693	1.860	15.734
12-2024	10.0	109.8	9.0	7,722	62,861	6,958	57.693	1.860	15.734
12-2025	8.8	96.5	7.9	6,782	55,204	6,110	57.693	1.860	15.734
12-2026	7.9	86.4	7.1	6,075	49,449	5,473	57.693	1.860	15.734
12-2027	7.1	78.4	6.4	5,512	44,856	4,966	57.693	1.860	15.734
12-2028	6.5	72.0	5.9	5,094	41,225	4,563	57.693	1.860	15.734
12-2029	6.0	66.1	5.4	4,646	37,817	4,186	57.693	1.860	15.734
12-2030	5.5	60.8	5.0	4,274	34,794	3,851	57.693	1.860	15.734
12-2031	5.1	55.9	4.6	3,933	32,012	3,543	57.693	1.860	15.734
12-2032	4.7	51.6	4.2	3,628	29,530	3,259	57.693	1.860	15.734
12-2033	4.3	47.3	3.9	3,328	27,092	2,999	57.693	1.860	15.734
12-2034	4.0	43.6	3.6	3,062	24,926	2,759	57.693	1.860	15.734
12-2035	3.6	40.1	3.3	2,817	22,933	2,538	57.693	1.860	15.734
12-2036	3.4	37.0	3.0	2,599	21,155	2,342	57.693	1.860	15.734
12-2037	3.1	34.9	2.8	2,384	19,469	2,148	57.693	1.860	15.734
S Tot	191.8	2,109.4	172.8	148,304	1,041,939	133,615	57.693	1.860	15.734
After	13.1	144.1	11.8	10,133	82,484	9,130	57.693	1.860	15.734
Total	204.9	2,253.5	184.6	158,437	1,124,423	142,744	57.693	1.860	15.734
Cum Ult	16.4	139.1	0						
	221.3	2,392.7	184.6						

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	1,967,762	209,027	483,507	0.000	0.000	2,660,296	142,813	66,507	4,648
12-2020	1,099,413	288,521	270,142	0.000	0.000	1,658,075	92,736	41,452	4,204
12-2021	785,351	206,101	192,972	0.000	0.000	1,184,424	66,245	29,611	4,957
12-2022	620,219	162,765	152,397	0.000	0.000	935,281	52,316	23,395	5,659
12-2023	516,323	135,429	126,869	0.000	0.000	778,621	43,652	19,667	6,531
12-2024	445,531	116,921	109,473	0.000	0.000	671,926	37,581	16,798	6,968
12-2025	391,263	102,680	96,139	0.000	0.000	590,081	33,003	14,752	7,613
12-2026	350,471	91,975	86,116	0.000	0.000	528,562	29,562	13,214	8,229
12-2027	316,006	83,455	78,138	0.000	0.000	473,599	26,224	11,990	8,632
12-2028	292,183	78,678	71,794	0.000	0.000	440,655	24,646	11,016	9,407
12-2029	268,033	70,340	65,860	0.000	0.000	404,233	22,609	10,106	10,046
12-2030	246,605	64,717	60,594	0.000	0.000	371,916	20,801	9,298	10,717
12-2031	226,889	59,543	55,750	0.000	0.000	342,182	19,138	8,555	11,447
12-2032	208,298	54,926	51,428	0.000	0.000	316,652	17,664	7,861	12,214
12-2033	192,017	50,391	47,181	0.000	0.000	289,590	16,197	7,240	13,104
12-2034	176,666	46,363	43,409	0.000	0.000	266,438	14,902	6,661	14,041
12-2035	162,542	42,656	39,939	0.000	0.000	245,137	13,710	6,128	15,059
12-2036	149,940	39,349	36,842	0.000	0.000	226,131	12,648	5,653	16,130
12-2037	137,560	36,100	33,800	0.000	0.000	207,460	11,603	5,187	17,373
S Tot	8,556,073	1,938,007	2,102,349	0.000	0.000	12,596,429	698,540	314,911	7,385
After	584,612	153,420	143,647	0.000	0.000	881,680	49,312	22,042	21,883
Total	9,140,685	2,091,427	2,245,997	0.000	0.000	13,478,109	747,853	336,953	8,370

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$
12-2019	105,600	1	1.0	0.000	0.000	232,864	0.000	2,112,512	2,112,512	2,023,190
12-2020	105,600	1	1.0	0.000	0.000	130,104	0.000	1,288,184	3,400,696	3,143,914
12-2021	105,600	1	1.0	0.000	0.000	92,938	0.000	890,031	4,290,726	3,847,045
12-2022	105,600	1	1.0	0.000	0.000	73,396	0.000	680,684	4,971,411	4,335,674
12-2023	105,600	1	1.0	0.000	0.000	61,101	0.000	548,969	5,520,380	4,693,833
12-2024	105,600	1	1.0	0.000	0.000	52,724	0.000	459,223	5,979,603	4,966,130
12-2025	105,600	1	1.0	0.000	0.000	46,302	0.000	390,424	6,370,028	5,176,536
12-2026	105,600	1	1.0	0.000	0.000	41,475	0.000	338,711	6,708,739	5,342,469
12-2027	105,600	1	1.0	0.000	0.000	37,633	0.000	297,552	7,006,291	5,474,963
12-2028	105,600	1	1.0	0.000	0.000	34,577	0.000	264,816	7,271,107	5,582,187
12-2029	105,600	1	1.0	0.000	0.000	31,719	0.000	234,200	7,505,307	5,668,370
12-2030	105,600	1	1.0	0.000	0.000	29,183	0.000	207,034	7,712,340	5,737,637
12-2031	105,600	1	1.0	0.000	0.000	26,850	0.000	182,039	7,894,380	5,793,010
12-2032	105,600	1	1.0	0.000	0.000	24,788	0.000	159,738	8,054,118	5,837,184
12-2033	105,600	1	1.0	0.000	0.000	22,723	0.000	137,830	8,191,948	5,871,831
12-2034	105,600	1	1.0	0.000	0.000	20,907	0.000	118,369	8,310,317	5,898,884
12-2035	105,600	1	1.0	0.000	0.000	19,235	0.000	100,463	8,410,780	5,919,761
12-2036	105,600	1	1.0	0.000	0.000	17,744	0.000	84,487	8,495,266	5,935,724
12-2037	105,600	1	1.0	0.000	0.000	16,279	0.000	68,792	8,564,058	5,947,539
S Tot	2,006,400			0.000	0.000	1,012,520	0.000	8,564,058	8,564,058	5,947,539
After	583,249			0.000	0.000	69,183	0.000	157,894	8,721,952	5,969,473
Total	2,589,649			0.000	0.000	1,081,703	0.000	8,721,952	8,721,952	5,969,473

	Evaluation Parameters (Gross)					Expenses (Gross)			Percent Interests		Percent	Cum. Disc. M\$
	Initial	Final	Units	Del	n Def	Initial	Final	Units	Initial	Final		
Oil Rate	5,746.	155.	bbl/mo	75.4%	1.20	0.0%	5,800.	5,716.	\$/m	5.00	7,034,153	
Gas Rate	83,214.	1,710.	Mcf/mo	0.0%	0.00	0.0%	3,000.	2,956.	\$/mo	8.00	6,343,493	
GOR	11,000.	11,000.	scf/bbl							10.00	5,969,473	
NGL Rate	5,033.	138.	bbl/mo						12.00	5,848,002		
NGL Yield	79.1	81.2	bbl/MMcf						15.00	5,242,516		
Gas Shrinkage	100.0	25.6	%						20.00	4,714,717		
Oil Severance	4.6	4.6	%									
Gas Severance	0.0	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	25.9		%									

12 Months in first year      24,528 Year Life (07/2043)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 412      DEFAULT 1/16/2019 12:12:35  
Oil\_PDP  
Table 4

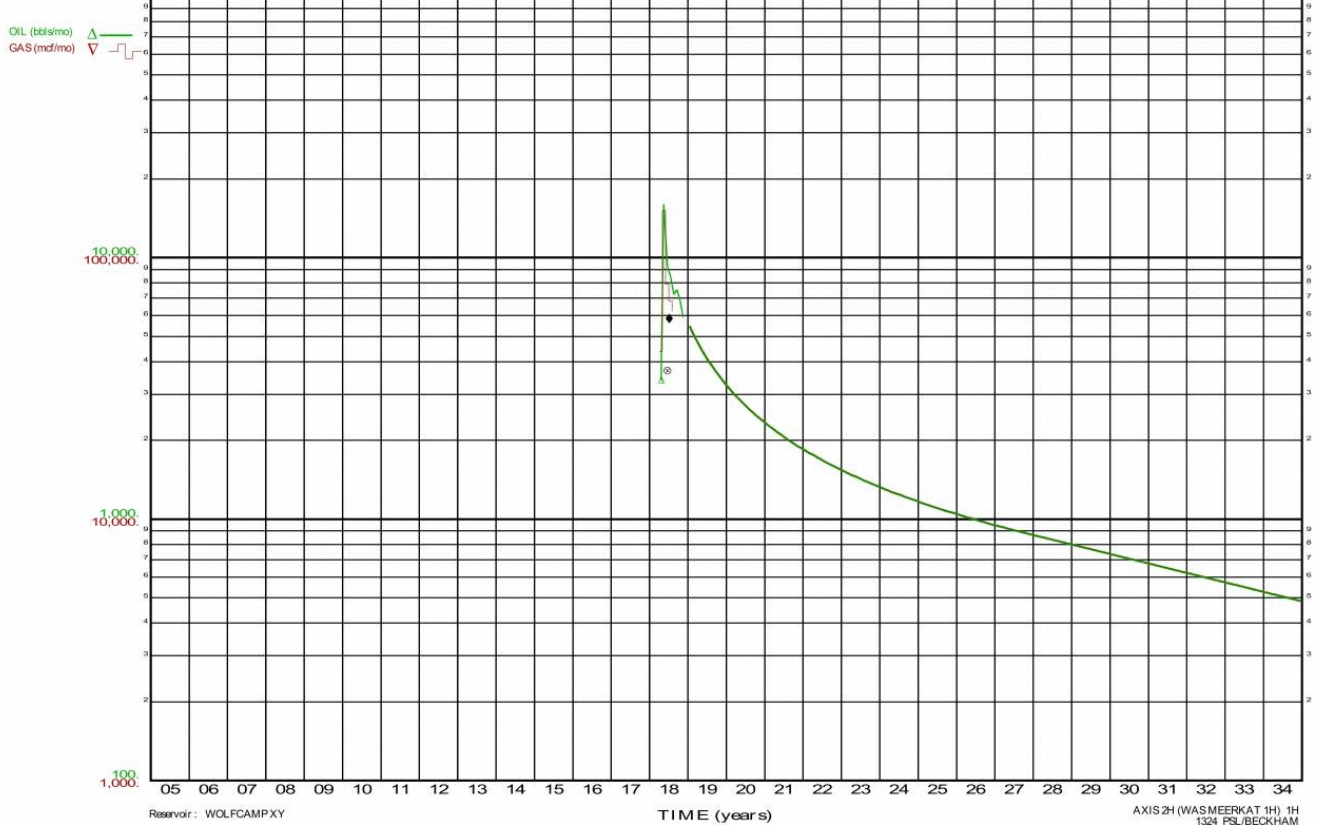
Cawley, Gillespie & Associates, Inc.

Figure 5  
 LILISENERGY, INC. -- AXIS2H (WASMEERKAT 1H) 1H  
 PHANTOM (WOLFCAMP XY) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

		As of 01/2019				12/2018			33.91 Year Life (11/2052)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow	
		Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>14</sub>	GOR - scf/bbl	Initial	Final	Oil - mbbls	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%
Oil - bbls/mo	Gas - mcf/mo	5,489	54.2	1.20	8.0	110	10,000	10,000	10,000	70.6	305.9	376.6	75.484 NI	230,942	13,323,664	1,077,577	3,975,715	13,938,282	8,536,933
		54,690	0.0	0.00	8.0	1,099				437.2	3,059.4	3,496.6	100,000 WI	1,708,967	3,178,679	486,963	0,000		



Reservoir: WOLFCAMPXY  
 ● ⊙ \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 02/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495339910000

Cawley, Gillespie & Associates, Inc.

AXIS 2H (WASMEERKAT 1H) 1H  
 1324 PSL/BECKHAM  
 TX OIL  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 435



**Table 5**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- AXIS 2H (WASMEERKAT 1H) 1H**  
**PHANTOM (WOLFCAMPXY) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	50.5	505.0	41.4	38,120	282,085	31,222	57.693	1.860	15,734
12-2020	33.0	329.6	27.0	24,880	184,111	20,378	57.693	1.860	15,734
12-2021	24.9	248.6	20.4	18,765	138,859	15,369	57.693	1.860	15,734
12-2022	20.2	201.9	16.5	15,243	112,797	12,495	57.693	1.860	15,734
12-2023	17.1	171.1	14.0	12,912	95,547	10,575	57.693	1.860	15,734
12-2024	14.9	149.4	12.2	11,274	83,426	9,234	57.693	1.860	15,734
12-2025	13.2	132.3	10.8	9,986	73,893	8,179	57.693	1.860	15,734
12-2026	11.9	119.3	9.8	9,003	66,619	7,374	57.693	1.860	15,734
12-2027	10.9	108.8	8.9	8,210	60,755	6,725	57.693	1.860	15,734
12-2028	10.0	100.2	8.2	7,565	55,978	6,196	57.693	1.860	15,734
12-2029	9.2	91.9	7.5	6,940	51,356	5,684	57.693	1.860	15,734
12-2030	8.5	84.6	6.9	6,385	47,250	5,230	57.693	1.860	15,734
12-2031	7.8	77.8	6.4	5,875	43,472	4,812	57.693	1.860	15,734
12-2032	7.2	71.8	5.9	5,419	40,102	4,439	57.693	1.860	15,734
12-2033	6.6	65.9	5.4	4,972	36,791	4,072	57.693	1.860	15,734
12-2034	6.1	60.6	5.0	4,574	33,850	3,747	57.693	1.860	15,734
12-2035	5.6	55.8	4.6	4,209	31,143	3,447	57.693	1.860	15,734
12-2036	5.1	51.4	4.2	3,882	28,729	3,190	57.693	1.860	15,734
12-2037	4.7	47.2	3.9	3,592	26,597	2,917	57.693	1.860	15,734
S Tot	267.3	2,673.0	218.9	201,773	1,493,120	165,262	57.693	1.860	15,734
After	38.6	386.4	31.6	29,169	215,848	23,890	57.693	1.860	15,734
Total	305.9	3,059.4	250.6	230,942	1,708,967	189,152	57.693	1.860	15,734
Cum Ult	70.6	437.2	0	230,942	1,708,967	189,152	57.693	1.860	15,734
	376.6	3,496.6	250.6						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	2,199,229	524,679	491,256	0.000	0.000	3,215,164	177,867	80,379	3,189
12-2020	1,435,389	342,446	320,632	0.000	0.000	2,098,468	116,090	52,462	3,541
12-2021	1,082,589	258,278	241,825	0.000	0.000	1,582,692	87,556	39,567	3,870
12-2022	879,402	209,802	196,438	0.000	0.000	1,285,642	71,123	32,141	4,190
12-2023	744,914	177,717	166,386	0.000	0.000	1,088,027	60,246	27,226	4,734
12-2024	650,416	155,172	145,288	0.000	0.000	950,876	52,604	23,772	4,761
12-2025	578,096	137,441	128,686	0.000	0.000	842,224	46,593	21,056	5,049
12-2026	519,384	123,911	116,018	0.000	0.000	759,313	42,006	18,983	5,324
12-2027	473,658	113,005	105,806	0.000	0.000	692,479	38,309	17,312	5,584
12-2028	436,420	104,118	97,486	0.000	0.000	638,024	35,296	15,951	5,856
12-2029	400,386	95,522	89,437	0.000	0.000	585,344	32,382	14,634	6,155
12-2030	368,376	87,885	82,287	0.000	0.000	538,547	29,793	13,464	6,470
12-2031	338,925	80,859	75,708	0.000	0.000	495,492	27,411	12,387	6,813
12-2032	312,648	74,590	69,838	0.000	0.000	457,076	25,286	11,427	7,173
12-2033	286,834	68,431	64,072	0.000	0.000	419,337	23,198	10,483	7,591
12-2034	263,902	62,960	58,950	0.000	0.000	385,812	21,344	9,645	8,031
12-2035	242,804	57,927	54,237	0.000	0.000	354,967	19,637	8,874	8,509
12-2036	223,979	53,436	50,032	0.000	0.000	327,446	18,115	8,196	9,011
12-2037	205,486	49,024	45,901	0.000	0.000	300,410	16,619	7,510	9,595
S Tot	11,640,845	2,777,203	2,600,283	0.000	0.000	17,018,341	941,476	425,459	4,899
After	1,682,818	401,477	375,902	0.000	0.000	2,460,197	136,101	61,505	15,395
Total	13,323,664	3,178,679	2,976,185	0.000	0.000	19,478,538	1,077,577	486,963	6,225

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	69,600	1	1.0	0.000	0.000	266,639	0.000	2,620,679	2,620,679	2,510,622
12-2020	69,600	1	1.0	0.000	0.000	174,030	0.000	1,686,287	4,306,966	3,976,597
12-2021	69,600	1	1.0	0.000	0.000	131,255	0.000	1,254,713	5,561,679	4,967,412
12-2022	69,600	1	1.0	0.000	0.000	106,621	0.000	1,006,157	6,567,836	5,689,466
12-2023	69,600	1	1.0	0.000	0.000	90,315	0.000	841,640	7,409,476	6,238,439
12-2024	69,600	1	1.0	0.000	0.000	78,858	0.000	726,043	8,135,519	6,668,855
12-2025	69,600	1	1.0	0.000	0.000	69,847	0.000	635,128	8,770,647	7,011,074
12-2026	69,600	1	1.0	0.000	0.000	62,971	0.000	565,753	9,336,400	7,288,189
12-2027	69,600	1	1.0	0.000	0.000	57,429	0.000	509,830	9,846,230	7,515,205
12-2028	69,600	1	1.0	0.000	0.000	52,912	0.000	464,265	10,310,495	7,703,124
12-2029	69,600	1	1.0	0.000	0.000	48,544	0.000	420,185	10,730,680	7,857,728
12-2030	69,600	1	1.0	0.000	0.000	44,663	0.000	381,028	11,111,708	7,985,189
12-2031	69,600	1	1.0	0.000	0.000	41,092	0.000	345,001	11,456,709	8,090,114
12-2032	69,600	1	1.0	0.000	0.000	37,936	0.000	312,857	11,769,566	8,178,610
12-2033	69,600	1	1.0	0.000	0.000	34,776	0.000	281,279	12,050,845	8,247,301
12-2034	69,600	1	1.0	0.000	0.000	31,996	0.000	253,227	12,304,072	8,305,161
12-2035	69,600	1	1.0	0.000	0.000	29,438	0.000	227,418	12,531,489	8,352,403
12-2036	69,600	1	1.0	0.000	0.000	27,156	0.000	204,380	12,735,879	8,391,001
12-2037	69,600	1	1.0	0.000	0.000	24,914	0.000	181,767	12,917,646	8,422,204
S Tot	1,322,400			0.000	0.000	1,411,361	0.000	12,917,646	12,917,646	8,422,204
After	1,037,926			0.000	0.000	204,028	0.000	1,020,636	13,938,282	8,536,933
Total	2,360,326			0.000	0.000	1,615,389	0.000	13,938,282	13,938,282	8,536,933

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests				Percent	Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final	Initial	Final	Initial	Final
Oil Rate	5.835	108	bbl/mo	54.3%	1.20	0.0%	0.0%	5,800	5,800	\$/wmo		5.00	10,478,540
Gas Rate	56.358	1,088	Mcf/mo	0.0%	0.00	0.0%	0.0%					8.00	9,199,069
GOR	10,000	10,000	scf/bbl									10.00	8,536,933
NGL Rate	4.562	91	bbl/mo									12.00	7,984,151
NGL Yield	80.9	84.3	bbl/MMcf									15.00	7,307,266
Gas Shrinkage	28.2	25.4	%									20.00	6,457,794
Oil Severance	4.6	4.6	%										
Gas Severance	7.5	7.5	%										
NGL Severance	7.5	7.5	%										
Ad Valorem	17.8												

12 Months in first year      33,914 Year Life(11/2052)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

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 Table 5

Cawley, Gillespie & Associates, Inc.





**Table 6**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**IMPETRO OPERATING LLC -- BISON 1H 1H**  
**PHANTOM \WOLFCAMP) FIELD -- Winkler COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL	
12-2019	41.1	148.0	13.4	28,282	82,470	9,236	58,348	1,798	16,390	
12-2020	27.7	99.6	9.0	19,033	55,501	6,216	58,348	1,798	16,390	
12-2021	21.1	76.1	6.9	14,541	42,402	4,749	58,348	1,798	16,390	
12-2022	17.3	62.3	5.6	11,896	34,690	3,885	58,348	1,798	16,390	
12-2023	14.7	53.0	4.8	10,123	29,519	3,306	58,348	1,798	16,390	
12-2024	12.9	46.4	4.2	8,867	25,856	2,896	58,348	1,798	16,390	
12-2025	11.4	41.2	3.7	7,872	22,955	2,571	58,348	1,798	16,390	
12-2026	10.3	37.2	3.4	7,110	20,732	2,322	58,348	1,798	16,390	
12-2027	9.4	34.0	3.1	6,453	18,934	2,120	58,348	1,798	16,390	
12-2028	8.7	31.3	2.8	5,985	17,453	1,955	58,348	1,798	16,390	
12-2029	8.0	28.7	2.6	5,491	16,012	1,793	58,348	1,798	16,390	
12-2030	7.3	26.4	2.4	5,052	14,732	1,650	58,348	1,798	16,390	
12-2031	6.8	24.3	2.2	4,648	13,554	1,518	58,348	1,798	16,390	
12-2032	6.2	22.4	2.0	4,288	12,503	1,400	58,348	1,798	16,390	
12-2033	5.7	20.6	1.9	3,934	11,471	1,285	58,348	1,798	16,390	
12-2034	5.3	18.9	1.7	3,619	10,554	1,182	58,348	1,798	16,390	
12-2035	4.8	17.4	1.6	3,330	9,710	1,087	58,348	1,798	16,390	
12-2036	4.5	16.1	1.5	3,072	8,957	1,003	58,348	1,798	16,390	
12-2037	4.1	14.8	1.3	2,819	8,218	920	58,348	1,798	16,390	
S.T ot	227.5	818.9	74.3	156,455	456,224	51,094	58,348	1,798	16,390	
After	24.2	87.0	7.9	16,621	48,465	5,428	58,348	1,798	16,390	
Total	251.6	905.9	82.2	173,076	504,689	56,522	58,348	1,798	16,390	
Cum Ult	348.3	1,664.0	82.2							
599.9										
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6	
12-2019	1,650,210	148,282	151,380	0.000	0.000	1,949,871	98,672	48,747	4,460	
12-2020	1,110,570	99,792	101,877	0.000	0.000	1,312,239	66,405	32,806	5,246	
12-2021	848,443	76,238	77,831	0.000	0.000	1,002,512	50,731	25,063	5,989	
12-2022	694,135	62,372	63,675	0.000	0.000	820,183	41,505	6,689	6,689	
12-2023	590,666	53,079	54,194	0.000	0.000	697,923	35,118	17,448	7,362	
12-2024	517,371	46,489	47,460	0.000	0.000	611,321	30,935	15,253	8,003	
12-2025	459,323	41,273	42,135	0.000	0.000	542,732	27,465	13,568	8,655	
12-2026	414,846	37,277	38,055	0.000	0.000	490,178	24,805	12,254	9,278	
12-2027	378,852	34,043	34,754	0.000	0.000	447,659	22,653	11,191	9,889	
12-2028	349,233	31,381	32,036	0.000	0.000	412,650	20,882	10,316	10,487	
12-2029	320,398	28,790	29,391	0.000	0.000	378,579	19,158	9,464	11,175	
12-2030	294,783	26,488	27,041	0.000	0.000	348,312	17,626	8,708	11,899	
12-2031	271,216	24,370	24,890	0.000	0.000	320,466	16,217	8,012	12,696	
12-2032	250,188	22,481	22,951	0.000	0.000	295,620	14,960	7,360	13,514	
12-2033	229,531	20,625	21,056	0.000	0.000	271,211	13,724	6,780	14,474	
12-2034	211,180	18,976	19,372	0.000	0.000	249,528	12,627	6,238	15,485	
12-2035	194,297	17,459	17,824	0.000	0.000	229,579	11,618	5,739	16,583	
12-2036	179,233	16,105	16,442	0.000	0.000	211,780	10,717	5,294	17,738	
12-2037	164,434	14,775	15,094	0.000	0.000	194,294	9,832	4,857	19,079	
S.T ot	9,128,918	820,290	837,428	0.000	0.000	10,786,636	545,850	269,666	8,399	
After	969,782	87,141	88,962	0.000	0.000	1,145,884	57,987	28,647	26,544	
Total	10,098,700	907,431	926,390	0.000	0.000	11,932,520	603,836	298,313	10,142	
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	77,708	1	0.9	0.000	0.000	136,519	0.000	1,588,226	1,588,226	1,521,072
12-2020	77,708	1	0.9	0.000	0.000	91,875	0.000	1,043,445	2,631,671	2,428,133
12-2021	77,708	1	0.9	0.000	0.000	70,190	0.000	778,820	3,410,491	3,043,144
12-2022	77,708	1	0.9	0.000	0.000	57,424	0.000	623,042	4,033,533	3,493,270
12-2023	77,708	1	0.9	0.000	0.000	48,865	0.000	518,585	4,552,118	3,828,536
12-2024	77,708	1	0.9	0.000	0.000	42,801	0.000	444,593	4,996,711	4,092,114
12-2025	77,708	1	0.9	0.000	0.000	37,999	0.000	385,992	5,382,703	4,300,102
12-2026	77,708	1	0.9	0.000	0.000	34,319	0.000	341,091	5,723,795	4,467,181
12-2027	77,708	1	0.9	0.000	0.000	31,343	0.000	304,784	6,028,559	4,602,893
12-2028	77,708	1	0.9	0.000	0.000	28,891	0.000	274,853	6,303,412	4,714,152
12-2029	77,708	1	0.9	0.000	0.000	26,506	0.000	245,743	6,549,155	4,804,577
12-2030	77,708	1	0.9	0.000	0.000	24,387	0.000	219,884	6,769,039	4,878,138
12-2031	77,708	1	0.9	0.000	0.000	22,437	0.000	195,092	6,965,131	4,937,781
12-2032	77,708	1	0.9	0.000	0.000	20,698	0.000	174,864	7,139,995	4,985,132
12-2033	77,708	1	0.9	0.000	0.000	18,989	0.000	154,010	7,294,005	5,024,842
12-2034	77,708	1	0.9	0.000	0.000	17,471	0.000	135,485	7,429,490	5,055,803
12-2035	77,708	1	0.9	0.000	0.000	16,074	0.000	118,441	7,547,931	5,080,411
12-2036	77,708	1	0.9	0.000	0.000	14,826	0.000	103,233	7,651,164	5,099,910
12-2037	77,708	1	0.9	0.000	0.000	13,603	0.000	88,293	7,739,457	5,115,071
S.T ot	1,476,446			0.000	0.000	755,218	0.000	7,739,457	7,739,457	5,115,071
After	669,002			0.000	0.000	80,228	0.000	310,021	8,049,478	5,154,917
Total	2,145,447			0.000	0.000	835,446	0.000	8,049,478	8,049,478	5,154,917
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Initial	Final	Units	Initial	Final		
Oil Rate	4.667	159.	bbl/mo	49.9%	1.20	0.0%	5.00	6.239	722	
Gas Rate	16.082	575.	Mcf/mo	0.0%	0.00	0.0%	8.00	5,530	734	
GOR	3.600	3.600	scf/bbl				10.00	5,154	917	
NGL Rate	1.446	53.	bbl/mo				12.00	4,836	577	
NGL Yield	90.0	93.0	bbl/MMcf				15.00	4,441	301	
Gas Shrinkage	21.1	18.6	%				20.00	3,937	412	
Oil Severance	4.6	4.6	%							
Gas Severance	7.5	7.5	%							
NGL Severance	7.5	7.5	%							
Ad Valorem	19.4		%							
							12 Months in first year		27.617 Year Life (08/2046)	

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

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 Table 6

Cawley, Gillespie & Associates, Inc.



**Table 7**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- EAST AXIS 2H 1.5**  
**PHANTOM (WOLFCAMP) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL		
12-2019	129.3	387.8	31.8	96.958	215,246	23,824	57.693	1.860	15,734		
12-2020	72.1	216.2	17.7	54.042	119,973	13,279	57.693	1.860	15,734		
12-2021	51.4	154.3	12.6	38.577	85,640	9,479	57.693	1.860	15,734		
12-2022	40.6	121.8	10.0	30.455	67,609	7,483	57.693	1.860	15,734		
12-2023	33.8	101.4	8.3	25.348	56,272	6,226	57.693	1.860	15,734		
12-2024	29.2	87.5	7.2	21.869	48,550	5,374	57.693	1.860	15,734		
12-2025	25.6	76.8	6.3	19.204	42,632	4,719	57.693	1.860	15,734		
12-2026	22.9	68.8	5.6	17.200	38,184	4,226	57.693	1.860	15,734		
12-2027	20.8	62.4	5.1	15.606	34,645	3,835	57.693	1.860	15,734		
12-2028	19.1	57.4	4.7	14.398	31,831	3,523	57.693	1.860	15,734		
12-2029	17.5	52.6	4.3	13.153	29,200	3,232	57.693	1.860	15,734		
12-2030	16.1	48.4	4.0	12.101	26,865	2,974	57.693	1.860	15,734		
12-2031	14.8	44.5	3.6	11.134	24,717	2,736	57.693	1.860	15,734		
12-2032	13.7	41.1	3.4	10.271	22,801	2,524	57.693	1.860	15,734		
12-2033	12.6	37.7	3.1	9.423	20,918	2,315	57.693	1.860	15,734		
12-2034	11.6	34.7	2.8	8.669	19,246	2,130	57.693	1.860	15,734		
12-2035	10.6	31.9	2.6	7.976	17,707	1,960	57.693	1.860	15,734		
12-2036	9.8	29.4	2.4	7.358	16,335	1,808	57.693	1.860	15,734		
12-2037	9.0	27.0	2.2	6.760	14,869	1,669	57.693	1.860	15,734		
S Tot	560.6	1,681.7	137.7	420,432	933,358	103,306	57.693	1.860	15,734		
After	82.9	248.6	20.4	62,162	137,999	15,274	57.693	1.860	15,734		
Total	643.5	1,930.4	158.1	482,593	1,071,358	118,580	57.693	1.860	15,734		
Cum Ult	12.2	36.6	0								
655.7	1,967.0	158.1									
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	5,593,758	400,357	374,854	0.000	0.000	6,368,969	316,392	159,224	5,071		
12-2020	3,117,819	223,149	208,934	0.000	0.000	3,549,903	176,349	88,748	5,444		
12-2021	2,225,590	159,290	149,143	0.000	0.000	2,534,024	125,883	63,351	5,782		
12-2022	1,757,014	125,753	117,743	0.000	0.000	2,000,510	99,390	50,013	6,096		
12-2023	1,462,381	104,686	97,989	0.000	0.000	1,665,045	82,715	41,626	6,307		
12-2024	1,261,702	90,303	84,550	0.000	0.000	1,436,556	71,364	35,914	6,683		
12-2025	1,107,909	79,295	74,244	0.000	0.000	1,261,449	62,665	31,536	6,971		
12-2026	992,329	71,023	66,499	0.000	0.000	1,129,851	56,128	28,246	7,247		
12-2027	900,352	64,440	60,335	0.000	0.000	1,025,128	50,925	25,628	7,519		
12-2028	827,210	59,205	55,434	0.000	0.000	941,850	46,788	23,546	7,775		
12-2029	758,836	54,312	50,852	0.000	0.000	863,999	42,921	21,600	8,061		
12-2030	698,169	49,969	46,786	0.000	0.000	794,924	39,490	19,873	8,362		
12-2031	642,352	45,975	43,046	0.000	0.000	731,372	36,332	18,284	8,689		
12-2032	592,550	42,410	39,709	0.000	0.000	674,688	33,516	16,867	9,032		
12-2033	543,625	38,908	36,430	0.000	0.000	618,963	30,748	15,474	9,431		
12-2034	500,163	35,798	33,517	0.000	0.000	569,478	28,290	14,237	9,850		
12-2035	460,176	32,936	30,838	0.000	0.000	523,950	26,028	13,099	10,306		
12-2036	424,499	30,392	28,447	0.000	0.000	483,328	24,010	12,083	10,786		
12-2037	389,449	27,874	26,088	0.000	0.000	443,421	22,028	11,066	11,342		
S Tot	24,255,882	1,736,047	1,625,459	0.000	0.000	27,617,388	1,371,953	690,435	6,658		
After	3,586,288	256,678	240,328	0.000	0.000	4,063,294	202,846	102,082	18,735		
Total	27,842,170	1,992,725	1,865,787	0.000	0.000	31,700,682	1,574,799	792,517	8,214		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Net Count	(24)	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	69,600	1	1.0	0.000	0.000	682,582	0.000	5,141,171	5,141,171	4,935,432	
12-2020	69,600	1	1.0	0.000	0.000	380,454	0.000	2,834,753	7,975,924	7,401,258	
12-2021	69,600	1	1.0	0.000	0.000	271,579	0.000	2,003,612	9,979,535	8,983,877	
12-2022	69,600	1	1.0	0.000	0.000	214,401	0.000	1,567,117	11,546,652	10,108,660	
12-2023	69,600	1	1.0	0.000	0.000	173,448	0.000	1,282,656	12,839,309	10,951,891	
12-2024	69,600	1	1.0	0.000	0.000	153,960	0.000	1,105,718	13,945,026	11,607,423	
12-2025	69,600	1	1.0	0.000	0.000	135,193	0.000	962,454	14,907,480	12,126,031	
12-2026	69,600	1	1.0	0.000	0.000	121,090	0.000	854,787	15,762,268	12,544,730	
12-2027	69,600	1	1.0	0.000	0.000	109,886	0.000	769,108	16,531,376	12,887,204	
12-2028	69,600	1	1.0	0.000	0.000	100,941	0.000	700,974	17,232,350	13,170,927	
12-2029	69,600	1	1.0	0.000	0.000	92,597	0.000	637,281	17,869,630	13,405,404	
12-2030	69,600	1	1.0	0.000	0.000	85,194	0.000	580,767	18,450,398	13,599,676	
12-2031	69,600	1	1.0	0.000	0.000	78,363	0.000	528,772	18,979,170	13,760,486	
12-2032	69,600	1	1.0	0.000	0.000	72,306	0.000	482,380	19,461,550	13,893,945	
12-2033	69,600	1	1.0	0.000	0.000	66,336	0.000	436,804	19,898,354	14,003,618	
12-2034	69,600	1	1.0	0.000	0.000	61,033	0.000	396,319	20,294,672	14,094,169	
12-2035	69,600	1	1.0	0.000	0.000	56,153	0.000	359,070	20,653,742	14,168,756	
12-2036	69,600	1	1.0	0.000	0.000	51,800	0.000	325,835	20,979,576	14,230,284	
12-2037	69,600	1	1.0	0.000	0.000	47,523	0.000	293,184	21,272,761	14,280,610	
S Tot	1,322,400			0.000	0.000	2,959,839	0.000	21,272,761	21,272,761	14,280,610	
After	1,343,909			0.000	0.000	437,619	0.000	1,966,838	23,269,598	14,488,548	
Total	2,666,309			0.000	0.000	3,397,458	0.000	23,269,598	23,269,598	14,488,548	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	16,889.	143.	bbl/mo	75.7%	1.20	0.0%	Initial	Final	5.00	17,596,931	
Gas Rate	50,669.	431.	Mcf/mo	0.0%	0.00	0.0%	Expense	100,000	100,000	8.00	15,539,596
GOR	3,000.	3,000.	scf/bbl				Revenue			10.00	14,488,548
NGL Rate	4,008.	36.	bbl/mo				Oil	75,000	75,000	12.00	13,614,195
NGL Yield	79.1	84.2	bbl/MMcf				Gas	75,000	75,000	15.00	12,545,776
Gas Shrinkage	29.8	25.5	%						20.00	11,204,978	
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	18.2		%								
								12 Months in first year		38,313 Year Life(04/2057)	

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 531      DEFAULT 1/16/2019 12:25  
 OIL PDP  
 Table 7

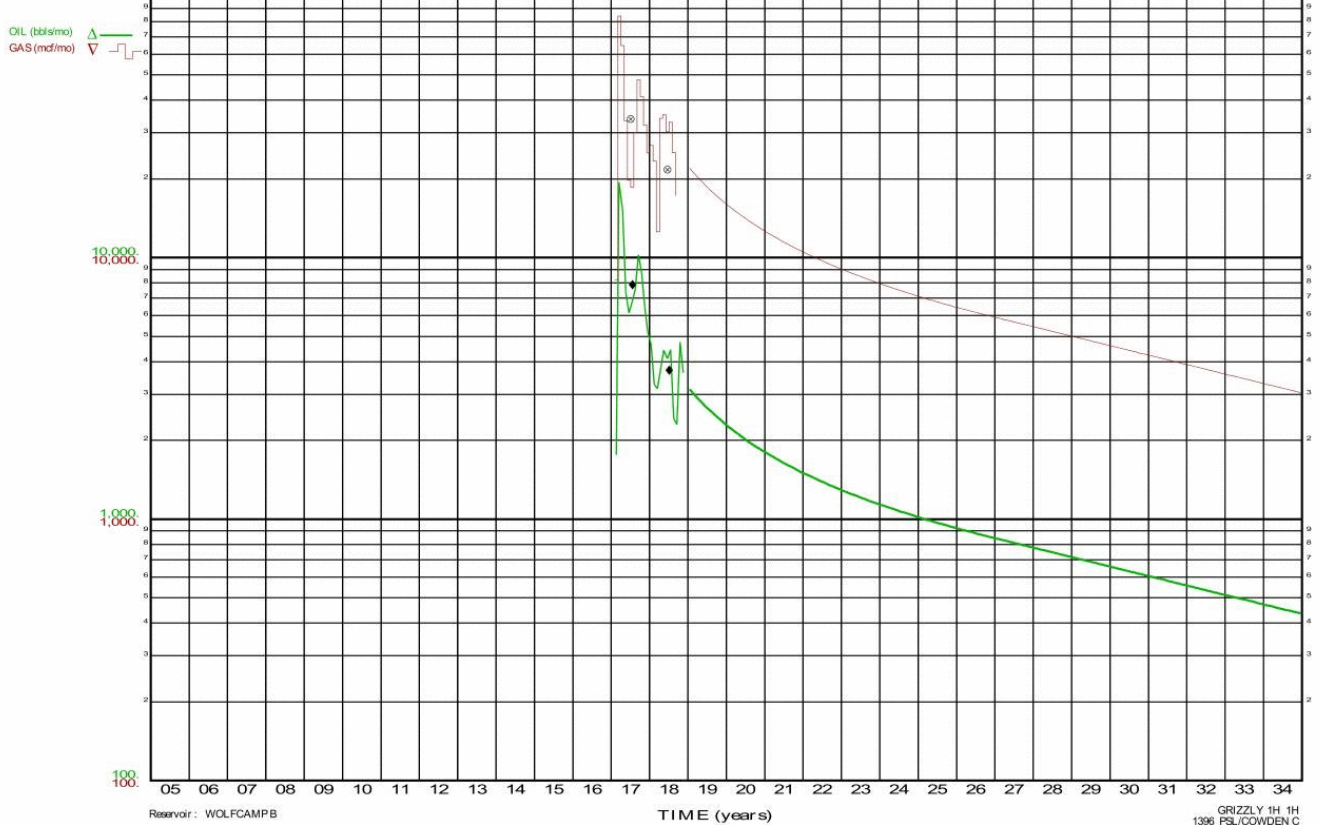
Cawley, Gillespie & Associates, Inc.

Figure 8  
 IMPETRO OPERATING LLC -- GRIZZLY 1H 1H  
 PHANTOM (WOLFCAMP) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				36.63 Year Life (09/2055)			Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow	
Oil - bbls/mo	D <sub>1</sub>	D <sub>2</sub>	D <sub>3</sub>	GOR - scf/bbl	Initial	Final	12/2018	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%				
Gas - mcf/mo	21,979	0.0	0.0	8.0	78	548	7,000	7,000	139.3	253.1	392.4	64,859 NI	164,158	9,578,338	702,241	3,187,792	8,824,530	5,033,986		
										89,465 WI	907,792	1,744,776	326,014	0,000						



Reservoir: WOLFCAMPB  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 02/2017 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495319790100

Cawley, Gillespie & Associates, Inc.

GRIZZLY 1H 1H  
 1396 PSL/COWDEN C  
 TX OIL  
 MKR G:\CGA\8538\PHD\pdp.out  
 (DEFAULT) ASN 332

**Table 8**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**IMPETRO OPERATING LLC -- GRIZZLY 1H 1H**  
**PHANTOM \WOLFCA) FIELD -- Winkler COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	32.2	225.6	20.6	20,899	115,572	13,341	58,348	1,922	16,390
12-2020	24.4	170.6	15.6	15,806	87,407	10,089	58,348	1,922	16,390
12-2021	19.7	137.9	12.6	12,781	70,680	8,159	58,348	1,922	16,390
12-2022	16.7	116.7	10.6	10,817	59,816	6,905	58,348	1,922	16,390
12-2023	14.5	101.6	9.3	9,414	52,060	6,009	58,348	1,922	16,390
12-2024	12.9	90.4	8.2	8,380	46,343	5,349	58,348	1,922	16,390
12-2025	11.6	81.3	7.4	7,531	41,645	4,807	58,348	1,922	16,390
12-2026	10.6	74.1	6.8	6,866	37,969	4,383	58,348	1,922	16,390
12-2027	9.7	68.1	6.2	6,309	34,886	4,027	58,348	1,922	16,390
12-2028	9.0	62.8	5.7	5,820	32,183	3,715	58,348	1,922	16,390
12-2029	8.2	57.6	5.3	5,339	29,525	3,408	58,348	1,922	16,390
12-2030	7.6	53.0	4.8	4,912	27,165	3,136	58,348	1,922	16,390
12-2031	7.0	48.8	4.4	4,520	24,993	2,885	58,348	1,922	16,390
12-2032	6.4	45.0	4.1	4,169	23,059	2,661	58,348	1,922	16,390
12-2033	5.9	41.3	3.8	3,825	21,152	2,442	58,348	1,922	16,390
12-2034	5.4	38.0	3.5	3,519	19,461	2,246	58,348	1,922	16,390
12-2035	5.0	34.9	3.2	3,238	17,905	2,067	58,348	1,922	16,390
12-2036	4.6	32.2	2.9	2,987	16,517	1,907	58,348	1,922	16,390
12-2037	4.2	29.8	2.7	2,740	15,349	1,749	58,348	1,922	16,390
S Tot	215.7	1,509.6	137.7	139,871	773,488	89,284	58,348	1,922	16,390
After	37.4	262.1	23.9	24,287	134,304	15,503	58,348	1,922	16,390
Total	253.1	1,771.7	161.6	164,158	907,792	104,787	58,348	1,922	16,390
Cum Ult	139.3	666.4	.0						
	392.4	2,438.1	161.6						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6
12-2019	1,219,427	222,129	218,652	0.000	0.000	1,660,208	89,403	41,505	5,492
12-2020	922,251	167,996	165,366	0.000	0.000	1,255,613	67,615	31,390	5,740
12-2021	745,760	135,847	133,720	0.000	0.000	1,015,327	54,676	25,383	5,981
12-2022	631,129	114,966	113,166	0.000	0.000	859,261	46,272	21,482	6,209
12-2023	549,302	100,000	98,494	0.000	0.000	747,856	40,772	19,596	6,431
12-2024	488,973	89,071	87,676	0.000	0.000	665,720	35,849	16,643	6,642
12-2025	439,407	80,042	78,789	0.000	0.000	598,238	32,215	14,956	6,858
12-2026	400,618	72,976	71,834	0.000	0.000	545,428	29,372	13,636	7,065
12-2027	363,107	67,054	66,004	0.000	0.000	501,165	26,988	12,529	7,272
12-2028	339,587	61,855	60,887	0.000	0.000	462,309	24,896	11,558	7,486
12-2029	311,530	56,748	55,860	0.000	0.000	424,138	22,840	10,603	7,735
12-2030	286,624	52,211	51,394	0.000	0.000	390,229	21,014	9,756	7,996
12-2031	263,709	48,037	47,285	0.000	0.000	359,031	19,334	8,976	8,281
12-2032	243,264	44,313	43,619	0.000	0.000	331,195	17,835	8,280	8,580
12-2033	223,178	40,654	40,017	0.000	0.000	303,849	16,362	7,596	8,927
12-2034	205,336	37,404	36,818	0.000	0.000	279,557	15,054	6,989	9,292
12-2035	188,919	34,413	33,875	0.000	0.000	257,207	13,851	6,430	9,689
12-2036	174,272	31,745	31,248	0.000	0.000	237,296	12,777	5,932	10,107
12-2037	159,883	29,124	28,688	0.000	0.000	217,675	11,722	5,442	10,591
S Tot	8,161,258	1,486,643	1,463,372	0.000	0.000	11,111,273	598,347	277,782	6,907
After	1,417,079	258,133	254,092	0.000	0.000	1,929,305	103,894	48,233	16,395
Total	9,578,338	1,744,776	1,717,464	0.000	0.000	13,040,578	702,241	326,014	8,311

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. % MS
12-2019	37,575	1	0.9	0.000	0.000	230,621	.000	1,261,103	1,261,103	1,206,047
12-2020	37,575	1	0.9	0.000	0.000	174,419	.000	944,613	2,205,717	2,026,628
12-2021	37,575	1	0.9	0.000	0.000	141,040	.000	756,653	2,962,369	2,623,881
12-2022	37,575	1	0.9	0.000	0.000	115,361	.000	634,571	3,596,941	3,079,144
12-2023	37,575	1	0.9	0.000	0.000	103,886	.000	547,426	4,144,367	3,436,139
12-2024	37,575	1	0.9	0.000	0.000	92,476	.000	483,176	4,627,543	3,722,533
12-2025	37,575	1	0.9	0.000	0.000	83,102	.000	430,389	5,057,933	3,954,406
12-2026	37,575	1	0.9	0.000	0.000	75,766	.000	389,079	5,447,012	4,144,964
12-2027	37,575	1	0.9	0.000	0.000	69,617	.000	354,455	5,801,467	4,302,788
12-2028	37,575	1	0.9	0.000	0.000	64,220	.000	324,061	6,125,528	4,433,955
12-2029	37,575	1	0.9	0.000	0.000	58,917	.000	294,201	6,419,729	4,542,202
12-2030	37,575	1	0.9	0.000	0.000	54,207	.000	267,677	6,687,406	4,631,743
12-2031	37,575	1	0.9	0.000	0.000	49,873	.000	243,273	6,930,679	4,705,728
12-2032	37,575	1	0.9	0.000	0.000	46,007	.000	221,498	7,152,177	4,768,964
12-2033	37,575	1	0.9	0.000	0.000	42,208	.000	200,107	7,352,284	4,817,254
12-2034	37,575	1	0.9	0.000	0.000	38,834	.000	181,105	7,533,389	4,858,633
12-2035	37,575	1	0.9	0.000	0.000	35,729	.000	163,622	7,697,011	4,892,622
12-2036	37,575	1	0.9	0.000	0.000	32,959	.000	148,023	7,845,035	4,920,574
12-2037	37,575	1	0.9	0.000	0.000	30,238	.000	132,699	7,977,733	4,943,353
S Tot	713,932			0.000	0.000	1,543,480	.000	7,977,733	7,977,733	4,943,353
After	662,379			0.000	0.000	268,002	.000	846,797	8,824,530	5,033,986
Total	1,376,311			0.000	0.000	1,811,481	.000	8,824,530	8,824,530	5,033,986

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent		Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final	Initial	Final	MS
Oil Rate	3,190.	77.	bbl/mo	33.6%	1.20	0.0%	0.0%	3,499.	3,499.	8.00	6,363,738	
Gas Rate	22,332.	543.	Mcf/mo	0.0%	0.00	0.0%	0.0%			8.00	5,482,855	
GOR	7,000.	7,000.	scf/bbl							10.00	5,033,986	
NGL Rate	2,041.	50.	bbl/mo							12.00	4,683,160	
NGL Yield	91.4	93.6	bbl/MMcf							15.00	4,214,238	
Gas Shrinkage	22.3	20.9	%							20.00	3,659,592	
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	10.3		%									

12 Months in first year      36.635 Year Life (08/2055)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 332      DEFAULT 1/16/2019 12:12:35  
 Oil\_PDP  
 Table 8

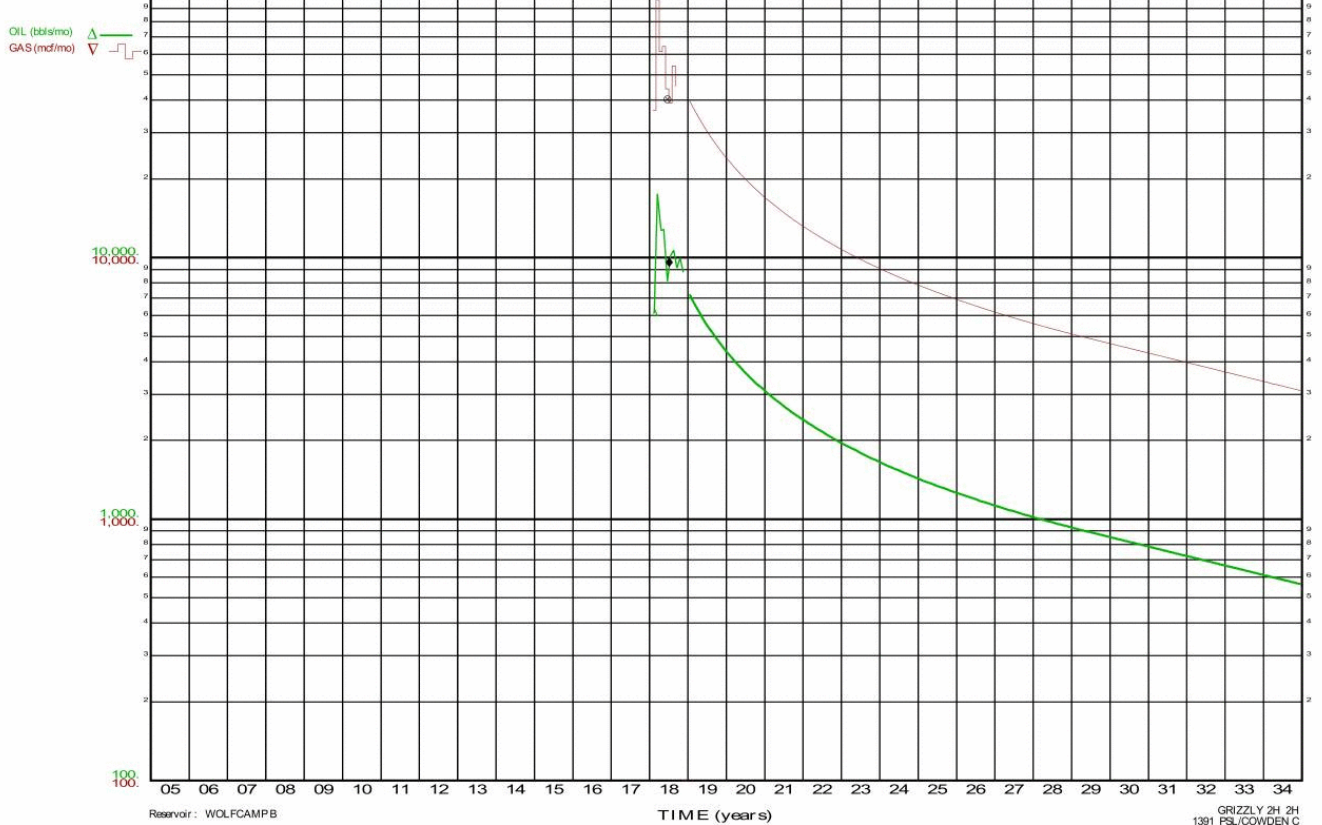
Cawley, Gillespie & Associates, Inc.

Figure 9  
 LILISENERGY, INC. -- GRIZZLY 2H 2H  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				35.20 Year Life (03/2054)			Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow	
Oil - bbls/mo	Q <sub>1</sub>	D <sub>10</sub>	n	Q <sub>10</sub>	GOR - scf/bbl	Initial	Final	12/2018	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%			
Gas - mcf/mo	7,237	50.5	1.00	7.8	114	5,500	5,500	Cumulatives	Reserve	Recovery	%	mmbbl/mcf	M\$	M\$	M\$	M\$	M\$			
	39,803	0.0	0.00	7.8	628			114.0	382.1	496.1	66.611 NI	255,309	14,394,705	825,672	3,072,675	12,227,693	7,625,713			
								485.3	2,101.7	2,587.1	92.276 WI	828,476	1,386,869	413,488	0,000					



Reservoir: WOLFCAMPB  
 ● \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 01/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 4249533931

Cawley, Gillespie & Associates, Inc.

GRIZZLY 2H 2H  
 1391 PSL/COWDEN C  
 TX OIL  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 426



**Table 9**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- GRIZZLY 2H 2H**  
**PHANTOM (WOLFCAMP) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	67.7	372.2	16.1	45,211	146,711	10,775	56.382	1,674	12,456
12-2020	44.0	242.2	10.5	29,420	95,467	7,012	56.382	1,674	12,456
12-2021	32.6	179.1	7.8	21,761	70,614	5,186	56.382	1,674	12,456
12-2022	25.9	142.5	6.2	17,311	56,173	4,126	56.382	1,674	12,456
12-2023	21.5	118.3	5.1	14,376	46,649	3,426	56.382	1,674	12,456
12-2024	18.4	101.5	4.4	12,325	39,994	2,937	56.382	1,674	12,456
12-2025	16.1	88.4	3.8	10,735	34,836	2,559	56.382	1,674	12,456
12-2026	14.3	78.5	3.1	9,531	30,929	2,272	56.382	1,674	12,456
12-2027	12.8	70.6	2.8	8,570	27,811	2,043	56.382	1,674	12,456
12-2028	11.7	64.3	2.5	7,806	25,330	1,860	56.382	1,674	12,456
12-2029	10.7	58.7	2.3	7,130	23,138	1,699	56.382	1,674	12,456
12-2030	9.8	54.0	2.2	6,559	21,283	1,563	56.382	1,674	12,456
12-2031	9.0	49.7	2.0	6,034	19,582	1,438	56.382	1,674	12,456
12-2032	8.3	45.8	2.0	5,567	18,064	1,327	56.382	1,674	12,456
12-2033	7.6	42.0	1.8	5,107	16,572	1,217	56.382	1,674	12,456
12-2034	7.0	38.7	1.7	4,699	15,247	1,120	56.382	1,674	12,456
12-2035	6.5	35.6	1.5	4,323	14,028	1,030	56.382	1,674	12,456
12-2036	6.0	32.8	1.4	3,988	12,941	950	56.382	1,674	12,456
12-2037	5.5	30.1	1.3	3,659	11,872	872	56.382	1,674	12,456
S.T ot	335.4	1,844.9	79.9	224,111	727,241	53,413	56.382	1,674	12,456
After	46.7	256.8	11.1	31,197	101,235	7,435	56.382	1,674	12,456
Total	382.1	2,101.7	91.1	255,309	828,476	60,849	56.382	1,674	12,456
Cum Ult	114.0	485.3	0						
	496.1	2,587.1	91.1						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6
12-2019	2,549,082	245,594	134,223	0.000	0.000	2,928,909	146,215	73,223	3,666
12-2020	1,658,735	159,812	87,341	0.000	0.000	1,905,888	95,144	47,647	4,045
12-2021	1,226,906	118,207	64,603	0.000	0.000	1,409,716	70,375	35,243	4,397
12-2022	976,004	94,034	51,382	0.000	0.000	1,121,429	55,383	28,036	4,744
12-2023	810,529	78,081	42,676	0.000	0.000	931,289	46,492	23,052	5,600
12-2024	694,899	66,951	36,590	0.000	0.000	798,440	39,859	19,961	5,430
12-2025	605,280	58,316	31,871	0.000	0.000	695,467	34,719	17,387	5,783
12-2026	537,387	51,775	28,296	0.000	0.000	617,458	30,824	15,436	6,129
12-2027	483,205	46,555	25,443	0.000	0.000	555,203	27,716	13,880	6,476
12-2028	440,109	42,403	23,174	0.000	0.000	505,685	25,244	12,642	6,811
12-2029	402,015	38,732	21,168	0.000	0.000	461,915	23,059	11,548	7,167
12-2030	369,795	35,628	19,472	0.000	0.000	424,895	21,211	10,622	7,526
12-2031	340,231	32,780	17,915	0.000	0.000	390,926	19,515	9,773	7,916
12-2032	313,853	30,238	16,326	0.000	0.000	360,617	18,002	9,015	8,325
12-2033	287,939	27,742	15,161	0.000	0.000	330,842	16,516	8,271	8,800
12-2034	264,919	25,524	13,949	0.000	0.000	304,392	15,196	7,610	9,300
12-2035	243,739	23,483	12,834	0.000	0.000	280,056	13,981	7,001	9,843
12-2036	224,842	21,693	11,839	0.000	0.000	258,343	12,897	6,459	10,415
12-2037	206,277	19,874	10,862	0.000	0.000	237,013	11,832	5,925	11,078
S.T ot	12,635,755	1,217,402	665,336	0.000	0.000	14,518,493	724,780	362,962	5,537
After	1,758,950	169,467	92,618	0.000	0.000	2,021,035	100,892	50,526	18,303
Total	14,394,705	1,386,869	757,954	0.000	0.000	16,539,528	825,672	413,488	7,097

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. % MS
12-2019	49,830	1	0.9	0.000	0.000	233,539	0.000	2,426,103	2,426,103	2,323,826
12-2020	49,830	1	0.9	0.000	0.000	151,968	0.000	1,561,300	3,987,403	3,681,294
12-2021	49,830	1	0.9	0.000	0.000	112,405	0.000	1,141,864	5,129,266	4,583,132
12-2022	49,830	1	0.9	0.000	0.000	89,416	0.000	898,163	6,027,429	5,227,785
12-2023	49,830	1	0.9	0.000	0.000	74,258	0.000	737,437	6,764,866	5,708,859
12-2024	49,830	1	0.9	0.000	0.000	63,664	0.000	625,126	7,389,992	6,079,499
12-2025	49,830	1	0.9	0.000	0.000	55,454	0.000	538,079	7,928,071	6,369,463
12-2026	49,830	1	0.9	0.000	0.000	49,234	0.000	472,134	8,400,205	6,600,749
12-2027	49,830	1	0.9	0.000	0.000	44,270	0.000	419,506	8,819,713	6,757,567
12-2028	49,830	1	0.9	0.000	0.000	40,321	0.000	377,648	9,197,361	6,940,436
12-2029	49,830	1	0.9	0.000	0.000	36,831	0.000	340,647	9,538,008	7,065,775
12-2030	49,830	1	0.9	0.000	0.000	33,879	0.000	309,352	9,847,361	7,169,258
12-2031	49,830	1	0.9	0.000	0.000	31,171	0.000	290,637	10,127,997	7,254,607
12-2032	49,830	1	0.9	0.000	0.000	28,754	0.000	265,016	10,383,013	7,325,110
12-2033	49,830	1	0.9	0.000	0.000	26,380	0.000	229,845	10,612,858	7,382,874
12-2034	49,830	1	0.9	0.000	0.000	24,271	0.000	207,486	10,820,344	7,430,282
12-2035	49,830	1	0.9	0.000	0.000	22,331	0.000	186,914	11,007,258	7,469,110
12-2036	49,830	1	0.9	0.000	0.000	20,599	0.000	168,559	11,175,818	7,500,941
12-2037	49,830	1	0.9	0.000	0.000	18,898	0.000	150,527	11,326,345	7,525,780
S.T ot	946,761			0.000	0.000	1,157,644	0.000	11,326,345	11,326,345	7,526,780
After	807,120			0.000	0.000	161,149	0.000	901,347	12,227,693	7,625,713
Total	1,753,882			0.000	0.000	1,318,793	0.000	12,227,693	12,227,693	7,625,713

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent		Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final	Percent	Cum. Disc.	
Oil Rate	7.436	113. bbl/mo	50.5%	1.00	0.0%			Expense	92,2769	92,2769	5.00	8,281,146
Gas Rate	40.901	623. Mcf/mo	0.0%	0.00	0.0%			Revenue			8.00	8,191,143
GOR	5,900	5,900. scf/bbl						Oil	66,8118	66,8118	12.00	7,152,470
NGL Rate	1,756	25. bbl/mo						Gas	66,8118	66,8118	15.00	6,570,916
NGL Yield	42.9	40.1 bbl/MMcf									20.00	5,836,699
Gas Shrinkage	42.6	41.0 %										
Oil Severance	4.6	4.6 %										
Gas Severance	7.5	7.5 %										
NGL Severance	7.5	7.5 %										
Ad Valorem	11.4	%										

12 Months in first year      35,201 Year Life (03/2054)

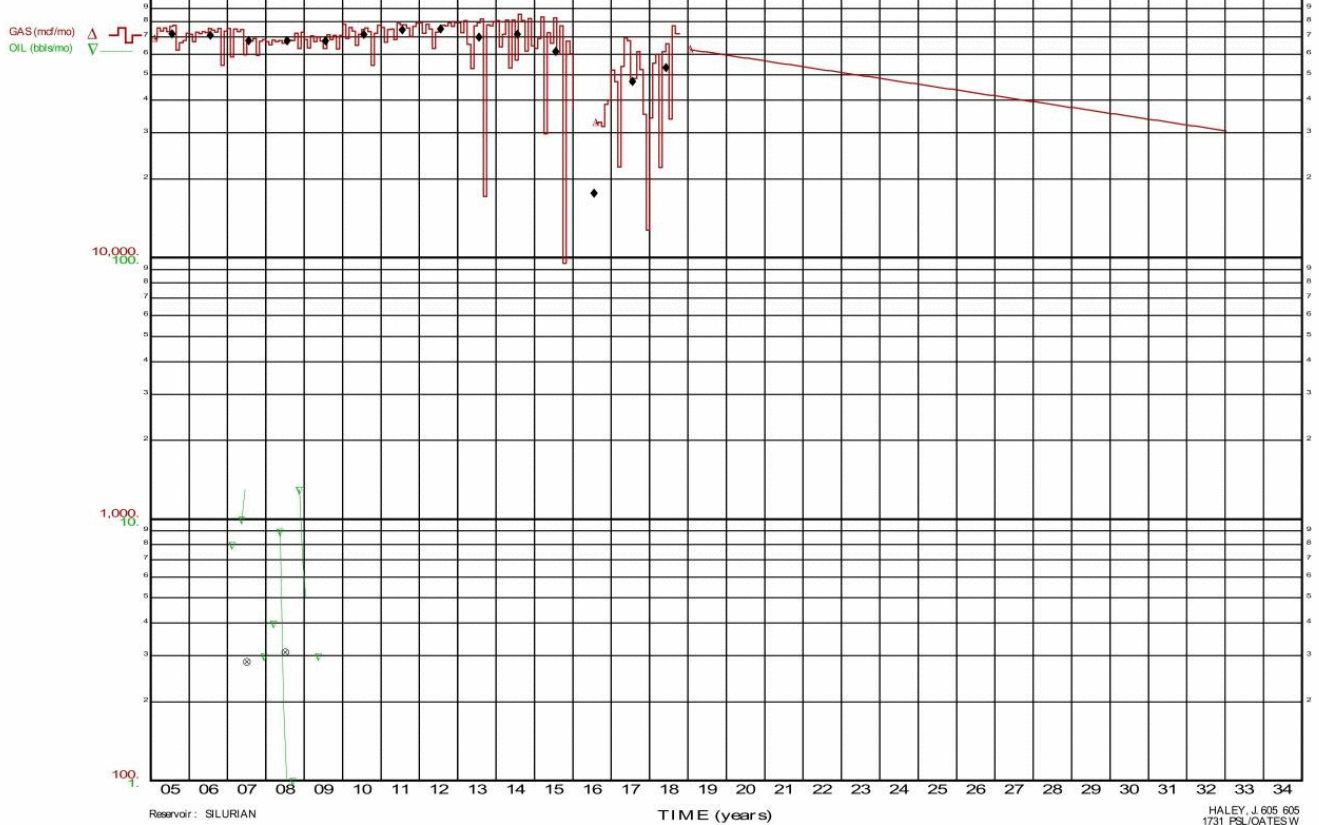
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.      ASN 426      DEFAULT 1/16/2019 12:12:35  
 TEXAS REGISTERED ENGINEERING FIRM F-683.      Oil, PDP  
 Table 9

Figure 10  
 IMPETRO OPERATING LLC -- HALEY, J. 605 605  
 EVETTS (SLURIAN) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category : PDP

As of 01/2019

As of 01/2019										14.10 Year Life (02/2033)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow	
Oil - bbls/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>2</sub>	Q <sub>2</sub>	YIELD - bbls/mcf	Initial	Final	Oil - mmbbls	12/2018	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%
Gas - mcf/mo	62,577	5.0	0.00	5.1	30,515	0.0	0.0	0.0	14,536.7	0.5	7,555.8	0.5	36.378 NI	0.000	0.000	318,244	160,234	3,633,937	2,163,503
													49.833 WI	2,721,201	4,217,861	105,447	0,000		



Reservoir : SLURIAN  
 ● ⊙ \* - Annual Averages Perfic: 17434 - 18214, Status:  
 First Production 00/ 0 First Data 03/2000 Last Data 09/2018  
 01/16/2019 12:15:19 21 API: 42495327610100

Cawley, Gillespie & Associates, Inc.

HALEY, J. 605 605  
 1731 PSL/OATES W  
 TX GAS 334244  
 MKR G:\CGA8538\PHD lpd.out  
 (DEFAULT) ASN 522



**Table 10**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING LLC -- HALEY, J. 605 605  
 EVETTS (SILURIAN) FIELD -- Winkler COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	0	733.1	0	0.000	264,023	0.000	0.000	1,550	0.000
12-2020	0	698.3	0	0.000	251,501	0.000	0.000	1,550	0.000
12-2021	0	861.6	0	0.000	238,264	0.000	0.000	1,550	0.000
12-2022	0	628.5	0	0.000	226,359	0.000	0.000	1,550	0.000
12-2023	0	597.1	0	0.000	215,049	0.000	0.000	1,550	0.000
12-2024	0	568.8	0	0.000	204,849	0.000	0.000	1,550	0.000
12-2025	0	538.9	0	0.000	194,068	0.000	0.000	1,550	0.000
12-2026	0	511.9	0	0.000	184,371	0.000	0.000	1,550	0.000
12-2027	0	486.4	0	0.000	175,159	0.000	0.000	1,550	0.000
12-2028	0	463.3	0	0.000	168,881	0.000	0.000	1,550	0.000
12-2029	0	438.9	0	0.000	158,069	0.000	0.000	1,550	0.000
12-2030	0	417.0	0	0.000	150,171	0.000	0.000	1,550	0.000
12-2031	0	395.1	0	0.000	142,668	0.000	0.000	1,550	0.000
12-2032	0	377.3	0	0.000	135,911	0.000	0.000	1,550	0.000
02-2033	0	38.6	0	0.000	13,896	0.000	0.000	1,550	0.000
12-2034									
12-2035									
12-2036									
12-2037									
S Tot	0	7,555.8	0	0.000	2,721,201	0.000	0.000	1,550	0.000
After	0	0	0	0.000	0	0.000	0.000	0	0.000
Total	0	7,555.8	0	0.000	2,721,201	0.000	0.000	1,550	0.000
Cum	5	14,536.7	0						
Ult	5	22,092.5	0						

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	409,236	0.000	0.000	0.000	409,236	30,878	10,231	258
12-2020	0.000	389,826	0.000	0.000	0.000	389,826	29,413	9,746	271
12-2021	0.000	369,310	0.000	0.000	0.000	369,310	27,865	9,233	286
12-2022	0.000	350,857	0.000	0.000	0.000	350,857	26,473	8,771	301
12-2023	0.000	333,326	0.000	0.000	0.000	333,326	25,150	8,333	317
12-2024	0.000	317,516	0.000	0.000	0.000	317,516	23,957	7,938	333
12-2025	0.000	300,805	0.000	0.000	0.000	300,805	22,696	7,520	351
12-2026	0.000	285,775	0.000	0.000	0.000	285,775	21,562	7,144	370
12-2027	0.000	271,486	0.000	0.000	0.000	271,486	20,485	6,787	389
12-2028	0.000	258,619	0.000	0.000	0.000	258,619	19,513	6,465	409
12-2029	0.000	245,008	0.000	0.000	0.000	245,008	18,486	6,125	431
12-2030	0.000	232,765	0.000	0.000	0.000	232,765	17,563	5,819	454
12-2031	0.000	221,135	0.000	0.000	0.000	221,135	16,685	5,528	478
12-2032	0.000	210,647	0.000	0.000	0.000	210,647	15,894	5,266	502
02-2033	0.000	21,541	0.000	0.000	0.000	21,541	1,625	539	503
12-2034									
12-2035									
12-2036									
12-2037									
S Tot	0.000	4,217,861	0.000	0.000	0.000	4,217,861	318,244	105,447	353
After	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	0.000	4,217,861	0.000	0.000	0.000	4,217,861	318,244	105,447	353

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	11,362	1	0.5	0.000	0.000	0.000	0.000	356,766	356,766	340,415
12-2020	11,362	1	0.5	0.000	0.000	0.000	0.000	339,305	696,071	634,717
12-2021	11,362	1	0.5	0.000	0.000	0.000	0.000	320,850	1,016,921	887,697
12-2022	11,362	1	0.5	0.000	0.000	0.000	0.000	304,250	1,321,172	1,105,794
12-2023	11,362	1	0.5	0.000	0.000	0.000	0.000	288,480	1,609,652	1,293,800
12-2024	11,362	1	0.5	0.000	0.000	0.000	0.000	274,259	1,883,911	1,456,278
12-2025	11,362	1	0.5	0.000	0.000	0.000	0.000	259,227	2,143,138	1,595,881
12-2026	11,362	1	0.5	0.000	0.000	0.000	0.000	245,706	2,388,844	1,716,181
12-2027	11,362	1	0.5	0.000	0.000	0.000	0.000	232,861	2,621,705	1,819,834
12-2028	11,362	1	0.5	0.000	0.000	0.000	0.000	221,278	2,842,983	1,909,371
12-2029	11,362	1	0.5	0.000	0.000	0.000	0.000	209,034	3,052,018	1,986,259
12-2030	11,362	1	0.5	0.000	0.000	0.000	0.000	198,022	3,250,039	2,052,480
12-2031	11,362	1	0.5	0.000	0.000	0.000	0.000	187,560	3,437,599	2,109,503
12-2032	11,362	1	0.5	0.000	0.000	0.000	0.000	178,125	3,615,724	2,158,732
02-2033	1,165	1	0.5	0.000	0.000	0.000	0.000	18,213	3,633,937	2,163,503
12-2034										
12-2035										
12-2036										
12-2037										
S Tot	160,234			0.000	0.000	0.000	0.000	3,633,937	3,633,937	2,163,503
After	0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	160,234			0.000	0.000	0.000	0.000	3,633,937	3,633,937	2,163,503

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final			
Gas Rate	62.704	30.416	Mcf/mo	5.0%	0.00	0.0%		1.898	1.898	Sw/mo	5.00	2,739,754
Oil Rate	0	0	bbl/mo	0.0%	0.00	0.0%					8.00	2,365,998
NGL Rate	0	0	bbl/mo	0.0%	0.00	0.0%					10.00	2,163,503
Cond Yield	0.0	0.0	bbl/MMcf								12.00	1,990,296
NGL Yield	0.0	0.0	bbl/MMcf								15.00	1,774,186
Gas Shrinkage	1.2	0.7	%								20.00	1,499,873
Oil Severance	0.0	0.0	%									
Gas Severance	7.5	7.5	%									
NGL Severance	0.0	0.0	%									
Ad Valorem	43.4		%									

12 Months in first year    14.105 Year Life (02/2033)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 522    DEFAULT 1/16/2019 12:12:35  
 GAS FDP    Table 10

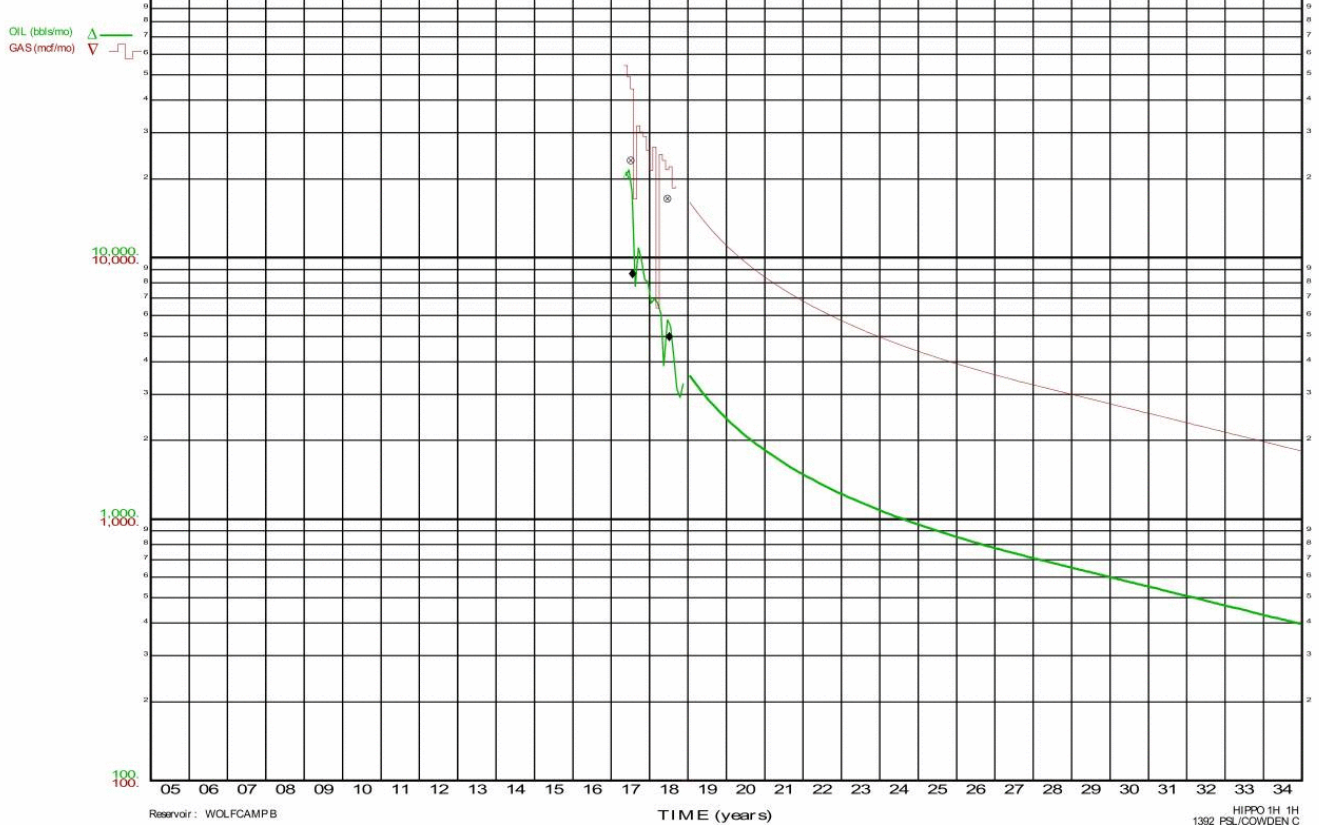
Cawley, Gillespie & Associates, Inc.

Figure 11  
 LILISENERGY, INC. -- HIPPO 1H 1H  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				27.64 Year Life (09/2046)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	GOR - scf/bbl	GOR - scf/bbl	Initial	Final	Oil - mbbls	Gas - mmmcf	Interest %	Net Gas Sales mmbbl/mmmcf	Gas Revenue M\$	Adv. Tax M\$	Investments M\$	Disc. @10.0% M\$
3,549	16,325	39.7	8.0	151	4,600	163.6	483.0	73.468 NI	170.846	9,968,565	638,894	3,630,675	7,770,369
0.0	0.0	0.0	8.0	695	4,600	232.5	1,069.7	100.000 WI	636.571	1,184,021	308,716	0,000	4,918,700



Reservoir: WOLFCAMPB  
 ● ⊙ \* - Annual Averages Perf: 12310 - 16415 Status:  
 First Production 00/ 0 First Data 03/2017 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495320420000

Cawley, Gillespie & Associates, Inc.

HIPPO 1H 1H  
 1392 PSL/COWDEN C  
 TX OIL  
 MKR G:\CGA8538\PHD lpp\out  
 (DEFAULT) ASN 224

**Table 11**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 LILIS ENERGY, INC. -- HIPPO 1H 1H  
 PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	35.3	162.2	15.1	25,900	96,503	11,063	58,348	1,860	16,390
12-2020	25.2	116.1	10.8	18,550	69,119	9,924	58,348	1,860	16,390
12-2021	19.7	90.8	8.4	14,494	54,006	6,191	58,348	1,860	16,390
12-2022	16.3	74.9	7.0	11,968	44,592	5,112	58,348	1,860	16,390
12-2023	13.9	64.0	5.9	10,219	38,076	4,365	58,348	1,860	16,390
12-2024	12.2	56.1	5.2	8,956	33,371	3,826	58,348	1,860	16,390
12-2025	10.8	49.7	4.6	7,944	29,600	3,393	58,348	1,860	16,390
12-2026	9.7	44.8	4.2	7,162	26,696	3,059	58,348	1,860	16,390
12-2027	8.9	40.9	3.8	6,526	24,316	2,783	58,348	1,860	16,390
12-2028	8.2	37.6	3.5	6,009	22,389	2,567	58,348	1,860	16,390
12-2029	7.5	34.5	3.2	5,513	20,540	2,355	58,348	1,860	16,390
12-2030	6.9	31.8	2.9	5,072	18,898	2,166	58,348	1,860	16,390
12-2031	6.4	29.2	2.7	4,696	17,387	1,993	58,348	1,860	16,390
12-2032	5.9	27.0	2.5	4,305	16,039	1,839	58,348	1,860	16,390
12-2033	5.4	24.7	2.3	3,949	14,715	1,687	58,348	1,860	16,390
12-2034	4.9	22.8	2.1	3,634	13,539	1,552	58,348	1,860	16,390
12-2035	4.6	20.9	1.9	3,343	12,456	1,428	58,348	1,860	16,390
12-2036	4.2	19.3	1.8	3,084	11,490	1,317	58,348	1,860	16,390
12-2037	3.9	17.7	1.6	2,829	10,629	1,208	58,348	1,860	16,390
S Tot	209.8	965.0	89.6	154,123	574,264	65,833	58,348	1,860	16,390
After	22.8	104.7	9.7	16,722	62,306	7,143	58,348	1,860	16,390
Total	232.5	1,069.7	99.3	170,846	636,571	72,975	58,348	1,860	16,390
Cum Ult	163.6	483.0	.0						
	396.2	1,552.7	99.3						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6
12-2019	1,511,218	179,496	181,322	0.000	0.000	1,872,035	96,855	46,801	6,236
12-2020	1,082,385	128,561	129,869	0.000	0.000	1,340,814	69,371	33,520	6,851
12-2021	845,716	100,450	101,472	0.000	0.000	1,047,639	54,203	26,191	7,459
12-2022	698,294	82,940	83,794	0.000	0.000	865,019	44,754	21,625	8,045
12-2023	596,261	70,821	71,542	0.000	0.000	738,624	38,215	18,466	8,620
12-2024	522,591	62,071	62,702	0.000	0.000	647,364	33,483	16,184	9,176
12-2025	463,527	55,056	55,616	0.000	0.000	574,199	29,708	14,355	9,748
12-2026	417,897	49,636	50,141	0.000	0.000	517,674	26,783	12,942	10,302
12-2027	380,785	45,228	45,688	0.000	0.000	471,701	24,405	11,733	10,650
12-2028	350,607	41,644	42,067	0.000	0.000	434,318	22,471	10,858	11,380
12-2029	321,658	38,205	38,594	0.000	0.000	398,456	20,615	9,961	11,983
12-2030	295,942	35,151	35,508	0.000	0.000	366,601	18,967	9,165	12,618
12-2031	272,282	32,340	32,669	0.000	0.000	337,232	17,451	8,432	13,308
12-2032	251,172	29,833	30,137	0.000	0.000	311,142	16,098	7,779	14,033
12-2033	230,433	27,370	27,648	0.000	0.000	285,451	14,769	7,136	14,874
12-2034	212,011	25,182	25,438	0.000	0.000	262,630	13,588	6,566	15,760
12-2035	195,061	23,168	23,404	0.000	0.000	241,634	12,502	6,041	16,722
12-2036	179,938	21,372	21,590	0.000	0.000	222,900	11,532	5,572	17,734
12-2037	165,081	19,808	19,807	0.000	0.000	204,465	10,580	5,112	18,809
S Tot	8,992,858	1,068,131	1,078,999	0.000	0.000	11,139,988	576,360	278,500	9,644
After	975,707	115,890	117,069	0.000	0.000	1,208,666	62,534	30,217	25,470
Total	9,968,565	1,184,021	1,196,068	0.000	0.000	12,348,654	638,894	308,716	11,193

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. % MS
12-2019	76,428	1	1.0	0.000	0.000	230,203	.000	1,421,748	1,421,748	1,360,541
12-2020	76,428	1	1.0	0.000	0.000	164,879	.000	996,616	2,418,365	2,226,654
12-2021	76,428	1	1.0	0.000	0.000	128,827	.000	761,990	3,180,355	2,828,305
12-2022	76,428	1	1.0	0.000	0.000	106,371	.000	615,840	3,796,195	3,270,241
12-2023	76,428	1	1.0	0.000	0.000	90,828	.000	514,688	4,310,882	3,605,959
12-2024	76,428	1	1.0	0.000	0.000	79,606	.000	441,653	4,752,535	3,867,794
12-2025	76,428	1	1.0	0.000	0.000	70,609	.000	383,099	5,135,635	4,074,226
12-2026	76,428	1	1.0	0.000	0.000	63,658	.000	337,863	5,473,497	4,239,727
12-2027	76,428	1	1.0	0.000	0.000	58,005	.000	301,071	5,774,568	4,373,797
12-2028	76,428	1	1.0	0.000	0.000	53,408	.000	271,153	6,045,722	4,483,558
12-2029	76,428	1	1.0	0.000	0.000	48,998	.000	242,454	6,288,176	4,572,774
12-2030	76,428	1	1.0	0.000	0.000	45,081	.000	216,960	6,505,136	4,645,356
12-2031	76,428	1	1.0	0.000	0.000	41,477	.000	193,504	6,699,640	4,704,212
12-2032	76,428	1	1.0	0.000	0.000	38,291	.000	172,576	6,871,216	4,751,930
12-2033	76,428	1	1.0	0.000	0.000	35,102	.000	152,017	7,023,233	4,790,139
12-2034	76,428	1	1.0	0.000	0.000	32,295	.000	133,753	7,156,986	4,820,704
12-2035	76,428	1	1.0	0.000	0.000	29,713	.000	116,950	7,273,936	4,845,003
12-2036	76,428	1	1.0	0.000	0.000	27,410	.000	101,957	7,375,853	4,864,261
12-2037	76,428	1	1.0	0.000	0.000	25,147	.000	87,228	7,463,121	4,879,238
S Tot	1,452,132			0.000	0.000	1,369,875	.000	7,463,121	7,463,121	4,879,238
After	660,039			0.000	0.000	148,629	.000	307,248	7,770,369	4,918,700
Total	2,112,171			0.000	0.000	1,518,504	.000	7,770,369	7,770,369	4,918,700

Evaluation Parameters (Gross)					Expenses (Gross)					Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Del	n	Def	Initial	Final	Units	Initial	Final	Percent	Cum. Disc.	
Oil Rate	3,619.	149.	bbl/mo	39.8%	1.10	0.0%	6,369.	6,369.	\$/wmo		5.00	5,996,396	
Gas Rate	16,650.	689.	Mcf/mo	0.0%	0.00	0.0%					8.00	5,288,389	
GOR	4,600.	4,600.	scf/bbl								10.00	4,918,700	
NGL Rate	1,543.	65.	bbl/mo								12.00	4,605,765	
NGL Yield	92.7	95.4	bbl/MMcf								15.00	4,217,544	
Gas Shrinkage	20.6	18.4	%								20.00	3,723,367	
Oil Severance	4.6	4.6	%										
Gas Severance	7.5	7.5	%										
NGL Severance	7.5	7.5	%										
Ad Valorem	20.4		%										

12 Months in first year      27,644 Year Life (08/2046)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 224      DEFAULT 1/16/2019 12:23:35  
 OIL\_PDP  
 Table 11

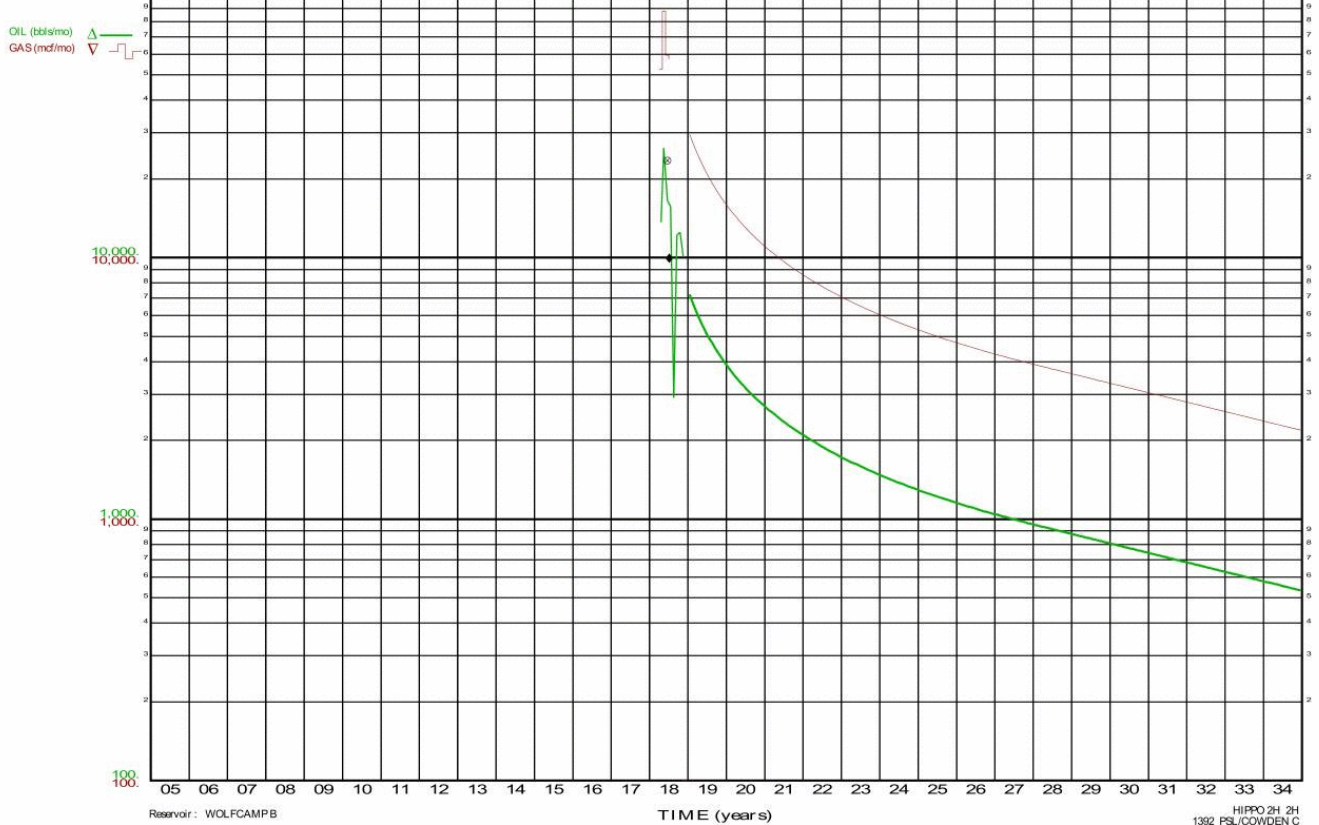
Cawley, Gillespie & Associates, Inc.

Figure 12  
 LILISENERGY, INC. -- HIPPO 2H 2H  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				12/2018			25.91 Year Life (11/2044)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	GOR - scf/bbl	GOR - scf/bbl	Initial	Final	Oil - mbbls	Gas - mmcf	Interest %	Net Gas Sales mmbbl/mo	Gas Revenue \$M	Adv. Tax \$M	Investments \$M	Cash Flow \$M	Disc. @10.0%	
7,235	29,665	63.7	8.0	234	957	118.0	290.6	59.497	197.655	10,884.947	663.783	3,277.702	8,765.423	5,867.911	
0.0	0.0	0.0	8.0	4,100	4,100	332.2	1,362.1	85.403	551.063	1,059.142	325.818	0.000			



Reservoir: WOLFCAMPB  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 04/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 4249533970000

Cawley, Gillespie & Associates, Inc.

HIPPO 2H 2H  
 1392 PSL/COWDEN C  
 TX OIL  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 432

**Table 12**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- HIPPO 2H 2H**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBBL/S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBBL/S	(5) Net Oil Production MMBBL/S	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBBL/S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	63.3	258.4	20.4	37,644	104,953	12,164	55.070	1.922	17,046		
12-2020	38.6	158.3	12.5	22,974	64,052	7,423	55.070	1.922	17,046		
12-2021	28.4	116.4	9.2	16,890	47,090	5,458	55.070	1.922	17,046		
12-2022	22.7	93.3	7.4	13,534	37,733	4,373	55.070	1.922	17,046		
12-2023	19.1	75.3	6.2	11,367	31,691	3,673	55.070	1.922	17,046		
12-2024	16.6	68.0	5.4	9,867	27,509	3,188	55.070	1.922	17,046		
12-2025	14.6	60.0	4.7	8,702	24,262	2,812	55.070	1.922	17,046		
12-2026	13.1	53.9	4.2	7,820	21,803	2,527	55.070	1.922	17,046		
12-2027	12.0	49.0	3.9	7,114	19,633	2,299	55.070	1.922	17,046		
12-2028	11.0	45.1	3.6	6,546	18,251	2,115	55.070	1.922	17,046		
12-2029	10.1	41.4	3.3	6,006	16,744	1,941	55.070	1.922	17,046		
12-2030	9.3	38.1	3.0	5,526	15,406	1,785	55.070	1.922	17,046		
12-2031	8.5	35.0	2.8	5,084	14,174	1,643	55.070	1.922	17,046		
12-2032	7.9	32.3	2.5	4,690	13,075	1,515	55.070	1.922	17,046		
12-2033	7.2	29.6	2.3	4,303	11,996	1,390	55.070	1.922	17,046		
12-2034	6.7	27.3	2.1	3,959	11,037	1,279	55.070	1.922	17,046		
12-2035	6.1	25.1	2.0	3,642	10,154	1,177	55.070	1.922	17,046		
12-2036	5.6	23.2	1.8	3,360	9,367	1,086	55.070	1.922	17,046		
12-2037	5.2	21.2	1.7	3,092	8,594	996	55.070	1.922	17,046		
S Tot	306.1	1,254.9	98.9	182,110	507,724	58,843	55.070	1.922	17,046		
After	26.1	107.1	8.4	15,545	43,338	5,023	55.070	1.922	17,046		
Total	332.2	1,362.1	107.3	197,655	551,063	63,866	55.070	1.922	17,046		
Cum Ult	118.0	290.6	.0								
	450.2	1,652.7	107.3								
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	2,073,083	201,719	207,336	0.000	0.000	2,482,148	126,421	62,054	4,016		
12-2020	1,265,203	123,109	126,537	0.000	0.000	1,514,848	77,154	37,871	4,971		
12-2021	930,150	90,507	93,027	0.000	0.000	1,113,684	56,722	27,842	5,853		
12-2022	745,333	72,523	74,543	0.000	0.000	892,399	45,452	22,310	6,690		
12-2023	626,863	60,910	62,607	0.000	0.000	748,500	38,174	19,338	7,473		
12-2024	543,382	52,873	54,345	0.000	0.000	650,600	33,136	16,265	8,226		
12-2025	479,243	46,632	47,931	0.000	0.000	573,806	29,225	14,345	8,989		
12-2026	430,667	41,905	43,072	0.000	0.000	516,644	26,263	12,891	9,719		
12-2027	391,759	38,119	39,161	0.000	0.000	468,059	23,690	11,726	10,434		
12-2028	360,514	35,079	36,056	0.000	0.000	431,649	21,985	10,791	11,120		
12-2029	330,745	32,183	33,079	0.000	0.000	396,006	20,169	9,900	11,894		
12-2030	304,303	29,610	30,434	0.000	0.000	364,346	18,557	9,109	12,709		
12-2031	279,974	27,242	28,010	0.000	0.000	335,218	17,073	8,380	13,594		
12-2032	256,288	25,130	25,630	0.000	0.000	309,226	15,750	7,731	14,525		
12-2033	236,943	23,055	23,697	0.000	0.000	283,696	14,449	7,092	15,605		
12-2034	218,000	21,212	21,803	0.000	0.000	261,015	13,294	6,525	16,742		
12-2035	200,572	19,516	20,060	0.000	0.000	240,148	12,231	6,004	17,978		
12-2036	185,021	18,003	18,505	0.000	0.000	221,529	11,283	5,538	19,277		
12-2037	169,744	16,517	16,977	0.000	0.000	203,238	10,351	5,081	20,783		
S Tot	10,028,897	975,846	1,003,020	0.000	0.000	12,007,763	611,579	300,194	8,394		
After	856,050	83,297	85,616	0.000	0.000	1,024,963	52,203	25,624	27,571		
Total	10,884,947	1,059,142	1,088,637	0.000	0.000	13,032,726	663,783	325,818	9,902		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	94,286	1	0.8	0.000	0.000	158,865	.000	2,040,523	1,956,734		
12-2020	94,286	1	0.8	0.000	0.000	96,955	.000	1,208,582	3,249,106	3,007,827	
12-2021	94,286	1	0.8	0.000	0.000	71,279	.000	863,555	4,112,661	3,689,918	
12-2022	94,286	1	0.8	0.000	0.000	57,116	.000	673,235	4,785,896	4,173,143	
12-2023	94,286	1	0.8	0.000	0.000	47,970	.000	560,333	5,336,230	4,532,160	
12-2024	94,286	1	0.8	0.000	0.000	41,640	.000	465,273	5,801,502	4,808,025	
12-2025	94,286	1	0.8	0.000	0.000	36,725	.000	399,225	6,200,727	5,023,160	
12-2026	94,286	1	0.8	0.000	0.000	33,003	.000	349,202	6,549,929	5,194,224	
12-2027	94,286	1	0.8	0.000	0.000	30,021	.000	309,136	6,859,065	5,331,890	
12-2028	94,286	1	0.8	0.000	0.000	27,627	.000	276,961	7,136,262	5,444,006	
12-2029	94,286	1	0.8	0.000	0.000	25,346	.000	246,305	7,382,332	5,534,641	
12-2030	94,286	1	0.8	0.000	0.000	23,319	.000	219,076	7,601,408	5,607,934	
12-2031	94,286	1	0.8	0.000	0.000	21,455	.000	194,024	7,795,431	5,696,990	
12-2032	94,286	1	0.8	0.000	0.000	19,792	.000	171,671	7,967,102	5,744,421	
12-2033	94,286	1	0.8	0.000	0.000	18,157	.000	149,711	8,116,813	5,752,053	
12-2034	94,286	1	0.8	0.000	0.000	16,706	.000	130,204	8,247,018	5,781,809	
12-2035	94,286	1	0.8	0.000	0.000	15,370	.000	112,257	8,359,275	5,805,134	
12-2036	94,286	1	0.8	0.000	0.000	14,179	.000	96,244	8,455,518	5,823,316	
12-2037	94,286	1	0.8	0.000	0.000	13,008	.000	80,512	8,536,031	5,837,142	
S Tot	1,791,427			0.000	0.000	768,532	.000	8,536,031	8,536,031	5,837,142	
After	652,142			0.000	0.000	65,601	.000	229,392	8,765,423	5,867,911	
Total	2,443,569			0.000	0.000	834,133	.000	8,765,423	8,765,423	5,867,911	
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent		Cum. Disc.
	Initial	Final	Units	Initial	Final	Units	Initial	Final	Initial	Final	M\$
Oil Rate	7.519	232	bbl/mo	63.7%	1.20	0.0%	9.199	9.199	5.00	5.00	6,973,219
Gas Rate	30.831	954	Mcf/mo	0.0%	0.00	0.0%			8.00	8.00	6,253,833
GOR	4.100	4.100	scf/bbl						10.00	10.00	5,867,911
NGL Rate	2.381	74	bbl/mo						12.00	12.00	5,538,324
NGL Yield	77.2	77.9	bbl/MMcf						15.00	15.00	5,125,435
Gas Shrinkage	34.6	32.0	%						20.00	20.00	4,592,799
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	22.6		%								
12 Months in first year										25.916 Year Life(11/2044)	

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 432      DEFAULT      1/16/2019      12:12:35  
 OIL      PDP  
 Table 12

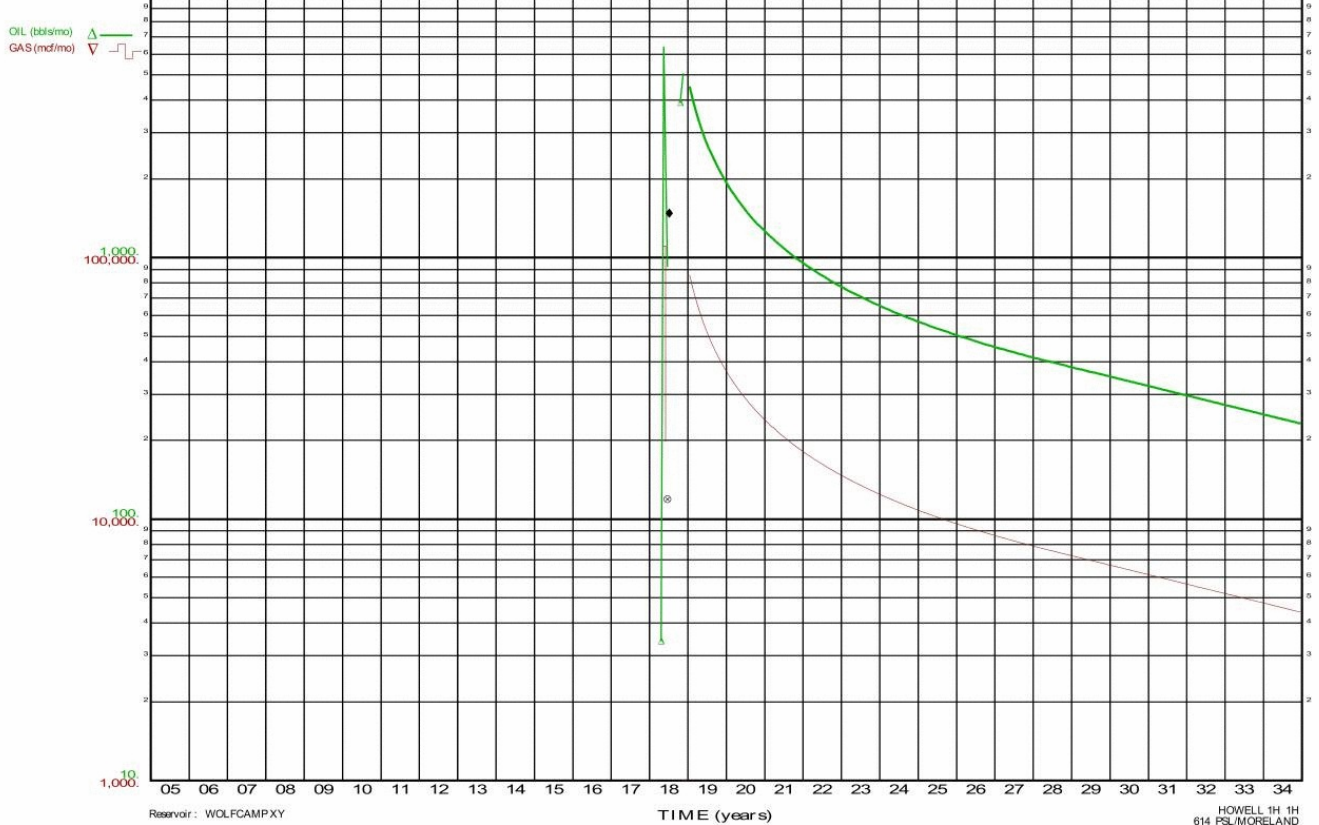
Cawley, Gillespie & Associates, Inc.

Figure 13  
 LILISENERGY, INC. -- HOWELL 1H 1H  
 PHANTOM (WOLFCAMP XY) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				23.49 Year Life (06/2042)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	GOR - scf/bbl	GOR - scf/bbl	Initial	Final	Oil - mbbls	Gas - mmcf	Interest %	Net Gas Sales mmbbl/mcf	Gas Revenue \$M	Adv. Tax \$M	Investments \$M	Disc. @10.0% \$M
4,520	85,881	81.1	1.20	8.0	124	21.7	231.5	75,000 NI	113,918	6,572,239	705,749	2,976,089	7,946,056
85,881	0.0	0.00	8.0	2,359	19,000	19,000	19,000	100,000 WI	1,378,734	2,564,446	298,151	0,000	5,528,163



Reservoir: WOLFCAMPXY

TIME (years)

• ⊙ \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 02/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495339640000

Cawley, Gillespie & Associates, Inc.

HOWELL 1H 1H  
 614 PSL/MORELAND  
 TX OIL  
 MKR G:\CGA\8538\PHD\pdp\out  
 (DEFAULT) ASN 476



**Table 13**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- HOWELL 1H 1H**  
**PHANTOM (WOLFCAMPXY) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBBL/S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBBL/S	(5) Net Oil Production MMBBL/S	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBBL/S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	34.9	863.2	54.3	26,181	145,148	40,742	57.693	1,860	15,734		
12-2020	18.6	353.0	28.9	13,933	195,892	21,682	57.693	1,860	15,734		
12-2021	13.1	248.7	20.4	9,817	138,021	15,276	57.693	1,860	15,734		
12-2022	10.3	195.1	16.0	7,701	108,276	11,984	57.693	1,860	15,734		
12-2023	8.5	161.8	13.2	6,396	89,781	9,937	57.693	1,860	15,734		
12-2024	7.3	139.2	11.4	5,496	77,268	8,552	57.693	1,860	15,734		
12-2025	6.4	122.0	10.0	4,817	67,729	7,496	57.693	1,860	15,734		
12-2026	5.7	109.2	8.9	4,309	60,582	6,705	57.693	1,860	15,734		
12-2027	5.2	98.9	8.1	3,905	54,910	6,078	57.693	1,860	15,734		
12-2028	4.8	90.8	7.4	3,596	50,413	5,580	57.693	1,860	15,734		
12-2029	4.4	83.3	6.8	3,289	46,242	5,118	57.693	1,860	15,734		
12-2030	4.0	76.7	6.3	3,026	42,545	4,709	57.693	1,860	15,734		
12-2031	3.7	70.5	5.8	2,784	39,144	4,333	57.693	1,860	15,734		
12-2032	3.4	65.1	5.3	2,568	36,109	3,997	57.693	1,860	15,734		
12-2033	3.1	59.7	4.9	2,356	33,128	3,667	57.693	1,860	15,734		
12-2034	2.9	54.9	4.5	2,168	30,479	3,374	57.693	1,860	15,734		
12-2035	2.7	50.5	4.1	1,994	28,043	3,104	57.693	1,860	15,734		
12-2036	2.5	46.6	3.8	1,840	25,898	2,863	57.693	1,860	15,734		
12-2037	2.3	42.8	3.5	1,688	23,922	2,627	57.693	1,860	15,734		
S Tot	143.8	2,732.0	223.8	107,842	1,293,313	167,823	57.693	1,860	15,734		
After	8.1	153.9	12.6	6,075	85,421	9,455	57.693	1,860	15,734		
Total	151.9	2,885.9	236.4	113,918	1,378,734	177,278	57.693	1,860	15,734		
Cum Ult	21.7	231.5	0								
	173.6	3,117.4	236.4								
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	1,510,430	269,975	641,050	0.000	0.000	2,421,455	138,121	60,536	2,855		
12-2020	803,810	364,359	341,149	0.000	0.000	1,509,318	90,139	37,733	2,739		
12-2021	566,346	256,719	240,366	0.000	0.000	1,063,432	63,510	26,586	3,468		
12-2022	444,292	201,393	188,564	0.000	0.000	834,250	49,823	20,856	4,147		
12-2023	368,403	166,994	156,356	0.000	0.000	691,753	41,312	17,294	4,796		
12-2024	317,056	143,718	134,563	0.000	0.000	595,337	35,554	14,883	5,411		
12-2025	277,914	125,976	117,951	0.000	0.000	521,840	31,165	13,046	6,032		
12-2026	248,590	112,683	105,505	0.000	0.000	466,778	27,877	11,669	6,626		
12-2027	225,315	102,133	95,627	0.000	0.000	423,076	25,267	10,577	7,207		
12-2028	208,862	93,789	87,795	0.000	0.000	388,426	23,197	9,711	7,761		
12-2029	189,748	86,011	80,532	0.000	0.000	356,291	21,278	8,907	8,371		
12-2030	174,578	79,135	74,094	0.000	0.000	327,806	19,577	8,195	9,012		
12-2031	160,621	72,808	69,170	0.000	0.000	301,599	18,012	7,540	9,708		
12-2032	148,188	67,163	62,885	0.000	0.000	278,216	16,615	6,955	10,440		
12-2033	138,934	61,618	57,693	0.000	0.000	255,244	15,244	6,381	11,290		
12-2034	128,066	56,691	53,080	0.000	0.000	234,838	14,025	5,871	12,184		
12-2035	118,068	52,159	48,837	0.000	0.000	216,063	12,904	5,402	13,156		
12-2036	108,146	48,115	45,050	0.000	0.000	199,312	11,903	4,993	14,178		
12-2037	97,362	44,142	41,331	0.000	0.000	182,855	10,920	4,571	15,364		
S Tot	6,221,728	2,405,562	2,640,598	0.000	0.000	11,267,889	666,443	281,697	5,723		
After	350,511	158,883	148,762	0.000	0.000	658,156	39,306	16,454	18,933		
Total	6,572,239	2,564,446	2,789,361	0.000	0.000	11,926,045	705,749	298,151	6,485		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	105,600	1	1.0	0.000	0.000	113,798	0.000	2,003,399	1,918,222		
12-2020	105,600	1	1.0	0.000	0.000	60,560	0.000	1,215,286	3,218,686	2,975,721	
12-2021	105,600	1	1.0	0.000	0.000	42,669	0.000	825,067	4,043,752	3,627,592	
12-2022	105,600	1	1.0	0.000	0.000	33,474	0.000	624,497	4,668,250	4,075,917	
12-2023	105,600	1	1.0	0.000	0.000	27,756	0.000	498,790	5,168,040	4,402,077	
12-2024	105,600	1	1.0	0.000	0.000	23,887	0.000	415,412	5,583,452	4,648,337	
12-2025	105,600	1	1.0	0.000	0.000	20,938	0.000	351,091	5,934,543	4,837,553	
12-2026	105,600	1	1.0	0.000	0.000	18,729	0.000	302,903	6,237,446	4,985,949	
12-2027	105,600	1	1.0	0.000	0.000	16,976	0.000	264,656	6,502,102	5,103,817	
12-2028	105,600	1	1.0	0.000	0.000	15,585	0.000	234,332	6,736,435	5,198,683	
12-2029	105,600	1	1.0	0.000	0.000	14,296	0.000	206,209	6,942,644	5,274,568	
12-2030	105,600	1	1.0	0.000	0.000	13,153	0.000	181,281	7,123,925	5,336,221	
12-2031	105,600	1	1.0	0.000	0.000	12,101	0.000	158,346	7,282,270	5,383,389	
12-2032	105,600	1	1.0	0.000	0.000	11,163	0.000	137,892	7,420,152	5,421,520	
12-2033	105,600	1	1.0	0.000	0.000	10,241	0.000	117,778	7,537,930	5,451,129	
12-2034	105,600	1	1.0	0.000	0.000	9,423	0.000	99,920	7,637,850	5,473,967	
12-2035	105,600	1	1.0	0.000	0.000	8,669	0.000	83,489	7,721,338	5,491,318	
12-2036	105,600	1	1.0	0.000	0.000	7,937	0.000	68,829	7,790,167	5,504,325	
12-2037	105,600	1	1.0	0.000	0.000	7,337	0.000	54,426	7,844,593	5,513,674	
S Tot	2,006,400			0.000	0.000	468,755	0.000	7,844,593	7,844,593	5,513,674	
After	474,526			0.000	0.000	26,408	0.000	101,462	7,946,056	5,528,163	
Total	2,480,926			0.000	0.000	495,163	0.000	7,946,056	7,946,056	5,528,163	
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent		Cum. Disc.
Oil Rate	4,808.	123.	bbl/mo	81.2%	1.20	0.0%	Initial	Final	5.00	6,472,771	
Gas Rate	91,362.	2,349.	Mcf/mo	0.0%	0.00	0.0%	Expense	100,000	100,000	8.00	5,861,455
GOR	19,000.	19,000.	scf/bbl				Revenue		10.00	5,528,163	
NGL Rate	7,164.	190.	bbl/mo				Oil	75,000	75,000	12.00	5,240,394
NGL Yield	78.4	81.0	bbl/MMcf				Gas	75,000	75,000	15.00	4,875,663
Gas Shrinkage	100.0	25.8	%						20.00	4,397,937	
Oil Severance	4.6	4.6	%								
Gas Severance	0.0	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	24.9		%								

12 Months in first year      23,499 Year Life (06/2042)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 476      DEFAULT 1/16/2019 12:12:35  
 OIL\_PDP  
 Table 13

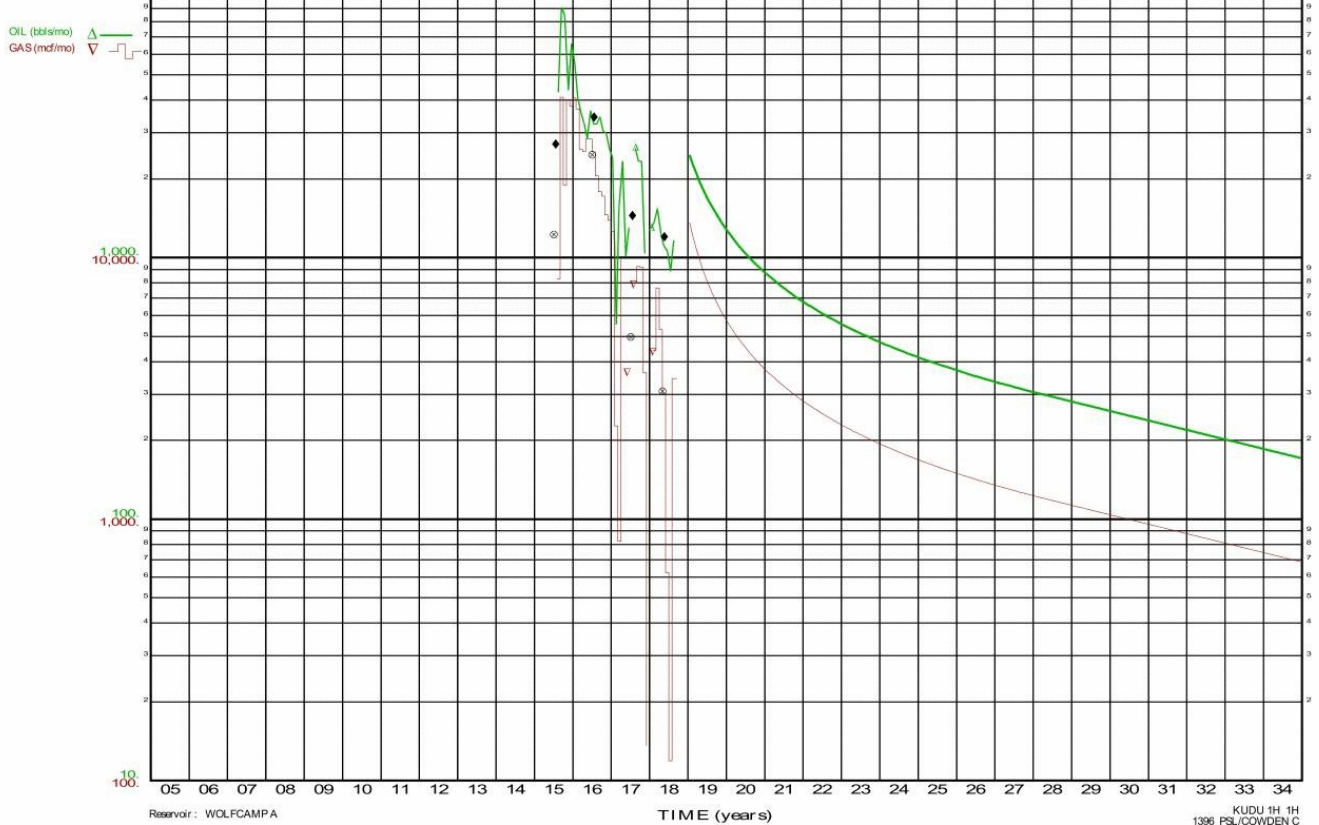
Cawley, Gillespie & Associates, Inc.

Figure 14  
 IMPETRO OPERATING LLC -- KUDU 1H 1H  
 PHANTOM (WOLFCAMP) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		21.55 Year Life (07/2040)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow	
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>10</sub>	Q <sub>10</sub>	Initial	Final	12/2018	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @10.0%
									Cumulatives	Reserve	Recovery	%	mmbbl/mmcf	M\$	M\$	M\$	M\$	M\$
2,470	13,639	66.8	81.9	1.20	8.0	108	5,520	4,010	104.4	103.3	207.6	61.630 NI	63,637	3,754,824	232,237	1,365,405	2,828,277	2,009,406
						434			538.1	442.3	980.5	79.314 WI	220,814	417,559	113,485	0.000		



Reservoir: WOLFCAMPA  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 08/2015 Last Data 08/2018  
 01/16/2019 12:15:19 21 API: 42495317050100

Cawley, Gillespie & Associates, Inc.

KUDU 1H 1H  
 1396 PSL/COWDEN C  
 TX OIL 4120495  
 MKR G:\CGA8538\PHD lpd\out  
 (DEFAULT) ASN 28



**Table 14**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING LLC -- KUDU 1H 1H  
 PHANTOM \WOLF CAMP) FIELD -- Winkler COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	21.2	104.6	9.3	13,056	52,220	5,756	59,004	1,891	15,079
12-2020	12.6	55.3	4.9	7,789	27,594	3,042	59,004	1,891	15,079
12-2021	9.2	38.9	3.5	5,681	19,405	2,139	59,004	1,891	15,079
12-2022	7.4	30.5	2.7	4,533	15,209	1,677	59,004	1,891	15,079
12-2023	6.2	25.2	2.3	3,798	12,605	1,389	59,004	1,891	15,079
12-2024	5.3	21.7	1.9	3,291	10,844	1,195	59,004	1,891	15,079
12-2025	4.7	19.0	1.7	2,899	9,503	1,047	59,004	1,891	15,079
12-2026	4.2	17.0	1.5	2,603	8,499	937	59,004	1,891	15,079
12-2027	3.8	15.4	1.4	2,366	7,702	849	59,004	1,891	15,079
12-2028	3.5	14.2	1.3	2,176	7,070	779	59,004	1,891	15,079
12-2029	3.2	13.0	1.2	1,997	6,485	715	59,004	1,891	15,079
12-2030	3.0	12.0	1.1	1,837	5,967	658	59,004	1,891	15,079
12-2031	2.7	11.0	1.0	1,690	5,490	605	59,004	1,891	15,079
12-2032	2.5	10.1	0.9	1,559	5,064	558	59,004	1,891	15,079
12-2033	2.3	9.3	0.8	1,430	4,646	512	59,004	1,891	15,079
12-2034	2.1	8.6	0.8	1,316	4,275	471	59,004	1,891	15,079
12-2035	2.0	7.9	0.7	1,211	3,933	434	59,004	1,891	15,079
12-2036	1.8	7.3	0.6	1,117	3,628	400	59,004	1,891	15,079
12-2037	1.7	6.7	0.6	1,025	3,362	367	59,004	1,891	15,079
S Tot	99.6	427.6	38.2	61,375	213,466	23,530	59,004	1,891	15,079
After	3.7	14.7	1.3	2,262	7,348	810	59,004	1,891	15,079
Total	103.3	442.3	39.5	63,637	220,814	24,340	59,004	1,891	15,079
Cum Ult	104.4	538.1	0						
	207.6	980.5	39.5						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	770,372	98,748	86,796	0.000	0.000	955,916	49,496	23,898	4,601
12-2020	459,559	52,179	45,864	0.000	0.000	557,602	28,576	13,940	6,209
12-2021	335,191	36,695	32,254	0.000	0.000	404,140	20,650	10,103	7,562
12-2022	267,493	29,761	25,290	0.000	0.000	321,534	16,405	8,038	8,801
12-2023	224,086	23,856	20,951	0.000	0.000	268,892	13,077	6,722	10,078
12-2024	194,195	20,506	18,024	0.000	0.000	232,725	11,857	5,818	11,091
12-2025	171,062	17,970	15,795	0.000	0.000	204,827	10,431	5,121	12,214
12-2026	153,580	16,071	14,126	0.000	0.000	183,777	9,357	4,594	13,286
12-2027	139,603	14,584	12,901	0.000	0.000	166,969	8,499	4,174	14,334
12-2028	128,415	13,370	11,582	0.000	0.000	153,536	7,814	3,838	15,335
12-2029	117,809	12,264	10,779	0.000	0.000	140,852	7,168	3,521	16,445
12-2030	108,391	11,283	9,918	0.000	0.000	129,592	6,595	3,240	17,613
12-2031	99,725	10,381	9,125	0.000	0.000	119,231	6,088	2,981	18,882
12-2032	91,984	9,576	8,417	0.000	0.000	109,987	5,597	2,750	20,215
12-2033	84,398	8,786	7,722	0.000	0.000	100,906	5,135	2,523	21,764
12-2034	77,650	8,083	7,105	0.000	0.000	92,839	4,725	2,321	23,393
12-2035	71,443	7,437	6,537	0.000	0.000	85,416	4,347	2,135	25,165
12-2036	65,904	6,860	6,030	0.000	0.000	78,794	4,010	1,970	27,027
12-2037	60,462	6,344	5,532	0.000	0.000	72,288	3,679	1,807	29,188
S Tot	3,621,342	403,664	354,807	0.000	0.000	4,379,814	224,115	109,495	10,976
After	133,482	13,895	12,213	0.000	0.000	159,590	8,122	3,990	33,248
Total	3,754,824	417,559	367,021	0.000	0.000	4,539,404	232,237	113,485	11,744

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. %
12-2019	47,589	1	0.8	0.000	0.000	69,730	0.000	765,204	734,399	
12-2020	47,589	1	0.8	0.000	0.000	41,597	0.000	425,901	1,191,106	1,104,853
12-2021	47,589	1	0.8	0.000	0.000	30,340	0.000	296,458	1,486,564	1,338,267
12-2022	47,589	1	0.8	0.000	0.000	24,212	0.000	225,290	1,711,854	1,493,936
12-2023	47,589	1	0.8	0.000	0.000	20,284	0.000	180,581	1,866,435	1,617,815
12-2024	47,589	1	0.8	0.000	0.000	17,577	0.000	149,884	2,042,318	1,706,694
12-2025	47,589	1	0.8	0.000	0.000	15,484	0.000	126,203	2,168,521	1,774,711
12-2026	47,589	1	0.8	0.000	0.000	13,901	0.000	108,336	2,276,857	1,827,787
12-2027	47,589	1	0.8	0.000	0.000	12,636	0.000	94,071	2,370,928	1,869,694
12-2028	47,589	1	0.8	0.000	0.000	11,623	0.000	82,672	2,453,600	1,903,155
12-2029	47,589	1	0.8	0.000	0.000	10,663	0.000	71,911	2,525,511	1,929,620
12-2030	47,589	1	0.8	0.000	0.000	9,811	0.000	62,357	2,587,868	1,950,485
12-2031	47,589	1	0.8	0.000	0.000	9,027	0.000	53,597	2,641,436	1,966,782
12-2032	47,589	1	0.8	0.000	0.000	8,327	0.000	45,725	2,687,161	1,979,429
12-2033	47,589	1	0.8	0.000	0.000	7,639	0.000	38,020	2,725,181	1,988,988
12-2034	47,589	1	0.8	0.000	0.000	7,029	0.000	31,176	2,756,356	1,996,116
12-2035	47,589	1	0.8	0.000	0.000	6,467	0.000	24,879	2,781,235	2,001,288
12-2036	47,589	1	0.8	0.000	0.000	5,965	0.000	19,250	2,800,486	2,004,929
12-2037	47,589	1	0.8	0.000	0.000	5,473	0.000	13,741	2,814,237	2,007,291
S Tot	904,182			0.000	0.000	327,785	0.000	2,814,237	2,814,237	2,007,291
After	121,356			0.000	0.000	12,082	0.000	14,040	2,828,277	2,009,406
Total	1,025,538			0.000	0.000	339,867	0.000	2,828,277	2,828,277	2,009,406

Evaluation Parameters (Gross)						Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Del	n Def	Initial	Final	Units	Initial	Final		
Oil Rate	2,575.	107.	bbl/mo	66.9%	1.20	0.0%	4,989.	4,927.	\$/wmo		5.00	2,333,900
Gas Rate	14,531.	430.	Mcf/mo	82.0%	1.20	0.0%					8.00	2,124,625
GOR	5,640.	4,010.	scf/bbl								10.00	2,009,406
NGL Rate	1,240.	38.	bbl/mo								12.00	1,909,330
NGL Yield	85.4	88.7	bbl/MMcf								15.00	1,781,729
Gas Shrinkage	24.0	18.7	%								20.00	1,613,420
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	11.6		%									

12 Months in first year      21,555 Year Life(07/2040)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 28

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 Oil\_PDP  
 Table 14

Cawley, Gillespie & Associates, Inc.

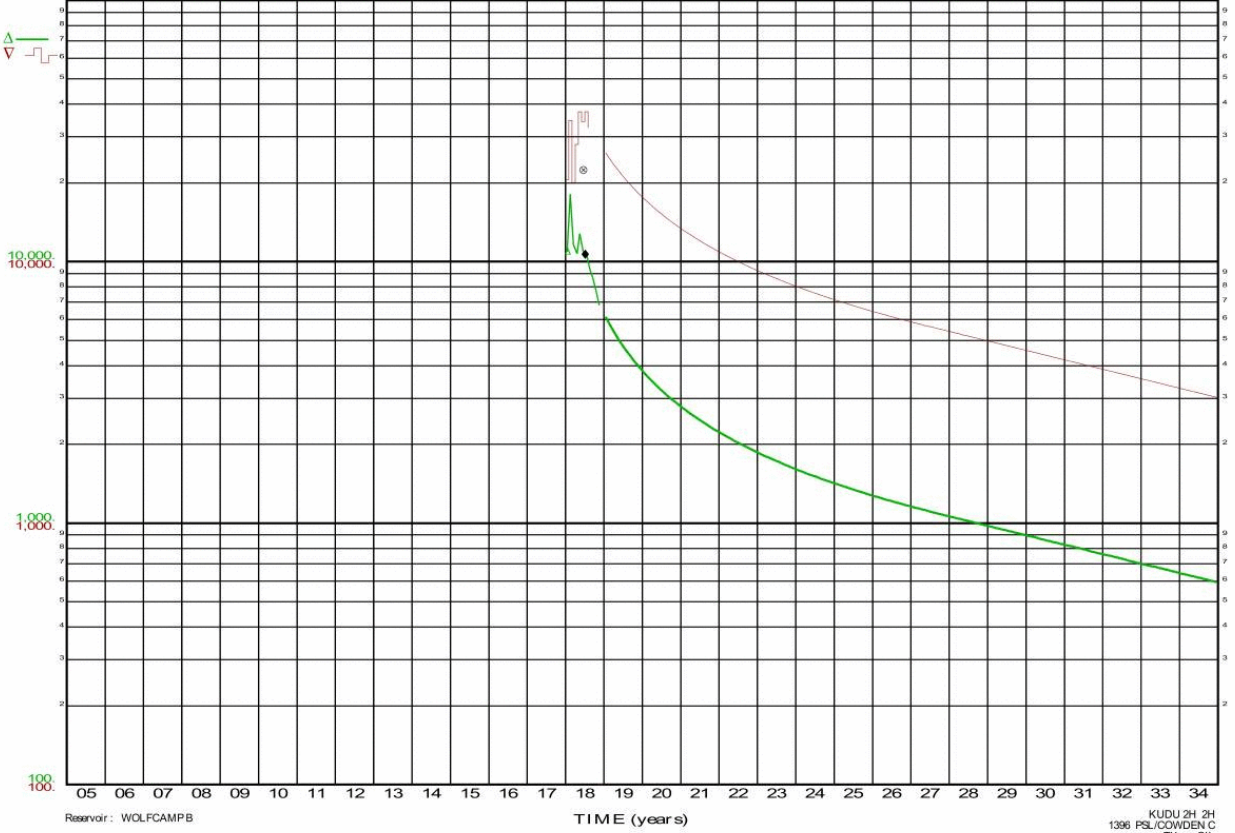
Figure 15  
 LILISENERGY, INC. -- KUDU 2H 2H  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		32.73 Year Life (09/2051)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>2</sub>	Q <sub>1b</sub>	Initial	Final	12/2018	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow
									Cumulatives	Reserve	Recovery	%	mmbbl/mo	M\$	M\$	M\$	M\$
6,167	26,085	50.3	41.4	1.20	8.1	148	4,230	5,090	124.9	365.9	490.8	58,244 NI	213,113	12,434,793	807,435	3,119,167	11,227,946
									273.7	1,795.1	2,068.8	74,991 WI	825,991	1,561,950	388,578	0,000	6,847,499

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2017 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495339170000

Cawley, Gillespie & Associates, Inc.

KUDU 2H 2H  
 1396 PSL/COWDEN C  
 TX OIL  
 MKR G:\CGA\8538\PHD lpd\out  
 (DEFAULT) ASN 320

**Table 15**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- KUDU 2H 2H**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL		
12-2019	58.2	257.6	23.2	33,888	118,540	13,540	58.348	1.891	16.390		
12-2020	39.1	184.1	16.6	22,748	84,724	9,678	58.348	1.891	16.390		
12-2021	29.8	144.6	13.0	17,360	66,541	7,601	58.348	1.891	16.390		
12-2022	24.4	120.2	10.8	14,194	55,316	6,319	58.348	1.891	16.390		
12-2023	20.7	103.4	9.3	12,073	47,566	5,433	58.348	1.891	16.390		
12-2024	18.2	91.2	8.2	10,572	41,972	4,794	58.348	1.891	16.390		
12-2025	16.1	81.4	7.3	9,384	37,468	4,280	58.348	1.891	16.390		
12-2026	14.5	73.9	6.7	8,474	33,984	3,862	58.348	1.891	16.390		
12-2027	13.3	67.7	6.1	7,735	31,134	3,556	58.348	1.891	16.390		
12-2028	12.2	62.4	5.6	7,132	28,717	3,280	58.348	1.891	16.390		
12-2029	11.2	57.3	5.2	6,544	26,346	3,009	58.348	1.891	16.390		
12-2030	10.3	52.7	4.8	6,020	24,240	2,769	58.348	1.891	16.390		
12-2031	9.5	48.5	4.4	5,539	22,302	2,547	58.348	1.891	16.390		
12-2032	8.8	44.7	4.0	5,110	20,573	2,350	58.348	1.891	16.390		
12-2033	8.0	41.0	3.7	4,688	18,874	2,156	58.348	1.891	16.390		
12-2034	7.4	37.7	3.4	4,313	17,365	1,984	58.348	1.891	16.390		
12-2035	6.8	34.7	3.1	3,968	15,977	1,825	58.348	1.891	16.390		
12-2036	6.3	32.0	2.9	3,661	14,738	1,683	58.348	1.891	16.390		
12-2037	5.8	29.4	2.7	3,398	13,621	1,544	58.348	1.891	16.390		
S Tot	320.7	1,564.5	141.2	186,763	719,899	82,231	58.348	1.891	16.390		
After	45.2	230.6	20.8	26,350	106,092	12,118	58.348	1.891	16.390		
Total	365.9	1,795.1	162.0	213,113	825,991	94,349	58.348	1.891	16.390		
Cum Ult	124.9	273.7	0								
	490.8	2,068.8	162.0								
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)		
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6		
12-2019	1,977,310	224,158	221,925	0.000	0.000	2,423,392	124,771	60,585	3,581		
12-2020	1,327,303	160,214	158,617	0.000	0.000	1,646,134	85,212	41,153	3,971		
12-2021	1,012,902	125,830	124,570	0.000	0.000	1,263,308	65,562	31,583	4,377		
12-2022	928,170	104,603	103,561	0.000	0.000	1,036,334	59,862	29,908	4,771		
12-2023	704,439	89,946	89,050	0.000	0.000	883,435	45,860	22,868	5,138		
12-2024	616,856	79,369	78,578	0.000	0.000	774,804	40,337	19,370	5,528		
12-2025	547,534	70,853	70,147	0.000	0.000	688,533	35,864	17,213	5,908		
12-2026	494,437	64,264	63,624	0.000	0.000	622,324	32,428	15,558	6,272		
12-2027	451,493	58,875	58,288	0.000	0.000	568,667	28,641	14,216	6,632		
12-2028	416,169	54,304	53,763	0.000	0.000	523,366	27,327	13,106	6,990		
12-2029	381,807	49,820	49,324	0.000	0.000	480,951	25,071	12,024	7,405		
12-2030	351,283	45,837	45,380	0.000	0.000	442,501	23,066	11,063	7,842		
12-2031	323,199	42,173	41,752	0.000	0.000	407,124	21,222	10,178	8,317		
12-2032	296,141	38,903	38,515	0.000	0.000	375,559	19,577	9,389	8,816		
12-2033	273,524	35,691	35,335	0.000	0.000	344,550	17,960	8,614	9,395		
12-2034	251,657	32,837	32,510	0.000	0.000	317,004	16,524	7,925	10,005		
12-2035	231,537	30,212	29,911	0.000	0.000	291,661	15,203	7,292	10,667		
12-2036	213,586	27,870	27,592	0.000	0.000	268,048	14,025	6,726	11,364		
12-2037	195,951	25,689	25,314	0.000	0.000	246,833	12,867	6,171	12,173		
S Tot	10,897,298	1,361,329	1,347,763	0.000	0.000	13,606,390	706,479	340,160	5,848		
After	1,537,495	200,620	198,621	0.000	0.000	1,936,736	100,956	48,418	19,512		
Total	12,434,793	1,561,950	1,546,384	0.000	0.000	15,543,126	807,435	388,578	7,569		
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Disc. @ 10. % M\$	
12-2019	64,792	1	0.8	0.000	0.000	158,818	0.000	2,014,426	2,014,426	1,928,910	
12-2020	64,792	1	0.8	0.000	0.000	106,610	0.000	1,348,367	3,362,793	3,100,904	
12-2021	64,792	1	0.8	0.000	0.000	81,357	0.000	1,020,015	4,382,807	3,906,310	
12-2022	64,792	1	0.8	0.000	0.000	66,519	0.000	825,252	5,208,060	4,498,509	
12-2023	64,792	1	0.8	0.000	0.000	56,581	0.000	694,016	5,902,075	4,951,176	
12-2024	64,792	1	0.8	0.000	0.000	49,546	0.000	600,759	6,502,834	5,307,312	
12-2025	64,792	1	0.8	0.000	0.000	43,978	0.000	526,685	7,029,519	5,591,095	
12-2026	64,792	1	0.8	0.000	0.000	39,713	0.000	469,832	7,499,351	5,821,223	
12-2027	64,792	1	0.8	0.000	0.000	36,284	0.000	423,743	7,923,095	6,009,906	
12-2028	64,792	1	0.8	0.000	0.000	33,427	0.000	385,584	8,308,679	6,165,979	
12-2029	64,792	1	0.8	0.000	0.000	30,667	0.000	348,398	8,657,076	6,294,171	
12-2030	64,792	1	0.8	0.000	0.000	28,215	0.000	315,364	8,972,441	6,399,667	
12-2031	64,792	1	0.8	0.000	0.000	25,959	0.000	294,972	9,257,412	6,496,336	
12-2032	64,792	1	0.8	0.000	0.000	23,947	0.000	267,854	9,515,266	6,557,627	
12-2033	64,792	1	0.8	0.000	0.000	21,970	0.000	231,214	9,746,481	6,615,736	
12-2034	64,792	1	0.8	0.000	0.000	20,213	0.000	207,549	9,954,030	6,663,160	
12-2035	64,792	1	0.8	0.000	0.000	18,597	0.000	185,776	10,139,806	6,701,753	
12-2036	64,792	1	0.8	0.000	0.000	17,155	0.000	166,349	10,306,155	6,733,168	
12-2037	64,792	1	0.8	0.000	0.000	15,798	0.000	147,265	10,453,420	6,758,449	
S Tot	1,231,055			0.000	0.000	875,276	0.000	10,453,420	10,453,420	6,758,449	
After	889,343			0.000	0.000	123,492	0.000	774,526	11,227,946	6,847,499	
Total	2,120,398			0.000	0.000	998,769	0.000	11,227,946	11,227,946	6,847,499	
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent		Cum. Disc.
	Initial	Final	Units	Initial	Final	Units	Initial	Final	Initial	Final	
Oil Rate	6.334	146.	bbl/mo	50.3%	1.20	0.0%	7,199.	7,199.	5.00	8,430,481	
Gas Rate	26.631.	747.	Mcf/mo	41.4%	1.20	0.0%			8.00	7,388,188	
GOR	4.200.	5,090.	scf/bbl						10.00	6,847,499	
NGL Rate	2,397.	69.	bbl/mo						12.00	6,395,610	
NGL Yield	90.0	92.8	bbl/MMcf						15.00	5,841,893	
Gas Shrinkage	22.6	20.6	%						20.00	5,146,949	
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	16.1		%								
12 Months in first year									32,734 Year Life(09/2051)		

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

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 Table 15

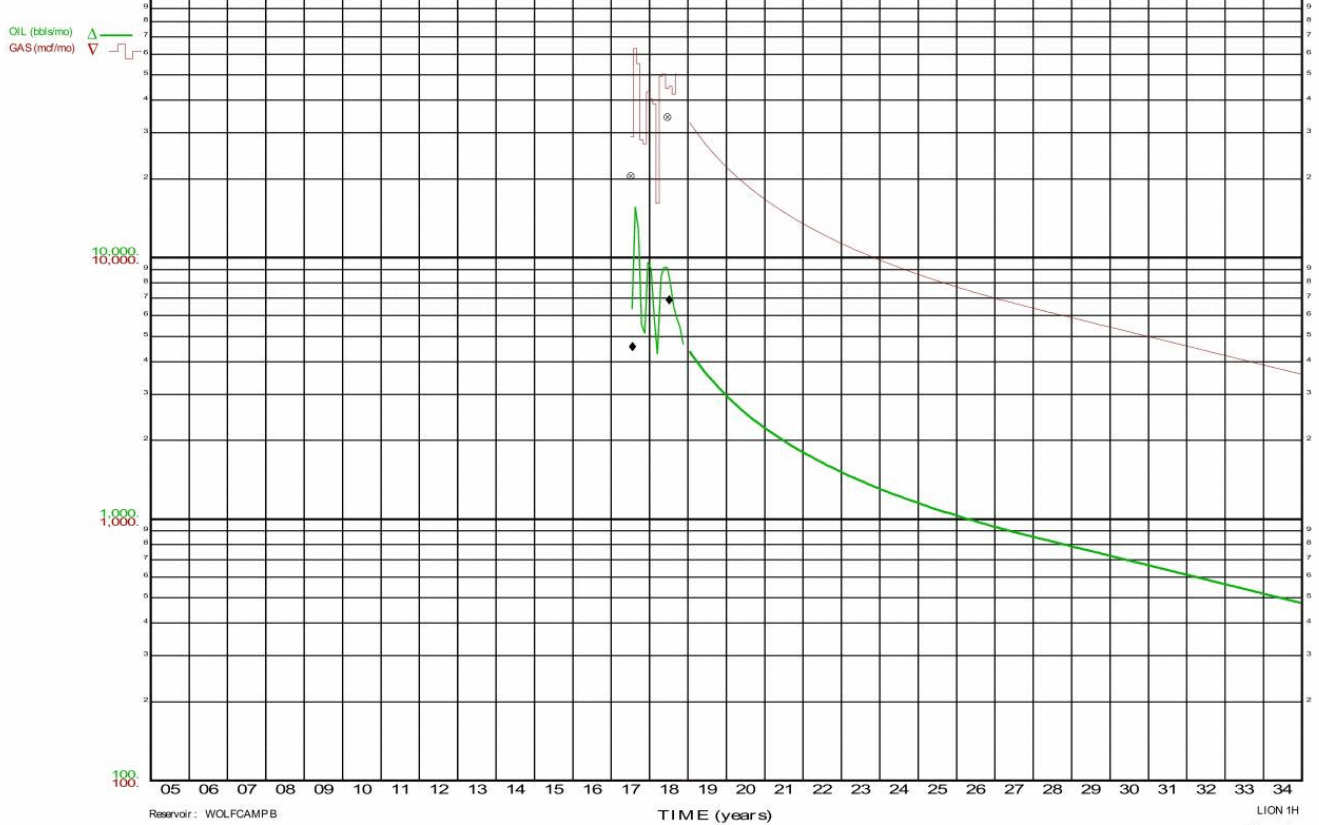
Cawley, Gillespie & Associates, Inc.

Figure 16  
 LILISENERGY, INC. -- LION 1H  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				35.40 Year Life (05/2054)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	D <sub>1</sub>	n	D <sub>2</sub>	GOR - scf/bbl	Initial	Final	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%
4.387	40.8	1.10	8.0	95	7,500	7,500	70.036 NI	206,108	12,161,182	880,883	3,235,456	11,886,738	7,072,757
32,905	0.0	0.00	8.0	716	7,500	7,500	94.092 WI	1,252,105	2,367,730	410,335	0,000	11,886,738	7,072,757



Reservoir: WOLFCAMPB  
 LION 1H  
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Cawley, Gillespie & Associates, Inc.

**Table 16**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- LION 1H**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	43.3	325.1	27.5	30,358	184,427	19,245	59.004	1.891	14.423
12-2020	30.8	231.0	19.5	21,570	131,040	13,674	59.004	1.891	14.423
12-2021	24.0	179.7	15.2	16,785	101,968	10,640	59.004	1.891	14.423
12-2022	19.7	148.0	12.5	13,824	83,982	8,794	59.004	1.891	14.423
12-2023	16.8	126.2	10.7	11,784	71,589	7,470	59.004	1.891	14.423
12-2024	14.7	110.5	9.3	10,316	62,667	6,539	59.004	1.891	14.423
12-2025	13.1	97.9	8.3	9,141	55,533	5,795	59.004	1.891	14.423
12-2026	11.8	86.2	7.5	8,235	50,030	5,221	59.004	1.891	14.423
12-2027	10.7	80.3	6.9	7,500	45,561	4,754	59.004	1.891	14.423
12-2028	9.9	73.9	6.2	6,903	41,936	4,376	59.004	1.891	14.423
12-2029	9.0	67.8	5.7	6,333	38,474	4,015	59.004	1.891	14.423
12-2030	8.3	62.4	5.3	5,827	35,398	3,694	59.004	1.891	14.423
12-2031	7.7	57.4	4.9	5,361	32,568	3,398	59.004	1.891	14.423
12-2032	7.1	53.0	4.5	4,945	30,043	3,135	59.004	1.891	14.423
12-2033	6.5	48.6	4.1	4,537	27,562	2,876	59.004	1.891	14.423
12-2034	6.0	44.7	3.8	4,174	25,359	2,646	59.004	1.891	14.423
12-2035	5.5	41.1	3.5	3,841	23,331	2,435	59.004	1.891	14.423
12-2036	5.1	37.9	3.2	3,543	21,522	2,246	59.004	1.891	14.423
12-2037	4.6	34.8	2.9	3,250	19,746	2,069	59.004	1.891	14.423
S Tot	254.5	1,908.6	161.3	178,228	1,082,734	112,984	59.004	1.891	14.423
After	39.8	298.6	25.2	27,880	169,370	17,674	59.004	1.891	14.423
Total	294.3	2,207.1	186.6	206,108	1,252,105	130,658	59.004	1.891	14.423
Cum Ult	136.0	659.1	0						
	430.3	2,866.2	186.6						

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	1,791,263	348,751	277,575	0.000	0.000	2,417,588	129,748	60,440	3,436
12-2020	1,272,736	247,796	197,224	0.000	0.000	1,717,756	92,189	42,944	3,730
12-2021	990,369	192,821	153,468	0.000	0.000	1,336,657	71,736	33,416	4,019
12-2022	815,693	158,810	126,398	0.000	0.000	1,100,891	59,063	27,522	4,298
12-2023	686,317	135,375	107,747	0.000	0.000	938,439	50,000	23,461	4,873
12-2024	608,661	118,504	94,318	0.000	0.000	821,483	44,088	20,537	5,110
12-2025	539,370	105,013	83,581	0.000	0.000	727,965	39,069	18,199	5,373
12-2026	485,922	94,607	75,299	0.000	0.000	655,827	35,197	16,396	5,634
12-2027	442,511	86,155	69,572	0.000	0.000	597,238	32,053	14,931	5,886
12-2028	407,311	79,302	63,117	0.000	0.000	549,730	29,503	13,743	6,171
12-2029	373,678	72,754	57,905	0.000	0.000	504,337	27,067	12,608	6,472
12-2030	343,803	66,937	53,276	0.000	0.000	464,016	24,903	11,600	6,798
12-2031	316,317	61,586	49,017	0.000	0.000	426,919	22,912	10,673	7,141
12-2032	291,793	56,811	45,216	0.000	0.000	393,820	21,136	9,846	7,539
12-2033	267,700	52,120	41,483	0.000	0.000	361,303	19,391	9,033	7,969
12-2034	246,298	47,953	38,166	0.000	0.000	332,418	17,840	8,310	8,414
12-2035	226,607	44,119	35,115	0.000	0.000	305,842	16,414	7,646	8,893
12-2036	209,036	40,699	32,393	0.000	0.000	282,130	15,141	7,053	9,449
12-2037	191,779	37,338	29,718	0.000	0.000	258,635	13,891	6,471	5,048
S Tot	10,516,158	2,047,451	1,629,587	0.000	0.000	14,193,196	761,727	354,830	15,591
After	1,645,024	320,279	254,913	0.000	0.000	2,220,216	119,156	55,505	6,475
Total	12,161,182	2,367,730	1,884,501	0.000	0.000	16,413,412	880,883	410,335	

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	53,068	1	0.9	0.000	0.000	199,850	0.000	1,974,483	1,974,483	1,889,502
12-2020	53,068	1	0.9	0.000	0.000	141,998	0.000	1,367,557	3,362,040	3,095,318
12-2021	53,068	1	0.9	0.000	0.000	110,495	0.000	1,067,942	4,429,982	3,938,501
12-2022	53,068	1	0.9	0.000	0.000	91,005	0.000	870,213	5,300,195	4,562,944
12-2023	53,068	1	0.9	0.000	0.000	77,576	0.000	735,869	6,034,164	5,041,666
12-2024	53,068	1	0.9	0.000	0.000	67,908	0.000	635,883	6,670,047	5,418,624
12-2025	53,068	1	0.9	0.000	0.000	60,177	0.000	557,452	7,227,498	5,718,988
12-2026	53,068	1	0.9	0.000	0.000	54,214	0.000	496,952	7,724,451	5,962,403
12-2027	53,068	1	0.9	0.000	0.000	49,371	0.000	447,816	8,172,266	6,161,807
12-2028	53,068	1	0.9	0.000	0.000	45,443	0.000	407,972	8,580,239	6,326,939
12-2029	53,068	1	0.9	0.000	0.000	41,691	0.000	369,903	8,950,141	6,463,040
12-2030	53,068	1	0.9	0.000	0.000	38,358	0.000	336,087	9,286,228	6,575,467
12-2031	53,068	1	0.9	0.000	0.000	35,291	0.000	304,975	9,591,203	6,693,217
12-2032	53,068	1	0.9	0.000	0.000	32,555	0.000	277,216	9,868,419	6,744,839
12-2033	53,068	1	0.9	0.000	0.000	29,867	0.000	249,945	10,118,364	6,807,673
12-2034	53,068	1	0.9	0.000	0.000	27,479	0.000	225,720	10,344,084	6,859,247
12-2035	53,068	1	0.9	0.000	0.000	25,282	0.000	203,432	10,547,116	6,901,506
12-2036	53,068	1	0.9	0.000	0.000	23,322	0.000	183,545	10,731,061	6,936,167
12-2037	53,068	1	0.9	0.000	0.000	21,397	0.000	164,008	10,885,069	6,964,321
S Tot	1,008,291			0.000	0.000	1,173,279	0.000	10,895,069	10,895,069	6,964,321
After	870,353			0.000	0.000	183,534	0.000	991,668	11,886,738	7,072,757
Total	1,878,644			0.000	0.000	1,356,812	0.000	11,886,738	11,886,738	7,072,757

	Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Def n Def	Initial	Final	Units	Initial	Final		
Oil Rate	4,477.	94.	bbl/mo	40.8%	1.10	0.0%				5.00	8,784,839
Gas Rate	33,582.	708.	Mcf/mo	0.0%	0.00	0.0%	4,699.	4,631.	\$/wmo	8.00	7,654,177
GOR	7,500.	7,500.	scf/bbl							10.00	7,072,757
NGL Rate	2,832.	59.	bbl/mo							12.00	6,589,347
NGL Yield	84.3	84.1	bbl/MMcf							15.00	5,999,931
Gas Shrinkage	20.6	18.4	%							20.00	5,264,331
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	13.1		%								

12 Months in first year      35.406 Year Life (05/2054)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

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 Oil, PDP  
 Table 16

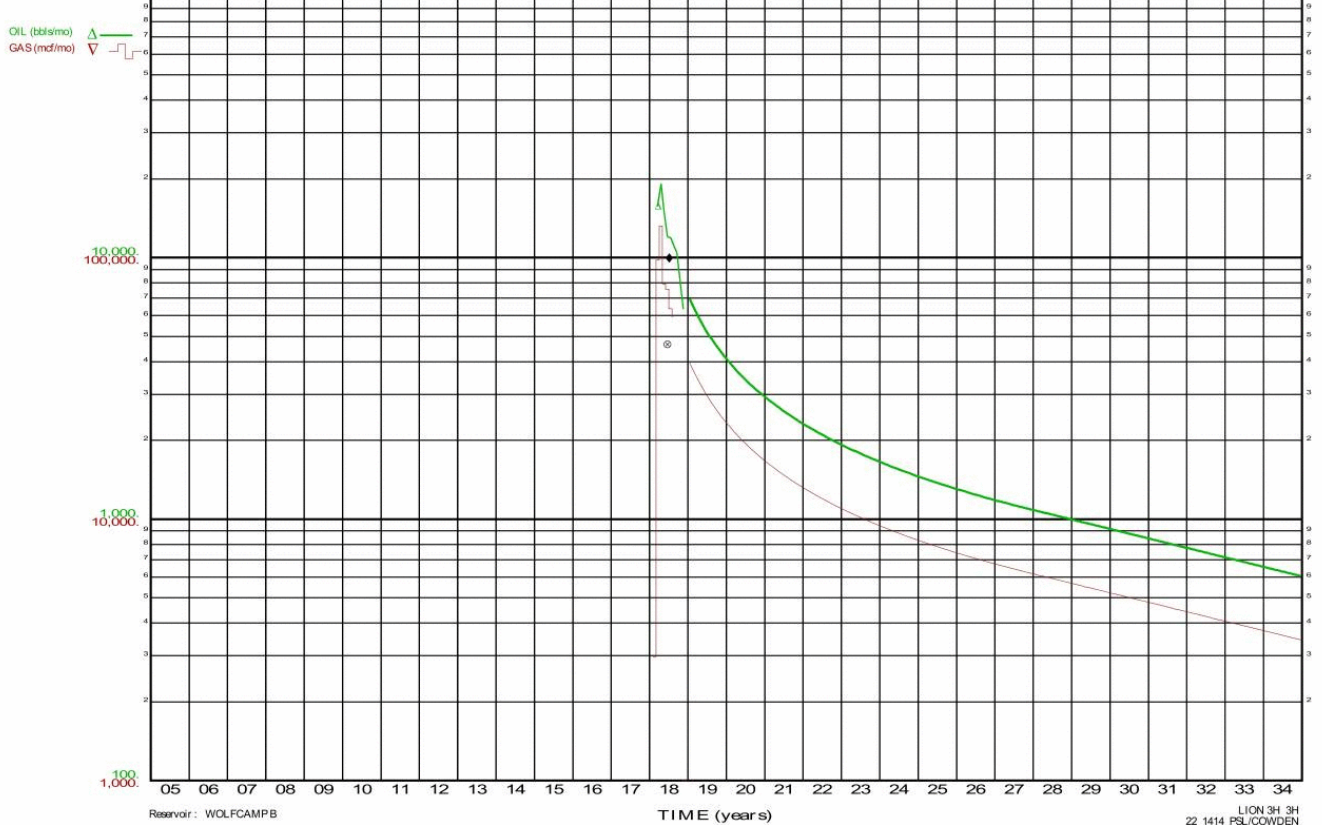
Cawley, Gillespie & Associates, Inc.

Figure 17  
 LILISENERGY, INC. -- LION 3H 3H  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				12/2018			30.37 Year Life (05/2049)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	D <sub>1</sub>	n	D <sub>2</sub>	GOR - scf/bbl	Initial	Final	Cumulative	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%
Gas - mcf/mo	6.982	55.3	1.20	8.0	183	5,700	117.8	376.3	494.1	72.349 NI	mbls/mo	M\$	M\$	M\$	M\$	M\$
	39.682	0.0	0.00	8.0	1,046	5,700	554.4	2,144.7	2,689.1	97.217 WI	272,222	14,991,348	971,234	3,720,562	13,545,516	8,551,683



Reservoir: WOLFCAMPB  
 \* @ \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 01/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495339440000

Cawley, Gillespie & Associates, Inc.

LION 3H 3H  
 22 1414 PSL/COWDEN  
 TX OIL  
 MKR G:\CGA\8538\PHD\pdp.out  
 (DEFAULT) ASN 427



**Table 17**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- LION 3H 3H**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL	
12-2019	63.9	364.3	23.2	46,239	218,758	16,755	55.070	1,829	13,768	
12-2020	41.4	236.0	15.0	29,956	141,724	10,855	55.070	1,829	13,768	
12-2021	31.1	177.5	11.3	22,526	106,570	8,162	55.070	1,829	13,768	
12-2022	25.3	143.9	9.1	18,288	96,427	6,620	55.070	1,829	13,768	
12-2023	21.4	121.8	7.7	15,458	73,134	5,601	55.070	1,829	13,768	
12-2024	18.6	106.3	6.8	13,488	63,811	4,887	55.070	1,829	13,768	
12-2025	16.5	94.1	6.0	11,940	56,490	4,327	55.070	1,829	13,768	
12-2026	14.9	84.8	5.4	10,761	50,908	3,899	55.070	1,829	13,768	
12-2027	13.6	77.3	4.9	9,810	46,413	3,555	55.070	1,829	13,768	
12-2028	12.5	71.2	4.5	9,038	42,758	3,275	55.070	1,829	13,768	
12-2029	11.5	65.3	4.2	8,292	39,227	3,004	55.070	1,829	13,768	
12-2030	10.7	60.1	3.8	7,629	36,091	2,764	55.070	1,829	13,768	
12-2031	9.7	55.3	3.5	7,019	33,206	2,543	55.070	1,829	13,768	
12-2032	8.9	51.0	3.2	6,475	30,631	2,346	55.070	1,829	13,768	
12-2033	8.2	46.8	3.0	5,940	28,102	2,152	55.070	1,829	13,768	
12-2034	7.6	43.1	2.7	5,465	25,855	1,980	55.070	1,829	13,768	
12-2035	6.9	39.6	2.5	5,028	23,788	1,822	55.070	1,829	13,768	
12-2036	6.4	36.5	2.3	4,638	21,944	1,681	55.070	1,829	13,768	
12-2037	5.9	33.5	2.1	4,255	20,332	1,542	55.070	1,829	13,768	
S Tot	334.8	1,908.4	121.3	242,226	1,145,970	87,772	55.070	1,829	13,768	
After	41.5	236.3	15.0	29,996	141,910	10,869	55.070	1,829	13,768	
Total	376.3	2,144.7	136.3	272,222	1,287,880	98,641	55.070	1,829	13,768	
Cum Ult	117.8	554.4	0							
	494.1	2,699.1	136.3							
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6	
12-2019	2,546,417	400,109	230,678	0.000	0.000	3,177,204	164,973	79,430	2,503	
12-2020	1,649,712	259,213	149,446	0.000	0.000	2,058,371	106,879	51,459	3,058	
12-2021	1,240,514	194,917	112,377	0.000	0.000	1,547,808	80,368	38,965	3,579	
12-2022	1,006,040	158,075	91,136	0.000	0.000	1,255,251	65,178	31,361	4,088	
12-2023	851,303	133,762	77,119	0.000	0.000	1,062,184	55,153	26,558	4,538	
12-2024	742,777	116,710	67,288	0.000	0.000	926,774	48,122	23,169	4,985	
12-2025	657,558	103,320	59,568	0.000	0.000	820,446	42,601	20,511	5,439	
12-2026	592,590	93,111	53,682	0.000	0.000	739,383	38,392	18,485	5,873	
12-2027	540,280	84,889	48,942	0.000	0.000	674,090	35,011	16,852	6,286	
12-2028	497,713	78,204	45,087	0.000	0.000	621,004	32,245	15,525	6,710	
12-2029	456,618	71,747	41,365	0.000	0.000	569,729	29,583	14,243	7,181	
12-2030	420,113	66,011	38,058	0.000	0.000	524,181	27,218	13,105	7,676	
12-2031	386,526	60,733	35,015	0.000	0.000	482,274	25,042	12,057	8,214	
12-2032	355,558	56,025	32,300	0.000	0.000	444,883	23,100	11,122	8,780	
12-2033	327,118	51,399	29,633	0.000	0.000	408,150	21,193	10,204	9,437	
12-2034	300,966	47,290	27,264	0.000	0.000	375,520	19,498	9,388	10,129	
12-2035	276,904	43,509	25,085	0.000	0.000	345,498	17,940	8,637	10,880	
12-2036	253,436	40,136	23,140	0.000	0.000	318,711	16,549	7,988	11,670	
12-2037	234,345	36,622	21,229	0.000	0.000	292,366	15,162	7,310	12,587	
S Tot	13,339,466	2,095,979	1,208,413	0.000	0.000	16,643,858	864,215	416,096	5,188	
After	1,651,882	259,554	149,643	0.000	0.000	2,061,078	107,019	51,527	19,389	
Total	14,991,348	2,355,533	1,358,056	0.000	0.000	18,704,936	971,234	467,623	6,753	
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	95,662	1	1.0	0.000	0.000	138,557	0.000	2,698,582	2,698,582	2,585,594
12-2020	95,662	1	1.0	0.000	0.000	89,765	0.000	1,714,607	4,413,189	4,076,293
12-2021	95,662	1	1.0	0.000	0.000	67,499	0.000	1,265,584	5,678,773	5,075,742
12-2022	95,662	1	1.0	0.000	0.000	54,741	0.000	1,006,269	6,685,042	5,793,358
12-2023	95,662	1	1.0	0.000	0.000	46,321	0.000	838,493	7,523,535	6,348,299
12-2024	95,662	1	1.0	0.000	0.000	40,416	0.000	719,405	8,244,960	6,772,796
12-2025	95,662	1	1.0	0.000	0.000	35,779	0.000	625,893	8,870,853	7,110,050
12-2026	95,662	1	1.0	0.000	0.000	32,244	0.000	554,601	9,425,453	7,391,711
12-2027	95,662	1	1.0	0.000	0.000	29,397	0.000	497,178	9,922,631	7,603,100
12-2028	95,662	1	1.0	0.000	0.000	27,082	0.000	450,490	10,373,122	7,785,449
12-2029	95,662	1	1.0	0.000	0.000	24,846	0.000	405,396	10,778,518	7,934,617
12-2030	95,662	1	1.0	0.000	0.000	22,859	0.000	365,338	11,143,856	8,056,833
12-2031	95,662	1	1.0	0.000	0.000	21,032	0.000	328,482	11,472,338	8,156,738
12-2032	95,662	1	1.0	0.000	0.000	19,401	0.000	295,598	11,767,936	8,238,467
12-2033	95,662	1	1.0	0.000	0.000	17,799	0.000	263,293	12,031,228	8,304,641
12-2034	95,662	1	1.0	0.000	0.000	16,376	0.000	234,595	12,265,823	8,358,247
12-2035	95,662	1	1.0	0.000	0.000	15,067	0.000	208,192	12,474,015	8,401,499
12-2036	95,662	1	1.0	0.000	0.000	13,899	0.000	184,634	12,658,649	8,436,369
12-2037	95,662	1	1.0	0.000	0.000	12,751	0.000	161,491	12,820,139	8,464,094
S Tot	1,817,575			0.000	0.000	725,832	0.000	12,820,139	12,820,139	8,464,094
After	1,087,272			0.000	0.000	89,883	0.000	725,377	13,545,516	8,551,683
Total	2,904,848			0.000	0.000	815,714	0.000	13,545,516	13,545,516	8,551,683
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests			Cum. Disc.
	Initial	Final	Units	Initial	Final	Units	Initial	Final	Percent	Cum. Disc.
Oil Rate	7,180.	182.	bbl/mo	55.3%	1.20	0.0%	8,199.	8,081.	\$/wmo	10,389,996
Gas Rate	40,928.	1,038.	Mcf/mo	0.0%	0.00	0.0%				9,184,045
GOR	5,700.	5,700.	scf/bbl							8,551,683
NGL Rate	2,569.	65.	bbl/mo							8,436,369
NGL Yield	62.8	63.1	bbl/MMcf							8,464,094
Gas Shrinkage	19.5	16.4	%							8,358,247
Oil Severance	4.6	4.6	%							8,401,499
Gas Severance	7.5	7.5	%							8,436,369
NGL Severance	7.5	7.5	%							8,464,094
Ad Valorem	22.5		%							6,530,147
12 Months in first year									30.371 Year Life (05/2049)	

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 427      DEFAULT 1/16/2019 12:12:35  
 Oil, PDP  
 Table 17

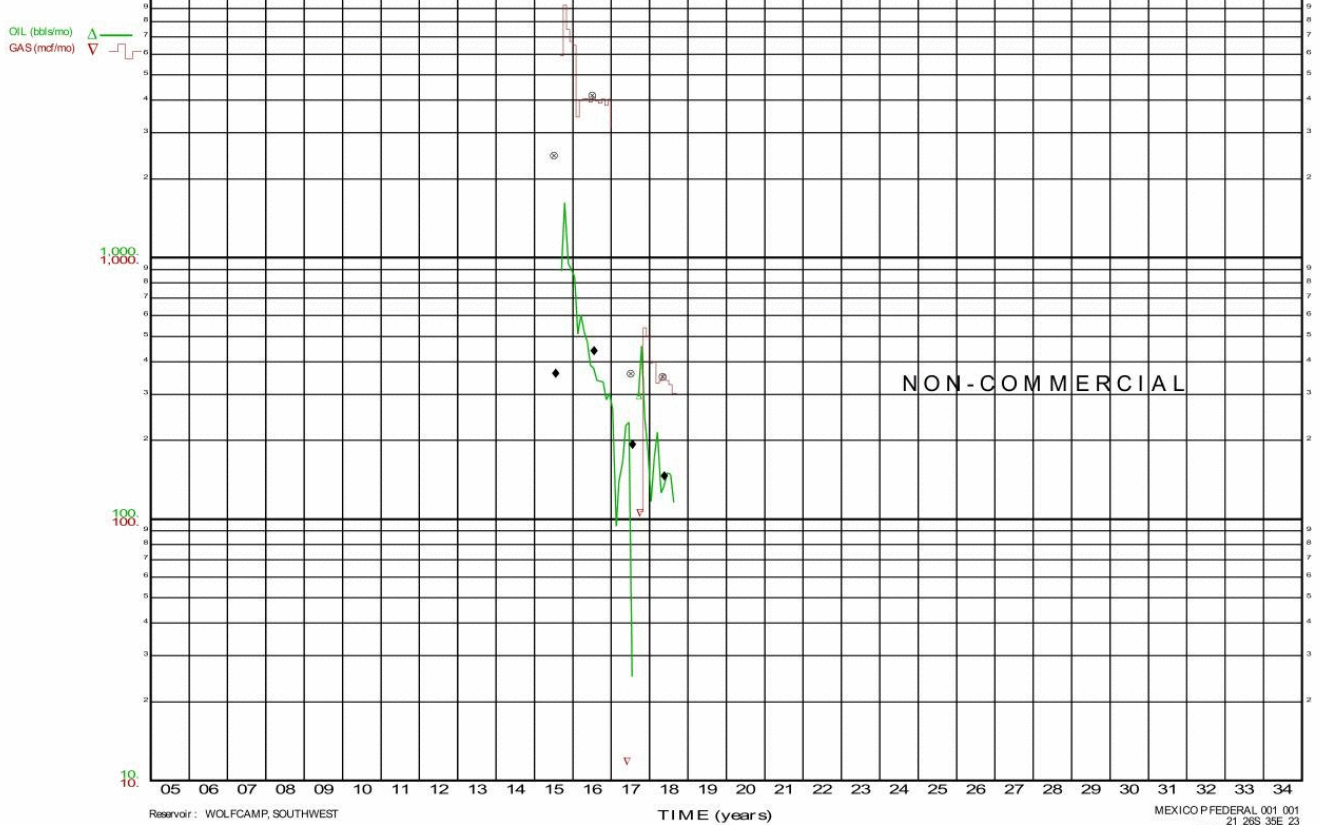
Cawley, Gillespie & Associates, Inc.

Figure 18  
 IMPETRO OPERATING, LLC -- MEXICO P FEDERAL 001 001  
 JABALINA (WOLFCAMP, SOUTHWEST) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PDP

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018		0.0 Year Life (01/2019)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	D <sub>1</sub>	n	D <sub>2</sub>	Initial	Final	Oil - mbbls	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%
Gas - mcf/mo	0.0	0.0	0.0	0.0	0.0	Gas - mmcf	13.7	0.0	13.7	%	mbbls/mmcf	M\$	M\$	M\$	M\$	M\$
0.0	0.0	0.0	0.0	0.0	0.0	0.0	86.3	0.0	86.3	78.444 NI	0.000	0.000	0.000	0.000	0.000	0.000
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.000 WI	0.000	0.000	0.000	0.000	0.000	0.000



Reservoir: WOLFCAMP, SOUTHWEST  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 09/2015 Last Data 08/2018  
 01/16/2019 12:15:19 21 API: 3002522405

Cawley, Gillespie & Associates, Inc.

MEXICO P FEDERAL 001 001  
 21 28S 35E 23  
 NM OIL 3884178  
 MKR G:\CGA\8538\PHD\pdp.out  
 (DEFAULT) ASN 133



**Table 18**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lilis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING, LLC -- MEXICO FEDERAL 001 001  
 JABALINA (WOLFCAMP, SOUTHWEST) FIELD -- LEA COUNTY, NEW MEXICO

(1) End Mo-Year	(2) Gross Oil Production MBBLs	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLs	(5) Net Oil Production MBBLs	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLs	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL																																																																																																																																																																																	
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Cum Ult	13.7 13.7	86.3 86.3	.0 .0																																																																																																																																																																																							
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6																																																																																																																																																																																	
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$																																																																																																																																																																																
<table border="0"> <thead> <tr> <th colspan="6">Evaluation Parameters (Gross)</th> <th colspan="3">Expenses (Gross)</th> <th colspan="2">Percent Interests</th> <th>Percent</th> <th>Cum. Disc.</th> </tr> <tr> <th></th> <th>Initial</th> <th>Final</th> <th>Units</th> <th>De</th> <th>n</th> <th>Def</th> <th>Initial</th> <th>Final</th> <th>Units</th> <th>Initial</th> <th>Final</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Oil Rate</td> <td>137.</td> <td>137.</td> <td>bbl/mo</td> <td>8.0%</td> <td>0.00</td> <td>0.0%</td> <td>0.</td> <td>0.</td> <td>\$w/mo</td> <td>Expense</td> <td>97.2173</td> <td>97.2173</td> <td>5.00</td> <td>.000</td> </tr> <tr> <td>Gas Rate</td> <td>0.</td> <td>0.</td> <td>Mcf/mo</td> <td>0.0%</td> <td>0.00</td> <td>0.0%</td> <td></td> <td></td> <td></td> <td>Revenue</td> <td></td> <td></td> <td>8.00</td> <td>.000</td> </tr> <tr> <td>GOR</td> <td>0.</td> <td>0.</td> <td>scf/bbl</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Oil</td> <td>72.3491</td> <td>72.3491</td> <td>12.00</td> <td>.000</td> </tr> <tr> <td>NGL Rate</td> <td>0.</td> <td>0.</td> <td>bbl/mo</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Gas</td> <td>72.3491</td> <td>72.3491</td> <td>15.00</td> <td>.000</td> </tr> <tr> <td>NGL Yield</td> <td>0.0</td> <td>0.0</td> <td>bbl/MMcf</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>20.00</td> <td>.000</td> </tr> <tr> <td>Gas Shrinkage</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Oil Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Gas Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGL Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ad Valorem</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>										Evaluation Parameters (Gross)						Expenses (Gross)			Percent Interests		Percent	Cum. Disc.		Initial	Final	Units	De	n	Def	Initial	Final	Units	Initial	Final			Oil Rate	137.	137.	bbl/mo	8.0%	0.00	0.0%	0.	0.	\$w/mo	Expense	97.2173	97.2173	5.00	.000	Gas Rate	0.	0.	Mcf/mo	0.0%	0.00	0.0%				Revenue			8.00	.000	GOR	0.	0.	scf/bbl							Oil	72.3491	72.3491	12.00	.000	NGL Rate	0.	0.	bbl/mo							Gas	72.3491	72.3491	15.00	.000	NGL Yield	0.0	0.0	bbl/MMcf										20.00	.000	Gas Shrinkage	0.0	0.0	%												Oil Severance	0.0	0.0	%												Gas Severance	0.0	0.0	%												NGL Severance	0.0	0.0	%												Ad Valorem	0.0	0.0	%											
Evaluation Parameters (Gross)						Expenses (Gross)			Percent Interests		Percent	Cum. Disc.																																																																																																																																																																														
	Initial	Final	Units	De	n	Def	Initial	Final	Units	Initial	Final																																																																																																																																																																															
Oil Rate	137.	137.	bbl/mo	8.0%	0.00	0.0%	0.	0.	\$w/mo	Expense	97.2173	97.2173	5.00	.000																																																																																																																																																																												
Gas Rate	0.	0.	Mcf/mo	0.0%	0.00	0.0%				Revenue			8.00	.000																																																																																																																																																																												
GOR	0.	0.	scf/bbl							Oil	72.3491	72.3491	12.00	.000																																																																																																																																																																												
NGL Rate	0.	0.	bbl/mo							Gas	72.3491	72.3491	15.00	.000																																																																																																																																																																												
NGL Yield	0.0	0.0	bbl/MMcf										20.00	.000																																																																																																																																																																												
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1 Months in first year      .000 Year Life (01/2019)																																																																																																																																																																																										

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 133

DEFAULT 1/16/2019

12:12:35  
 Oil\_PDP  
 Table 18

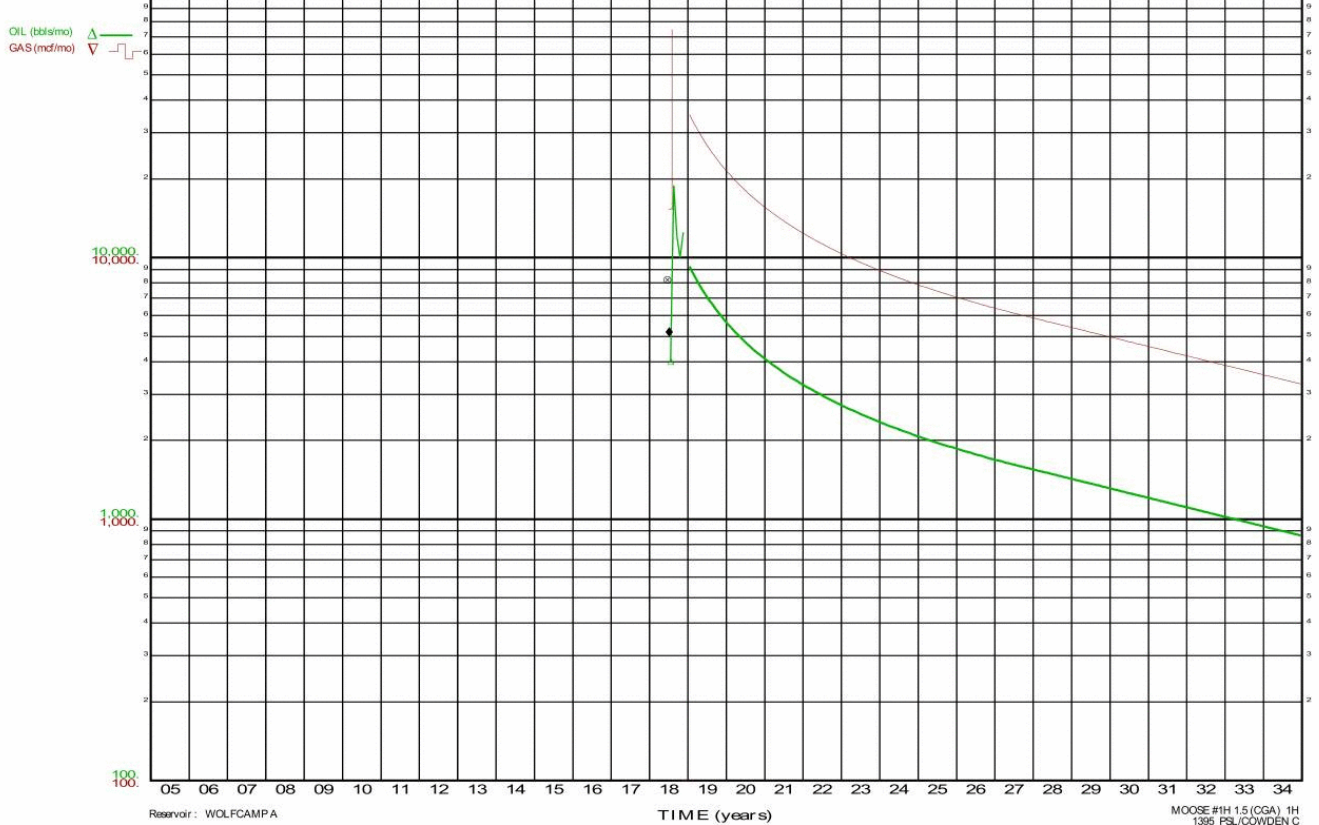
Cawley, Gillespie & Associates, Inc.

Figure 19  
 LILISENERGY, INC. -- MOOSE #1H 1.5 (CGA) 1H  
 PHANTOM (WOLF CAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018			38.80 Year Life (10/2057)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Initial	Final	Cumulative	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%
9,267	35,216	51.8	1.20	8.0	130	494	130	3,800	3,800	67.5	548.8	616.2	61.951 NI	339,978	19,614,307	1,163,924	4,325,613	16,991,454	10,028,204
		0.0	0.00	8.0						128.2	2,085.4	2,213.6	77.273 WI	956,019	1,778,196	576,436	0,000		



Reservoir: WOLF CAMP A  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 05/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495340350000

Cawley, Gillespie & Associates, Inc.

MOOSE #1H 1.5 (CGA) 1H  
 1395 PSL/COWDEN C  
 TX OIL  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 498

**Table 19**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- MOOSE #1H 1.5 (CGA) 1H**  
**PHANTOM (WOLFCAMPA) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	86.7	329.6	27.0	53,732	151,095	16,724	57.693	1.860	15,734
12-2020	57.6	218.9	17.9	35,686	100,349	11,107	57.693	1.860	15,734
12-2021	43.8	166.3	13.6	27,109	76,232	8,437	57.693	1.860	15,734
12-2022	35.7	135.6	11.1	22,109	62,171	6,881	57.693	1.860	15,734
12-2023	30.3	115.2	9.4	18,775	52,796	5,844	57.693	1.860	15,734
12-2024	26.5	100.7	8.3	16,422	46,180	5,111	57.693	1.860	15,734
12-2025	23.5	89.3	7.3	14,565	40,956	4,533	57.693	1.860	15,734
12-2026	21.2	80.6	6.6	13,144	36,961	4,091	57.693	1.860	15,734
12-2027	19.4	73.6	6.0	11,996	33,733	3,734	57.693	1.860	15,734
12-2028	17.8	67.8	5.6	11,056	31,089	3,441	57.693	1.860	15,734
12-2029	16.4	62.2	5.1	10,143	28,522	3,157	57.693	1.860	15,734
12-2030	15.1	57.2	4.7	9,332	26,242	2,905	57.693	1.860	15,734
12-2031	13.9	52.7	4.3	8,586	24,144	2,672	57.693	1.860	15,734
12-2032	12.8	48.6	4.0	7,920	22,272	2,465	57.693	1.860	15,734
12-2033	11.7	44.6	3.7	7,266	20,433	2,262	57.693	1.860	15,734
12-2034	10.8	41.0	3.4	6,686	18,800	2,081	57.693	1.860	15,734
12-2035	9.9	37.7	3.1	6,151	17,297	1,914	57.693	1.860	15,734
12-2036	9.2	34.8	2.9	5,674	15,956	1,766	57.693	1.860	15,734
12-2037	8.4	31.9	2.6	5,206	14,638	1,620	57.693	1.860	15,734
S Tot	470.6	1,788.4	146.5	291,560	819,866	90,745	57.693	1.860	15,734
After	78.2	297.0	24.3	48,419	136,153	15,070	57.693	1.860	15,734
Total	548.8	2,085.4	170.8	339,978	956,019	105,814	57.693	1.860	15,734
Cum Ult	67.5	228.2	.0						
	616.2	2,213.6	170.8						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6
12-2019	3,099,972	281,038	263,135	0.000	0.000	3,644,145	183,954	91,104	4,540
12-2020	2,058,817	186,648	174,759	0.000	0.000	2,420,224	122,171	60,506	4,843
12-2021	1,564,018	141,791	132,759	0.000	0.000	1,838,568	92,810	45,964	5,129
12-2022	1,275,534	115,638	108,271	0.000	0.000	1,498,443	75,691	37,486	5,397
12-2023	1,083,203	98,201	91,946	0.000	0.000	1,273,350	64,778	31,860	5,624
12-2024	947,454	85,894	80,423	0.000	0.000	1,113,772	56,222	27,844	5,901
12-2025	840,277	76,178	71,325	0.000	0.000	967,780	49,862	24,695	6,151
12-2026	758,306	68,747	64,367	0.000	0.000	891,420	44,998	22,296	6,390
12-2027	692,088	62,744	58,747	0.000	0.000	812,589	41,069	20,340	6,624
12-2028	637,850	57,826	54,143	0.000	0.000	749,818	37,850	18,745	6,853
12-2029	585,184	53,052	49,672	0.000	0.000	687,908	34,725	17,198	7,115
12-2030	538,400	48,810	45,701	0.000	0.000	632,911	31,949	15,823	7,390
12-2031	495,356	44,908	42,047	0.000	0.000	582,312	29,395	14,558	7,690
12-2032	456,951	41,426	38,787	0.000	0.000	537,165	27,116	13,429	8,005
12-2033	419,222	38,006	35,585	0.000	0.000	492,812	24,877	12,320	8,371
12-2034	385,706	34,967	32,740	0.000	0.000	453,413	22,888	11,335	8,756
12-2035	354,870	32,172	30,122	0.000	0.000	417,164	21,058	10,429	9,174
12-2036	327,356	29,678	27,787	0.000	0.000	394,821	19,426	9,621	9,614
12-2037	300,327	27,227	25,483	0.000	0.000	363,047	17,822	8,826	10,124
S Tot	16,820,901	1,524,951	1,427,811	0.000	0.000	19,773,662	998,161	494,342	6,039
After	2,793,406	253,245	237,113	0.000	0.000	3,283,764	165,762	82,094	17,101
Total	19,614,307	1,778,196	1,664,924	0.000	0.000	23,057,427	1,163,924	576,436	7,614

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. % MS
12-2019	53,783	1	0.8	0.000	0.000	353,874	.000	2,961,431	2,836,351	
12-2020	53,783	1	0.8	0.000	0.000	235,022	.000	1,948,742	4,910,173	4,530,300
12-2021	53,783	1	0.8	0.000	0.000	178,539	.000	1,467,472	6,377,645	5,689,042
12-2022	53,783	1	0.8	0.000	0.000	145,807	.000	1,196,876	7,564,521	6,540,740
12-2023	53,783	1	0.8	0.000	0.000	123,652	.000	968,804	8,564,325	7,192,848
12-2024	53,783	1	0.8	0.000	0.000	108,156	.000	867,766	9,432,092	7,707,259
12-2025	53,783	1	0.8	0.000	0.000	95,921	.000	763,519	10,195,611	8,118,644
12-2026	53,783	1	0.8	0.000	0.000	86,564	.000	693,790	10,879,401	8,453,564
12-2027	53,783	1	0.8	0.000	0.000	79,006	.000	619,392	11,498,793	8,729,358
12-2028	53,783	1	0.8	0.000	0.000	72,813	.000	566,627	12,065,420	8,958,702
12-2029	53,783	1	0.8	0.000	0.000	66,801	.000	515,401	12,580,821	9,148,335
12-2030	53,783	1	0.8	0.000	0.000	61,461	.000	469,896	13,050,717	9,305,519
12-2031	53,783	1	0.8	0.000	0.000	56,547	.000	428,030	13,478,747	9,435,692
12-2032	53,783	1	0.8	0.000	0.000	52,163	.000	390,674	13,869,421	9,543,697
12-2033	53,783	1	0.8	0.000	0.000	47,856	.000	353,977	14,223,398	9,632,654
12-2034	53,783	1	0.8	0.000	0.000	44,030	.000	321,377	14,544,775	9,706,082
12-2035	53,783	1	0.8	0.000	0.000	40,510	.000	291,384	14,836,160	9,766,609
12-2036	53,783	1	0.8	0.000	0.000	37,369	.000	264,623	15,100,783	9,816,579
12-2037	53,783	1	0.8	0.000	0.000	34,284	.000	238,333	15,339,116	9,857,469
S Tot	1,021,870			0.000	0.000	1,920,173	.000	15,339,116	15,339,116	9,857,469
After	1,064,691			0.000	0.000	318,879	.000	1,652,338	16,991,454	10,028,204
Total	2,086,561			0.000	0.000	2,239,052	.000	16,991,454	16,991,454	10,028,204

Evaluation Parameters (Gross)						Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Del	n	Def	Initial	Final	Units	Initial	Final		
Oil Rate	9.531	128	bbl/mo	51.8%	1.20	0.0%	5,798	5,716	\$/wmo		5.00	12,460,630
Gas Rate	36,219	489	Mcf/mo	0.0%	0.00	0.0%					8.00	10,849,326
GOR	3,800	3,800	scf/bbl								10.00	10,028,204
NGL Rate	2,937	39	bbl/mo								12.00	9,348,904
NGL Yield	81.1	81.4	bbl/MMcf								15.00	8,524,260
Gas Shrinkage	28.1	25.5	%								20.00	7,499,475
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	13.5		%									

12 Months in first year      38,806 Year Life(10/2057)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 498      DEFAULT 1/16/2019 12:23:35  
 Oil, PDP  
 Table 19

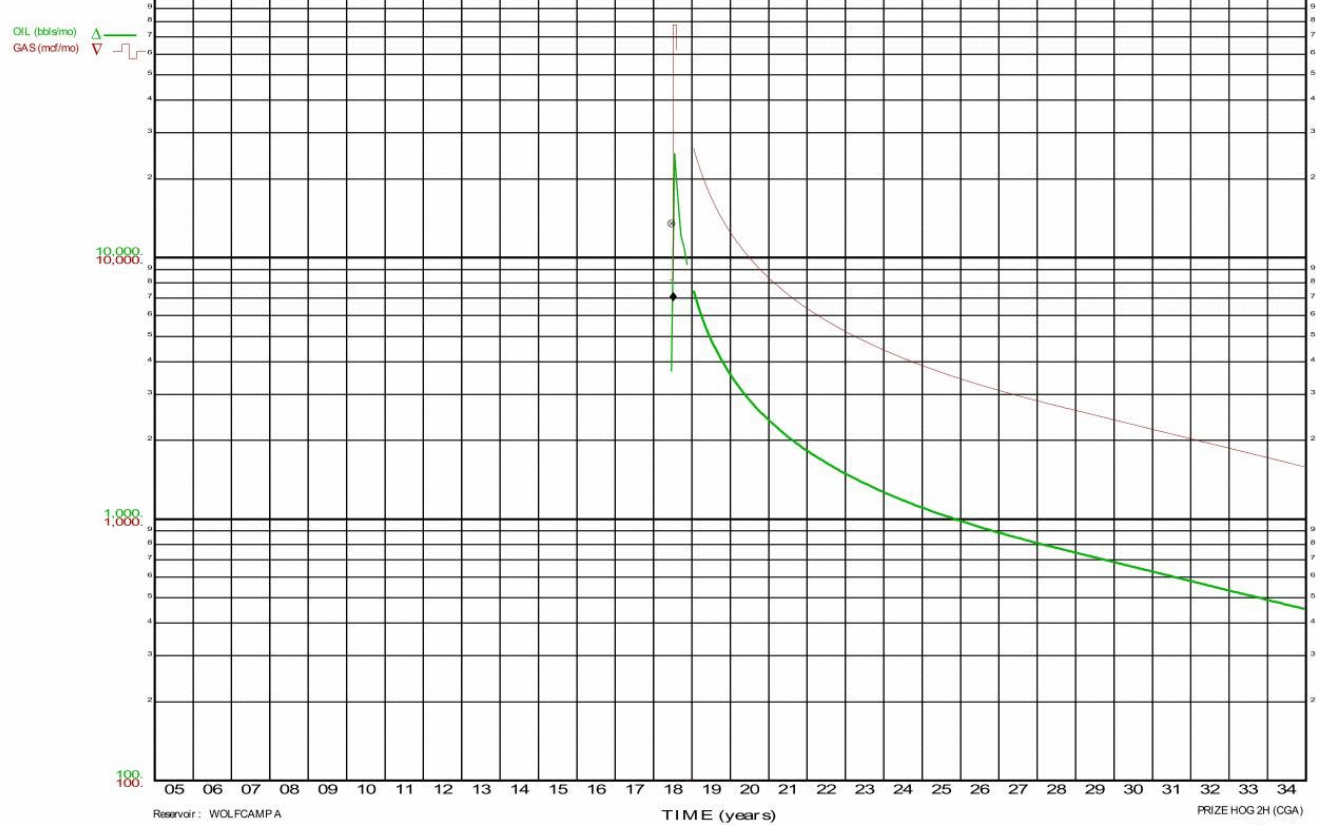
Cawley, Gillespie & Associates, Inc.

Figure 20  
 LILISENERGY, INC. -- PRIZE HOG 2H (CGA)  
 PHANTOM (WOLFCAMP A) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulative		30.09 Year Life (02/2049)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$	
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>14</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
7,489	26,210	73.6	1.20	8.1	140	490	3,500	3,500	86.9	164.1	301.7	388.6	79.375 NI	239,472	13,815,800	1,161,639	3,687,331	10,454,803	6,856,305



Reservoir: WOLFCAMP A  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 06/2018 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 3002544111

Cawley, Gillespie & Associates, Inc.

NM OIL  
 MKR G:\CGA\8538\PHD\pdpout  
 (DEFAULT) ASN 479

**Table 20**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- PRIZE HOG 2H (CGA)**  
**PHANTOM (WOLFCAMPA) FIELD -- LEA COUNTY, NEW MEXICO**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL		
12-2019	61.4	214.8	18.6	48,705	126,147	14,733	57.693	1.860	15,734		
12-2020	34.8	121.7	10.5	27,599	71,480	8,349	57.693	1.860	15,734		
12-2021	24.9	87.3	7.5	19,799	51,276	5,989	57.693	1.860	15,734		
12-2022	19.7	69.1	6.0	15,668	40,581	4,740	57.693	1.860	15,734		
12-2023	16.5	57.6	5.0	13,060	33,826	3,951	57.693	1.860	15,734		
12-2024	14.2	49.7	4.3	11,279	29,213	3,412	57.693	1.860	15,734		
12-2025	12.5	43.7	3.8	9,911	25,670	2,998	57.693	1.860	15,734		
12-2026	11.2	39.2	3.4	8,862	23,004	2,687	57.693	1.860	15,734		
12-2027	10.2	35.5	3.1	8,052	20,880	2,439	57.693	1.860	15,734		
12-2028	9.3	32.7	2.8	7,406	19,189	2,241	57.693	1.860	15,734		
12-2029	8.6	30.0	2.6	6,797	17,604	2,056	57.693	1.860	15,734		
12-2030	7.9	27.6	2.4	6,253	16,196	1,892	57.693	1.860	15,734		
12-2031	7.2	25.4	2.2	5,753	14,901	1,740	57.693	1.860	15,734		
12-2032	6.7	23.4	2.0	5,307	13,746	1,605	57.693	1.860	15,734		
12-2033	6.1	21.5	1.9	4,869	12,611	1,473	57.693	1.860	15,734		
12-2034	5.6	19.8	1.7	4,480	11,603	1,355	57.693	1.860	15,734		
12-2035	5.2	18.2	1.6	4,122	10,675	1,247	57.693	1.860	15,734		
12-2036	4.8	16.8	1.4	3,802	9,848	1,150	57.693	1.860	15,734		
12-2037	4.4	15.4	1.3	3,498	9,088	1,055	57.693	1.860	15,734		
S Tot	271.2	949.1	82.0	215,246	557,488	65,112	57.693	1.860	15,734		
After	30.5	106.8	9.2	24,226	62,744	7,328	57.693	1.860	15,734		
Total	301.7	1,055.9	91.3	239,472	620,232	72,440	57.693	1.860	15,734		
Cum Ult	86.9	164.1	0								
	388.6	1,220.0	91.3								
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)		
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6		
12-2019	2,809,948	234,633	231,821	0.000	0.000	3,276,402	236,262	163,820	4,963		
12-2020	1,592,238	132,953	131,360	0.000	0.000	1,856,551	133,876	92,828	5,634		
12-2021	1,142,238	95,376	94,235	0.000	0.000	1,331,850	96,040	66,930	6,244		
12-2022	903,959	75,481	74,577	0.000	0.000	1,054,017	76,005	52,701	6,813		
12-2023	753,178	62,916	62,182	0.000	0.000	878,566	63,553	43,598	7,358		
12-2024	650,718	54,336	53,684	0.000	0.000	758,738	54,713	37,337	7,875		
12-2025	571,801	47,746	47,174	0.000	0.000	666,720	48,077	33,336	8,398		
12-2026	512,418	42,787	42,274	0.000	0.000	597,480	43,084	29,874	8,898		
12-2027	465,114	38,837	38,372	0.000	0.000	542,323	39,107	27,116	9,387		
12-2028	427,447	35,692	35,264	0.000	0.000	498,404	35,940	24,920	9,854		
12-2029	392,125	32,743	32,350	0.000	0.000	457,218	32,970	22,861	10,374		
12-2030	360,776	30,125	29,764	0.000	0.000	420,665	30,334	21,033	10,921		
12-2031	331,933	27,717	27,384	0.000	0.000	387,034	27,909	19,352	11,515		
12-2032	306,198	25,588	25,261	0.000	0.000	357,027	25,745	17,851	12,089		
12-2033	280,916	23,457	23,176	0.000	0.000	327,548	23,620	16,377	12,664		
12-2034	258,457	21,581	21,323	0.000	0.000	301,361	21,731	15,068	13,627		
12-2035	237,794	19,856	19,618	0.000	0.000	277,268	19,994	13,863	14,456		
12-2036	219,358	18,317	18,097	0.000	0.000	255,772	18,444	12,789	15,327		
12-2037	201,246	16,804	16,603	0.000	0.000	234,653	16,921	11,733	16,339		
S Tot	12,418,162	1,036,928	1,024,498	0.000	0.000	14,479,588	1,044,125	723,979	7,858		
After	1,397,638	116,704	115,305	0.000	0.000	1,629,647	117,514	81,482	23,655		
Total	13,815,800	1,153,632	1,139,803	0.000	0.000	16,109,235	1,161,639	805,462	9,456		
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	
End Mo-Year	Operating Expense MS	Wells Gross Net Count	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. % MS		
12-2019	69,600	1 1.0	0.000	0.000	323,986	0.000	2,482,734	2,482,734	2,383,026		
12-2020	69,600	1 1.0	0.000	0.000	183,585	0.000	1,376,663	3,859,396	3,580,550		
12-2021	69,600	1 1.0	0.000	0.000	131,700	0.000	967,918	4,827,314	4,345,127		
12-2022	69,600	1 1.0	0.000	0.000	104,226	0.000	751,484	5,578,798	4,884,525		
12-2023	69,600	1 1.0	0.000	0.000	86,876	0.000	614,800	6,193,598	5,285,596		
12-2024	69,600	1 1.0	0.000	0.000	75,028	0.000	521,460	6,715,058	5,594,766		
12-2025	69,600	1 1.0	0.000	0.000	65,928	0.000	449,778	7,164,837	5,837,137		
12-2026	69,600	1 1.0	0.000	0.000	59,082	0.000	395,840	7,560,677	6,031,041		
12-2027	69,600	1 1.0	0.000	0.000	53,628	0.000	352,873	7,913,549	6,188,778		
12-2028	69,600	1 1.0	0.000	0.000	49,285	0.000	318,659	8,232,209	6,317,166		
12-2029	69,600	1 1.0	0.000	0.000	45,212	0.000	286,575	8,518,784	6,422,613		
12-2030	69,600	1 1.0	0.000	0.000	41,597	0.000	258,100	8,776,884	6,508,956		
12-2031	69,600	1 1.0	0.000	0.000	38,272	0.000	231,901	9,008,786	6,579,487		
12-2032	69,600	1 1.0	0.000	0.000	35,305	0.000	208,626	9,217,311	6,637,142		
12-2033	69,600	1 1.0	0.000	0.000	32,390	0.000	185,562	9,402,873	6,683,780		
12-2034	69,600	1 1.0	0.000	0.000	29,800	0.000	165,162	9,568,035	6,721,520		
12-2035	69,600	1 1.0	0.000	0.000	27,418	0.000	146,393	9,714,429	6,751,933		
12-2036	69,600	1 1.0	0.000	0.000	25,252	0.000	128,647	9,844,076	6,776,419		
12-2037	69,600	1 1.0	0.000	0.000	23,204	0.000	113,196	9,957,272	6,795,653		
S Tot	1,322,400		0.000	0.000	1,431,812	0.000	9,957,272	9,957,272	6,795,853		
After	771,972		0.000	0.000	161,147	0.000	497,532	10,454,803	6,856,305		
Total	2,094,372		0.000	0.000	1,592,959	0.000	10,454,803	10,454,803	6,856,305		
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.	
	Initial	Final	Units	Initial	Final	Units	Initial	Final			
Oil Rate	7.873	139.	bbl/mo	73.6%	1.20	0.0%	5.800	5.800	\$w/mo	5.00	8,190,546
Gas Rate	27.555	487.	Mcf/mo	0.0%	0.00	0.0%				8.00	7,317,086
GOR	3.500	3.500	scf/bbl							10.00	6,856,305
NGL Rate	2.307	43.	bbl/mo							12.00	6,466,770
NGL Yield	83.7	88.4	bbl/MMcf							15.00	5,983,498
Gas Shrinkage	29.6	26.1	%							20.00	5,366,702
Oil Severance	7.1	7.1	%								
Gas Severance	7.9	7.9	%								
NGL Severance	7.9	7.9	%								
Ad Valorem	38.0		%								

12 Months in first year      30.094 Year Life(02/2049)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 479

DEFAULT 1/16/2019 12:12:35  
 OIL\_PDP  
 Table 20

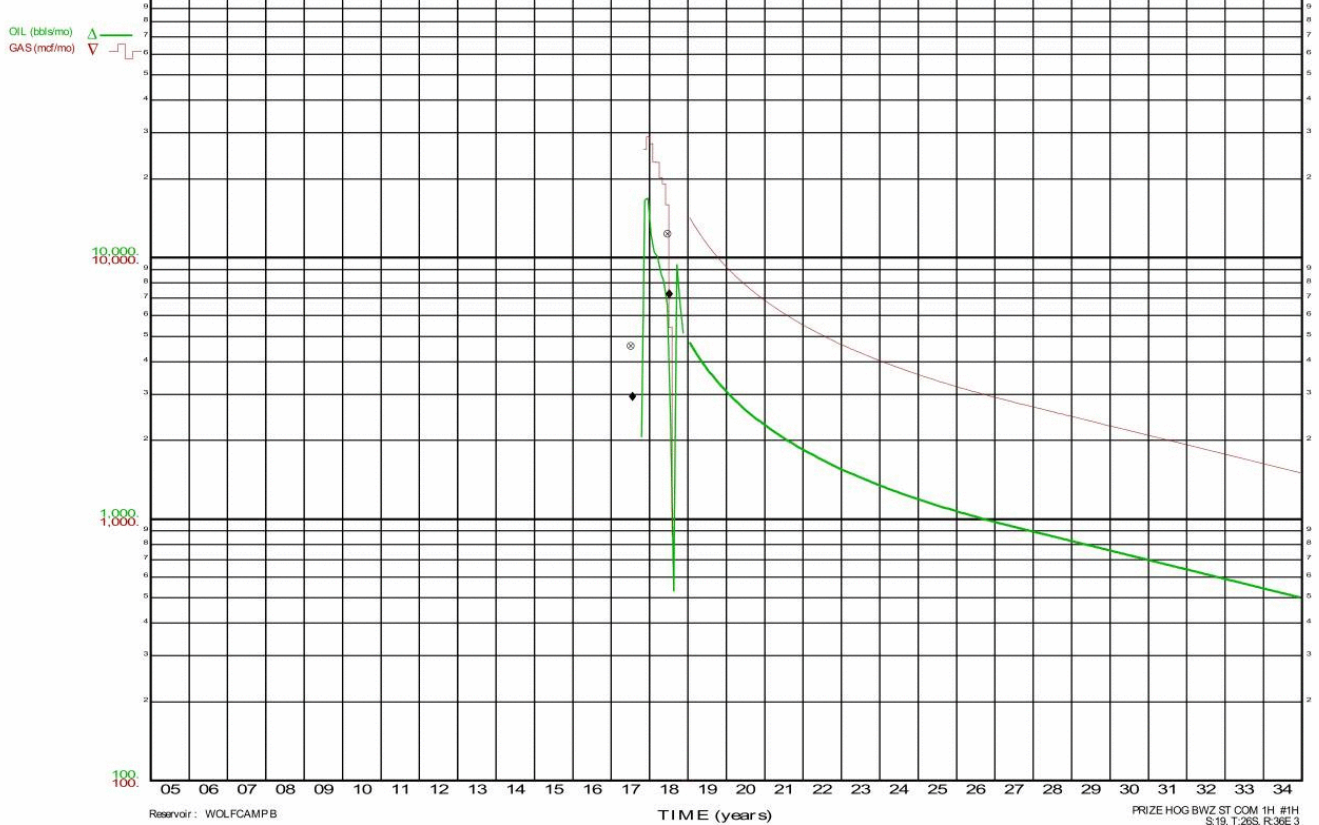
Cawley, Gillespie & Associates, Inc.

Figure 21  
 LILISENERGY, INC. -- PRIZE HOG BWZ ST COM 1H #1H  
 TBD (WOLFCAMP B) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PDP

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018 Cumulative		29.25 Year Life (04/2048)		Current Interest %	Net Oil Prod. Net Gas Sales mmbbl/mmcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$	
Oil - bbls/mo	D <sub>1</sub>	D <sub>2</sub>	n	D <sub>3</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Oil - mmbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery	80.312 NI	238.389	13,597.013	1,123.329	5,765.415	7,934.412	4,956.574
Gas - mcf/mo	4,742	45.8	1.20	7.9	166	498	120.9	198.6	120.9	417.8	100.000 WI	321.824	628.523	780.166	0.000		



Reservoir: WOLFCAMPB  
 ● \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 10/2017 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 3002542744

Cawley, Gillespie & Associates, Inc.

PRIZE HOG BWZ ST COM 1H #1H  
 S:19, T:26S, R:36E 3  
 NM OIL  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 317

**Table 21**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- PRIZE HOG BWZ ST COM 1H #1H**  
**TBD (WOLFCAMP) FIELD -- LEA COUNTY, NEW MEXICO**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMBLS	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMBLS	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL	
12-2019	45.8	137.4	11.9	36,782	49,655	9,537	57,037	1,953	22,290	
12-2020	31.7	95.2	8.2	25,481	34,399	6,607	57,037	1,953	22,290	
12-2021	24.6	73.7	6.4	19,719	26,620	5,113	57,037	1,953	22,290	
12-2022	20.2	60.7	5.2	16,251	21,939	4,214	57,037	1,953	22,290	
12-2023	17.3	51.9	4.5	13,895	18,758	3,603	57,037	1,953	22,290	
12-2024	15.2	45.6	3.9	12,211	16,485	3,166	57,037	1,953	22,290	
12-2025	13.5	40.6	3.5	10,868	14,672	2,818	57,037	1,953	22,290	
12-2026	12.2	36.7	3.2	9,834	13,276	2,550	57,037	1,953	22,290	
12-2027	11.2	33.6	2.9	8,995	12,143	2,332	57,037	1,953	22,290	
12-2028	10.3	31.0	2.7	8,294	11,197	2,151	57,037	1,953	22,290	
12-2029	9.5	28.4	2.5	7,609	10,272	1,973	57,037	1,953	22,290	
12-2030	8.7	26.2	2.3	7,001	9,451	1,815	57,037	1,953	22,290	
12-2031	8.0	24.1	2.1	6,441	8,696	1,670	57,037	1,953	22,290	
12-2032	7.4	22.2	1.9	5,942	8,021	1,541	57,037	1,953	22,290	
12-2033	6.8	20.4	1.8	5,451	7,359	1,413	57,037	1,953	22,290	
12-2034	6.2	18.7	1.6	5,015	6,771	1,300	57,037	1,953	22,290	
12-2035	5.7	17.2	1.5	4,614	6,229	1,196	57,037	1,953	22,290	
12-2036	5.3	15.9	1.4	4,257	5,746	1,104	57,037	1,953	22,290	
12-2037	4.9	14.6	1.3	3,925	5,272	1,013	57,037	1,953	22,290	
S Tot	264.7	794.0	68.6	212,565	286,963	55,115	57,037	1,953	22,290	
After	32.2	96.5	8.3	25,823	34,861	6,696	57,037	1,953	22,290	
Total	296.8	890.5	77.0	238,389	321,824	61,811	57,037	1,953	22,290	
Cum Ult	120.9	198.6	0							
	417.8	1,089.1	77.0							
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6	
12-2019	2,097,920	96,977	212,582	0.000	0.000	2,407,479	173,321	120,374	12,832	
12-2020	1,453,338	67,181	147,267	0.000	0.000	1,667,785	120,069	83,389	13,403	
12-2021	1,124,705	51,990	113,966	0.000	0.000	1,290,661	92,919	64,533	13,946	
12-2022	926,928	42,847	93,926	0.000	0.000	1,063,701	76,579	53,195	14,458	
12-2023	792,517	36,634	80,306	0.000	0.000	909,457	65,473	45,673	14,653	
12-2024	696,500	32,196	70,576	0.000	0.000	799,272	57,542	39,964	15,423	
12-2025	619,886	28,654	62,813	0.000	0.000	711,354	51,212	35,568	15,902	
12-2026	560,929	25,929	56,539	0.000	0.000	643,697	46,342	32,185	16,360	
12-2027	513,022	23,715	51,985	0.000	0.000	588,721	42,384	28,436	16,810	
12-2028	473,069	21,888	47,936	0.000	0.000	542,873	39,083	27,144	17,254	
12-2029	434,009	20,062	43,978	0.000	0.000	498,049	35,856	24,902	17,768	
12-2030	399,311	18,458	40,462	0.000	0.000	458,231	32,989	22,912	18,309	
12-2031	367,387	16,982	37,227	0.000	0.000	421,597	30,352	21,080	18,897	
12-2032	338,903	15,656	34,341	0.000	0.000	388,910	27,999	19,446	19,515	
12-2033	310,921	14,372	31,506	0.000	0.000	356,799	25,687	17,840	20,232	
12-2034	286,064	13,223	28,987	0.000	0.000	328,274	23,633	16,414	20,987	
12-2035	263,193	12,166	26,669	0.000	0.000	302,029	21,744	15,101	21,808	
12-2036	242,798	11,223	24,602	0.000	0.000	278,612	20,058	13,931	22,671	
12-2037	222,742	10,296	22,570	0.000	0.000	256,608	18,402	12,790	23,672	
S Tot	12,124,132	560,439	1,228,539	0.000	0.000	13,913,110	1,001,646	695,655	15,778	
After	1,472,882	68,084	149,247	0.000	0.000	1,690,213	121,683	84,511	30,341	
Total	13,597,013	628,523	1,377,786	0.000	0.000	15,603,322	1,123,329	780,166	17,355	
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. % MS
12-2019	66,000	1	1.0	0.000	0.000	591,712	0.000	1,456,072	1,456,072	1,393,987
12-2020	66,000	1	1.0	0.000	0.000	409,909	0.000	988,418	2,444,490	2,253,073
12-2021	66,000	1	1.0	0.000	0.000	317,220	0.000	749,990	3,194,480	2,845,261
12-2022	66,000	1	1.0	0.000	0.000	261,437	0.000	606,500	3,800,980	3,280,486
12-2023	66,000	1	1.0	0.000	0.000	223,527	0.000	508,983	4,309,963	3,612,471
12-2024	66,000	1	1.0	0.000	0.000	196,446	0.000	439,321	4,749,284	3,872,911
12-2025	66,000	1	1.0	0.000	0.000	174,837	0.000	383,737	5,133,020	4,079,676
12-2026	66,000	1	1.0	0.000	0.000	158,208	0.000	340,962	5,473,983	4,246,686
12-2027	66,000	1	1.0	0.000	0.000	144,696	0.000	306,205	5,790,188	4,383,035
12-2028	66,000	1	1.0	0.000	0.000	133,428	0.000	277,218	6,057,406	4,495,249
12-2029	66,000	1	1.0	0.000	0.000	122,411	0.000	248,880	6,306,286	4,586,826
12-2030	66,000	1	1.0	0.000	0.000	112,624	0.000	223,706	6,529,992	4,661,694
12-2031	66,000	1	1.0	0.000	0.000	103,620	0.000	200,545	6,730,537	4,722,659
12-2032	66,000	1	1.0	0.000	0.000	95,587	0.000	179,879	6,910,416	4,773,394
12-2033	66,000	1	1.0	0.000	0.000	87,694	0.000	159,578	7,069,994	4,812,502
12-2034	66,000	1	1.0	0.000	0.000	80,683	0.000	141,543	7,211,537	4,844,846
12-2035	66,000	1	1.0	0.000	0.000	74,233	0.000	124,951	7,336,488	4,870,805
12-2036	66,000	1	1.0	0.000	0.000	68,476	0.000	110,146	7,446,634	4,891,609
12-2037	66,000	1	1.0	0.000	0.000	62,894	0.000	95,602	7,542,236	4,908,023
S Tot	1,254,000			0.000	0.000	3,419,573	0.000	7,542,236	7,542,236	4,908,023
After	676,421			0.000	0.000	415,422	0.000	392,176	7,934,412	4,956,574
Total	1,930,421			0.000	0.000	3,834,994	0.000	7,934,412	7,934,412	4,956,574
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Initial	Final	Units	Initial	Final		
Oil Rate	4.855	165	bbl/mo	45.8%	1.20	0.0%	5.00	5.00	6,057,576	
Gas Rate	14.566	496	Mcf/mo	0.0%	0.00	0.0%	8.00	8.00	5,335,872	
GOR	3.000	3.000	scf/bbl				10.00	10.00	4,956,574	
NGL Rate	1.252	43	bbl/mo				12.00	12.00	4,637,071	
NGL Yield	86.0	88.4	bbl/MMcf				15.00	15.00	4,242,637	
Gas Shrinkage	56.1	55.1	%				20.00	20.00	3,743,460	
Oil Severance	7.1	7.1	%							
Gas Severance	7.9	7.9	%							
NGL Severance	7.9	7.9	%							
Ad Valorem	44.4		%							

12 Months in first year 29,251 Year Life(04/2048)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 317      DEFAULT 1/16/2019 12:23:35  
 Oil, PDP  
 Table 21

Cawley, Gillespie & Associates, Inc.

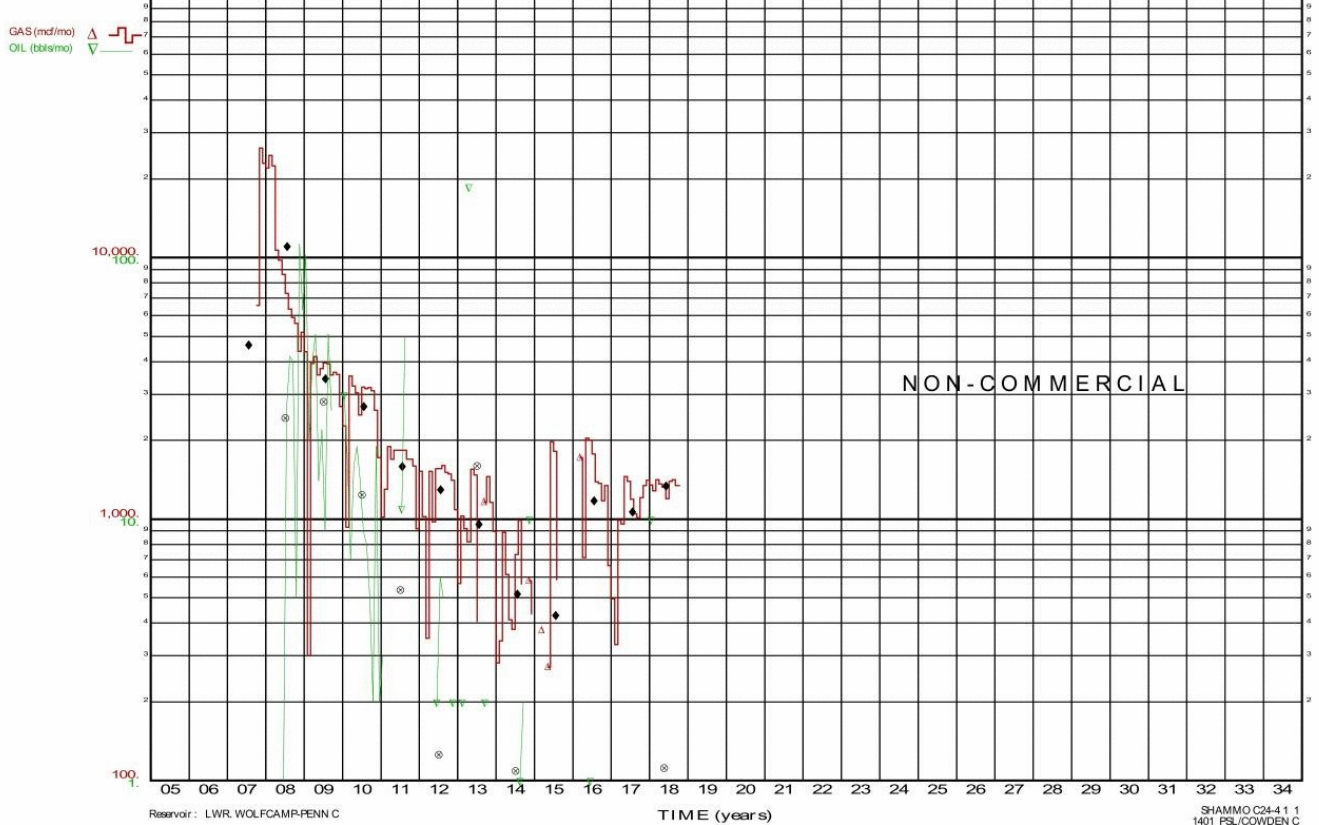


Figure 22  
 IMPETRO OPERATING LLC -- SHAMMO C24-4 1 1  
 HALEY (LWR WOLFCAMP-PENN CONS.) FIELD  
 Loving COUNTY, TEXAS

Reserve Category : PDP

As of 01/2019

		As of 01/2019				YIELD - bbls/mmcf		12/2018 Cumulatives		0.0 Year Life (01/2019)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mmcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>24</sub>	n	D <sub>24</sub>	Q <sub>1b</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery						
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	363.4	0.0	1.1	37.526 NI	0.000	0.000	0.000	0.000	0.000
0.0	8.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0			0.0	363.4	50.000 WI	0.000	0.000	0.000	0.000	0.000



Reservoir : LWR WOLFCAMP-PENN C  
 ● ◎ \* - Annual Averages Perf: 15990 - 16187 Status:  
 First Production 00/ 0 First Data 10/2007 Last Data 09/2018  
 01/16/2019 12:15:19 21 API: 42301313780000

Cawley, Gillespie & Associates, Inc.

SHAMMO C24-4 1 1  
 1401 PSL/COWDEN C  
 TX GAS 2175424  
 MKR G:\CGA\8538\PHD\pdp\out  
 (DEFAULT) ASN 68



**Table 22**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING LLC -- SHAMMO C24-4 1 1  
 HALEY \LWR.WOLFCAMP-PENN CONS.) FIELD -- Loving COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MBBLs	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLs	(5) Net Oil Production MBBLs	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLs	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL																																																																																																																																											
Non-Commercial																																																																																																																																																				
Cum Ult	1.1 1.1	363.4 363.4	.0 .0																																																																																																																																																	
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6																																																																																																																																											
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum.Cash Flow Disc.@ 10. % M\$																																																																																																																																										
<table border="0"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Evaluation Parameters (Gross)</th> <th colspan="3">Expenses (Gross)</th> <th colspan="2">Percent Interests</th> <th rowspan="2">Percent</th> <th rowspan="2">Cum. Disc.</th> </tr> <tr> <th>Initial</th> <th>Final</th> <th>Units</th> <th>Initial</th> <th>Final</th> <th>Units</th> <th>Initial</th> <th>Final</th> </tr> </thead> <tbody> <tr> <td>Gas Rate</td> <td>1,306.</td> <td>1,306.</td> <td>Mcf/mo</td> <td>8.0%</td> <td>0.00</td> <td>0.0%</td> <td>0.</td> <td>0.</td> <td>\$w/mo</td> <td>5.00</td> <td>.000</td> </tr> <tr> <td>Oil Rate</td> <td>0.</td> <td>0.</td> <td>bbl/mo</td> <td>0.0%</td> <td>0.00</td> <td>0.0%</td> <td></td> <td></td> <td></td> <td>8.00</td> <td>.000</td> </tr> <tr> <td>NGL Rate</td> <td>0.</td> <td>0.</td> <td>bbl/mo</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>10.00</td> <td>.000</td> </tr> <tr> <td>Cond Yield</td> <td>0.0</td> <td>0.0</td> <td>bbl/MMcf</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>12.00</td> <td>.000</td> </tr> <tr> <td>NGL Yield</td> <td>0.0</td> <td>0.0</td> <td>bbl/MMcf</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>15.00</td> <td>.000</td> </tr> <tr> <td>Gas Shrinkage</td> <td>100.0</td> <td>100.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>20.00</td> <td>.000</td> </tr> <tr> <td>Oil Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Gas Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGL Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ad Valorem</td> <td>0.0</td> <td></td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>											Evaluation Parameters (Gross)			Expenses (Gross)			Percent Interests		Percent	Cum. Disc.	Initial	Final	Units	Initial	Final	Units	Initial	Final	Gas Rate	1,306.	1,306.	Mcf/mo	8.0%	0.00	0.0%	0.	0.	\$w/mo	5.00	.000	Oil Rate	0.	0.	bbl/mo	0.0%	0.00	0.0%				8.00	.000	NGL Rate	0.	0.	bbl/mo							10.00	.000	Cond Yield	0.0	0.0	bbl/MMcf							12.00	.000	NGL Yield	0.0	0.0	bbl/MMcf							15.00	.000	Gas Shrinkage	100.0	100.0	%							20.00	.000	Oil Severance	0.0	0.0	%									Gas Severance	0.0	0.0	%									NGL Severance	0.0	0.0	%									Ad Valorem	0.0		%								
	Evaluation Parameters (Gross)			Expenses (Gross)			Percent Interests		Percent		Cum. Disc.																																																																																																																																									
	Initial	Final	Units	Initial	Final	Units	Initial	Final																																																																																																																																												
Gas Rate	1,306.	1,306.	Mcf/mo	8.0%	0.00	0.0%	0.	0.	\$w/mo	5.00	.000																																																																																																																																									
Oil Rate	0.	0.	bbl/mo	0.0%	0.00	0.0%				8.00	.000																																																																																																																																									
NGL Rate	0.	0.	bbl/mo							10.00	.000																																																																																																																																									
Cond Yield	0.0	0.0	bbl/MMcf							12.00	.000																																																																																																																																									
NGL Yield	0.0	0.0	bbl/MMcf							15.00	.000																																																																																																																																									
Gas Shrinkage	100.0	100.0	%							20.00	.000																																																																																																																																									
Oil Severance	0.0	0.0	%																																																																																																																																																	
Gas Severance	0.0	0.0	%																																																																																																																																																	
NGL Severance	0.0	0.0	%																																																																																																																																																	
Ad Valorem	0.0		%																																																																																																																																																	
1 Months in first year .000 Year Life (01/2019)																																																																																																																																																				

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 88

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 Table 22

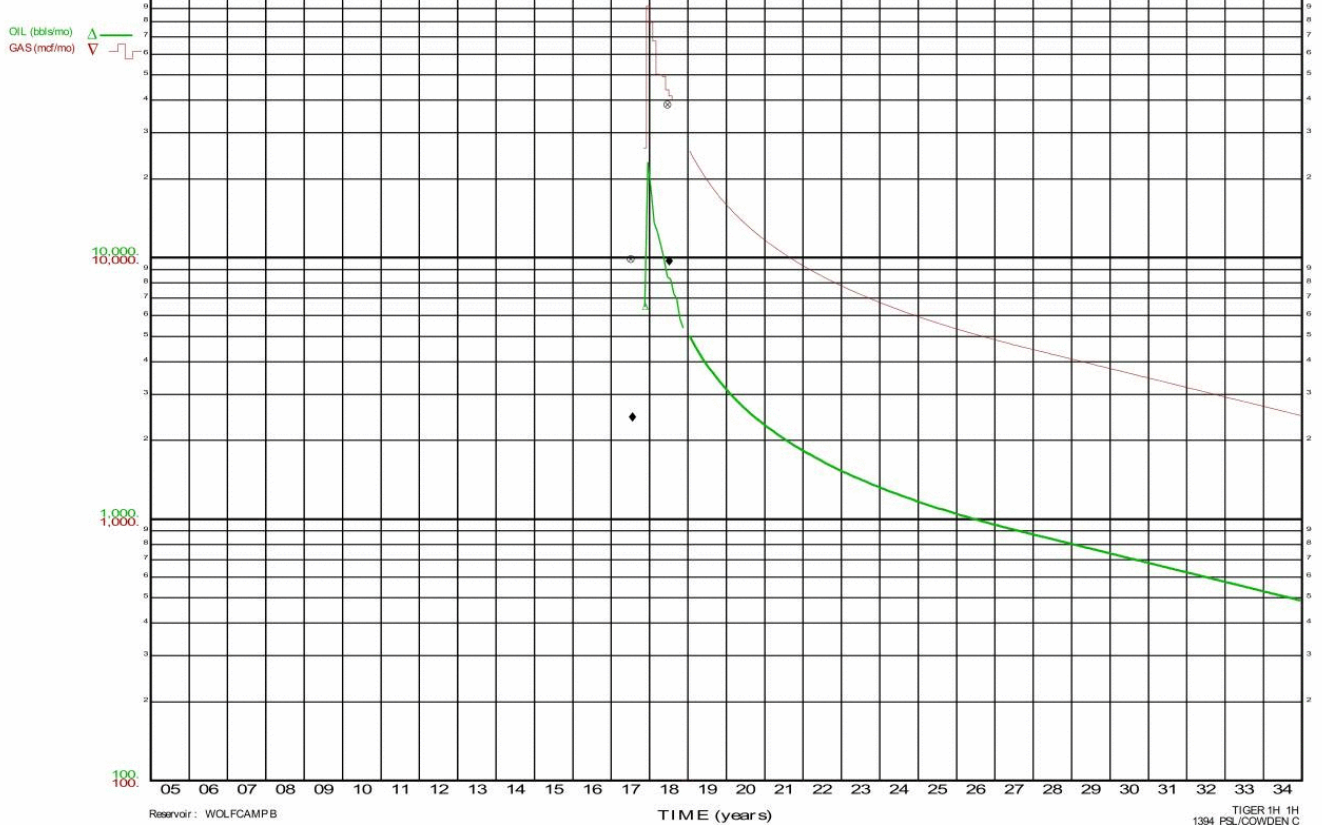
Cawley, Gillespie & Associates, Inc.

Figure 23  
 LILISENERGY, INC. -- TIGER 1H 1H  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				29.40 Year Life (05/2048)			Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow	
Oil - tbb/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>2</sub>	GOR - scf/bbl	Initial	Final	12/2018	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%			
Gas - mcf/mo	5,021	49.8	1.20	8.0	161	5,100	5,100	Cumulatives	Reserve	Recovery	%	mmb/mcf	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
	25,605	0.0	0.00	8.0	820			142.5	294.7	437.1	72.629 NI	214.608	12,381,338	828,591	3,545,529	11,034,487	6,944,845			
								567.8	1,502.8	2,070.6	89.867 WI	897.491	1,697,155	395,092	0,000					



Reservoir: WOLFCAMPB  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 11/2017 Last Data 11/2018  
 01/16/2019 12:15:19 21 API: 42495300160000

Cawley, Gillespie & Associates, Inc.

TIGER 1H 1H  
 1394 PSL/COWDEN C  
 TX OIL  
 MKR G:\CGA8538\PHD lpd\out  
 (DEFAULT) ASN 322

**Table 23**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- TIGER 1H 1H**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	47.5	242.2	21.6	34,587	144,643	15,707	57,693	1,891	17,701
12-2020	32.0	163.1	14.5	23,295	97,421	10,579	57,693	1,891	17,701
12-2021	24.4	124.7	11.1	17,803	74,453	8,085	57,693	1,891	17,701
12-2022	20.0	102.0	9.1	14,568	60,924	6,616	57,693	1,891	17,701
12-2023	17.0	86.8	7.7	12,398	51,849	5,630	57,693	1,891	17,701
12-2024	14.9	76.1	6.8	10,861	45,419	4,932	57,693	1,891	17,701
12-2025	13.2	67.5	6.0	9,643	40,326	4,379	57,693	1,891	17,701
12-2026	12.0	61.0	5.4	8,709	36,423	3,955	57,693	1,891	17,701
12-2027	10.9	55.7	5.0	7,954	33,265	3,612	57,693	1,891	17,701
12-2028	10.1	51.3	4.6	7,332	30,663	3,330	57,693	1,891	17,701
12-2029	9.2	47.1	4.2	6,727	28,132	3,055	57,693	1,891	17,701
12-2030	8.5	43.3	3.9	6,189	25,883	2,811	57,693	1,891	17,701
12-2031	7.8	39.9	3.6	5,694	23,813	2,586	57,693	1,891	17,701
12-2032	7.2	36.8	3.3	5,253	21,967	2,386	57,693	1,891	17,701
12-2033	6.6	33.7	3.0	4,819	20,153	2,189	57,693	1,891	17,701
12-2034	6.1	31.0	2.8	4,434	18,542	2,014	57,693	1,891	17,701
12-2035	5.6	28.6	2.5	4,079	17,060	1,853	57,693	1,891	17,701
12-2036	5.2	26.4	2.3	3,763	15,737	1,709	57,693	1,891	17,701
12-2037	4.7	24.2	2.2	3,452	14,438	1,568	57,693	1,891	17,701
S Tot	263.0	1,341.4	119.5	191,561	801,108	86,996	57,693	1,891	17,701
After	31.6	161.4	14.4	23,047	96,383	10,467	57,693	1,891	17,701
Total	294.7	1,502.8	133.8	214,608	897,491	97,463	57,693	1,891	17,701
Cum Ult	142.5	867.8	0						
	437.1	2,070.6	133.8						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	1,995,420	273,520	278,040	0.000	0.000	2,546,980	133,539	63,675	3,495
12-2020	1,343,970	184,223	187,268	0.000	0.000	1,715,461	89,942	42,887	4,117
12-2021	1,027,110	140,790	143,117	0.000	0.000	1,311,017	68,737	32,775	4,705
12-2022	840,471	115,206	117,111	0.000	0.000	1,072,788	56,246	29,820	5,258
12-2023	715,277	98,046	99,666	0.000	0.000	912,989	47,868	22,625	5,791
12-2024	626,576	85,887	87,307	0.000	0.000	799,770	41,932	19,994	6,298
12-2025	556,312	76,256	77,516	0.000	0.000	710,083	37,230	17,752	6,815
12-2026	502,468	69,875	70,014	0.000	0.000	641,356	33,626	16,034	7,308
12-2027	458,901	62,933	63,943	0.000	0.000	585,747	30,711	14,644	7,792
12-2028	423,017	57,985	58,943	0.000	0.000	539,945	28,309	13,499	8,285
12-2029	388,090	53,197	54,076	0.000	0.000	495,363	25,972	12,384	8,810
12-2030	357,063	48,944	49,753	0.000	0.000	455,760	23,896	11,394	9,383
12-2031	328,517	45,031	45,775	0.000	0.000	419,323	21,985	10,463	10,006
12-2032	303,047	41,540	42,226	0.000	0.000	385,813	20,281	9,670	10,662
12-2033	278,025	38,110	38,740	0.000	0.000	354,875	18,606	8,872	11,422
12-2034	255,797	35,063	35,643	0.000	0.000	326,503	17,119	8,163	12,223
12-2035	235,347	32,260	32,793	0.000	0.000	300,400	15,750	7,510	13,093
12-2036	217,100	29,759	30,251	0.000	0.000	277,110	14,529	6,926	14,007
12-2037	199,175	27,332	27,753	0.000	0.000	254,230	13,329	6,356	15,069
S Tot	11,051,684	1,514,895	1,539,934	0.000	0.000	14,106,512	739,607	352,663	6,614
After	1,329,654	182,260	185,273	0.000	0.000	1,697,187	88,984	42,430	22,248
Total	12,381,338	1,697,155	1,725,207	0.000	0.000	15,803,700	828,591	395,092	8,293

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	88,430	1	0.9	0.000	0.000	152,362	0.000	2,108,976	2,109,976	2,019,730
12-2020	88,430	1	0.9	0.000	0.000	102,620	0.000	1,391,583	3,500,558	3,229,389
12-2021	88,430	1	0.9	0.000	0.000	78,426	0.000	1,042,649	4,543,207	4,052,717
12-2022	88,430	1	0.9	0.000	0.000	64,175	0.000	837,118	5,380,325	4,653,460
12-2023	88,430	1	0.9	0.000	0.000	54,615	0.000	689,251	6,079,576	5,109,562
12-2024	88,430	1	0.9	0.000	0.000	47,843	0.000	601,571	6,681,147	5,466,195
12-2025	88,430	1	0.9	0.000	0.000	42,478	0.000	524,194	7,205,341	5,748,646
12-2026	88,430	1	0.9	0.000	0.000	38,366	0.000	464,900	7,670,241	5,976,367
12-2027	88,430	1	0.9	0.000	0.000	35,040	0.000	416,923	8,087,164	6,162,019
12-2028	88,430	1	0.9	0.000	0.000	32,300	0.000	377,407	8,464,571	6,314,787
12-2029	88,430	1	0.9	0.000	0.000	29,633	0.000	338,944	8,803,515	6,439,505
12-2030	88,430	1	0.9	0.000	0.000	27,264	0.000	304,777	9,108,292	6,541,463
12-2031	88,430	1	0.9	0.000	0.000	25,084	0.000	273,341	9,381,633	6,624,598
12-2032	88,430	1	0.9	0.000	0.000	23,139	0.000	245,293	9,626,925	6,692,420
12-2033	88,430	1	0.9	0.000	0.000	21,229	0.000	217,738	9,844,663	6,747,146
12-2034	88,430	1	0.9	0.000	0.000	19,532	0.000	193,261	10,037,924	6,791,307
12-2035	88,430	1	0.9	0.000	0.000	17,970	0.000	170,740	10,208,664	6,826,779
12-2036	88,430	1	0.9	0.000	0.000	16,577	0.000	150,647	10,359,311	6,855,232
12-2037	88,430	1	0.9	0.000	0.000	15,206	0.000	130,907	10,490,217	6,877,707
S Tot	1,680,167			0.000	0.000	843,859	0.000	10,490,217	10,490,217	6,877,707
After	919,977			0.000	0.000	101,527	0.000	544,270	11,034,487	6,944,845
Total	2,600,144			0.000	0.000	945,385	0.000	11,034,487	11,034,487	6,944,845

Evaluation Parameters (Gross)						Expenses (Gross)			Percent Interests			Percent	Cum. Disc.
	Initial	Final	Units	Del	n Def	Initial	Final	Units	Initial	Final			
Oil Rate	5,155.	159.	bbl/mo	49.8%	1.20	0.0%	8,199.	8,081.	\$/wmo			5.00	8,457,427
Gas Rate	26,294.	811.	Mcf/mo	0.0%	0.00	0.0%						8.00	7,466,120
GOR	5,100.	5,100.	scf/bbl								10.00	6,944,845	
NGL Rate	2,322.	71.	bbl/mo								12.00	6,505,509	
NGL Yield	88.3	88.6	bbl/MMcf								15.00	5,962,716	
Gas Shrinkage	20.2	17.3	%								20.00	5,274,855	
Oil Severance	4.6	4.6	%										
Gas Severance	7.5	7.5	%										
NGL Severance	7.5	7.5	%										
Ad Valorem	21.2		%										

12 Months in first year      29,407 Year Life(05/2048)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

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 Table 23

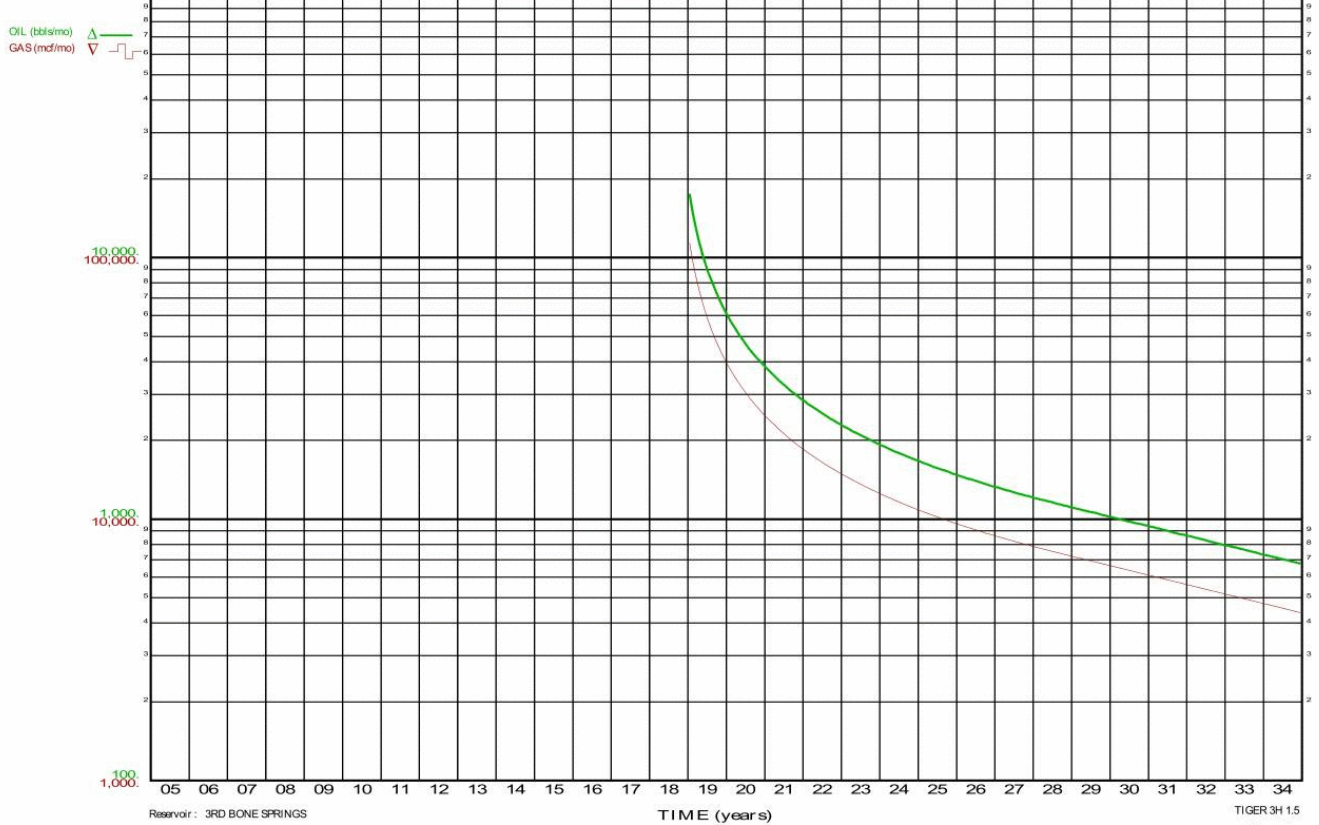
Cawley, Gillespie & Associates, Inc.

Figure 24  
 LILISENERGY, INC. -- TIGER 3H 1.5  
 PHANTOM (3RD BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018			37.19 Year Life (03/2056)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Initial	Final	Cumulative	Remaining	Ultimate	Interest	%	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
													mmbbl/mo	\$	\$	\$	\$	\$	
17,509	113,811	91.5	1.20	7.9	116	6,500	6,500	27.1	902.5	529.6	75.307	NI	378,426	21,832,474	1,500,312	4,901,293	21,276,757	13,837,635	
		0.0	0.00	7.9	751			175.8	3,266.3	3,442.1	93.503	WI	1,820,231	3,385,629	709,702	0,000			



• \* — Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:19 21 API: 42495341770000

Cawley, Gillespie & Associates, Inc.

TX OIL  
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**Table 24**  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Developed Producing Reserves  
LILIS ENERGY, INC. -- TIGER 3H 1.5  
PHANTOM (3RD BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	120.6	783.9	64.2	90,824	436,883	48,353	57.693	1.860	15,734
12-2020	57.4	373.4	30.6	43,256	208,063	23,029	57.693	1.860	15,734
12-2021	39.4	256.2	21.0	29,679	142,757	15,801	57.693	1.860	15,734
12-2022	30.5	196.5	16.3	22,997	110,616	12,243	57.693	1.860	15,734
12-2023	25.1	163.4	13.4	18,932	91,064	10,079	57.693	1.860	15,734
12-2024	21.5	140.0	11.5	16,216	78,001	8,633	57.693	1.860	15,734
12-2025	18.8	122.3	10.0	14,167	68,143	7,542	57.693	1.860	15,734
12-2026	16.8	109.1	8.9	12,641	60,801	6,730	57.693	1.860	15,734
12-2027	15.2	98.7	8.1	11,435	55,002	6,088	57.693	1.860	15,734
12-2028	13.9	90.5	7.4	10,483	50,425	5,591	57.693	1.860	15,734
12-2029	12.8	83.0	6.8	9,614	46,242	5,118	57.693	1.860	15,734
12-2030	11.7	76.3	6.3	8,845	42,546	4,709	57.693	1.860	15,734
12-2031	10.8	70.2	5.8	8,138	39,144	4,333	57.693	1.860	15,734
12-2032	10.0	64.8	5.3	7,507	36,109	3,997	57.693	1.860	15,734
12-2033	9.1	59.4	4.9	6,887	33,128	3,667	57.693	1.860	15,734
12-2034	8.4	54.7	4.5	6,337	30,479	3,374	57.693	1.860	15,734
12-2035	7.7	50.3	4.1	5,830	28,043	3,104	57.693	1.860	15,734
12-2036	7.1	46.4	3.8	5,378	25,998	2,863	57.693	1.860	15,734
12-2037	6.6	42.6	3.5	4,934	23,733	2,627	57.693	1.860	15,734
S Tot	443.6	2,883.7	236.2	334,101	1,607,028	177,869	57.693	1.860	15,734
After	58.9	382.6	31.3	44,325	213,203	23,598	57.693	1.860	15,734
Total	502.5	3,266.3	267.5	378,426	1,820,231	201,467	57.693	1.860	15,734
Cum Ult	27.1	175.8	0						
	529.6	3,442.1	267.5						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	5,239,886	812,565	760,804	0.000	0.000	6,813,255	360,081	170,331	3,386
12-2020	2,495,580	386,997	362,345	0.000	0.000	3,244,923	171,494	81,123	3,753
12-2021	1,712,283	265,529	248,615	0.000	0.000	2,226,426	117,667	56,661	4,073
12-2022	1,326,772	205,747	192,640	0.000	0.000	1,725,159	91,175	43,129	4,370
12-2023	1,082,249	169,378	158,589	0.000	0.000	1,420,216	75,059	36,025	4,734
12-2024	935,572	145,082	135,840	0.000	0.000	1,216,494	64,292	30,412	4,921
12-2025	817,328	126,746	118,672	0.000	0.000	1,062,745	56,166	26,599	5,191
12-2026	729,267	113,090	105,896	0.000	0.000	948,242	50,115	23,706	5,450
12-2027	659,713	102,324	95,787	0.000	0.000	857,804	45,326	21,445	5,702
12-2028	604,821	93,791	87,817	0.000	0.000	786,429	41,563	19,661	5,943
12-2029	554,648	86,011	80,532	0.000	0.000	721,191	38,115	18,030	6,204
12-2030	510,306	79,135	74,094	0.000	0.000	663,534	35,068	16,588	6,478
12-2031	469,508	72,808	69,170	0.000	0.000	610,496	32,284	15,252	6,776
12-2032	433,107	67,163	62,885	0.000	0.000	563,155	29,763	14,079	7,089
12-2033	397,346	61,618	57,693	0.000	0.000	516,656	27,305	12,916	7,452
12-2034	365,579	56,692	53,080	0.000	0.000	475,351	25,122	11,884	7,834
12-2035	336,352	52,159	48,837	0.000	0.000	437,348	23,114	10,934	8,250
12-2036	310,275	48,115	45,050	0.000	0.000	403,440	21,322	10,086	8,687
12-2037	284,656	44,142	41,331	0.000	0.000	370,129	19,561	9,253	9,194
S Tot	19,275,246	2,989,072	2,798,666	0.000	0.000	25,062,984	1,324,581	626,575	4,776
After	2,557,227	396,557	371,296	0.000	0.000	3,325,081	175,731	83,127	15,489
Total	21,832,474	3,385,629	3,169,962	0.000	0.000	28,388,064	1,500,312	709,702	6,030

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	65,079	1	0.9	0.000	0.000	595,419	0.000	5,622,345	5,410,157	
12-2020	65,079	1	0.9	0.000	0.000	283,578	0.000	2,643,649	8,265,994	7,710,830
12-2021	65,079	1	0.9	0.000	0.000	194,570	0.000	1,994,450	10,059,443	9,127,733
12-2022	65,079	1	0.9	0.000	0.000	150,764	0.000	1,375,012	11,434,456	10,114,750
12-2023	65,079	1	0.9	0.000	0.000	124,115	0.000	1,120,459	12,554,915	10,845,708
12-2024	65,079	1	0.9	0.000	0.000	106,311	0.000	950,401	13,505,315	11,409,190
12-2025	65,079	1	0.9	0.000	0.000	92,875	0.000	822,057	14,327,372	11,852,166
12-2026	65,079	1	0.9	0.000	0.000	82,868	0.000	726,475	15,053,847	12,208,026
12-2027	65,079	1	0.9	0.000	0.000	74,965	0.000	650,980	15,704,828	12,497,907
12-2028	65,079	1	0.9	0.000	0.000	68,727	0.000	591,399	16,296,227	12,737,283
12-2029	65,079	1	0.9	0.000	0.000	63,026	0.000	536,942	16,833,169	12,934,843
12-2030	65,079	1	0.9	0.000	0.000	57,987	0.000	488,812	17,321,981	13,098,356
12-2031	65,079	1	0.9	0.000	0.000	53,351	0.000	444,530	17,766,511	13,233,548
12-2032	65,079	1	0.9	0.000	0.000	49,215	0.000	405,020	18,171,531	13,345,520
12-2033	65,079	1	0.9	0.000	0.000	45,151	0.000	366,205	18,537,735	13,437,552
12-2034	65,079	1	0.9	0.000	0.000	41,542	0.000	331,725	18,869,460	13,513,345
12-2035	65,079	1	0.9	0.000	0.000	38,220	0.000	300,001	19,169,461	13,575,663
12-2036	65,079	1	0.9	0.000	0.000	35,257	0.000	271,636	19,441,158	13,625,969
12-2037	65,079	1	0.9	0.000	0.000	32,346	0.000	243,890	19,685,048	13,668,834
S Tot	1,236,494			0.000	0.000	2,190,286	0.000	19,685,048	19,685,048	13,668,834
After	1,183,930			0.000	0.000	290,583	0.000	1,591,710	21,276,757	13,837,635
Total	2,420,424			0.000	0.000	2,480,869	0.000	21,276,757	21,276,757	13,837,635

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final			
Oil Rate	19.139	114	bbl/mo	91.6%	1.20	0.0%		5.799	5.525	\$/wmo	5.00	16,491,117
Gas Rate	124.405	747	Mcf/mo	0.0%	0.00	0.0%					8.00	14,741,963
GOR	6.500	6.500	scf/bbl								10.00	13,837,635
NGL Rate	9.493	58	bbl/mo								12.00	13,081,631
NGL Yield	76.3	78.5	bbl/MMcf								15.00	12,152,750
Gas Shrinkage	32.3	25.9	%								20.00	10,978,029
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	15.6		%									

12 Months in first year    37.194 Year Life (03/2056)

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TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 534    DEFAULT    1/16/2019    12:23:35  
Oil, PDP    Table 24

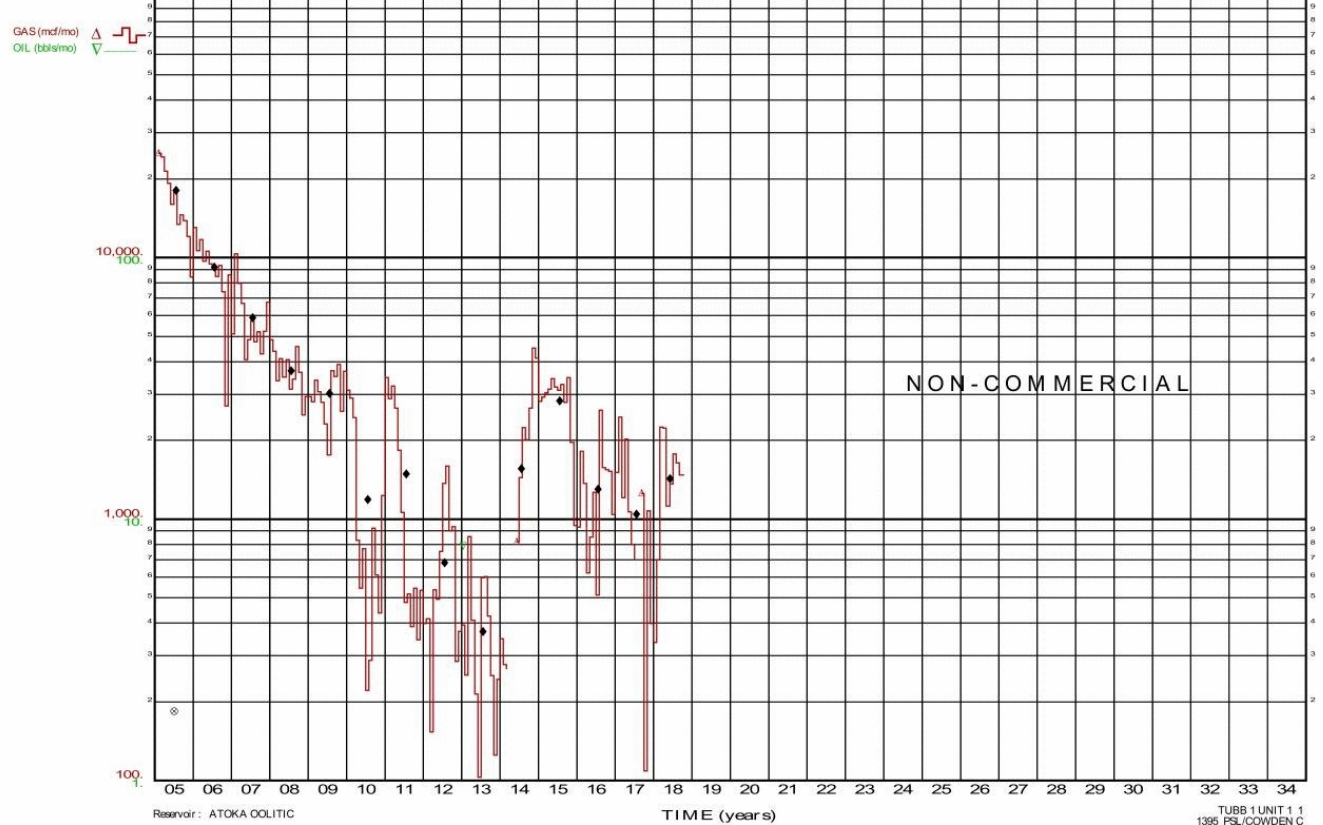
Cawley, Gillespie & Associates, Inc.

Figure 25  
 IMPETRO OPERATING LLC -- TUBB 1 UNIT 1  
 CRITTENDON (ATOKA OOLITIC) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category : PDP

As of 01/2019

		As of 01/2019				YIELD - bbls/mmcf		12/2018 Cumulatives		0.0 Year Life (01/2019)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mmcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>10</sub>	Initial	Final	Oil - mmbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery						
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	728.3	0.0	0.2	57,420 NI	0.000	0.000	0.000	0.000	0.000
		0.0	8.1	0.90	0.0	0.0							71,950 WI	0.000	0.000	0.000	0.000	0.000



Reservoir : ATOKA OOLITIC  
 ● ⊙ \* - Annual Averages Perf: 15220 - 15270 Status:  
 First Production 00/ 0 First Data 10/2004 Last Data 09/2018  
 01/16/2019 12:15:19 21 API: 42495300700000

Cawley, Gillespie & Associates, Inc.

TUBB 1 UNIT 1.1  
 1395 PSL/COWDEN C  
 TX GAS 1305189  
 MKR G:\CGA\8538\PHD\pdp.out  
 (DEFAULT) ASN 24

**Table 25**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**IMPETRO OPERATING LLC – TUBB 1 UNIT 1 1**  
**CRITTENDON (ATOKA OOLITIC) FIELD – Winkler COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MBBLs	(3) Gross Gas Production MMcf	(4) Gross NGL Production MBBLs	(5) Net Oil Production MBBLs	(6) Net Gas Sales MMcf	(7) Net NGL Production MBBLs	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/Mcf	(10) Avg NGL Price \$/BBL																																																																																																																																																																															
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Cum Ult	2 2	728.3 728.3	.0 .0																																																																																																																																																																																					
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6																																																																																																																																																																															
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$																																																																																																																																																																														
<table border="0"> <thead> <tr> <th rowspan="2"></th> <th colspan="6">Evaluation Parameters (Gross)</th> <th colspan="3">Expenses (Gross)</th> <th colspan="2">Percent Interests</th> <th rowspan="2">Percent</th> <th rowspan="2">Cum. Disc.</th> </tr> <tr> <th>Initial</th> <th>Final</th> <th>Units</th> <th>Del</th> <th>n</th> <th>Def</th> <th>Initial</th> <th>Final</th> <th>Units</th> <th>Initial</th> <th>Final</th> </tr> </thead> <tbody> <tr> <td>Gas Rate</td> <td>1,602</td> <td>1,602</td> <td>Mcf/mo</td> <td>8.2%</td> <td>0.90</td> <td>0.0%</td> <td>0.</td> <td>0.</td> <td>\$w/mo</td> <td>Expense</td> <td>93.5038</td> <td>93.5038</td> <td>5.00</td> <td>.000</td> </tr> <tr> <td>Oil Rate</td> <td>0.</td> <td>0.</td> <td>bbl/mo</td> <td>0.0%</td> <td>0.00</td> <td>0.0%</td> <td></td> <td></td> <td></td> <td>Revenue</td> <td></td> <td></td> <td>8.00</td> <td>.000</td> </tr> <tr> <td>NGL Rate</td> <td>0.</td> <td>0.</td> <td>bbl/mo</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Oil</td> <td>75.3079</td> <td>75.3079</td> <td>12.00</td> <td>.000</td> </tr> <tr> <td>Cond Yield</td> <td>0.0</td> <td>0.0</td> <td>bbl/MMcf</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Gas</td> <td>75.3079</td> <td>75.3079</td> <td>15.00</td> <td>.000</td> </tr> <tr> <td>NGL Yield</td> <td>0.0</td> <td>0.0</td> <td>bbl/MMcf</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>20.00</td> <td>.000</td> </tr> <tr> <td>Gas Shrinkage</td> <td>100.0</td> <td>100.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Oil Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Gas Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGL Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ad Valorem</td> <td>0.0</td> <td></td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>											Evaluation Parameters (Gross)						Expenses (Gross)			Percent Interests		Percent	Cum. Disc.	Initial	Final	Units	Del	n	Def	Initial	Final	Units	Initial	Final	Gas Rate	1,602	1,602	Mcf/mo	8.2%	0.90	0.0%	0.	0.	\$w/mo	Expense	93.5038	93.5038	5.00	.000	Oil Rate	0.	0.	bbl/mo	0.0%	0.00	0.0%				Revenue			8.00	.000	NGL Rate	0.	0.	bbl/mo							Oil	75.3079	75.3079	12.00	.000	Cond Yield	0.0	0.0	bbl/MMcf							Gas	75.3079	75.3079	15.00	.000	NGL Yield	0.0	0.0	bbl/MMcf										20.00	.000	Gas Shrinkage	100.0	100.0	%												Oil Severance	0.0	0.0	%												Gas Severance	0.0	0.0	%												NGL Severance	0.0	0.0	%												Ad Valorem	0.0		%											
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 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 24

DEFAULT 1/16/2019

12.12.35  
 GAS FDP  
 Table 25

Cawley, Gillespie & Associates, Inc.

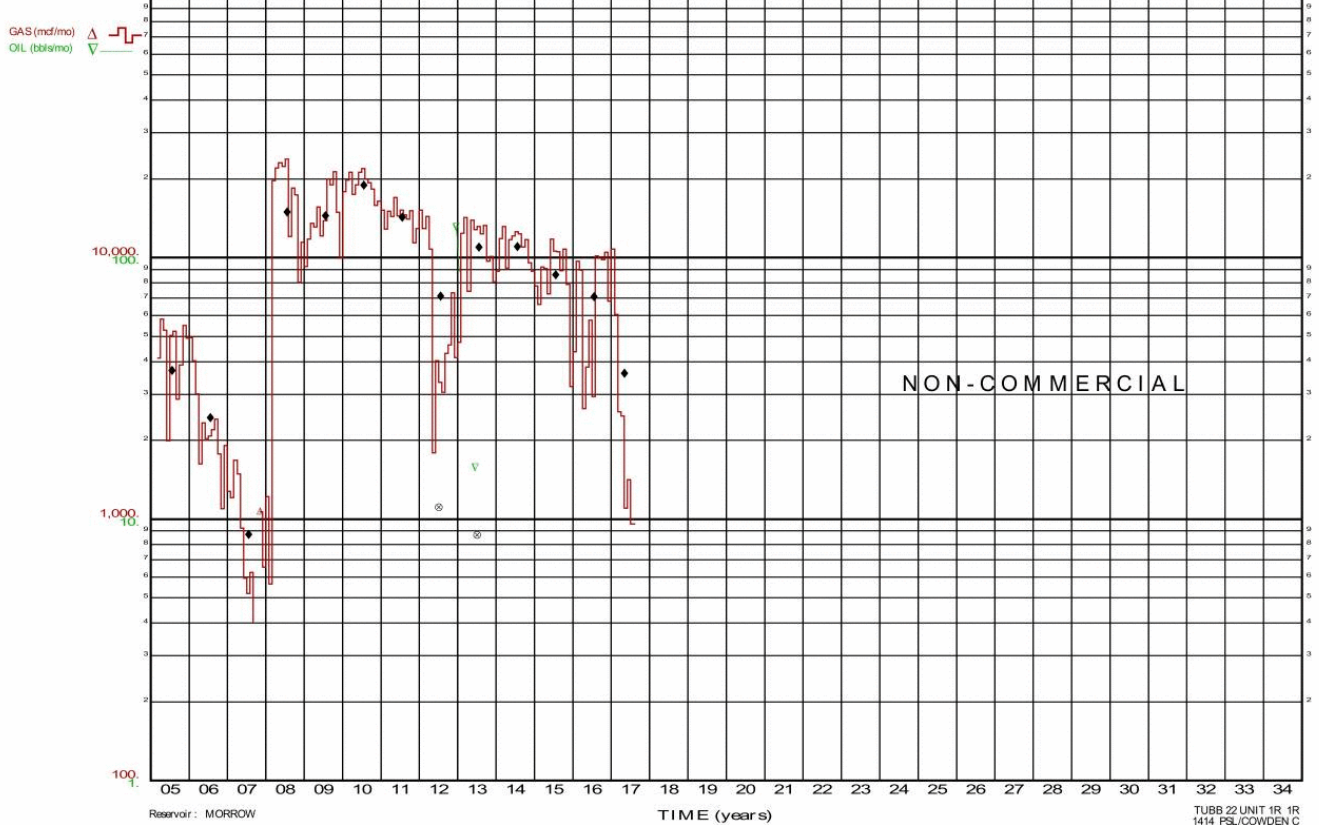


Figure 26  
 IMPETRO OPERATING LLC -- TUBB 22 UNIT 1R 1R  
 CRITTENDON (MORROW) FIELD  
 Winkler County, Texas

Reserve Category : PDP

As of 01/2019

		As of 01/2019				YIELD - bbls/mmcf		12/2018 Cumulatives		0.0 Year Life (01/2019)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mmcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.6	2,455.8	0.0	0.6	67.179 NI	.000	.000	0.000	0.000	.000	.000
0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	2,455.8	0.0	2,455.8	2,455.8	85.428 WI	.000	.000	.000	.000	.000	.000



Reservoir : MORROW  
 \* \* - Annual Averages Perf: 15440 - 15504 Status:  
 First Production 00/ 0 First Data 02/1997 Last Data 07/2017  
 01 / 16 / 2019 12 : 15 : 20 21 API: 4249510934

Cawley, Gillespie & Associates, Inc.

TUBB 22 UNIT 1R 1R  
 1414 PSL/COWDEN C  
 TX GAS 291703  
 MKR G:\CGA8538\PHD lppd.out  
 (DEFAULT) ASN 104



**Table 26**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING LLC -- TUBB 22 UNIT 1R 1R  
 CRITTENDON (MORROW) FIELD -- Winkler COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MBBLs	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLs	(5) Net Oil Production MBBLs	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLs	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL																																																																																																																																																												
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ASN 104

DEFAULT 1/16/2019

12.12.35  
 GAS FDP  
 Table 26

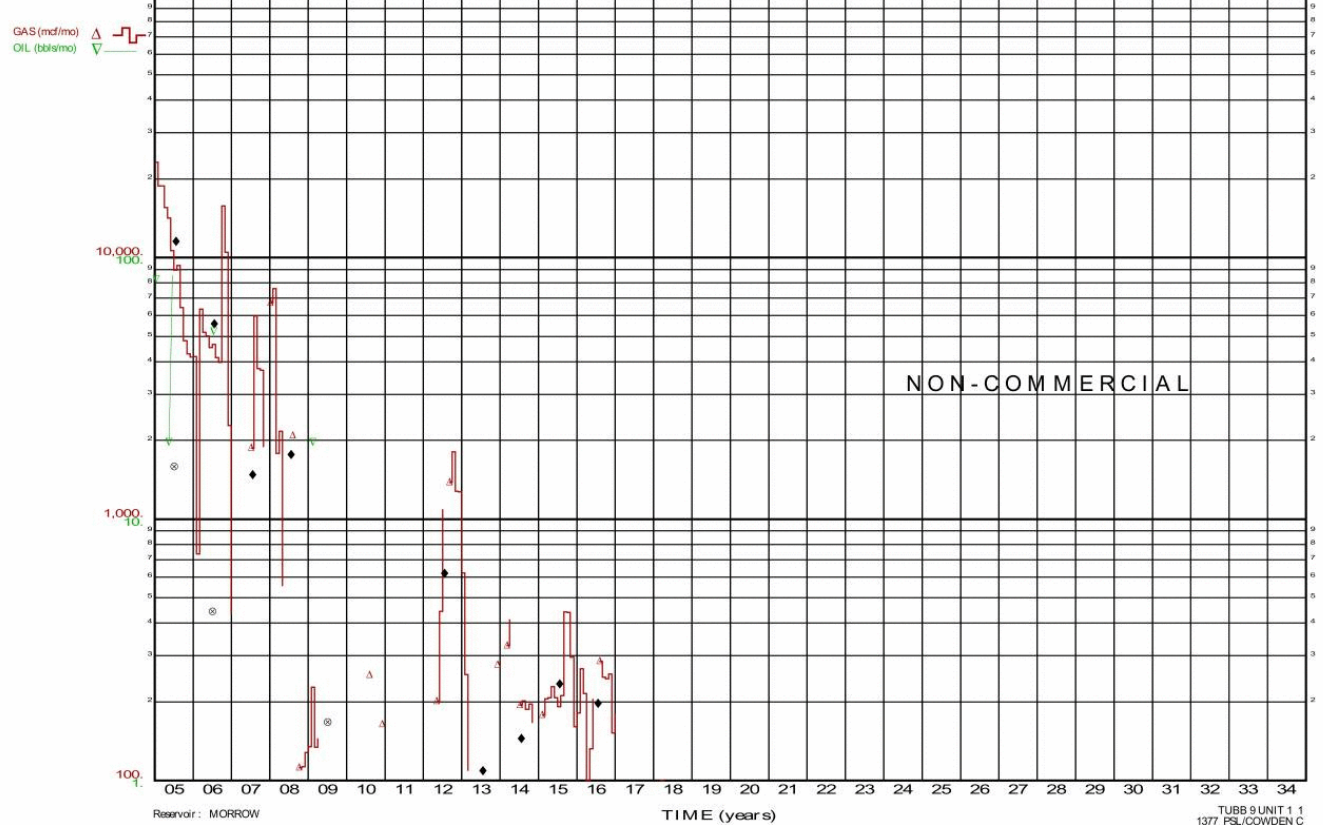
Cawley, Gillespie & Associates, Inc.

Figure 27  
 IMPETRO OPERATING LLC -- TUBB 9 UNIT 1 1  
 CRITTENDON (MORROW) FIELD  
 Winkler County, Texas

Reserve Category : PDP

As of 01/2019

		As of 01/2019				YIELD - bbls/mmcf		12/2018 Cumulatives		0.0 Year Life (01/2019)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mmcf	Oil Revenue Gas Revenue MS	Prod. Tax Adv. Tax MS	Expenses Investments MS	Future Net Cash Flow MS	Cash Flow Disc. @10.0% MS
Oil - bbls/mo	Gas - mcf/mo	Q <sub>L</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>10</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery						
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	1,418.8	0.0	3.0	55.443 NI	0.000	0.000	0.000	0.000	0.000
													69.581 WI	0.000	0.000	0.000	0.000	0.000



Reservoir : MORROW  
 ● ⊙ \* - Annual Averages Perf: 16008 - 15305 Status:  
 First Production 00/ 0 First Data 12/2000 Last Data 03/2018  
 01 / 16 / 2019 12 : 15 : 20 21 API: 4249510933

Cawley, Gillespie & Associates, Inc.

TUBB 9 UNIT 1 1  
 1377 PSL/COWDEN C  
 TX GAS 413705  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 94

**Table 27**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING LLC -- TUBB 9 UNIT 1 1  
 CRITTENDON (MORROW) FIELD -- Winkler COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MBBLs	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLs	(5) Net Oil Production MBBLs	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLs	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL																																																																																																																																																							
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(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6																																																																																																																																																							
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$																																																																																																																																																						
<table border="0"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Evaluation Parameters (Gross)</th> <th colspan="3">Expenses (Gross)</th> <th colspan="2">Percent Interests</th> <th rowspan="2">Percent</th> <th rowspan="2">Cum. Disc.</th> </tr> <tr> <th>Initial</th> <th>Final</th> <th>Units</th> <th>Def'n</th> <th>Initial</th> <th>Final</th> <th>Units</th> <th>Initial</th> <th>Final</th> </tr> </thead> <tbody> <tr> <td>Gas Rate</td> <td>22</td> <td>22</td> <td>Mcf/mo</td> <td>8.0%</td> <td>0.00</td> <td>0.0%</td> <td></td> <td>Expense</td> <td>93.5038</td> <td>93.5038</td> <td>5.00</td> <td>.000</td> </tr> <tr> <td>Oil Rate</td> <td>0.</td> <td>0.</td> <td>bbl/mo</td> <td>0.0%</td> <td>0.00</td> <td>0.0%</td> <td></td> <td>Revenue</td> <td></td> <td></td> <td>8.00</td> <td>.000</td> </tr> <tr> <td>NGL Rate</td> <td>0.</td> <td>0.</td> <td>bbl/mo</td> <td></td> <td></td> <td></td> <td></td> <td>Oil</td> <td>75.3079</td> <td>75.3079</td> <td>12.00</td> <td>.000</td> </tr> <tr> <td>Cond Yield</td> <td>0.0</td> <td>0.0</td> <td>bbl/MMcf</td> <td></td> <td></td> <td></td> <td></td> <td>Gas</td> <td>75.3079</td> <td>75.3079</td> <td>15.00</td> <td>.000</td> </tr> <tr> <td>NGL Yield</td> <td>0.0</td> <td>0.0</td> <td>bbl/MMcf</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>20.00</td> <td>.000</td> </tr> <tr> <td>Gas Shrinkage</td> <td>100.0</td> <td>100.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Oil Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Gas Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGL Severance</td> <td>0.0</td> <td>0.0</td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ad Valorem</td> <td>0.0</td> <td></td> <td>%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>											Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.	Initial	Final	Units	Def'n	Initial	Final	Units	Initial	Final	Gas Rate	22	22	Mcf/mo	8.0%	0.00	0.0%		Expense	93.5038	93.5038	5.00	.000	Oil Rate	0.	0.	bbl/mo	0.0%	0.00	0.0%		Revenue			8.00	.000	NGL Rate	0.	0.	bbl/mo					Oil	75.3079	75.3079	12.00	.000	Cond Yield	0.0	0.0	bbl/MMcf					Gas	75.3079	75.3079	15.00	.000	NGL Yield	0.0	0.0	bbl/MMcf								20.00	.000	Gas Shrinkage	100.0	100.0	%										Oil Severance	0.0	0.0	%										Gas Severance	0.0	0.0	%										NGL Severance	0.0	0.0	%										Ad Valorem	0.0		%									
	Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests			Percent	Cum. Disc.																																																																																																																																																				
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THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 94

DEFAULT 1/16/2019

12:12:35  
 GAS FDP  
 Table 27

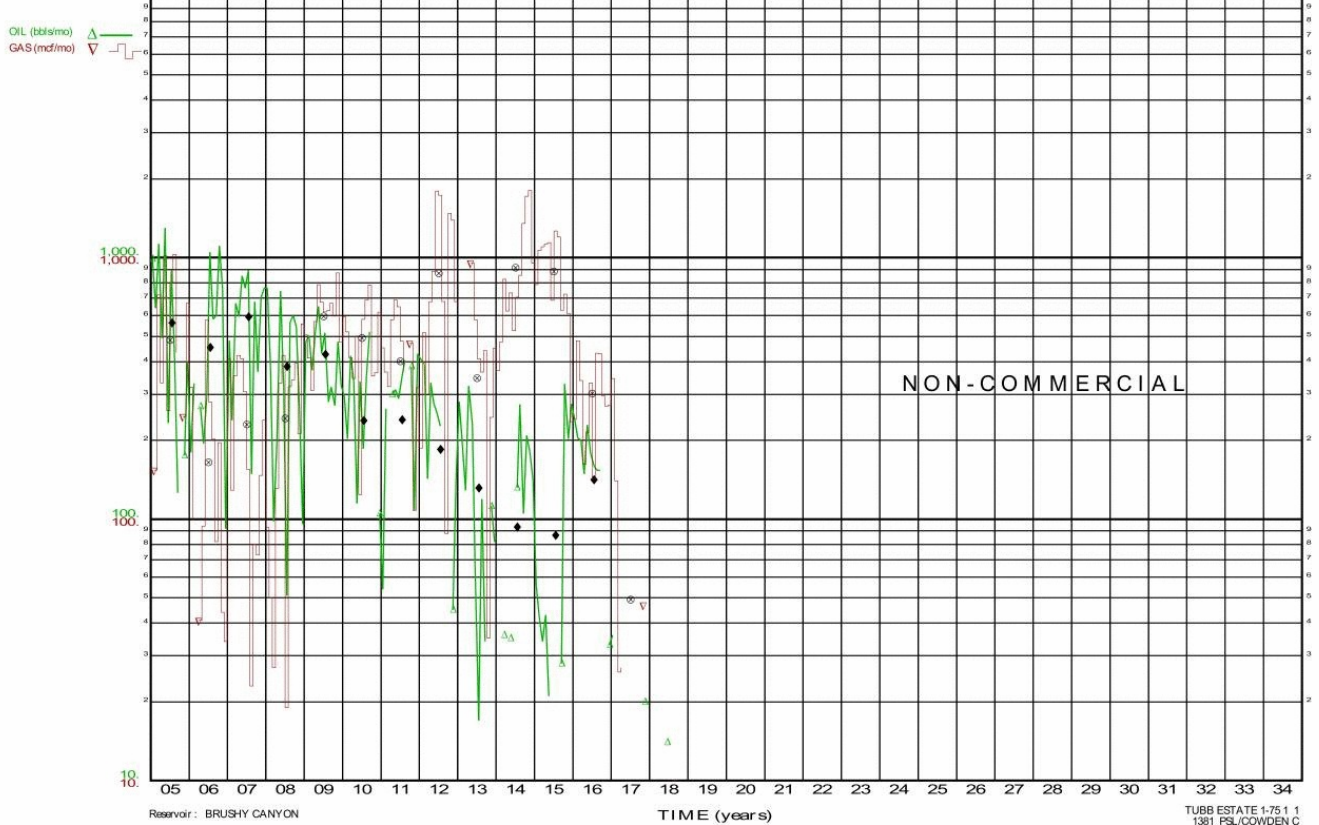
Cawley, Gillespie & Associates, Inc.

Figure 28  
 IMPETRO OPERATING LLC -- TUBB ESTATE 1-75 1 1  
 CRITTENDON (BRUSHY CANYON) FIELD  
 Winkler County, Texas

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		0.0 Year Life (01/2019)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Q <sub>1b</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @10.0%
												%	mmbbl/mmcf	M\$	M\$	M\$	M\$	M\$
0	0	17.6	1.20	0.0	0.0	0	0	0	74.4	0.0	74.4	48.534 NI	.000	.000	0.000	0.000	.000	.000
		20.7	1.20	0.0	0.0	0			89.7	0.0	89.7	62.906 WI	.000	.000	.000	.000	.000	.000



Reservoir: BRUSHY CANYON  
 ● ○ \* - Annual Averages Perf: 7900 - 8560 Status:  
 First Production 00/ 0 First Data 11/2001 Last Data 08/2018  
 01/16/2019 12:15:20 21 API: 42495301270000

Cawley, Gillespie & Associates, Inc.

TUBB ESTATE 1-75 1 1  
 1381 PSL/COWDEN C  
 TX OIL 510038  
 MKR G:\CGA8538\PHD\pdpout  
 (DEFAULT) ASN 23

Table 28  
Reserve Estimates and Economic Forecasts as of December 31, 2018  
Lilis Energy, Inc. Interests

Proved Developed Producing Reserves  
IMPETRO OPERATING LLC -- TUBB ESTATE 1-75 1 1  
CRITTENDON (BRUSHY CANYON) FIELD -- Winkler COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MBBLs	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLs	(5) Net Oil Production MBBLs	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLs	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL																																																																																																																																																																															
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	Evaluation Parameters (Gross)						Expenses (Gross)				Percent Interests		Percent	Cum. Disc.																																																																																																																																																																										
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Oil Rate	3.	3.	bbl/mo	17.7%	1.20	0.0%	0.	0.	\$w/mo	Expense	93.5038	93.5038	5.00	.000																																																																																																																																																																										
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NGL Rate	0.	0.	bbl/mo							Gas	75.3079	75.3079	15.00	.000																																																																																																																																																																										
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1 Months in first year .000 Year Life (01/2019)																																																																																																																																																																																								

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TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 23

DEFAULT 1/16/2019

12:12:35  
Oil\_PDP  
Table 28

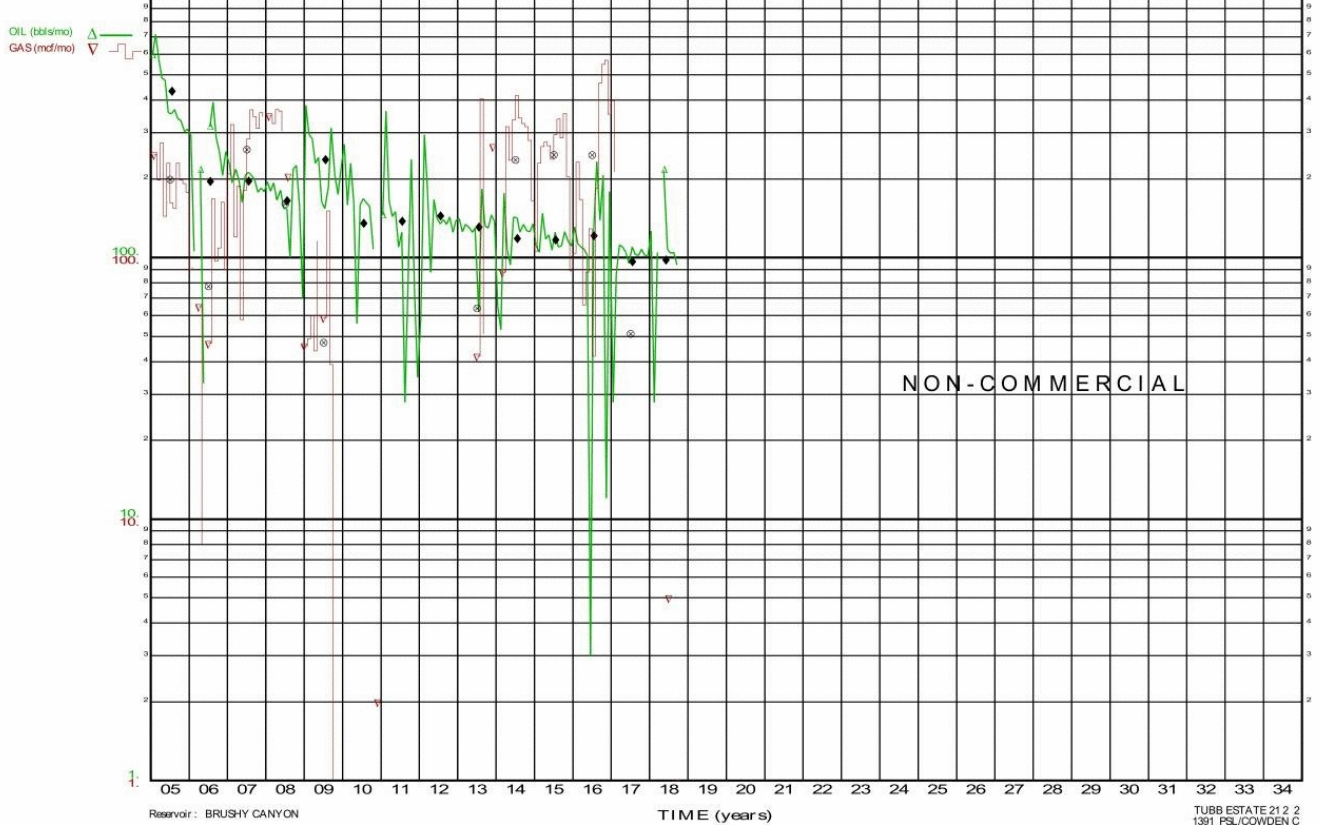
Cawley, Gillespie & Associates, Inc.

Figure 29  
 IMPETRO OPERATING LLC -- TUBB ESTATE 21 2 2  
 CRITTENDON (BRUSHY CANYON) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019		12/2018		0.0 Year Life (01/2019)		Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow	
Oil - bbls/mo	Gas - mcf/mo	Oil - mmbbls	Gas - mmcf	Remaining	Recovery	Interest %	NI	WI	mmbbls/mo	mmcf/mo	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
0.0	8.0	0.0	0.0	29.7	0.0	85.911	NI		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
0.0	0.0	0.0	0.0	19.5	0.0	89.818	WI		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000



Reservoir: BRUSHY CANYON  
 ● ○ \* - Annual Averages Perf: 8366 - 8394 Status:  
 First Production 00/ 0 First Data 12/2004 Last Data 09/2018  
 01/16/2019 12:15:20 21 API: 42495302850000

Cawley, Gillespie & Associates, Inc.

TUBB ESTATE 21 2 2  
 1391 PSL/COWDEN C  
 TX OIL 1320325  
 MKR G:\CGA8538\PHD\pdpout  
 (DEFAULT) ASN 88

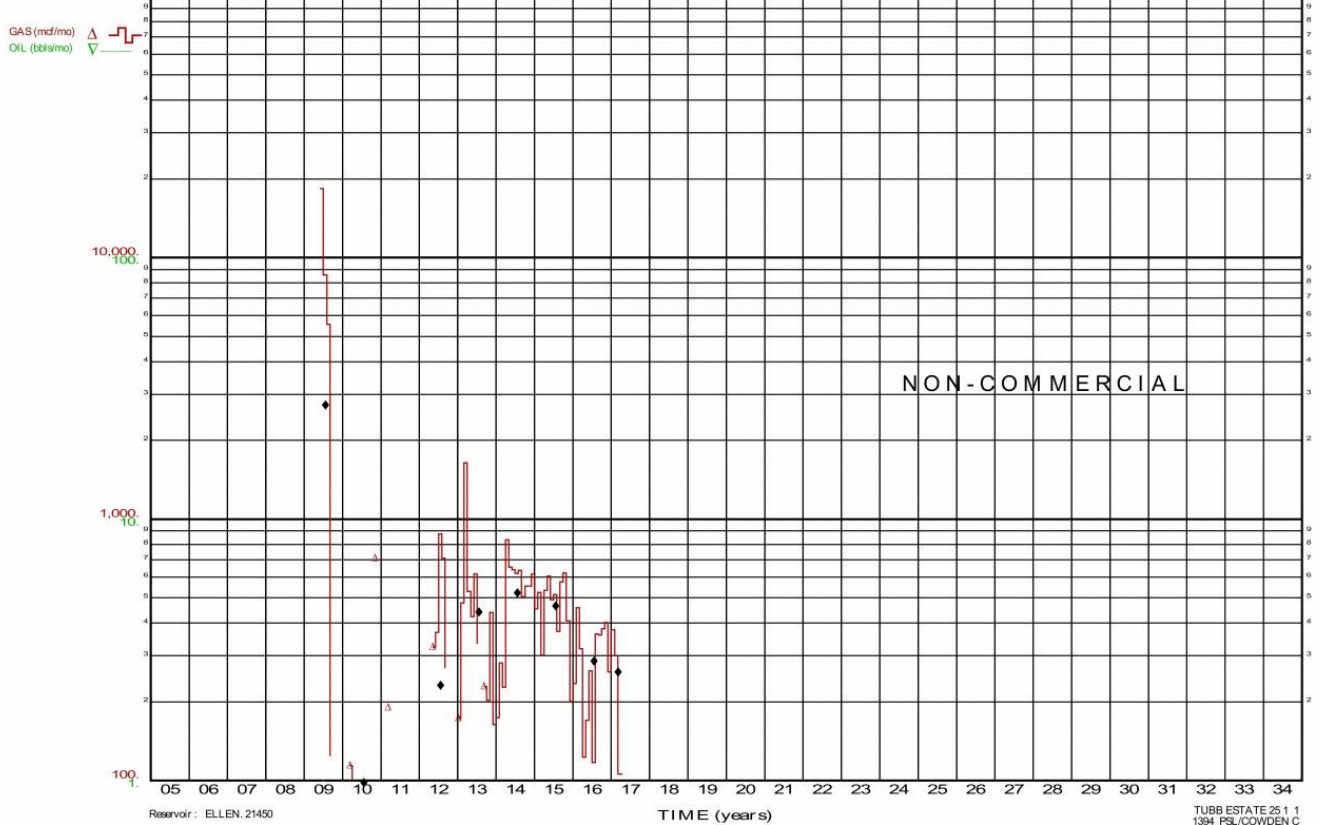


Figure 30  
 IMPETRO OPERATING LLC -- TUBB ESTATE 25 1 1  
 CRITTENDON (ELLEN, 21450) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

		As of 01/2019				YIELD - bbls/mmcf		12/2018 Cumulatives		0.0 Year Life (01/2019)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mmcf	Oil Revenue Gas Revenue MS	Prod. Tax Adv. Tax MS	Expenses Investments MS	Future Net Cash Flow MS	Cash Flow Disc. @10.0% MS
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Q <sub>1b</sub>	Initial	Final	Oil - mmbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery						
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	72.076 NI	0.000	0.000	0.000	0.000	0.000
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.5	58.5	0.0	58.5	90.735 WI	0.000	0.000	0.000	0.000	0.000



Reservoir: ELLEN, 21450

TIME (years)

• @ \* - Annual Averages Perf: 21466 - 21673 Status:  
 First Production 00/ 0 First Data 06/2009 Last Data 03/2017  
 01/16/2019 12:15:20 21 API: 4249510811

Cawley, Gillespie & Associates, Inc.

TUBB ESTATE 25 1 1  
 1394 PSL/COWDEN C  
 TX GAS 2891901  
 MKR G:\CGA\8538\PHD\pdp\out  
 (DEFAULT) ASN 99



**Table 30**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING LLC – TUBB ESTATE 25 1 1  
 CRITTENDON (ELLEN, 21450) FIELD -- Winkler COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MBBLs	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLs	(5) Net Oil Production MBBLs	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLs	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL																																																																																																																																																																																	
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 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 99

DEFAULT 1/16/2019

12:12:35  
 GAS FDP  
 Table 30

Cawley, Gillespie & Associates, Inc.

Figure 31  
 IMPETRO OPERATING LLC -- TUBB ESTATE 25 3 3  
 CRITTENDON (BRUSHY CANYON) FIELD  
 Winkler County, Texas

Reserve Category: PDP

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018 Cumulative		0.0 Year Life (01/2019)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mmcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
Oil - bbls/mo	D <sub>1</sub>	n	D <sub>2</sub>	Q <sub>1b</sub>	Initial	Final	Oil - mmbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery	75.779 NI	0.000	0.000	0.000	0.000	0.000
Gas - mcf/mo	0	0.0	0.00	0.0	0	0	11.7	12.8	0.0	11.7	93.593 WI	0.000	0.000	0.000	0.000	0.000



Reservoir: BRUSHY CANYON  
 ● ◎ \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 06/2013 Last Data 03/2018  
 01/16/2019 12:15:20 21 API: 4249532097

Cawley, Gillespie & Associates, Inc.

TUBB ESTATE 25 3 3  
 1394 PSL/COWDEN C  
 TX OIL 3473393  
 MKR G:\CGA8538\PHD\pdpout  
 (DEFAULT) ASN 71

**Table 31**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**IMPETRO OPERATING LLC – TUBB ESTATE 25 3 3**  
**CRITTENDON (BRUSHY CANYON) FIELD -- Winkler COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MBBLs	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLs	(5) Net Oil Production MBBLs	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLs	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL																																																																																																																																																																														
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ASN 71

DEFAULT 1/16/2019 12:12:35  
 Oil\_PDP  
 Table 31

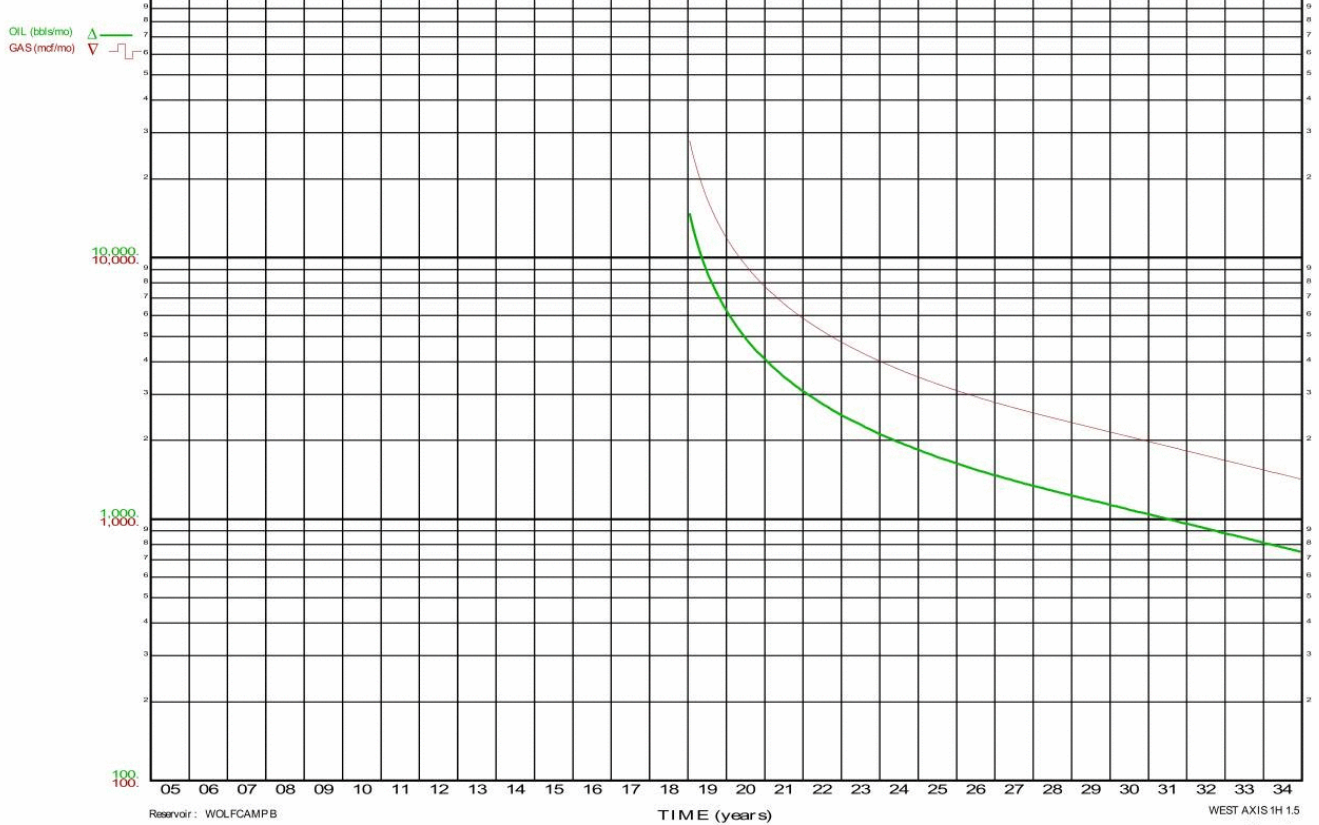
Cawley, Gillespie & Associates, Inc.

Figure 32  
 LILISENERGY, INC. -- WEST AXIS 1H 1.5  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019				12/2018			35.15 Year Life (02/2054)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	D <sub>1</sub>	n	D <sub>2</sub>	Q <sub>1</sub>	GOR - scf/bbl	Initial	Final	Cumulative	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow
Gas - mcf/mo	28,038	81.6	1.20	8.1	153	1,900	1,900	63.0	527.6	590.6	74,999 NI	mbls/mmcf	M\$	M\$	M\$	M\$
				290				17.5	1,002.5	1,019.9	100,000 WI	395,704	22,829,283	1,204,032	5,232,337	17,775,828
												596,360	1,034,830	620,826	0,000	11,417,115



Reservoir: WOLFCAMPB  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:20 21 API: 42495341380000

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA8538\PHD\pdp.out  
 (DEFAULT) ASN 436

**Table 32**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- WEST AXIS 1H 1.5**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL	
12-2019	113.5	215.7	17.7	85,145	119,715	13,250	57,693	1,860	15,734	
12-2020	60.2	114.3	17.4	45,135	63,460	7,024	57,693	1,860	15,734	
12-2021	42.4	80.5	6.6	31,768	44,666	4,944	57,693	1,860	15,734	
12-2022	33.2	63.1	5.2	24,909	35,022	3,876	57,693	1,860	15,734	
12-2023	27.5	52.3	4.3	20,648	29,032	3,213	57,693	1,860	15,734	
12-2024	23.7	45.0	3.7	17,767	24,980	2,765	57,693	1,860	15,734	
12-2025	20.8	39.4	3.2	15,571	21,893	2,423	57,693	1,860	15,734	
12-2026	18.6	35.3	2.9	13,927	19,581	2,167	57,693	1,860	15,734	
12-2027	16.8	32.0	2.6	12,622	17,747	1,984	57,693	1,860	15,734	
12-2028	15.5	29.4	2.4	11,588	16,292	1,803	57,693	1,860	15,734	
12-2029	14.2	26.9	2.2	10,629	14,944	1,654	57,693	1,860	15,734	
12-2030	13.0	24.8	2.0	9,779	13,749	1,522	57,693	1,860	15,734	
12-2031	12.0	22.8	1.9	8,997	12,650	1,400	57,693	1,860	15,734	
12-2032	11.1	21.0	1.7	8,300	11,669	1,292	57,693	1,860	15,734	
12-2033	10.2	19.3	1.6	7,614	10,706	1,185	57,693	1,860	15,734	
12-2034	9.3	17.7	1.5	7,006	9,850	1,090	57,693	1,860	15,734	
12-2035	8.6	16.3	1.3	6,446	9,063	1,003	57,693	1,860	15,734	
12-2036	7.9	15.1	1.2	5,946	8,390	925	57,693	1,860	15,734	
12-2037	7.3	13.8	1.1	5,465	7,870	849	57,693	1,860	15,734	
S.T ot	465.7	884.8	72.5	349,253	491,049	54,350	57,693	1,860	15,734	
After	61.9	117.7	9.6	46,452	65,311	7,229	57,693	1,860	15,734	
Total	527.6	1,002.5	82.1	395,704	556,360	61,579	57,693	1,860	15,734	
Cum Ult	63.0	17.5	0							
590.6	1,019.9	82.1								
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6	
12-2019	4,912,282	222,669	208,485	0.000	0.000	5,343,436	259,077	133,586	5,884	
12-2020	2,603,976	118,036	110,517	0.000	0.000	2,832,528	137,335	70,813	6,426	
12-2021	1,832,794	83,078	77,796	0.000	0.000	1,993,649	96,662	49,841	6,912	
12-2022	1,437,080	65,141	60,992	0.000	0.000	1,563,213	75,793	39,080	7,364	
12-2023	1,191,263	53,999	50,599	0.000	0.000	1,295,821	62,926	32,626	7,795	
12-2024	1,025,027	46,463	43,504	0.000	0.000	1,114,994	54,061	27,875	8,205	
12-2025	898,358	40,722	38,128	0.000	0.000	977,207	47,380	24,430	8,618	
12-2026	803,484	36,421	34,101	0.000	0.000	874,007	42,376	21,850	9,014	
12-2027	728,159	33,079	30,906	0.000	0.000	792,113	38,406	19,803	9,400	
12-2028	668,521	30,303	28,373	0.000	0.000	727,197	35,258	18,180	9,769	
12-2029	613,208	27,796	26,026	0.000	0.000	667,030	32,341	16,676	10,175	
12-2030	564,184	25,574	23,945	0.000	0.000	613,703	29,755	15,343	10,601	
12-2031	519,079	23,529	22,031	0.000	0.000	564,639	27,377	14,116	11,064	
12-2032	478,834	21,705	20,322	0.000	0.000	520,862	25,254	13,022	11,551	
12-2033	439,298	19,913	18,644	0.000	0.000	477,856	23,169	11,946	12,116	
12-2034	404,177	18,321	17,154	0.000	0.000	439,652	21,317	10,991	12,711	
12-2035	371,864	16,856	15,783	0.000	0.000	404,503	19,612	10,113	13,357	
12-2036	343,033	15,549	14,559	0.000	0.000	373,142	18,092	9,329	14,037	
12-2037	314,710	14,266	13,357	0.000	0.000	342,332	16,596	8,558	14,825	
S.T ot	20,149,361	913,351	855,170	0.000	0.000	21,917,883	1,062,691	547,947	8,107	
After	2,679,922	121,478	113,740	0.000	0.000	2,915,140	141,341	72,878	23,393	
Total	22,829,283	1,034,830	968,910	0.000	0.000	24,833,023	1,204,032	620,826	9,901	
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Net Count	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Disc. @ 10.1%	
12-2019	69,600	1 1.0	0.000	0.000	599,428	0.000	4,281,745	4,113,483		
12-2020	69,600	1 1.0	0.000	0.000	317,754	0.000	2,237,026	6,518,771	6,059,736	
12-2021	69,600	1 1.0	0.000	0.000	223,648	0.000	1,553,898	8,072,669	7,287,247	
12-2022	69,600	1 1.0	0.000	0.000	175,362	0.000	1,203,379	9,276,047	8,151,013	
12-2023	69,600	1 1.0	0.000	0.000	145,365	0.000	965,632	10,261,679	8,793,893	
12-2024	69,600	1 1.0	0.000	0.000	125,080	0.000	838,378	11,100,057	9,291,050	
12-2025	69,600	1 1.0	0.000	0.000	109,623	0.000	726,174	11,826,231	9,682,354	
12-2026	69,600	1 1.0	0.000	0.000	98,046	0.000	642,134	12,468,365	9,996,898	
12-2027	69,600	1 1.0	0.000	0.000	88,859	0.000	575,445	13,043,810	10,253,142	
12-2028	69,600	1 1.0	0.000	0.000	81,577	0.000	522,582	13,566,392	10,464,665	
12-2029	69,600	1 1.0	0.000	0.000	74,828	0.000	473,586	14,039,978	10,638,916	
12-2030	69,600	1 1.0	0.000	0.000	68,845	0.000	430,159	14,470,137	10,782,811	
12-2031	69,600	1 1.0	0.000	0.000	63,341	0.000	390,205	14,860,342	10,901,482	
12-2032	69,600	1 1.0	0.000	0.000	58,430	0.000	354,596	15,214,898	10,999,636	
12-2033	69,600	1 1.0	0.000	0.000	53,606	0.000	319,534	15,534,432	11,079,810	
12-2034	69,600	1 1.0	0.000	0.000	49,320	0.000	288,424	15,822,856	11,145,711	
12-2035	69,600	1 1.0	0.000	0.000	45,377	0.000	259,891	16,082,657	11,199,679	
12-2036	69,600	1 1.0	0.000	0.000	41,859	0.000	234,262	16,316,919	11,245,918	
12-2037	69,600	1 1.0	0.000	0.000	38,403	0.000	209,173	16,526,093	11,279,825	
S.T ot	1,322,400		0.000	0.000	2,458,752	0.000	16,526,093	16,526,093	11,279,825	
After	1,124,164		0.000	0.000	327,021	0.000	1,249,736	17,775,828	11,417,115	
Total	2,446,564		0.000	0.000	2,785,773	0.000	17,775,828	17,775,828	11,417,115	
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Initial	Final	Units	Initial	Final		
Oil Rate	15,711	151	bbl/mo	81.6%	1.20	0.0%	5,800	5,800	5.00	13,704,402
Gas Rate	29,851	287	Mcf/mo	0.0%	0.00	0.0%			8.00	12,198,480
GOR	1,900	1,900	scf/bbl						10.00	11,417,115
NGL Rate	2,338	24	bbl/mo						12.00	10,762,801
NGL Yield	78.4	84.2	bbl/MMcf						15.00	9,958,414
Gas Shrinkage	30.5	25.8	%						20.00	8,941,195
Oil Severance	4.6	4.6	%							
Gas Severance	7.5	7.5	%							
NGL Severance	7.5	7.5	%							
Ad Valorem	18.3		%							
							12 Months in first year	35.154 Year Life (02/2054)		

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 436      DEFAULT 1/16/2019 12:23:35  
 PDP  
 Table 32

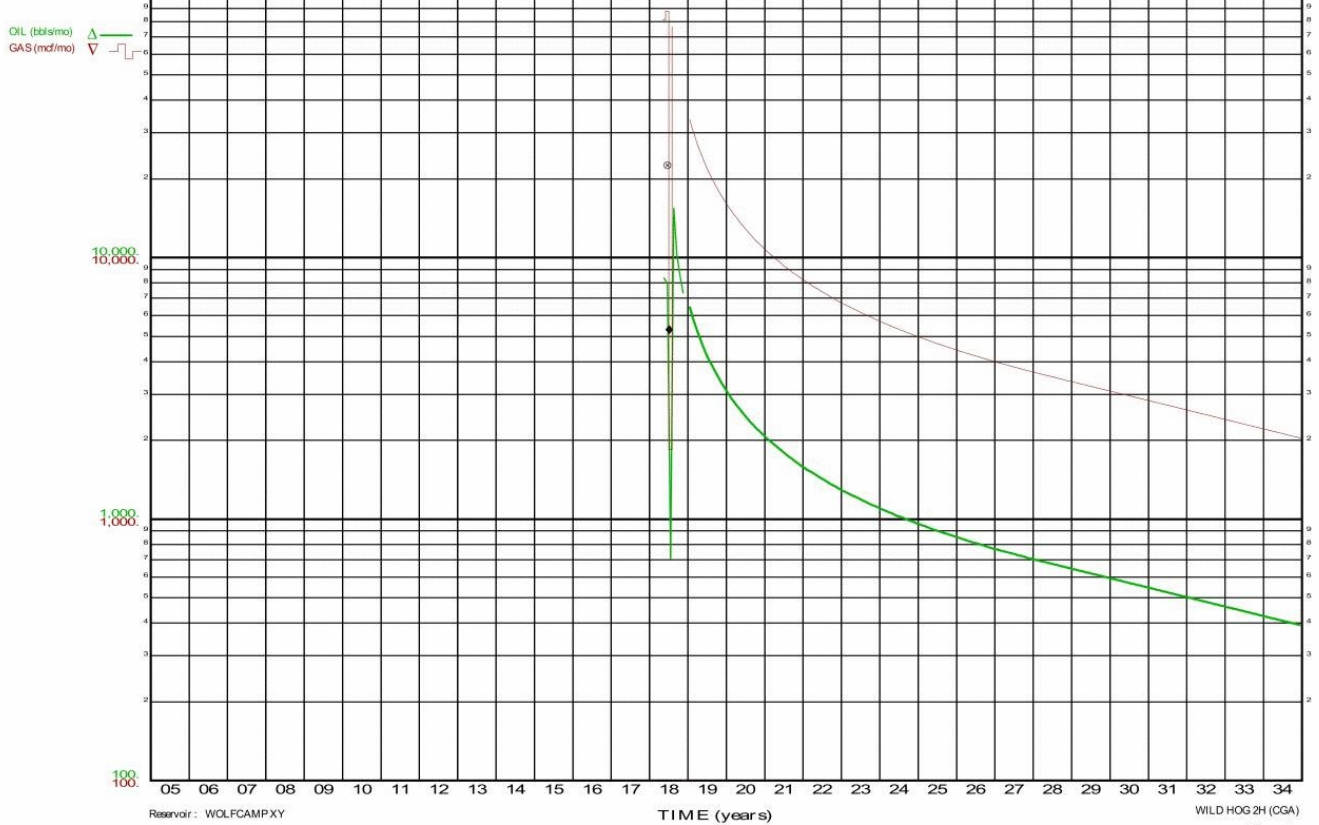
Cawley, Gillespie & Associates, Inc.

Figure 33  
 LILISENERGY, INC. -- WILD HOG 2H (CGA)  
 PHANTOM (WOLF CAMP XY) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PDP

As of 01/2019

As of 01/2019				12/2018			35.81 Year Life (10/2054)			Current Interest %	Net Oil Prod. Net Gas Sales mmbbl/mnmd	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @ 10.0% M\$	
Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>14</sub>	GOR - scf/bbl	Oil - mmbbls	Gas - mnmcf	Remaining Reserve	Ultimate Recovery								
Oil - bbls/mo	6,506	73.7	1.20	8.0	76	Initial 5,200	Final 5,200	66.0	268.3	334.4	79.375 NI	212.981	12,566.747	1,110.809	3,070.930	10,386.837	6,535.383
Gas - mcf/mo	33,829	0.0	0.00	8.0	394			285.9	1,395.3	1,681.2	100.000 WI	784.177	1,445.058	766.767	0.000		



Reservoir: WOLF CAMP XY  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 05/2018 Last Data 11/2018  
 01/16/2019 12:15:20 21 API: 3002544112

Cawley, Gillespie & Associates, Inc.

WILD HOG 2H (CGA)  
 NM OIL  
 MKR G:\CGA\8538\PHD\pdp.out  
 (DEFAULT) ASN 481

**Table 33**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- WILD HOG 2H (CGA)**  
**PHANTOM (WOLFCAMP XY) FIELD -- LEA COUNTY, NEW MEXICO**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	53.3	277.0	23.0	42,286	151,721	18,219	59.004	1.891	14.423
12-2020	30.2	156.9	13.0	23,945	85,915	10,317	59.004	1.891	14.423
12-2021	21.6	112.5	9.3	17,174	61,621	7,400	59.004	1.891	14.423
12-2022	17.1	89.0	7.4	13,590	48,762	5,855	59.004	1.891	14.423
12-2023	14.3	74.2	6.1	11,327	40,642	4,890	59.004	1.891	14.423
12-2024	12.3	64.1	5.3	9,782	35,088	4,215	59.004	1.891	14.423
12-2025	10.8	56.3	4.7	8,595	30,840	3,703	59.004	1.891	14.423
12-2026	9.7	50.5	4.2	7,703	27,637	3,319	59.004	1.891	14.423
12-2027	8.8	45.8	3.8	6,991	25,085	3,012	59.004	1.891	14.423
12-2028	8.1	42.1	3.5	6,425	23,054	2,768	59.004	1.891	14.423
12-2029	7.4	38.6	3.2	5,894	21,148	2,540	59.004	1.891	14.423
12-2030	6.8	35.5	2.9	5,423	19,458	2,337	59.004	1.891	14.423
12-2031	6.3	32.7	2.7	4,989	17,902	2,150	59.004	1.891	14.423
12-2032	5.8	30.2	2.5	4,603	16,514	1,983	59.004	1.891	14.423
12-2033	5.3	27.7	2.3	4,223	15,151	1,819	59.004	1.891	14.423
12-2034	4.9	25.5	2.1	3,885	13,939	1,674	59.004	1.891	14.423
12-2035	4.5	23.4	1.9	3,574	12,825	1,540	59.004	1.891	14.423
12-2036	4.2	21.6	1.8	3,297	11,831	1,421	59.004	1.891	14.423
12-2037	3.8	19.8	1.6	3,025	10,925	1,303	59.004	1.891	14.423
S Tot	235.3	1,223.3	101.4	186,733	669,998	80,455	59.004	1.891	14.423
After	33.1	172.0	14.2	26,248	94,179	11,309	59.004	1.891	14.423
Total	268.3	1,395.3	115.6	212,981	764,177	91,765	59.004	1.891	14.423
Cum Ult	66.0	285.9	.0						
	334.4	1,681.2	115.6						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	2,495,024	286,904	262,778	0.000	0.000	3,044,706	220,542	152,235	4,631
12-2020	1,412,861	162,466	148,808	0.000	0.000	1,724,130	124,887	86,207	5,013
12-2021	1,013,353	116,526	106,727	0.000	0.000	1,236,607	89,573	61,830	5,360
12-2022	801,891	92,709	84,455	0.000	0.000	978,544	70,890	48,927	5,894
12-2023	688,353	78,854	70,391	0.000	0.000	815,599	59,778	40,780	6,288
12-2024	577,179	66,370	60,789	0.000	0.000	704,338	51,018	35,217	6,585
12-2025	507,166	58,319	53,415	0.000	0.000	618,900	44,830	30,945	6,870
12-2026	454,486	52,262	47,867	0.000	0.000	554,615	40,173	27,731	7,148
12-2027	412,523	47,436	43,447	0.000	0.000	503,407	36,464	25,170	7,414
12-2028	379,111	43,594	39,928	0.000	0.000	462,634	33,511	23,132	7,710
12-2029	347,783	39,992	36,629	0.000	0.000	424,404	30,741	21,220	8,020
12-2030	319,979	36,795	33,700	0.000	0.000	390,474	28,284	19,524	8,358
12-2031	294,397	33,853	31,006	0.000	0.000	359,256	26,023	17,963	8,713
12-2032	271,572	31,228	28,602	0.000	0.000	331,403	24,005	16,570	9,126
12-2033	249,149	28,650	26,241	0.000	0.000	304,040	22,023	15,202	9,560
12-2034	229,231	26,359	24,143	0.000	0.000	279,733	20,262	13,987	10,031
12-2035	210,904	24,252	22,213	0.000	0.000	257,369	18,642	12,868	10,527
12-2036	194,553	22,372	20,490	0.000	0.000	237,415	17,197	11,871	11,103
12-2037	178,489	20,526	18,799	0.000	0.000	217,812	15,777	10,891	11,697
S Tot	11,017,996	1,266,966	1,160,422	0.000	0.000	13,445,384	973,911	672,269	6,278
After	1,548,751	178,092	163,115	0.000	0.000	1,889,959	136,898	94,498	17,636
Total	12,566,747	1,445,058	1,323,538	0.000	0.000	15,335,343	1,110,809	766,767	7,677

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	39,600	1	1.0	0.000	0.000	328,163	.000	2,304,165	2,304,165	2,211,507
12-2020	39,600	1	1.0	0.000	0.000	185,830	.000	1,287,608	3,591,773	3,331,500
12-2021	39,600	1	1.0	0.000	0.000	133,284	.000	912,320	4,504,092	4,052,120
12-2022	39,600	1	1.0	0.000	0.000	105,469	.000	713,667	5,217,760	4,594,348
12-2023	39,600	1	1.0	0.000	0.000	87,907	.000	588,235	5,805,995	4,948,070
12-2024	39,600	1	1.0	0.000	0.000	75,915	.000	502,588	6,308,583	5,246,035
12-2025	39,600	1	1.0	0.000	0.000	66,706	.000	436,819	6,745,402	5,481,413
12-2026	39,600	1	1.0	0.000	0.000	59,777	.000	387,333	7,132,736	5,671,141
12-2027	39,600	1	1.0	0.000	0.000	54,258	.000	347,914	7,480,650	5,825,084
12-2028	39,600	1	1.0	0.000	0.000	49,863	.000	316,528	7,797,178	5,954,182
12-2029	39,600	1	1.0	0.000	0.000	45,743	.000	287,099	8,084,277	6,059,817
12-2030	39,600	1	1.0	0.000	0.000	42,086	.000	260,980	8,345,257	6,147,119
12-2031	39,600	1	1.0	0.000	0.000	38,721	.000	236,950	8,582,207	6,219,181
12-2032	39,600	1	1.0	0.000	0.000	35,719	.000	215,509	8,797,716	6,278,792
12-2033	39,600	1	1.0	0.000	0.000	32,770	.000	194,445	8,992,161	6,327,629
12-2034	39,600	1	1.0	0.000	0.000	30,150	.000	175,734	9,167,894	6,367,781
12-2035	39,600	1	1.0	0.000	0.000	27,740	.000	158,518	9,326,412	6,400,710
12-2036	39,600	1	1.0	0.000	0.000	25,589	.000	143,158	9,469,570	6,427,744
12-2037	39,600	1	1.0	0.000	0.000	23,476	.000	128,068	9,597,639	6,449,728
S Tot	752,400			0.000	0.000	1,449,166	.000	9,597,639	9,597,639	6,449,728
After	665,661			0.000	0.000	203,703	.000	789,198	10,386,837	6,535,383
Total	1,418,061			0.000	0.000	1,652,869	.000	10,386,837	10,386,837	6,535,383

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests				Percent	Cum. Disc.
Initial	Final	Units	Del n Def	Initial	Final	Units		Initial	Final				
Oil Rate	6.840	75. bbl/mo	73.7% 1.20 0.0%	3,300.	3,252.	\$/wmo		Expense	100.0000	100.0000	5.00	7,912,271	
Gas Rate	35.569.	389. Mcf/mo	0.0% 0.00 0.0%					Revenue			8.00	7,004,523	
GOR	5.200.	5.200. scf/bbl						Oil	79.3750	79.3750	12.00	6,143,642	
NGL Rate	2.854.	32. bbl/MMcf						Gas	79.3750	79.3750	15.00	5,663,334	
NGL Yield	80.3	82.4 bbl/MMcf									20.00	5,058,467	
Gas Shrinkage	34.4	30.5 %											
Oil Severance	7.1	7.1 %											
Gas Severance	7.9	7.9 %											
NGL Severance	7.9	7.9 %											
Ad Valorem	21.3	%											

12 Months in first year      35.819 Year Life(10/2054)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 481      DEFAULT 1/16/2019 12:12:35  
 Oil, PDP  
 Table 33

Cawley, Gillespie & Associates, Inc.

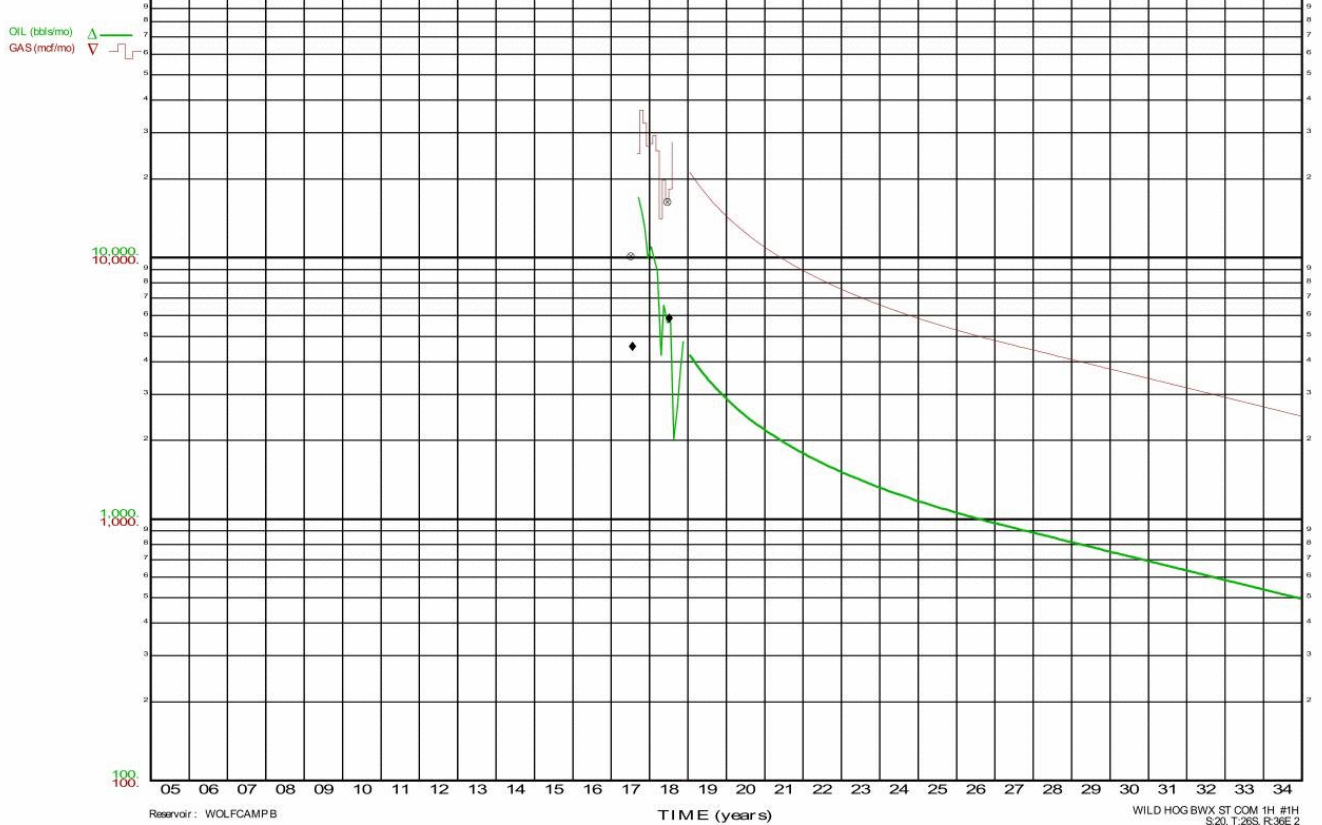


Figure 34  
 LILISENERGY, INC. -- WILD HOG BWX ST COM 1H #1H  
 TBD (WOLFCAMP B) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018			38.69 Year Life (09/2057)			Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Q <sub>1</sub>	Initial	Final	Cumulative	Remaining	Ultimate	Recovery	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
4,254	21,270	41.2	0.0	1.20	8.1	75	5,000	5,000	124.6	300.8	425.4	80.312	NI	241,542	14,251,972	1,250,182	3,384,457	11,772,885	6,773,415	
									312.3	1,503.8	1,816.0		100.000	WI	833,322	1,575,811	863,554	0,000		



Reservoir: WOLFCAMPB  
 ● \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 09/2017 Last Data 11/2018  
 01/16/2019 12:15:20 21 API: 3002542733

Cawley, Gillespie & Associates, Inc.

WILD HOG BWX ST COM 1H #1H  
 S.20, T.26S, R.36E 2  
 NM OIL  
 MKR G:\CGA\8538\PHD\pdp.out  
 (DEFAULT) ASN 314



**Table 34**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**LILIS ENERGY, INC. -- WILD HOG BWX ST COM 1H #1H**  
**TBD (WOLFCAMP) FIELD -- LEA COUNTY, NEW MEXICO**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	42.1	210.3	17.4	33,779	116,537	13,994	59.004	1.891	14.423
12-2020	30.1	190.5	12.5	24,180	83,421	10,017	59.004	1.891	14.423
12-2021	23.7	118.3	9.8	19,005	65,567	7,873	59.004	1.891	14.423
12-2022	19.7	98.4	8.2	15,906	54,531	6,548	59.004	1.891	14.423
12-2023	16.9	84.6	7.0	13,595	46,904	5,632	59.004	1.891	14.423
12-2024	14.9	74.7	6.2	11,999	41,397	4,971	59.004	1.891	14.423
12-2025	13.3	66.7	5.5	10,713	36,961	4,438	59.004	1.891	14.423
12-2026	12.1	60.5	5.0	9,718	33,528	4,026	59.004	1.891	14.423
12-2027	11.1	55.4	4.6	8,904	30,719	3,689	59.004	1.891	14.423
12-2028	10.2	51.1	4.2	8,213	28,334	3,402	59.004	1.891	14.423
12-2029	9.4	46.9	3.9	7,535	25,995	3,122	59.004	1.891	14.423
12-2030	8.6	43.2	3.6	6,932	23,917	2,872	59.004	1.891	14.423
12-2031	7.9	39.7	3.3	6,378	22,005	2,642	59.004	1.891	14.423
12-2032	7.3	36.6	3.0	5,864	20,259	2,438	59.004	1.891	14.423
12-2033	6.7	33.6	2.8	5,398	18,623	2,236	59.004	1.891	14.423
12-2034	6.2	30.9	2.6	4,966	17,134	2,057	59.004	1.891	14.423
12-2035	5.7	28.4	2.4	4,569	15,764	1,893	59.004	1.891	14.423
12-2036	5.2	26.2	2.2	4,215	14,542	1,746	59.004	1.891	14.423
12-2037	4.8	24.1	2.0	3,867	13,441	1,602	59.004	1.891	14.423
S Tot	256.1	1,280.4	106.1	205,657	709,517	85,201	59.004	1.891	14.423
After	44.7	223.4	18.5	35,885	123,804	14,867	59.004	1.891	14.423
Total	300.8	1,503.8	124.6	241,542	833,322	100,068	59.004	1.891	14.423
Cum Ult	124.6	312.3	0						
	425.4	1,816.0	124.6						

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6
12-2019	1,993,091	220,372	201,840	0.000	0.000	2,415,303	174,834	120,765	4,794
12-2020	1,426,722	157,750	144,484	0.000	0.000	1,728,956	125,152	86,448	5,047
12-2021	1,121,370	123,988	113,561	0.000	0.000	1,358,918	96,366	67,946	5,289
12-2022	852,620	103,118	94,446	0.000	0.000	1,130,184	81,809	56,509	5,517
12-2023	802,178	86,695	81,236	0.000	0.000	972,110	70,667	48,605	5,738
12-2024	707,999	78,282	71,699	0.000	0.000	857,980	62,106	42,899	5,948
12-2025	632,128	69,893	64,016	0.000	0.000	766,037	55,450	38,302	6,163
12-2026	573,417	63,401	58,070	0.000	0.000	694,888	50,300	34,744	6,368
12-2027	525,379	58,090	53,205	0.000	0.000	636,574	46,086	31,634	6,570
12-2028	484,591	53,580	49,074	0.000	0.000	587,446	42,508	29,362	6,773
12-2029	444,580	49,156	45,022	0.000	0.000	538,758	38,998	26,938	7,009
12-2030	409,037	45,226	41,423	0.000	0.000	495,686	35,881	24,784	7,256
12-2031	376,335	41,611	38,111	0.000	0.000	456,057	33,012	22,803	7,525
12-2032	347,158	38,384	35,157	0.000	0.000	420,659	30,463	21,035	7,808
12-2033	318,494	35,215	32,254	0.000	0.000	385,963	27,938	19,298	8,137
12-2034	293,031	32,400	29,675	0.000	0.000	355,106	25,705	17,755	8,482
12-2035	269,604	29,810	27,303	0.000	0.000	326,716	23,650	16,336	8,858
12-2036	248,701	27,496	25,196	0.000	0.000	301,386	21,816	15,069	9,253
12-2037	229,167	25,228	23,106	0.000	0.000	276,501	20,015	13,825	9,711
S Tot	12,134,599	1,341,697	1,228,869	0.000	0.000	14,705,165	1,064,446	735,258	6,143
After	2,117,373	234,114	214,426	0.000	0.000	2,565,912	185,736	128,296	15,996
Total	14,251,972	1,575,811	1,443,295	0.000	0.000	17,271,077	1,250,182	863,554	7,597

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. % MS
12-2019	39,600	1	1.0	0.000	0.000	259,086	0.000	1,821,018	1,821,018	1,742,563
12-2020	39,600	1	1.0	0.000	0.000	185,462	0.000	1,292,294	3,113,312	2,865,487
12-2021	39,600	1	1.0	0.000	0.000	145,769	0.000	1,007,237	4,120,549	3,660,664
12-2022	39,600	1	1.0	0.000	0.000	121,233	0.000	831,032	4,951,581	4,256,936
12-2023	39,600	1	1.0	0.000	0.000	104,277	0.000	709,291	5,660,842	4,719,902
12-2024	39,600	1	1.0	0.000	0.000	92,034	0.000	621,342	6,282,183	5,087,810
12-2025	39,600	1	1.0	0.000	0.000	82,171	0.000	550,512	6,832,696	5,384,412
12-2026	39,600	1	1.0	0.000	0.000	74,539	0.000	495,704	7,328,400	5,627,199
12-2027	39,600	1	1.0	0.000	0.000	68,295	0.000	450,859	7,779,259	5,827,946
12-2028	39,600	1	1.0	0.000	0.000	62,993	0.000	412,782	8,192,041	5,995,021
12-2029	39,600	1	1.0	0.000	0.000	57,792	0.000	375,430	8,567,472	6,133,155
12-2030	39,600	1	1.0	0.000	0.000	53,171	0.000	342,250	8,909,721	6,247,640
12-2031	39,600	1	1.0	0.000	0.000	48,920	0.000	311,722	9,221,443	6,342,441
12-2032	39,600	1	1.0	0.000	0.000	45,128	0.000	284,483	9,505,926	6,421,089
12-2033	39,600	1	1.0	0.000	0.000	41,402	0.000	257,725	9,763,651	6,485,857
12-2034	39,600	1	1.0	0.000	0.000	38,092	0.000	233,954	9,997,605	6,539,311
12-2035	39,600	1	1.0	0.000	0.000	35,040	0.000	212,084	10,209,690	6,583,366
12-2036	39,600	1	1.0	0.000	0.000	32,329	0.000	192,571	10,402,261	6,619,729
12-2037	39,600	1	1.0	0.000	0.000	29,660	0.000	173,401	10,575,662	6,649,494
S Tot	752,400			0.000	0.000	1,577,399	0.000	10,575,662	10,575,662	6,649,494
After	779,417			0.000	0.000	275,241	0.000	1,197,223	11,772,885	6,773,415
Total	1,531,817			0.000	0.000	1,852,640	0.000	11,772,885	11,772,885	6,773,415

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests				Percent	Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final	Initial	Final	Initial	Final
Oil Rate	4.342	74	bbl/mo	41.2%	1.20	0.0%	0.0%	3.300	3.300	3.300	\$/wmo	5.00	8,513,770
Gas Rate	21.712	372	Mcf/mo	0.0%	0.00	0.0%	0.0%					8.00	7,359,737
GOR	5.000	5,000	scf/bbl									10.00	6,773,415
NGL Rate	1.794	31	bbl/mo									12.00	6,289,558
NGL Yield	82.7	84.9	bbl/MMcf									15.00	5,703,980
Gas Shrinkage	32.4	30.9	%									20.00	4,979,790
Oil Severance	7.1	7.1	%										
Gas Severance	7.9	7.9	%										
NGL Severance	7.9	7.9	%										
Ad Valorem	21.9		%										

12 Months in first year      38,691 Year Life(09/2057)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 314      DEFAULT 1/16/2019 12:23:35  
 Oil, PDP  
 Table 34

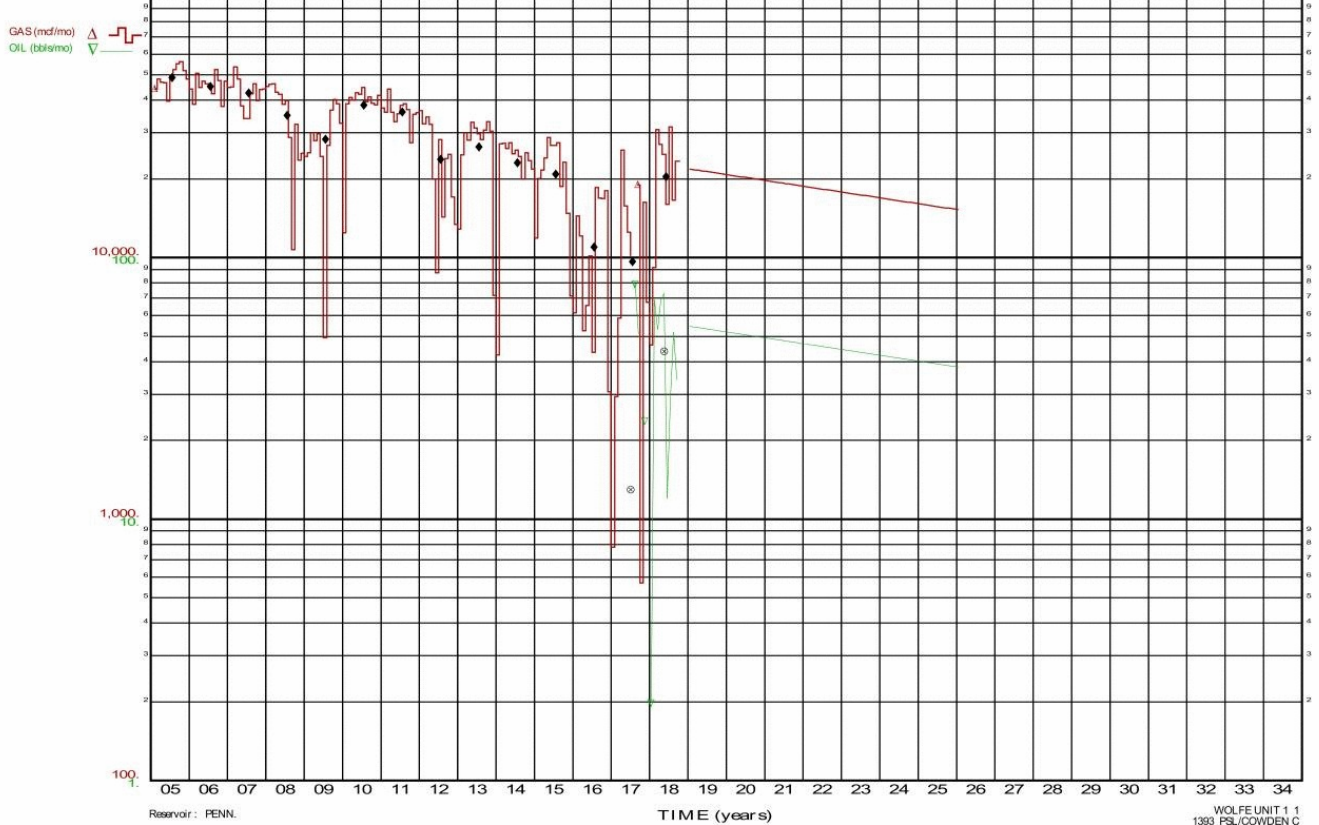
Cawley, Gillespie & Associates, Inc.

Figure 35  
 IMPETRO OPERATING LLC -- WOLFE UNIT 1 1  
 CRITTENDON (PENN.) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

As of 01/2019										7.09 Year Life (02/2026)		Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow	
Oil - bbls/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>2</sub>	Q <sub>2</sub>	YIELD - bbls/mmcf		12/2018	7.09	Year	Life (02/2026)	Interest	Net Oil Prod.	Net Gas Sales	Gas Revenue	Prod. Tax	Expenses	Future Net	Cash Flow	Disc. @ 10.0%	Disc. @ 10.0%	Disc. @ 10.0%	Disc. @ 10.0%		
Gas - mcf/mo	21,844	5.0	0.00	5.1	15,254	Initial	Final	Cumulatives	Remaining	Recovery	Ultimate	%	mbls/mmcf	mbls/mmcf	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$		
						2.5	2.5	702.1	3.9	706.0	69,781.2	57.367	NI	2,242	139,656	147,262	751,717	1,061,801	798,159						
								68,217.7	1,563.5		70,613	WI	663,727	1,316,835	50,276	0,000									



Reservoir: PENN.  
 \* \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 01/1968 Last Data 09/2018  
 01/16/2019 12:15:20 21 API: 42495107440000

Cawley, Gillespie & Associates, Inc.

WOLFE UNIT 1 1  
 1393 PSL/COWDEN C  
 TX GAS 181199  
 MKR G:\CGA8538\PHD lpcdout  
 (DEFAULT) ASN 50

**Table 35**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING LLC - WOLFE UNIT 1 1  
 CRITTENDON (PENN.) FIELD -- Winkler COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL		
12-2019	6	255.9	14.2	367	108,635	8,144	62.282	1.984	11.145		
12-2020	6	243.8	13.5	350	103,483	7,758	62.282	1.984	11.145		
12-2021	6	230.9	12.8	331	98,037	7,350	62.282	1.984	11.145		
12-2022	5	219.4	12.2	315	93,138	6,982	62.282	1.984	11.145		
12-2023	5	208.4	11.6	299	88,484	6,633	62.282	1.984	11.145		
12-2024	5	198.5	11.0	285	84,287	6,319	62.282	1.984	11.145		
12-2025	5	188.1	10.4	270	79,851	5,986	62.282	1.984	11.145		
02-2026	0	18.4	1.0	026	7,811	.586	62.282	1.984	11.145		
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	3.9	1,563.5	86.7	2,242	663,727	49,758	62.282	1.984	11.145		
After	0	0	0	0	0	0	0	0	0		
Total	3.9	1,563.5	86.7	2,242	663,727	49,758	62.282	1.984	11.145		
Cum Ult	702.1 706.0	68,217.7 69,781.2	0 86.7								
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	22,858	215,533	90,788	0.000	0.000	329,159	24,103	8,229	4.457		
12-2020	21,774	205,310	86,463	0.000	0.000	313,547	22,960	7,839	4.679		
12-2021	20,628	194,505	81,913	0.000	0.000	297,045	21,751	7,426	4.938		
12-2022	19,597	184,786	77,820	0.000	0.000	282,203	20,685	7,055	5.198		
12-2023	18,618	175,553	73,931	0.000	0.000	268,102	19,632	6,703	5.472		
12-2024	17,735	167,226	70,425	0.000	0.000	255,386	18,701	6,385	5.744		
12-2025	16,802	158,425	66,718	0.000	0.000	241,945	17,717	6,049	6.063		
02-2026	1,644	15,498	6,527	0.000	0.000	23,668	1,733	.592	6.013		
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	139,656	1,316,835	554,565	0.000	0.000	2,011,056	147,262	50,276	5.177		
After	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Total	139,656	1,316,835	554,565	0.000	0.000	2,011,056	147,262	50,276	5.177		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$	
12-2019	105,920	1	0.7	0.000	0.000	0.000	0.000	190,907	182,176		
12-2020	105,920	1	0.7	0.000	0.000	0.000	0.000	176,828	367,736		
12-2021	105,920	1	0.7	0.000	0.000	0.000	0.000	161,948	529,683		
12-2022	105,920	1	0.7	0.000	0.000	0.000	0.000	148,563	683,732		
12-2023	105,920	1	0.7	0.000	0.000	0.000	0.000	135,847	814,094		
12-2024	105,920	1	0.7	0.000	0.000	0.000	0.000	124,380	938,474		
12-2025	105,920	1	0.7	0.000	0.000	0.000	0.000	112,260	1,050,734		
02-2026	10,277	1	0.7	0.000	0.000	0.000	0.000	11,067	1,061,801		
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	751,717			0.000	0.000	0.000	0.000	1,061,801	798,159		
After	0.000			0.000	0.000	0.000	0.000	1,061,801	798,159		
Total	751,717			0.000	0.000	0.000	0.000	1,061,801	798,159		
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Gas Rate	Initial	Final	Units	Initial	Final	Units	Initial	Final	5.00	913,318	
	21,888	15,208	Mcf/mo	12,499	12,499	\$/wmo	Expense	70,6134	70,6134	8.00	840,885
Oil Rate	54	38	bbl/mo	0.0%	0.0%	0.0%	Revenue			10.00	798,159
NGL Rate	1,234	861	bbl/mo				Oil	57,3676	57,3676	12.00	759,274
Cond Yield	2.5	2.5	bbl/MMcf				Gas	57,3676	57,3676	15.00	707,200
NGL Yield	56.4	56.7	bbl/MMcf						20.00	634,162	
Gas Shrinkage	26.2	25.8	%								
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	50.0		%								
								12 Months in first year	7.099 Year Life (02/2026)		

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.      ASN 50      DEFAULT 1/16/2019      12-12-35  
 TEXAS REGISTERED ENGINEERING FIRM F-683.      Cawley, Gillespie & Associates, Inc.      GAS PDP      Table 35

Figure 36  
 IMPETRO OPERATING LLC -- WOLFE UNIT 3H 3H  
 CRITTENDON (BRUSHY CANYON) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulative			2.89 Year Life (11/2021)		Current Interest %	Net Oil Prod. Net Gas Sales	Oil Revenue Gas Revenue	Prod. Tax Adv. Tax	Expenses Investments	Future Net Cash Flow	Cash Flow Disc. @ 10.0%
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Q <sub>1</sub>	Q <sub>2</sub>	Initial	Final	Oil - mbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery	mmbbls/mmcf	M\$	M\$	M\$	M\$	M\$
1,240	2,481	45.5	1.20	18.3	504	1,009	2,000	2,000	2,000	51.5	19.8	26.2	77.7	18,172	1,060,315	57,421	713,037	373,570	346,658
		0.0	0.00	18.3								52.4	72.2	29,439	55,669	29,334	0,000		



Reservoir: BRUSHY CANYON  
 ● @ \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 09/2015 Last Data 11/2018  
 01/16/2019 12:15:20 21 API: 42495321550100

Cawley, Gillespie & Associates, Inc.

WOLFE UNIT 3H 3H  
 1393 PSL/COWDEN C  
 TX OIL 4162079  
 MKR G:\CGA8538\PHD lppd.out  
 (DEFAULT) ASN 111

**Table 36**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Producing Reserves**  
**IMPETRO OPERATING LLC -- WOLFE UNIT 3H 3H**  
**CRITTENDON (BRUSHY CANYON) FIELD -- Winkler COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL		
12-2019	12.0	24.0	2.2	8,327	13,490	1,542	58.348	1.891	17.046		
12-2020	8.3	16.7	1.5	5,780	9,364	1,071	58.348	1.891	17.046		
11-2021	5.9	11.7	1.1	4,065	6,585	.753	58.348	1.891	17.046		
12-2022											
12-2023											
12-2024											
12-2025											
12-2026											
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	26.2	52.4	4.9	18,172	29,439	3,366	58.348	1.891	17.046		
After	.0	.0	.0	.000	.000	.000	.000	.000	.000		
Total	26.2	52.4	4.9	18,172	29,439	3,366	58.348	1.891	17.046		
Cum Ult	51.5	19.8	.0								
	77.7	72.2	4.9								
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	485,869	25,509	28,293	0.000	0.000	537,670	26,312	13,442	21,244		
12-2020	337,267	17,707	18,251	0.000	0.000	373,226	18,265	9,331	30,603		
11-2021	237,179	12,452	12,835	0.000	0.000	262,466	12,844	6,562	39,125		
12-2022											
12-2023											
12-2024											
12-2025											
12-2026											
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	1,060,315	55,669	57,378	0.000	0.000	1,173,362	57,421	29,334	28,221		
After	.000	.000	.000	0.000	0.000	.000	.000	.000	.000		
Total	1,060,315	55,669	57,378	0.000	0.000	1,173,362	57,421	29,334	28,221		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	245,956	1	0.9	0.000	0.000	0.000	.000	251,960	251,960	241,965	
12-2020	245,956	1	0.9	0.000	0.000	0.000	.000	99,674	351,635	329,055	
11-2021	221,125	1	0.9	0.000	0.000	0.000	.000	21,935	373,570	346,658	
12-2022											
12-2023											
12-2024											
12-2025											
12-2026											
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	713,037			0.000	0.000	0.000	.000	373,570	373,570	346,658	
After	.000			0.000	0.000	0.000	.000	.000	373,570	346,658	
Total	713,037			0.000	0.000	0.000	.000	373,570	373,570	346,658	
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Del	n	Def	Initial	Final	Units	Percent	Cum. Disc.	
Oil Rate	1,269.	493.	bbl/mo	45.5%	1.20	0.0%	23,699.	23,699.	\$w/mo	5.00	359,381
Gas Rate	2,539.	987.	Mcf/mo	0.0%	0.00	0.0%				8.00	351,586
GOR	2,000.	2,000.	scf/bbl							10.00	346,658
NGL Rate	234.	95.	bbl/mo							12.00	341,929
NGL Yield	92.1	96.4	bbl/MMcf							15.00	335,183
Gas Shrinkage	20.9	17.4	%							20.00	324,779
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	57.6		%								
									12 Months in first year	2,899 Year Life(11/2021)	

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 111      DEFAULT 1/16/2019 12:12:35  
 OIL\_FDP  
 Table 36

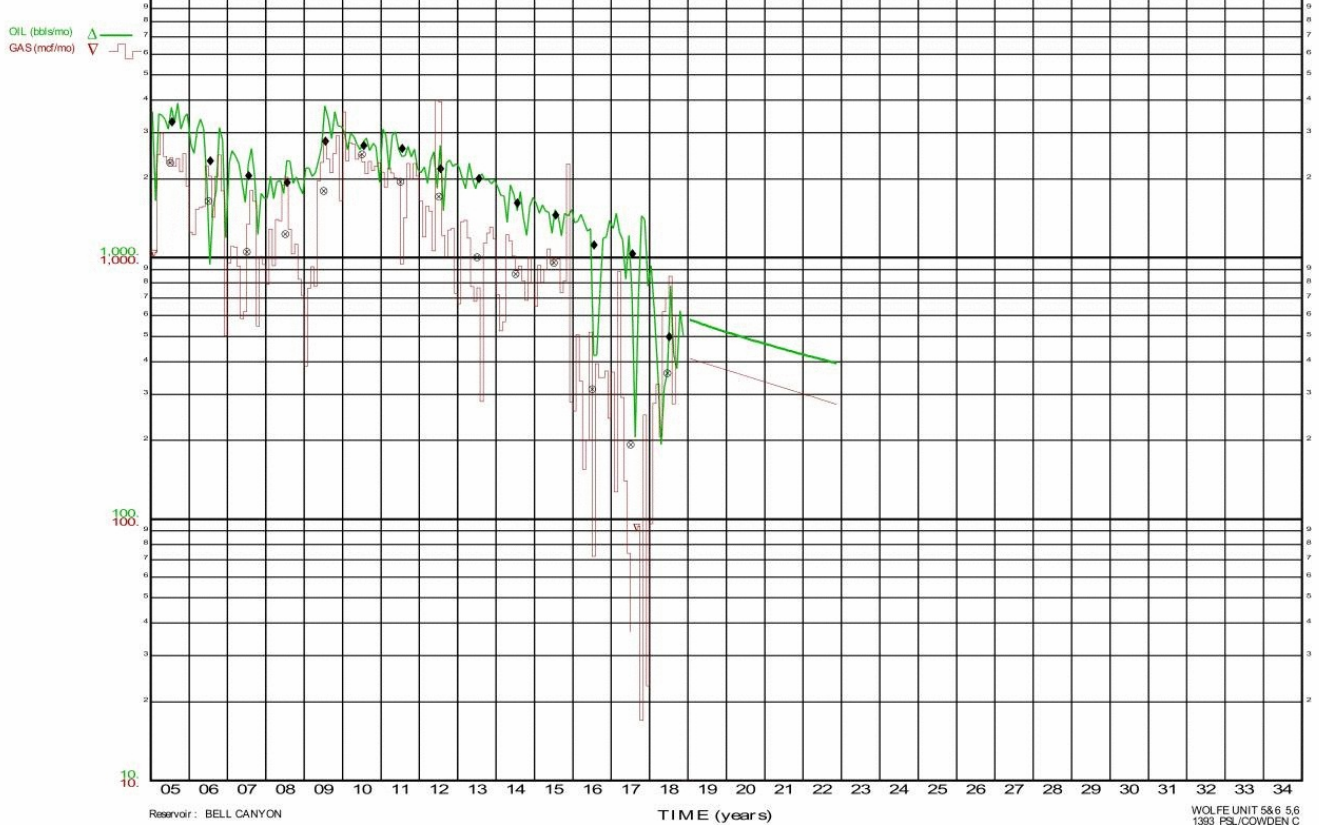
Cawley, Gillespie & Associates, Inc.

Figure 37  
 IMPETRO OPERATING LLC -- WOLFE UNIT 5&6 5,6  
 CRITTENDON (BELL CANYON) FIELD  
 Winkler COUNTY, TEXAS

Reserve Category: PDP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulative		3.98 Year Life (12/2022)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mmcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
579	411	11.2	0.90	8.1	395	711	696	952.5	881.7	22.7	975.2	61.691 NI	14.050	810.609	-39.253	638.963	136.118	121.267
		10.0	0.00	10.0	275					16.1	897.9	70.298 WI	7.393	13.752	20.880	0.000		



Reservoir: BELL CANYON  
 ● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 07/1997 Last Data 11/2018  
 01/16/2019 12:15:20 21 API: 4249532776

Cawley, Gillespie & Associates, Inc.

WOLFE UNIT 5&6 5,6  
 1393 PSL/COWDEN C  
 TX OIL 265883  
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 (DEFAULT) ASN 15

**Table 37**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Producing Reserves  
 IMPETRO OPERATING LLC -- WOLFE UNIT 5&6 5.6  
 CRITTENDON \ (BELL CANYON) FIELD -- Winkler COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MBBL'S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBL'S	(5) Net Oil Production MBBL'S	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBL'S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	6.6	4.7	.3	4,077	2,154	.201	57.693	1.860	15.734		
12-2020	5.9	4.2	.3	3,669	1,944	.181	57.693	1.860	15.734		
12-2021	5.4	3.8	.3	3,315	1,745	.163	57.693	1.860	15.734		
12-2022	4.8	3.4	.2	2,989	1,550	.145	57.693	1.860	15.734		
12-2023											
12-2024											
12-2025											
12-2026											
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	22.7	16.1	1.1	14,050	7,393	.690	57.693	1.860	15.734		
After	.0	.0	.0	.000	.000	.000	.000	.000	.000		
Total	22.7	16.1	1.1	14,050	7,393	.690	57.693	1.860	15.734		
Cum Ult	952.5	881.7	.0								
	975.2	897.9	1.1								
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	235,232	4,007	3,163	0.000	0.000	242,402	11,393	6,060	35,095		
12-2020	211,675	3,616	2,854	0.000	0.000	218,145	10,253	5,454	38,989		
12-2021	191,269	3,245	2,562	0.000	0.000	197,076	9,262	4,927	43,180		
12-2022	172,433	2,883	2,276	0.000	0.000	177,592	8,344	4,440	47,326		
12-2023											
12-2024											
12-2025											
12-2026											
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	810,609	13,752	10,854	0.000	0.000	835,215	39,253	20,880	40,618		
After	.000	.000	.000	0.000	0.000	.000	.000	.000	.000		
Total	810,609	13,752	10,854	0.000	0.000	835,215	39,253	20,880	40,618		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	160,279	1	0.7	0.000	0.000	0.000	.000	64,670	61,840	61,840	
12-2020	160,279	1	0.7	0.000	0.000	0.000	.000	42,159	106,828	98,520	
12-2021	160,279	1	0.7	0.000	0.000	0.000	.000	22,607	129,436	116,419	
12-2022	158,125	1	0.7	0.000	0.000	0.000	.000	6,683	136,118	121,267	
12-2023											
12-2024											
12-2025											
12-2026											
12-2027											
12-2028											
12-2029											
12-2030											
12-2031											
12-2032											
12-2033											
12-2034											
12-2035											
12-2036											
12-2037											
S Tot	638,963			0.000	0.000	0.000	.000	136,118	136,118	121,267	
After	.000			0.000	0.000	0.000	.000	.000	136,118	121,267	
Total	638,963			0.000	0.000	0.000	.000	136,118	136,118	121,267	
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.	
	Initial	Final	Units	Initial	Final	Units	Initial	Final	5.00	128,193	
Oil Rate	581.	391.	bbl/mo	11.3%	0.90	0.0%	Expense	70,2980	70,2980	8.00	123,923
Gas Rate	413.	271.	Mcf/mo	10.0%	0.00	0.0%	Revenue			10.00	121,267
GOR	710.	694.	scf/bbl				Oil	61,8916	61,8916	12.00	118,744
NGL Rate	28.	18.	bbl/mo				Gas	61,8916	61,8916	15.00	115,911
NGL Yield	70.0	68.9	bbl/MMcf						20.00	109,816	
Gas Shrinkage	26.9	25.6	%								
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	35.8		%								
							12 Months in first year		3,986 Year Life (12/2022)		

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 15      DEFAULT 1/16/2019 12:12:35  
 OIL PDP  
 Table 37

Cawley, Gillespie & Associates, Inc.



**Table I - PDNP**  
 Composite Reserve Estimates and Economic Forecasts  
 Lillis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Non-Producing Reserves  
 As of December 31, 2018

(1) End Mo-Year	(2) Gross Oil Production MMBBL'S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBBL'S	(5) Net Oil Production MMBBL'S	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBBL'S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	345.3	1,420.9	116.4	178,404	545,988	60,429	57,693	1,860	15,734
12-2020	230.7	919.9	75.3	115,515	346,554	38,357	57,693	1,860	15,734
12-2021	144.4	579.3	47.4	72,714	219,009	24,240	57,693	1,860	15,734
12-2022	107.7	433.1	35.5	54,371	163,989	18,151	57,693	1,860	15,734
12-2023	86.8	349.6	28.6	43,895	132,459	14,661	57,693	1,860	15,734
12-2024	73.4	295.7	24.2	37,119	112,088	12,406	57,693	1,860	15,734
12-2025	63.5	256.1	21.0	32,145	97,098	10,747	57,693	1,860	15,734
12-2026	56.3	227.0	18.6	28,498	86,100	9,530	57,693	1,860	15,734
12-2027	50.7	204.4	16.7	25,653	77,519	8,580	57,693	1,860	15,734
12-2028	46.3	186.6	15.3	23,428	70,805	7,837	57,693	1,860	15,734
12-2029	42.4	170.9	11.9	21,457	64,851	7,178	57,693	1,860	15,734
12-2030	39.0	157.3	12.9	19,741	59,696	6,604	57,693	1,860	15,734
12-2031	35.9	144.7	11.9	18,163	54,896	6,076	57,693	1,860	15,734
12-2032	33.1	133.5	10.9	16,755	50,640	5,605	57,693	1,860	15,734
12-2033	30.4	122.5	10.0	15,372	46,459	5,142	57,693	1,860	15,734
12-2034	27.9	112.7	9.2	14,143	42,744	4,731	57,693	1,860	15,734
12-2035	25.7	103.7	8.5	13,012	39,327	4,353	57,693	1,860	15,734
12-2036	23.7	95.6	7.8	12,003	36,278	4,015	57,693	1,860	15,734
12-2037	21.7	87.7	7.2	11,012	33,283	3,694	57,693	1,860	15,734
S Tot	1,484.8	6,001.1	491.5	753,391	2,279,733	252,326	57,693	1,860	15,734
After	171.3	720.0	59.0	90,402	280,238	31,017	57,693	1,860	15,734
Total	1,656.1	6,721.0	550.5	843,793	2,559,971	283,343	57,693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	10,292,653	1,015,501	950,813	0,000	0,000	12,258,966	622,767	306,474	4,279
12-2020	6,664,362	644,591	603,530	0,000	0,000	7,912,484	401,351	197,812	4,813
12-2021	4,195,102	407,357	381,406	0,000	0,000	4,983,867	252,876	124,597	5,305
12-2022	3,136,806	305,020	295,590	0,000	0,000	3,727,416	189,145	93,185	5,758
12-2023	2,531,841	246,374	230,679	0,000	0,000	3,008,894	152,893	75,222	6,188
12-2024	2,141,495	208,483	195,202	0,000	0,000	2,545,180	129,165	63,630	6,596
12-2025	1,854,537	180,601	169,097	0,000	0,000	2,204,235	111,865	55,106	7,005
12-2026	1,644,128	160,146	149,945	0,000	0,000	1,954,219	99,179	48,855	7,396
12-2027	1,480,013	144,185	135,000	0,000	0,000	1,753,198	89,282	43,980	7,778
12-2028	1,351,655	131,697	123,308	0,000	0,000	1,606,660	81,541	40,167	8,142
12-2029	1,237,908	120,623	112,939	0,000	0,000	1,471,470	74,681	36,787	8,528
12-2030	1,138,939	110,979	103,910	0,000	0,000	1,353,828	68,710	33,846	8,926
12-2031	1,047,893	102,107	95,602	0,000	0,000	1,245,593	63,217	31,140	9,359
12-2032	966,640	94,190	88,190	0,000	0,000	1,148,021	58,316	28,726	9,815
12-2033	886,827	86,413	80,909	0,000	0,000	1,054,149	53,501	26,354	10,343
12-2034	815,928	79,505	74,440	0,000	0,000	969,873	49,223	24,247	10,900
12-2035	750,696	73,149	68,489	0,000	0,000	892,334	45,288	22,308	11,504
12-2036	692,494	67,477	63,179	0,000	0,000	823,151	41,777	20,579	12,140
12-2037	635,317	61,906	57,962	0,000	0,000	755,165	38,327	18,880	12,878
S Tot	43,465,224	4,240,304	3,970,194	0,000	0,000	51,675,722	2,622,905	1,291,893	6,376
After	5,215,543	521,243	488,039	0,000	0,000	6,224,825	316,542	155,621	19,438
Total	48,680,767	4,761,547	4,458,233	0,000	0,000	57,900,547	2,939,447	1,447,514	7,788

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10 % M\$
12-2019	113,759	4	2.4	0,000	0,000	1,207,120	7,859,948	2,148,898	2,148,898	1,830,106
12-2020	169,389	4	2.4	0,000	0,000	784,649	0,000	6,359,283	8,508,181	7,370,373
12-2021	169,389	4	2.4	0,000	0,000	493,570	0,000	3,943,434	12,451,615	10,487,127
12-2022	169,389	4	2.4	0,000	0,000	368,956	0,000	2,906,738	15,358,353	12,574,117
12-2023	169,389	4	2.4	0,000	0,000	297,798	0,000	2,313,632	17,672,185	14,083,819
12-2024	169,389	4	2.4	0,000	0,000	251,829	0,000	1,931,168	19,603,353	15,228,911
12-2025	169,389	4	2.4	0,000	0,000	218,070	0,000	1,649,805	21,253,157	16,118,000
12-2026	169,389	4	2.4	0,000	0,000	193,320	0,000	1,443,476	22,696,633	16,825,126
12-2027	169,389	4	2.4	0,000	0,000	174,017	0,000	1,282,529	23,979,163	17,395,267
12-2028	169,389	4	2.4	0,000	0,000	158,921	0,000	1,156,642	25,135,805	17,864,455
12-2029	169,389	4	2.4	0,000	0,000	145,545	0,000	1,045,068	26,180,873	18,248,980
12-2030	169,389	4	2.4	0,000	0,000	133,909	0,000	947,974	27,128,847	18,566,094
12-2031	169,389	4	2.4	0,000	0,000	123,203	0,000	858,644	27,987,491	18,827,233
12-2032	169,389	4	2.4	0,000	0,000	113,651	0,000	778,940	28,768,430	19,042,537
12-2033	169,389	4	2.4	0,000	0,000	104,268	0,000	700,638	29,467,069	19,218,671
12-2034	169,389	4	2.4	0,000	0,000	95,932	0,000	631,082	30,098,151	19,362,866
12-2035	169,389	4	2.4	0,000	0,000	88,262	0,000	567,086	30,665,237	19,480,669
12-2036	169,389	4	2.4	0,000	0,000	81,419	0,000	509,967	31,175,224	19,576,978
12-2037	169,389	4	2.4	0,000	0,000	74,697	0,000	453,893	31,629,116	19,654,886
S Tot	3,162,760			0,000	0,000	5,109,100	7,859,948	31,629,116	31,629,116	19,654,886
After	2,446,840			0,000	0,000	6,110,092	0,000	2,695,730	34,324,847	19,948,420
Total	5,609,600			0,000	0,000	5,719,192	7,859,948	34,324,847	34,324,847	19,948,420

SEC Pricing YE2018				Percent	Cum. Disc.
Year	WTI Cushing Oil \$/STB	Henry Hub Gas \$/MMBTU			
2019	65.56	3.100		5.00	25,161,182
Thereafter	Flat	Flat		8.00	21,736,588
Cap	65.56	3.100		10.00	19,948,420
				12.00	18,444,229
				15.00	16,584,776
				20.00	14,216,900

12 Months in first year    38,196 Year Life(03/2057)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

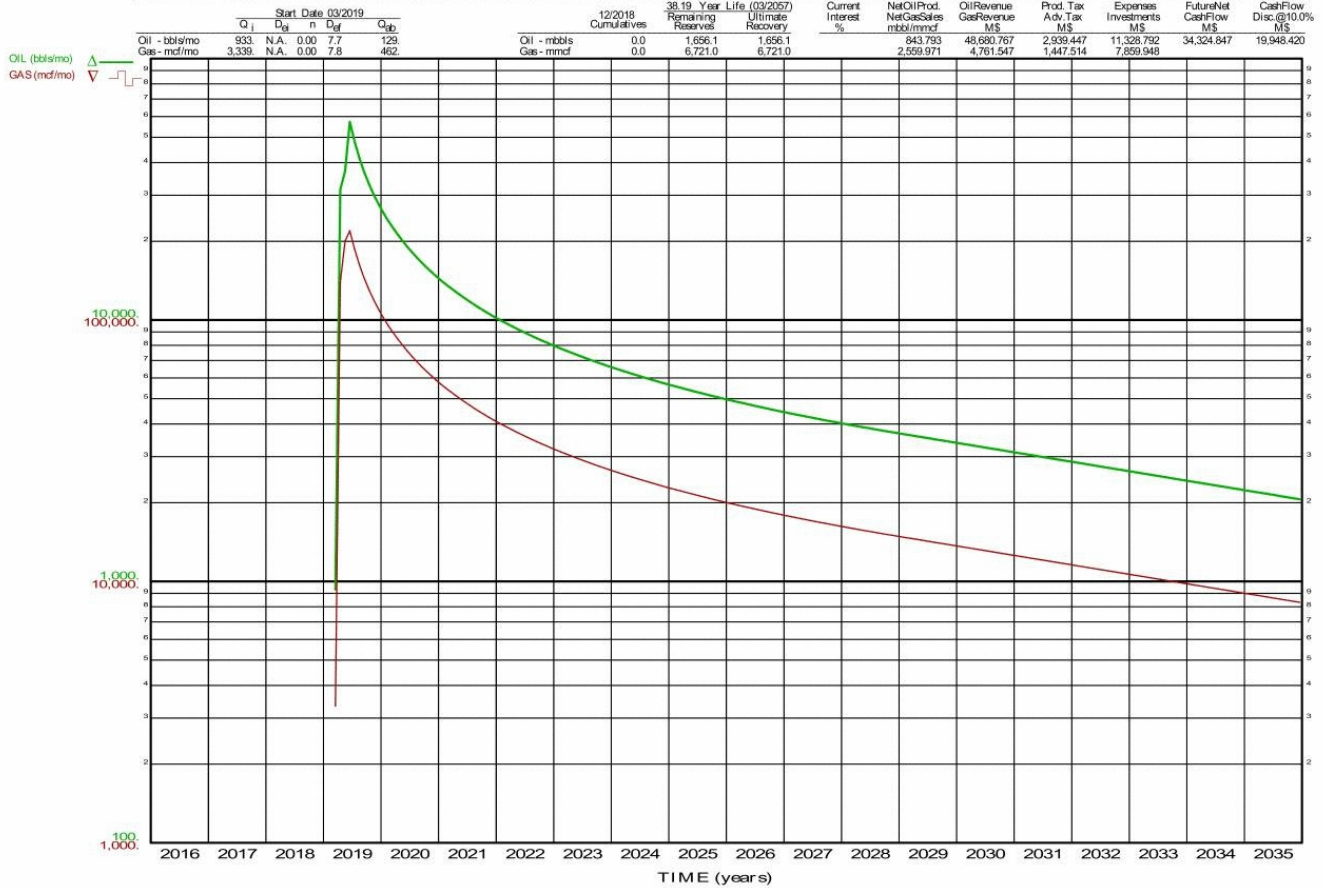
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 Summary

Cawley, Gillespie & Associates, Inc.



Summary Plot- PDNP  
 Liliis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Non-Producing Reserves

Gross Production



\* @ \* - Annual Averages Perf: 0 - 0 Status  
 First Production 00' 0 First Data 00' 0 Last Data 00' 0  
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Cawley, Gillespie & Associates, Inc.

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 SUMMARY

Table II - PDNP  
 Lease Reserve Summary  
 Lilis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Developed Non-Producing Reserves  
 As of December 31, 2018

OPERATOR				Current	Well/Cnt	Ultimate	Gross	Net	Oil Revenue	Prod Tax	Expenses	Future Net	Cash Flow			
LEASE NAME	Table Class	Major	Well No.	Start Date	ASN	Interest %	Life	Recovery	Reserves	Reserves	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0	
										MS / MS	MS / MS	MS / MS	MS	MS		
PHANTOM (WOLFCAMP A) -- WINKLER COUNTY, TEXAS																
LILISENERGY, INC.																
HALEY 1H						36.3790	NI	1	317.8	317.8	115.6	6,670.4	354.1	1,782.2	4,083.8	2,502.6
1 PDNP	Oil		05/19	505		48.7900	WI	28.4	635.6	635.6	171.1	318.3	182.2	884.4		
HALEY 2H						36.3790	NI	1	317.8	317.8	115.6	6,670.4	354.1	1,782.2	3,794.5	2,224.4
2 PDNP	Oil		05/19	506		48.7900	WI	28.4	635.6	635.6	171.1	318.3	182.2	1,173.7		
PHANTOM (LOWER WOLFCAMP A) -- WINKLER COUNTY, TEXAS																
LILISENERGY, INC.																
NW AXIS 1H						44.7568	NI	1	400.1	400.1	179.1	10,330.7	766.3	2,669.0	8,460.9	4,932.3
3 PDNP	Oil		04/19	507		59.6758	WI	33.9	3,228.7	3,228.7	1,069.3	1,989.0	354.5	1,931.3		
PHANTOM (UPPER WOLFCAMP A) -- WINKLER COUNTY, TEXAS																
LILISENERGY, INC.																
OSO 1H 1.5						69.8704	NI	1	620.4	620.4	433.5	25,009.4	1,465.0	5,095.5	17,985.6	10,289.1
4 PDNP	Oil		03/19	575		86.1192	WI	37.9	2,221.1	2,221.1	1,148.4	2,136.0	728.6	3,870.7		
GRAND TOTAL								4	1,656.1	1,656.1	843.8	48,680.8	2,939.4	11,328.8	34,324.8	19,948.4
									6,721.0	6,721.0	2,560.0	4,761.5	1,447.5	7,859.9		

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-693.

Scenario: .813

1/16/2019 12:12:37 PM

Rate-Time History-Forecast Curves  
And  
Tabular Reserves and Economics  
By Property

Cawley, Gillespie & Associates, Inc.  
Petroleum Consultants

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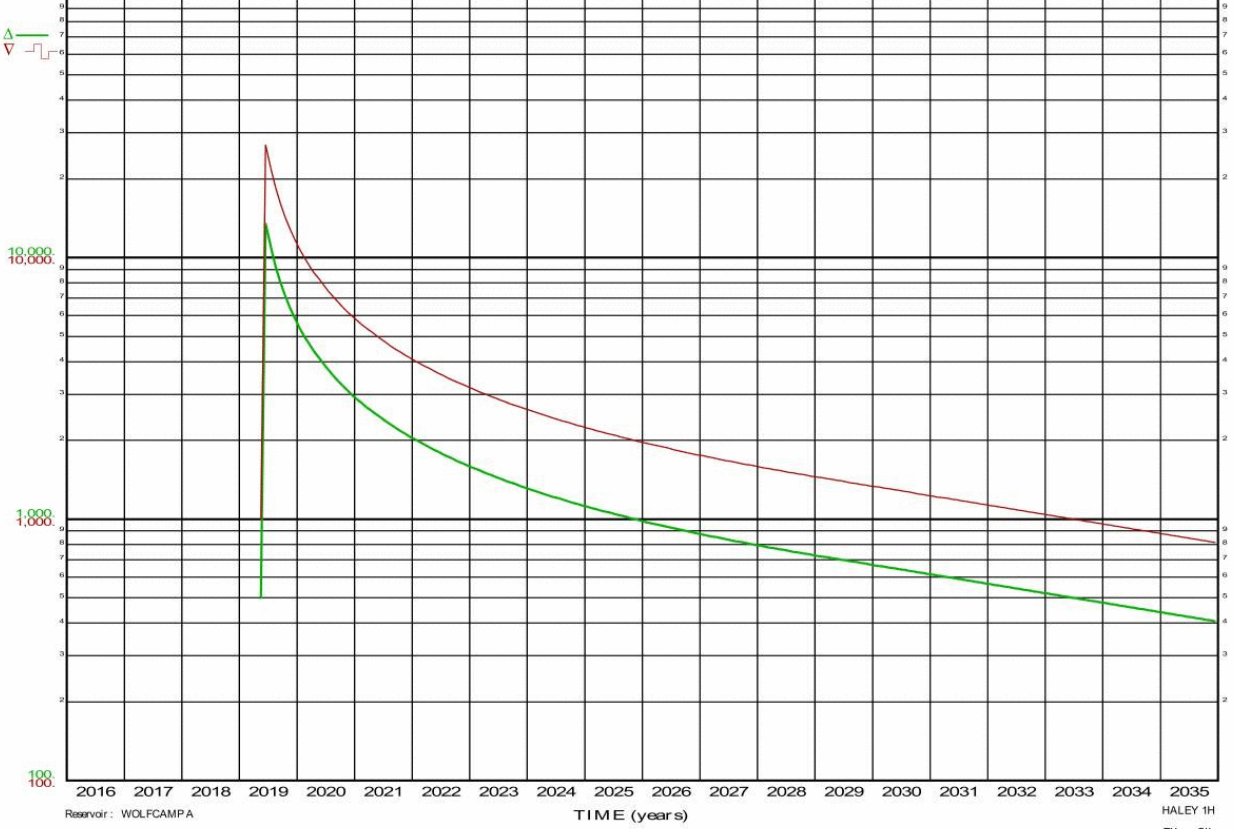
Figure 1  
 LILISENERGY, INC. -- HALEY 1H  
 PHANTOM (WOLFCAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDNP

As of 01/2019

		As of 01/2019			GOR - scf/bbl		12/2018		28.79 Year Life (10/2047)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>10</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @10.0%
											%	mmbbl/mmcf	M\$	M\$	M\$	M\$	M\$
496	982	96.3	1.20	8.0	153	2,000	2,000	0.0	317.8	317.8	36.379	115,618	6,670,350	354,116	1,782,164	4,083,826	2,502,631
					305			0.0	635.6	635.6	48.790	171,115	318,274	182,166	884,353		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMP A

TIME (years)

HALEY 1H

TX OIL

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:23 21 API:

Cawley, Gillespie & Associates, Inc.

MKR G:\CGA8538\PHD\PDNP\out  
 (DEFAULT) ASN 505

**Table 1**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lillis Energy, Inc. Interests  
 Proved Developed Non-Producing Reserves  
 LILIS ENERGY, INC. -- HALEY 1H  
 PHANTOM (WOLFCAMPA) FIELD -- WINKLER COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	62.0	124.1	10.2	22,571	33,405	3,697	57.693	1.860	15.734
12-2020	47.7	95.4	7.8	17,354	25,684	2,843	57.693	1.860	15.734
12-2021	29.1	58.3	4.8	10,602	15,690	1,737	57.693	1.860	15.734
12-2022	21.5	43.1	3.5	7,838	11,600	1,284	57.693	1.860	15.734
12-2023	17.3	34.6	2.8	6,288	9,306	1,030	57.693	1.860	15.734
12-2024	14.6	29.1	2.4	5,298	7,841	868	57.693	1.860	15.734
12-2025	12.6	25.2	2.1	4,576	6,773	750	57.693	1.860	15.734
12-2026	11.1	22.3	1.8	4,049	5,993	663	57.693	1.860	15.734
12-2027	10.0	20.0	1.6	3,640	5,397	596	57.693	1.860	15.734
12-2028	9.1	18.3	1.5	3,320	4,914	544	57.693	1.860	15.734
12-2029	8.4	16.7	1.4	3,039	4,498	498	57.693	1.860	15.734
12-2030	7.7	15.4	1.3	2,796	4,139	458	57.693	1.860	15.734
12-2031	7.1	14.1	1.2	2,573	3,808	421	57.693	1.860	15.734
12-2032	6.5	13.0	1.1	2,373	3,512	389	57.693	1.860	15.734
12-2033	6.0	12.0	1.0	2,177	3,222	357	57.693	1.860	15.734
12-2034	5.5	11.0	.9	2,003	2,965	328	57.693	1.860	15.734
12-2035	5.1	10.1	.8	1,843	2,728	302	57.693	1.860	15.734
12-2036	4.7	9.3	.8	1,700	2,516	279	57.693	1.860	15.734
12-2037	4.3	8.6	.7	1,569	2,309	256	57.693	1.860	15.734
S Tot	290.3	580.6	47.6	105,601	156,289	17,298	57.693	1.860	15.734
After	27.5	55.1	4.5	10,018	14,826	1,641	57.693	1.860	15.734
Total	317.8	635.6	52.1	115,618	171,115	18,939	57.693	1.860	15.734
Cum	.0	.0	.0						
Ult	317.8	635.6	52.1						

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	1,302,174	62,133	58,175	0.000	0.000	1,422,482	69,130	35,562	5,885
12-2020	1,001,189	47,772	44,728	0.000	0.000	1,093,689	53,151	27,342	6,679
12-2021	611,634	29,184	27,325	0.000	0.000	668,143	32,470	16,704	7,600
12-2022	452,171	21,575	20,201	0.000	0.000	493,947	24,005	12,348	8,435
12-2023	362,794	17,309	16,206	0.000	0.000	396,269	19,258	9,807	8,224
12-2024	305,663	14,585	13,656	0.000	0.000	333,903	16,227	8,348	9,970
12-2025	264,015	12,597	11,795	0.000	0.000	288,408	14,016	7,210	10,717
12-2026	233,618	11,147	10,437	0.000	0.000	255,202	12,402	6,380	11,431
12-2027	209,996	10,020	9,382	0.000	0.000	223,397	11,148	5,735	12,728
12-2028	191,565	9,141	8,558	0.000	0.000	208,264	10,170	5,232	12,791
12-2029	175,346	8,367	7,834	0.000	0.000	191,546	9,309	4,789	13,490
12-2030	161,327	7,698	7,207	0.000	0.000	176,232	8,565	4,406	14,208
12-2031	148,429	7,082	6,631	0.000	0.000	162,143	7,890	4,054	14,988
12-2032	136,921	6,533	6,117	0.000	0.000	149,572	7,269	3,739	15,807
12-2033	125,616	5,994	5,612	0.000	0.000	137,222	6,669	3,431	16,759
12-2034	115,573	5,515	5,163	0.000	0.000	126,251	6,136	3,156	17,761
12-2035	106,334	5,074	4,750	0.000	0.000	116,158	5,645	2,904	18,849
12-2036	98,090	4,680	4,382	0.000	0.000	107,152	5,207	2,679	19,994
12-2037	89,991	4,294	4,020	0.000	0.000	98,305	4,777	2,488	21,322
S Tot	6,092,407	290,698	272,180	0.000	0.000	6,655,285	323,434	166,382	9,650
After	577,943	27,576	25,820	0.000	0.000	631,340	30,682	15,783	29,747
Total	6,670,350	318,274	298,000	0.000	0.000	7,286,625	354,116	182,166	11,391

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. %
12-2019	19,900	1	0.5	0.000	0.000	159,831	884,353	253,706	218,607	
12-2020	33,958	1	0.5	0.000	0.000	122,888	.000	856,350	1,110,056	965,016
12-2021	33,958	1	0.5	0.000	0.000	75,073	.000	509,938	1,619,994	1,368,132
12-2022	33,958	1	0.5	0.000	0.000	55,500	.000	368,135	1,988,130	1,632,480
12-2023	33,958	1	0.5	0.000	0.000	44,525	.000	288,622	2,276,751	1,820,815
12-2024	33,958	1	0.5	0.000	0.000	37,518	.000	237,853	2,514,604	1,961,863
12-2025	33,958	1	0.5	0.000	0.000	32,406	.000	200,818	2,715,422	2,070,093
12-2026	33,958	1	0.5	0.000	0.000	28,675	.000	173,787	2,889,209	2,155,233
12-2027	33,958	1	0.5	0.000	0.000	25,775	.000	152,781	3,041,990	2,223,274
12-2028	33,958	1	0.5	0.000	0.000	23,513	.000	136,392	3,178,382	2,278,487
12-2029	33,958	1	0.5	0.000	0.000	21,522	.000	121,969	3,300,351	2,323,367
12-2030	33,958	1	0.5	0.000	0.000	19,802	.000	109,502	3,409,853	2,360,000
12-2031	33,958	1	0.5	0.000	0.000	18,218	.000	98,033	3,507,886	2,389,816
12-2032	33,958	1	0.5	0.000	0.000	16,806	.000	87,800	3,595,686	2,414,093
12-2033	33,958	1	0.5	0.000	0.000	15,418	.000	77,746	3,673,432	2,433,634
12-2034	33,958	1	0.5	0.000	0.000	14,186	.000	68,816	3,742,248	2,449,359
12-2035	33,958	1	0.5	0.000	0.000	13,052	.000	60,599	3,802,847	2,461,949
12-2036	33,958	1	0.5	0.000	0.000	12,040	.000	53,256	3,855,116	2,472,010
12-2037	33,958	1	0.5	0.000	0.000	11,046	.000	46,096	3,902,182	2,478,919
S Tot	631,141			0.000	0.000	747,793	884,353	3,902,182	3,902,182	2,478,919
After	332,292			0.000	0.000	70,938	.000	181,644	4,083,826	2,502,631
Total	963,433			0.000	0.000	818,731	884,353	4,083,826	4,083,826	2,502,631

Evaluation Parameters (Gross)					Expenses (Gross)					Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Del	n Def	Initial	Final	Units			Final			
Oil Rate	15,360.	151.	bbl/mo	96.3%	1.20	0.0%					5.00		3,099,764
Gas Rate	30,720.	303.	Mcf/mo	0.0%	0.00	0.0%					8.00		2,710,565
GOR	2,000.	2,000.	scf/bbl								10.00		2,502,631
NGL Rate	82.	24.	bbl/mo								12.00		2,325,300
NGL Yield	2.7	81.3	bbl/MMcf								15.00		2,103,191
Gas Shrinkage	97.6	26.5	%								20.00		1,816,127
Oil Severance	4.6	4.6	%										
Gas Severance	7.5	7.5	%										
NGL Severance	7.5	7.5	%										
Ad Valorem	8.6		%										

Start Date: 05/2019    8 Months in year '19    28,461 Year Life (10/2047)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 505    DEFAULT 1/16/2019 12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    OIL PDNP  
 Table 1

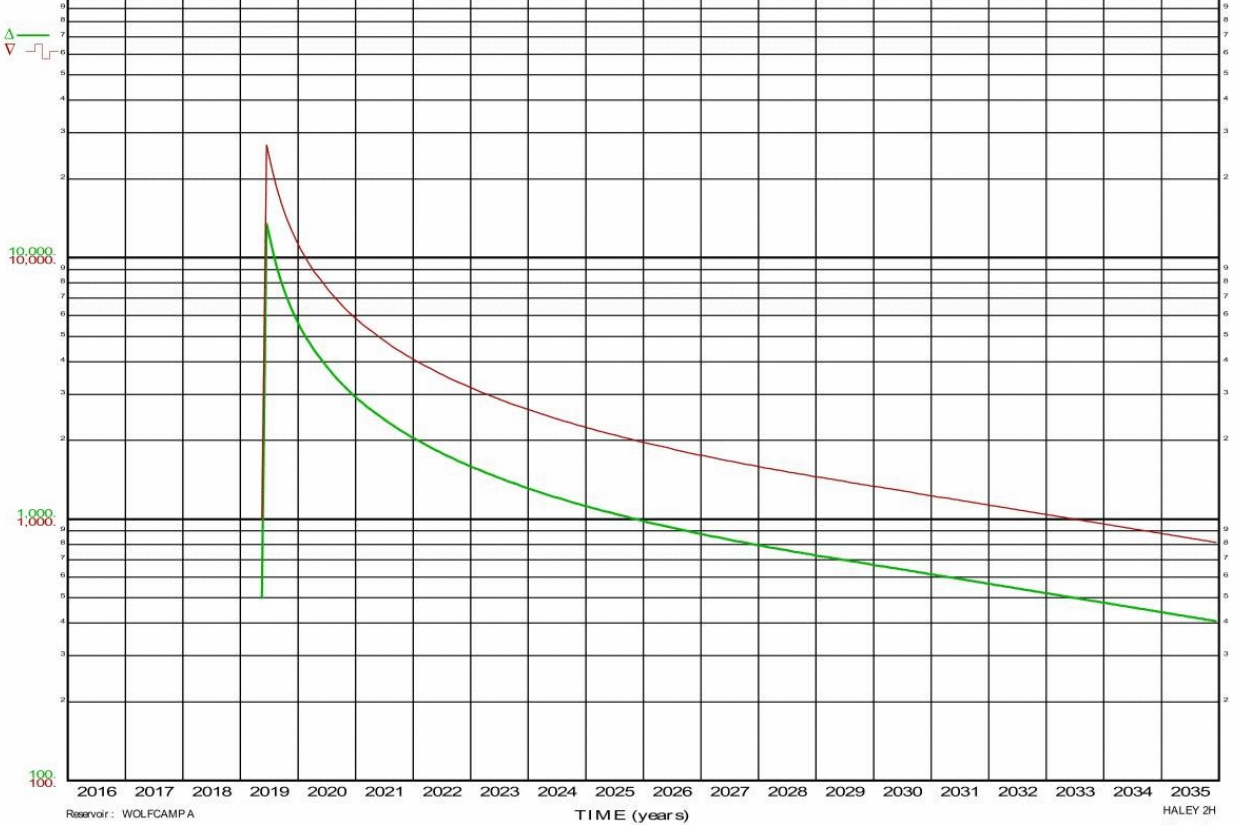
Figure 2  
 LILISENERGY, INC. -- HALEY 2H  
 PHANTOM (WOLF CAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDNP

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018		28.79 Year Life (10/2047)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>95</sub>	Initial	Final	Cumulative	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @10.0%
Gas - mcf/mo	496	96.3	1.20	8.0	153	2,000	2,000	0.0	317.8	317.8	36.379 NI	115,618	6,670,350	354,116	1,782,164	3,794,518
	992	0.0	0.00	8.0	305	2,000	2,000	0.0	635.6	635.6	48.790 WI	171,115	318,274	182,166	1,173,661	2,224,428

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLF CAMP A

TIME (years)

HALEY 2H  
 TX OIL

● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:23 21 API:

Cawley, Gillespie & Associates, Inc.

MKR G:\CGA8538\PHD\PDNP\out  
 (DEFAULT) ASN 506

**Table 2**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Developed Non-Producing Reserves**  
**LILIS ENERGY, INC. -- HALEY 2H**  
**PHANTOM (WOLFCAMPA) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	62.0	124.1	10.2	22,571	33,405	3,697	57.693	1.860	15.734
12-2020	47.7	95.4	7.8	17,354	25,684	2,843	57.693	1.860	15.734
12-2021	29.1	58.3	4.8	10,602	15,690	1,737	57.693	1.860	15.734
12-2022	21.5	43.1	3.5	7,838	11,600	1,284	57.693	1.860	15.734
12-2023	17.3	34.6	2.8	6,288	9,306	1,030	57.693	1.860	15.734
12-2024	14.6	29.1	2.4	5,298	7,841	868	57.693	1.860	15.734
12-2025	12.6	25.2	2.1	4,576	6,773	750	57.693	1.860	15.734
12-2026	11.1	22.3	1.8	4,049	5,993	663	57.693	1.860	15.734
12-2027	10.0	20.0	1.6	3,640	5,397	596	57.693	1.860	15.734
12-2028	9.1	18.3	1.5	3,320	4,914	544	57.693	1.860	15.734
12-2029	8.4	16.7	1.4	3,039	4,498	498	57.693	1.860	15.734
12-2030	7.7	15.4	1.3	2,796	4,139	458	57.693	1.860	15.734
12-2031	7.1	14.1	1.2	2,573	3,808	421	57.693	1.860	15.734
12-2032	6.5	13.0	1.1	2,373	3,512	389	57.693	1.860	15.734
12-2033	6.0	12.0	1.0	2,177	3,222	357	57.693	1.860	15.734
12-2034	5.5	11.0	.9	2,003	2,965	328	57.693	1.860	15.734
12-2035	5.1	10.1	.8	1,843	2,728	302	57.693	1.860	15.734
12-2036	4.7	9.3	.8	1,700	2,516	279	57.693	1.860	15.734
12-2037	4.3	8.6	.7	1,569	2,309	256	57.693	1.860	15.734
S Tot	290.3	580.6	47.6	105,601	156,289	17,298	57.693	1.860	15.734
After	27.5	55.1	4.5	10,018	14,826	1,641	57.693	1.860	15.734
Total	317.8	635.6	52.1	115,618	171,115	18,939	57.693	1.860	15.734
Cum Ult	.0	.0	.0	.0	.0	.0	.0	.0	.0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	1,302,174	62,133	58,175	0.000	0.000	1,422,482	69,130	35,562	5,885
12-2020	1,001,189	47,772	44,728	0.000	0.000	1,093,689	53,151	27,342	6,679
12-2021	611,634	29,184	27,325	0.000	0.000	668,143	32,470	16,704	7,600
12-2022	452,171	21,575	20,201	0.000	0.000	493,947	24,005	12,348	8,435
12-2023	362,794	17,309	16,206	0.000	0.000	396,269	19,258	9,807	10,724
12-2024	305,663	14,585	13,656	0.000	0.000	333,903	16,227	8,348	9,970
12-2025	264,015	12,597	11,795	0.000	0.000	288,408	14,016	7,210	10,717
12-2026	233,618	11,147	10,437	0.000	0.000	255,202	12,402	6,390	11,431
12-2027	209,996	10,020	9,382	0.000	0.000	223,397	11,148	5,735	12,728
12-2028	191,565	9,141	8,558	0.000	0.000	208,264	10,170	5,232	12,791
12-2029	175,346	8,367	7,834	0.000	0.000	191,546	9,309	4,789	13,490
12-2030	161,327	7,698	7,207	0.000	0.000	176,232	8,565	4,406	14,208
12-2031	148,429	7,082	6,631	0.000	0.000	162,143	7,890	4,054	14,988
12-2032	136,921	6,533	6,117	0.000	0.000	149,572	7,269	3,739	15,807
12-2033	125,616	5,994	5,612	0.000	0.000	137,222	6,669	3,431	16,759
12-2034	115,573	5,515	5,163	0.000	0.000	126,251	6,136	3,156	17,761
12-2035	106,334	5,074	4,750	0.000	0.000	116,158	5,645	2,904	18,849
12-2036	98,090	4,680	4,382	0.000	0.000	107,152	5,207	2,679	19,994
12-2037	89,991	4,294	4,020	0.000	0.000	98,305	4,777	2,488	21,322
S Tot	6,092,407	290,698	272,180	0.000	0.000	6,655,285	323,434	166,382	9,650
After	577,943	27,576	25,820	0.000	0.000	631,340	30,682	15,783	29,747
Total	6,670,350	318,274	298,000	0.000	0.000	7,286,625	354,116	182,166	11,391

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	19,900	1	0.5	0.000	0.000	159,831	1,173,661	-35,602	-59,596	
12-2020	33,958	1	0.5	0.000	0.000	122,888	.000	856,350	820,748	686,813
12-2021	33,958	1	0.5	0.000	0.000	75,073	.000	509,938	1,330,686	1,089,927
12-2022	33,958	1	0.5	0.000	0.000	55,500	.000	368,135	1,698,822	1,354,277
12-2023	33,958	1	0.5	0.000	0.000	44,525	.000	288,622	1,987,443	1,542,612
12-2024	33,958	1	0.5	0.000	0.000	37,518	.000	237,853	2,225,296	1,683,660
12-2025	33,958	1	0.5	0.000	0.000	32,406	.000	200,818	2,426,114	1,791,890
12-2026	33,958	1	0.5	0.000	0.000	28,675	.000	173,787	2,599,901	1,877,030
12-2027	33,958	1	0.5	0.000	0.000	25,775	.000	152,781	2,752,682	1,945,072
12-2028	33,958	1	0.5	0.000	0.000	23,513	.000	136,392	2,889,074	2,000,285
12-2029	33,958	1	0.5	0.000	0.000	21,522	.000	121,969	3,011,043	2,045,164
12-2030	33,958	1	0.5	0.000	0.000	19,802	.000	109,502	3,120,545	2,081,797
12-2031	33,958	1	0.5	0.000	0.000	18,218	.000	98,033	3,218,578	2,111,614
12-2032	33,958	1	0.5	0.000	0.000	16,806	.000	87,800	3,303,378	2,135,890
12-2033	33,958	1	0.5	0.000	0.000	15,418	.000	77,746	3,384,124	2,155,431
12-2034	33,958	1	0.5	0.000	0.000	14,186	.000	68,816	3,452,940	2,171,156
12-2035	33,958	1	0.5	0.000	0.000	13,052	.000	60,599	3,513,539	2,183,746
12-2036	33,958	1	0.5	0.000	0.000	12,040	.000	53,256	3,569,808	2,193,807
12-2037	33,958	1	0.5	0.000	0.000	11,046	.000	46,096	3,618,874	2,201,716
S Tot	631,141			0.000	0.000	747,793	1,173,661	3,612,874	3,612,874	2,201,716
After	332,292			0.000	0.000	70,938	.000	181,644	3,794,518	2,224,428
Total	963,433			0.000	0.000	818,731	1,173,661	3,794,518	3,794,518	2,224,428

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final		
Oil Rate	15,360.	151.	bbl/mo	96.3%	1.20	0.0%				5.00	2,816,195
Gas Rate	30,720.	303.	Mcf/mo	0.0%	0.00	0.0%				8.00	2,430,257
GOR	2,000.	2,000.	scf/bbl							10.00	2,224,428
NGL Rate	82.	24.	bbl/mo							12.00	2,049,148
NGL Yield	2.7	81.3	bbl/MMcf							15.00	1,830,021
Gas Shrinkage	97.6	26.5	%							20.00	1,547,690
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	8.6		%								

Start Date: 05/2019    8 Months in year '19    28,461 Year Life(10/2047)

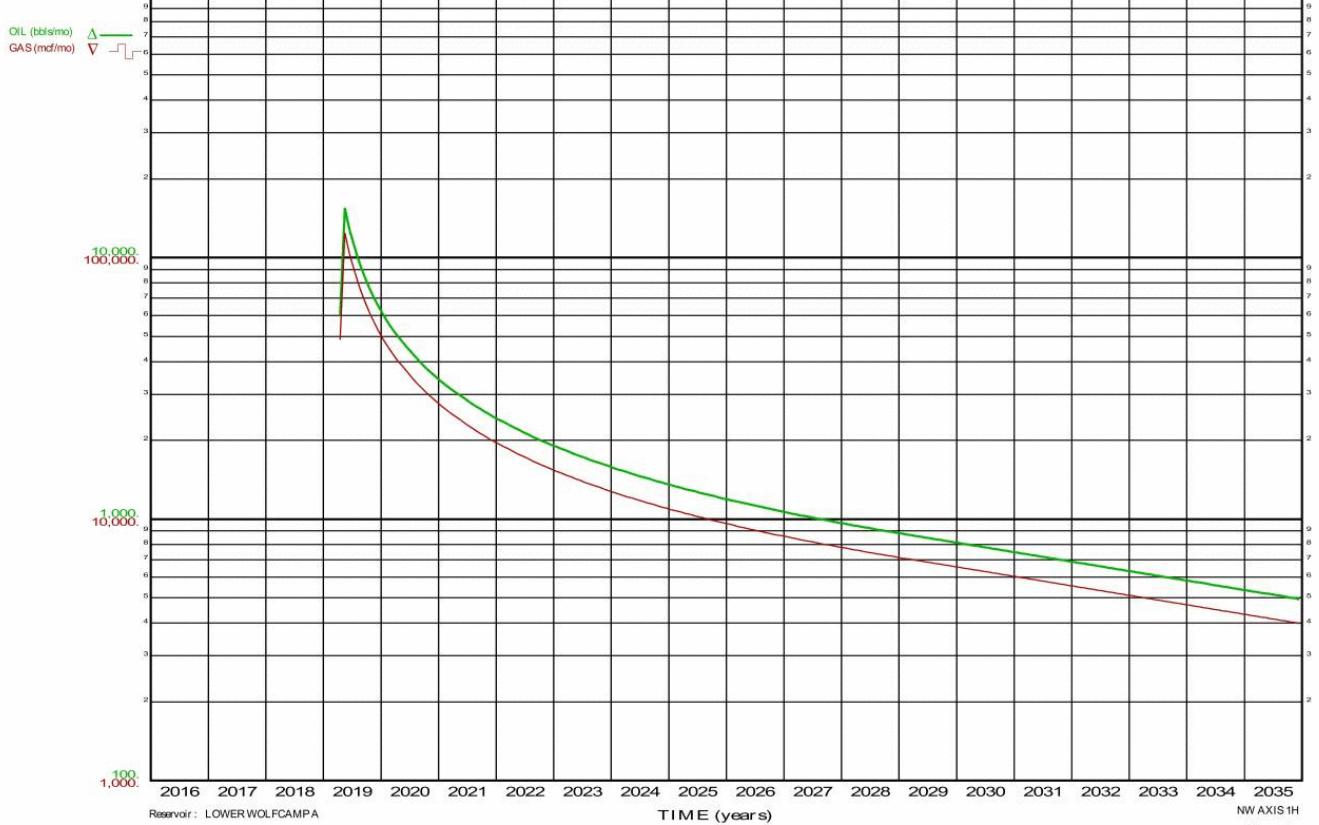
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 506    DEFAULT 1/16/2019    12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PDNP    Table 2

Figure 3  
 LILISENERGY, INC. -- NW AXIS 1H  
 PHANTOM (LOWER WOLFCAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDNP

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018		34.21 Year Life (03/2053)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Cumulative	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @10.0%
48,580	6,020	96.3	1.20	7.8	118	954	0.0	400.1	400.1	44.756 NI	179,064	10,330,698	768,257	2,658,964	8,460,886	4,932,303
Gas - mcf/mo	48,580	0.0	0.00	7.8	8,070	8,070	0.0	3,228.7	3,228.7	59.675 WI	1,069,334	1,988,961	354,548	1,931,266		



• \* — Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:23 21 API:

Cawley, Gillespie & Associates, Inc.

MKR G:\CGA8538\PHD\PDNP\out  
 (DEFAULT) ASN 507



Table 3  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Developed Non-Producing Reserves  
LILIS ENERGY, INC. -- NW AXIS 1H  
PHANTOM (LOWER WOLFCAMPA) FIELD -- WINKLER COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBBL/S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBBL/S	(5) Net Oil Production MMBBL/S	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBBL/S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	84.8	684.4	56.1	37,958	226,677	25,089	57.693	1.860	15.734
12-2020	54.5	440.2	36.1	24,413	145,787	16,136	57.693	1.860	15.734
12-2021	34.4	277.7	22.7	15,399	91,960	10,178	57.693	1.860	15.734
12-2022	25.7	207.7	17.0	11,520	68,797	7,615	57.693	1.860	15.734
12-2023	20.8	167.7	13.7	9,301	55,541	6,147	57.693	1.860	15.734
12-2024	17.6	141.9	11.6	7,888	46,984	5,200	57.693	1.860	15.734
12-2025	15.2	122.9	10.1	6,814	40,691	4,504	57.693	1.860	15.734
12-2026	13.5	108.9	8.9	6,041	36,077	3,993	57.693	1.860	15.734
12-2027	12.1	98.1	8.0	5,438	32,477	3,595	57.693	1.860	15.734
12-2028	11.1	89.6	7.3	4,867	29,661	3,283	57.693	1.860	15.734
12-2029	10.2	82.0	6.7	4,549	27,166	3,007	57.693	1.860	15.734
12-2030	9.4	75.5	6.2	4,185	24,994	2,766	57.693	1.860	15.734
12-2031	8.6	69.4	5.7	3,851	22,996	2,545	57.693	1.860	15.734
12-2032	7.9	64.0	5.2	3,552	21,213	2,348	57.693	1.860	15.734
12-2033	7.3	58.8	4.8	3,259	19,461	2,154	57.693	1.860	15.734
12-2034	6.7	54.1	4.4	2,998	17,905	1,982	57.693	1.860	15.734
12-2035	6.2	49.7	4.1	2,759	16,474	1,823	57.693	1.860	15.734
12-2036	5.7	45.9	3.8	2,545	15,197	1,682	57.693	1.860	15.734
12-2037	5.2	42.1	3.4	2,338	13,942	1,543	57.693	1.860	15.734
S Tot	356.9	2,880.4	235.9	159,751	953,999	105,591	57.693	1.860	15.734
After	43.2	348.2	28.5	19,313	115,335	12,766	57.693	1.860	15.734
Total	400.1	3,228.7	264.4	179,064	1,069,334	118,356	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	2,189,894	421,618	394,761	0.000	0.000	3,006,273	162,431	75,157	3,217
12-2020	1,408,430	271,164	253,891	0.000	0.000	1,933,484	104,467	48,337	3,605
12-2021	888,409	171,045	160,149	0.000	0.000	1,219,603	65,896	30,490	4,015
12-2022	664,640	127,963	119,811	0.000	0.000	912,414	49,298	22,810	4,390
12-2023	536,579	103,307	96,726	0.000	0.000	736,613	39,000	18,415	4,745
12-2024	453,908	87,391	81,824	0.000	0.000	623,123	33,668	15,578	5,080
12-2025	393,115	75,686	70,865	0.000	0.000	539,666	29,158	13,492	5,417
12-2026	348,532	67,103	62,828	0.000	0.000	478,462	25,852	11,962	5,738
12-2027	313,753	60,407	56,559	0.000	0.000	430,719	23,772	10,768	6,053
12-2028	285,550	55,169	51,655	0.000	0.000	393,374	21,254	9,834	6,352
12-2029	262,444	50,528	47,309	0.000	0.000	360,282	19,466	9,007	6,668
12-2030	241,463	46,489	43,527	0.000	0.000	331,478	17,910	8,287	6,996
12-2031	222,158	42,772	40,047	0.000	0.000	304,977	16,478	7,624	7,351
12-2032	204,934	39,456	36,942	0.000	0.000	281,332	15,201	7,033	7,725
12-2033	188,013	36,198	33,892	0.000	0.000	258,103	13,945	6,453	8,159
12-2034	172,982	33,304	31,183	0.000	0.000	237,469	12,831	5,937	8,616
12-2035	159,153	30,642	28,690	0.000	0.000	218,484	11,805	5,462	9,112
12-2036	146,813	28,296	26,465	0.000	0.000	201,545	10,890	5,039	9,634
12-2037	134,691	25,932	24,290	0.000	0.000	184,904	9,990	4,623	10,240
S Tot	9,216,462	1,774,438	1,661,405	0.000	0.000	12,652,304	683,611	316,308	4,908
After	1,114,236	214,523	200,858	0.000	0.000	1,529,616	82,646	38,240	16,396
Total	10,330,698	1,988,961	1,862,263	0.000	0.000	14,181,921	766,257	354,548	6,147

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	28,843	1	0.6	0.000	0.000	267,223	1,931,266	541,353	461,459	
12-2020	41,534	1	0.6	0.000	0.000	171,865	.000	1,567,281	2,108,634	1,826,859
12-2021	41,534	1	0.6	0.000	0.000	108,409	.000	973,274	3,081,908	2,596,097
12-2022	41,534	1	0.6	0.000	0.000	81,103	.000	717,668	3,799,576	3,111,370
12-2023	41,534	1	0.6	0.000	0.000	65,476	.000	571,387	4,370,963	3,484,181
12-2024	41,534	1	0.6	0.000	0.000	55,388	.000	476,954	4,847,917	3,766,993
12-2025	41,534	1	0.6	0.000	0.000	47,970	.000	407,512	5,255,428	3,986,603
12-2026	41,534	1	0.6	0.000	0.000	42,530	.000	396,585	5,612,013	4,161,285
12-2027	41,534	1	0.6	0.000	0.000	38,286	.000	316,858	5,928,872	4,302,330
12-2028	41,534	1	0.6	0.000	0.000	34,966	.000	285,785	6,214,657	4,418,071
12-2029	41,534	1	0.6	0.000	0.000	32,025	.000	258,249	6,472,906	4,513,092
12-2030	41,534	1	0.6	0.000	0.000	29,465	.000	234,282	6,707,189	4,591,463
12-2031	41,534	1	0.6	0.000	0.000	27,109	.000	212,232	6,919,420	4,656,009
12-2032	41,534	1	0.6	0.000	0.000	25,007	.000	192,557	7,111,977	4,703,245
12-2033	41,534	1	0.6	0.000	0.000	22,942	.000	173,229	7,285,206	4,752,781
12-2034	41,534	1	0.6	0.000	0.000	21,108	.000	158,059	7,441,265	4,788,439
12-2035	41,534	1	0.6	0.000	0.000	19,421	.000	140,262	7,581,527	4,817,756
12-2036	41,534	1	0.6	0.000	0.000	17,915	.000	126,167	7,707,684	4,841,402
12-2037	41,534	1	0.6	0.000	0.000	16,436	.000	112,320	7,820,014	4,860,683
S Tot	776,461			0.000	0.000	1,124,644	1,931,266	7,820,014	7,820,014	4,860,683
After	631,893			0.000	0.000	135,965	.000	640,872	8,460,886	4,932,303
Total	1,408,354			0.000	0.000	1,260,610	1,931,266	8,460,886	8,460,886	4,932,303

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final			
Oil Rate	18,858	117	bbl/mo	96.3%	1.20	0.0%		Expense	59,6757	59,6757	5.00	6,216,775
Gas Rate	152,186	946	Mcf/mo	0.0%	0.00	0.0%		Revenue			10.00	4,532,303
GOR	8,070	8,070	scf/bbl					Oil	44,7568	44,7568	12.00	4,561,008
NGL Rate	3,921	71	bbl/mo					Gas	44,7568	44,7568	15.00	4,101,780
NGL Yield	25.8	75.9	bbl/MMcf								20.00	3,516,747
Gas Shrinkage	76.4	25.6	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	9.6		%									

Start Date: 04/2019 9 Months in year '19 33,968 Year Life (03/2053)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 507 DEFAULT 1/16/2019 12:12:37  
Oil, PDNP Table 3

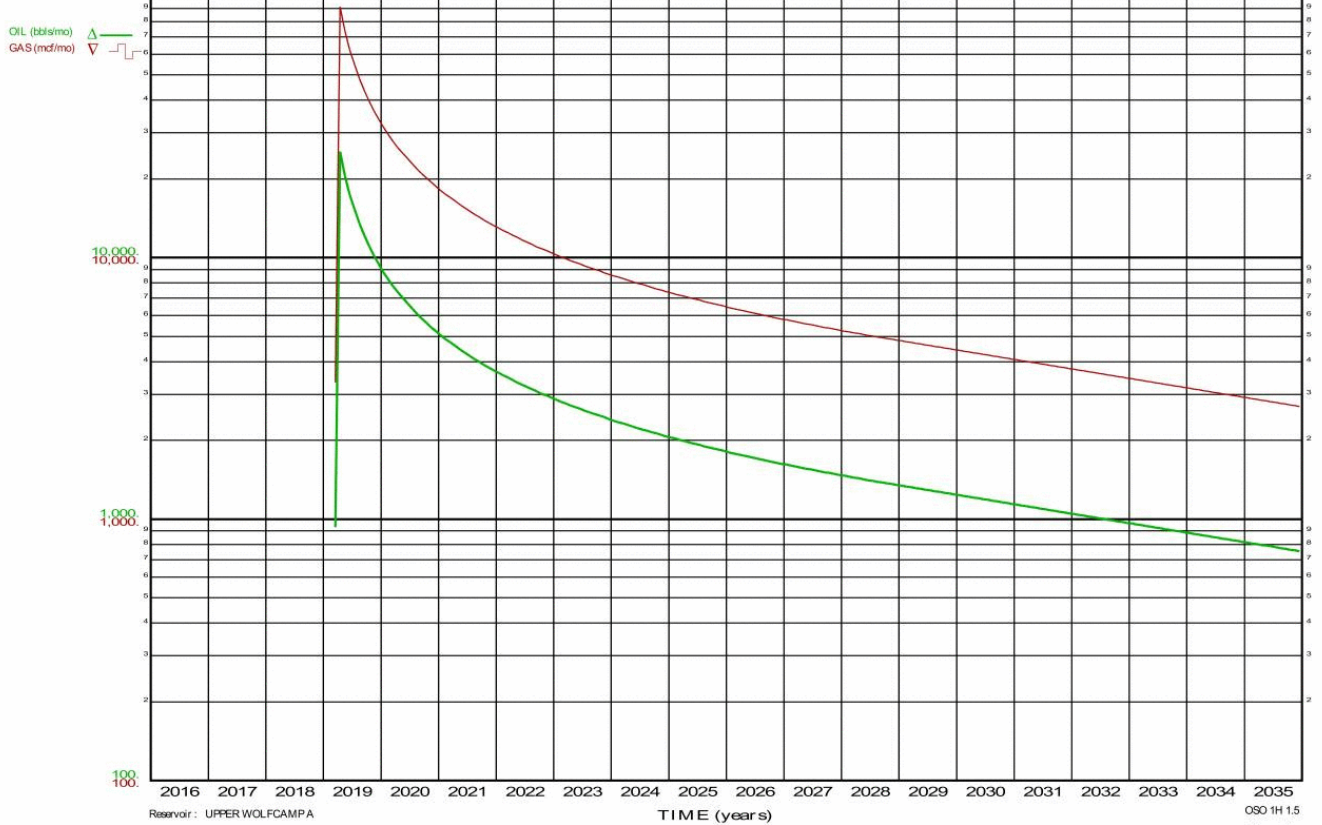
Cawley, Gillespie & Associates, Inc.

Figure 4  
 LILISENERGY, INC. -- OSO 1H 1.5  
 PHANTOM (UPPER WOLFCAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PDNP

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		38.19 Year Life (03/2057)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$	
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>14</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
933	3,339	96.3	1.20	7.8	129	462	3,580	3,580	0.0	0.0	620.4	620.4	69.670 NI	433,492	25,009,369	1,464,958	5,095,500	17,965,617	10,289,058
		0.0	0.00	7.8							2,221.1	2,221.1	86.119 WI	1,148,407	2,136,037	728,634	3,870,668		



Reservoir: UPPER WOLFCAMPA

TIME (years)

OSO 1H 1.5

• @ \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:23 21 API:

Cawley, Gillespie & Associates, Inc.

MKR G:\CGA8538\PHD\PDNP\out  
 (DEFAULT) ASN 575

Table 4  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Developed Non-Producing Reserves

LILIS ENERGY, INC. -- OSO 1H 1.5  
PHANTOM (UPPER WOLFCAMPA) FIELD -- WINKLER COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL	
12-2019	136.4	488.3	40.0	95.305	252.482	27.945	57.693	1.860	15.734	
12-2020	80.7	289.0	23.7	56.394	149.400	16.536	57.693	1.860	15.734	
12-2021	51.7	185.0	15.2	36.112	95.669	10.589	57.693	1.860	15.734	
12-2022	36.9	139.2	11.4	27.175	71.993	7.998	57.693	1.860	15.734	
12-2023	31.5	112.8	9.2	22.009	58.306	6.453	57.693	1.860	15.734	
12-2024	26.7	95.6	7.8	18.655	49.421	5.470	57.693	1.860	15.734	
12-2025	23.2	82.9	6.8	16.179	42.860	4.744	57.693	1.860	15.734	
12-2026	20.5	73.6	6.0	14.358	38.038	4.210	57.693	1.860	15.734	
12-2027	18.5	66.3	5.4	12.935	34.266	3.793	57.693	1.860	15.734	
12-2028	16.9	60.6	4.5	11.821	31.316	3.466	57.693	1.860	15.734	
12-2029	15.5	55.5	4.0	10.829	28.689	3.175	57.693	1.860	15.734	
12-2030	14.3	51.1	4.2	9.964	26.395	2.921	57.693	1.860	15.734	
12-2031	13.1	47.0	3.8	9.167	24.285	2.688	57.693	1.860	15.734	
12-2032	12.1	43.3	3.5	8.456	22.402	2.480	57.693	1.860	15.734	
12-2033	11.1	39.8	3.3	7.758	20.553	2.275	57.693	1.860	15.734	
12-2034	10.2	36.6	3.0	7.138	18.909	2.093	57.693	1.860	15.734	
12-2035	9.4	33.6	2.8	6.567	17.398	1.926	57.693	1.860	15.734	
12-2036	8.7	31.0	2.5	6.058	16.049	1.776	57.693	1.860	15.734	
12-2037	8.0	28.5	2.3	5.598	14.724	1.630	57.693	1.860	15.734	
S Tot	547.4	1,959.5	160.5	382.439	1,013.156	112.138	57.693	1.860	15.734	
After	73.1	261.6	21.4	51.054	135.251	14.970	57.693	1.860	15.734	
Total	620.4	2,221.1	181.9	433.492	1,148.407	127.108	57.693	1.860	15.734	
Cum Ult	0	0	0	0	0	0	0	0	0	
620.4	2,221.1	181.9	0	0	0	0	0	0	0	
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6	
12-2019	5,498,412	469,616	439,702	0.000	0.000	6,407,730	322,077	160,193	4,277	
12-2020	3,253,553	277,884	260,183	0.000	0.000	3,791,621	190,581	94,791	4,639	
12-2021	2,063,424	177,944	166,609	0.000	0.000	2,427,978	122,039	60,699	5,004	
12-2022	1,567,824	133,927	125,377	0.000	0.000	1,827,108	91,837	45,678	5,339	
12-2023	1,289,753	108,449	101,541	0.000	0.000	1,478,743	74,878	38,894	5,626	
12-2024	1,076,262	91,923	86,657	0.000	0.000	1,254,252	63,043	31,356	5,956	
12-2025	933,391	79,720	74,642	0.000	0.000	1,087,753	54,675	27,194	6,257	
12-2026	828,360	70,750	66,243	0.000	0.000	965,353	48,522	24,134	6,545	
12-2027	746,268	63,738	59,678	0.000	0.000	869,685	43,714	21,742	6,826	
12-2028	681,974	58,247	54,537	0.000	0.000	794,558	39,948	19,869	7,094	
12-2029	624,771	53,361	49,952	0.000	0.000	728,095	36,597	18,202	7,379	
12-2030	574,822	49,095	45,968	0.000	0.000	669,886	33,671	16,747	7,673	
12-2031	528,867	45,170	42,293	0.000	0.000	616,330	30,979	15,408	7,994	
12-2032	487,863	41,688	39,014	0.000	0.000	568,545	28,577	14,214	8,330	
12-2033	447,582	38,228	35,793	0.000	0.000	521,602	26,218	13,040	8,721	
12-2034	411,799	35,172	32,931	0.000	0.000	479,901	24,122	11,996	9,132	
12-2035	378,876	32,360	30,298	0.000	0.000	441,534	22,193	11,038	9,580	
12-2036	349,502	29,851	27,949	0.000	0.000	407,302	20,473	10,183	10,050	
12-2037	320,644	27,386	25,642	0.000	0.000	373,672	18,792	9,342	10,595	
S Tot	22,063,949	1,884,470	1,764,428	0.000	0.000	25,712,847	1,292,426	642,821	5,788	
After	2,945,421	251,567	235,542	0.000	0.000	3,432,529	172,532	85,813	17,793	
Total	25,009,369	2,136,037	1,999,970	0.000	0.000	29,145,377	1,464,958	728,634	7,202	
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. %
12-2019	45,115	1	0.9	0.000	0.000	620,235	3,870,668	1,389,441	1,389,441	1,209,636
12-2020	59,939	1	0.9	0.000	0.000	367,009	.000	3,079,301	4,468,742	3,891,685
12-2021	59,939	1	0.9	0.000	0.000	235,016	.000	1,950,284	6,419,026	5,432,970
12-2022	59,939	1	0.9	0.000	0.000	178,855	.000	1,452,800	7,871,826	6,475,990
12-2023	59,939	1	0.9	0.000	0.000	145,221	.000	1,165,201	9,037,027	7,236,210
12-2024	59,939	1	0.9	0.000	0.000	121,405	.000	978,508	10,015,536	7,816,395
12-2025	59,939	1	0.9	0.000	0.000	105,289	.000	840,657	10,856,193	8,269,414
12-2026	59,939	1	0.9	0.000	0.000	93,441	.000	739,316	11,595,509	8,631,577
12-2027	59,939	1	0.9	0.000	0.000	84,181	.000	660,109	12,255,618	8,925,531
12-2028	59,939	1	0.9	0.000	0.000	76,928	.000	598,074	12,853,692	9,167,613
12-2029	59,939	1	0.9	0.000	0.000	70,476	.000	542,881	13,396,573	9,367,357
12-2030	59,939	1	0.9	0.000	0.000	64,841	.000	494,687	13,891,260	9,532,835
12-2031	59,939	1	0.9	0.000	0.000	59,658	.000	450,346	14,341,606	9,689,794
12-2032	59,939	1	0.9	0.000	0.000	55,032	.000	410,783	14,752,390	9,783,359
12-2033	59,939	1	0.9	0.000	0.000	50,488	.000	371,917	15,124,307	9,876,825
12-2034	59,939	1	0.9	0.000	0.000	46,452	.000	337,391	15,461,698	9,953,913
12-2035	59,939	1	0.9	0.000	0.000	42,738	.000	305,626	15,767,324	10,017,399
12-2036	59,939	1	0.9	0.000	0.000	39,425	.000	277,253	16,044,607	10,069,759
12-2037	59,939	1	0.9	0.000	0.000	36,170	.000	249,440	16,294,047	10,112,576
S Tot	1,124,016			0.000	0.000	2,488,870	3,870,668	16,294,047	16,294,047	10,112,576
After	1,150,363			0.000	0.000	332,251	.000	1,691,570	17,985,617	10,289,058
Total	2,274,379			0.000	0.000	2,821,121	3,870,668	17,985,617	17,985,617	10,289,058
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
Oil Rate	Initial	Final	Units	Initial	Final	Units	Expense	Revenue	Oil	Gas
	28.855	128.	bbl/mo	96.3%	1.20	0.0%	86,1192	69,8704	5.00	13,028,449
Gas Rate	103.447	458.	Mcf/mo	0.0%	0.00	0.0%	16,1192	69,8704	8.00	11,222,388
GOR	3.580	3.580	scf/bbl						10.00	10,289,058
NGL Rate	278.	34.	bbl/mo						12.00	9,508,772
NGL Yield	2.7	75.8	bbl/MMcf						15.00	8,549,784
Gas Shrinkage	97.6	25.9	%						20.00	7,336,336
Oil Severance	4.6	4.6	%							
Gas Severance	7.5	7.5	%							
NGL Severance	7.5	7.5	%							
Ad Valorem	13.9		%							

Start Date: 03/2019 10 Months in year '19 38,029 Year Life (03/2057)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 575 DEFAULT 1/16/2019 12:12:37  
Oil, PDNP Table 4

Cawley, Gillespie & Associates, Inc.

**Table I - PUD**  
 Composite Reserve Estimates and Economic Forecasts  
 Lillis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Undeveloped Reserves  
 As of December 31, 2018

(1) End Mo-Year	(2) Gross Oil Production MMBBL'S	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBBL'S	(5) Net Oil Production MMBBL'S	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBBL'S	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	246.5	935.6	76.6	138,429	390,218	43,190	57.693	1.860	15,734
12-2020	1,612.6	7,180.3	588.1	1,112,113	3,680,608	407,377	57.693	1.860	15,734
12-2021	2,548.1	12,687.9	1,039.2	1,629,365	5,984,707	662,400	57.693	1.860	15,734
12-2022	3,106.5	14,266.0	1,167.6	2,021,393	6,793,038	750,761	57.693	1.860	15,734
12-2023	2,229.8	10,708.0	877.0	1,437,341	5,041,208	557,972	57.693	1.860	15,734
12-2024	1,541.7	7,351.8	602.1	996,760	3,477,107	384,854	57.693	1.860	15,734
12-2025	1,211.5	5,761.8	471.9	784,063	2,729,748	302,134	57.693	1.860	15,734
12-2026	1,011.5	4,804.0	393.5	655,014	2,278,163	252,152	57.693	1.860	15,734
12-2027	973.7	4,145.9	339.9	565,386	1,967,236	217,744	57.693	1.860	15,734
12-2028	774.1	3,670.8	300.7	501,569	1,742,649	192,880	57.693	1.860	15,734
12-2029	693.4	3,286.6	269.2	449,365	1,560,793	172,752	57.693	1.860	15,734
12-2030	630.3	2,987.1	244.7	408,594	1,418,931	157,500	57.693	1.860	15,734
12-2031	577.4	2,735.7	224.1	374,284	1,299,642	143,847	57.693	1.860	15,734
12-2032	532.2	2,521.2	206.5	344,985	1,197,807	131,576	57.693	1.860	15,734
12-2033	488.2	2,313.0	189.4	316,495	1,098,886	121,627	57.693	1.860	15,734
12-2034	449.2	2,128.1	174.3	291,192	1,011,032	111,903	57.693	1.860	15,734
12-2035	413.3	1,958.0	160.4	267,912	930,203	102,957	57.693	1.860	15,734
12-2036	381.2	1,806.2	147.9	247,140	858,084	94,975	57.693	1.860	15,734
12-2037	349.8	1,657.0	135.7	225,734	787,134	87,133	57.693	1.860	15,734
S Tot	19,671.0	92,894.1	7,608.5	12,768,724	44,237,353	4,896,284	57.693	1.860	15,734
After	3,327.5	15,711.8	1,286.9	2,158,276	7,466,064	826,360	57.693	1.860	15,734
Total	22,998.5	108,605.9	8,895.3	14,927,001	51,703,418	5,722,643	57.693	1.860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0
Ult	22,998.5	108,605.9	8,895.3	14,927,001	51,703,418	5,722,643	57.693	1.860	15,734

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	7,986,341	725,806	679,571	0,000	0,000	9,391,718	474,173	234,793	4,494
12-2020	64,160,940	6,845,931	6,408,840	0,000	0,000	77,416,711	4,726,757	2,843,093	4,066
12-2021	94,002,641	11,131,555	10,422,467	0,000	0,000	115,556,663	6,647,229	3,703,805	4,044
12-2022	116,619,238	12,616,450	11,812,772	0,000	0,000	141,048,461	8,029,714	4,464,334	4,319
12-2023	82,924,231	9,376,647	8,775,347	0,000	0,000	101,080,225	5,882,459	3,097,034	4,319
12-2024	57,505,871	6,467,420	6,055,440	0,000	0,000	70,028,730	3,962,496	2,178,997	4,921
12-2025	45,234,804	5,077,332	4,753,902	0,000	0,000	55,066,038	3,123,945	1,722,982	5,247
12-2026	37,789,616	4,237,382	3,967,458	0,000	0,000	45,994,456	2,613,155	1,444,009	5,546
12-2027	32,653,310	3,659,170	3,426,078	0,000	0,000	39,738,558	2,259,907	1,251,356	5,831
12-2028	28,936,934	3,241,328	3,034,853	0,000	0,000	35,213,115	2,003,917	1,109,695	6,101
12-2029	25,925,099	2,903,076	2,718,148	0,000	0,000	31,546,322	1,796,170	995,306	6,375
12-2030	23,572,936	2,639,211	2,471,091	0,000	0,000	28,683,237	1,633,795	905,775	6,638
12-2031	21,593,467	2,417,334	2,263,348	0,000	0,000	26,274,149	1,496,861	830,860	6,903
12-2032	19,903,188	2,227,921	2,086,000	0,000	0,000	24,217,089	1,373,741	765,169	7,172
12-2033	18,259,459	2,043,927	1,913,727	0,000	0,000	22,217,113	1,265,797	701,980	7,480
12-2034	16,799,661	1,880,520	1,760,730	0,000	0,000	20,440,911	1,164,600	645,859	7,804
12-2035	15,456,570	1,730,177	1,619,964	0,000	0,000	18,806,711	1,071,493	594,224	8,157
12-2036	14,226,712	1,596,036	1,494,367	0,000	0,000	17,348,615	968,419	549,153	8,527
12-2037	13,060,948	1,464,255	1,370,981	0,000	0,000	15,916,184	906,808	502,894	8,968
S Tot	736,663,446	82,281,477	77,040,085	0,000	0,000	895,985,008	51,227,437	28,537,618	5,296
After	124,517,011	13,886,880	13,002,275	0,000	0,000	151,406,166	8,643,365	4,806,489	15,159
Total	861,180,457	96,168,357	90,042,360	0,000	0,000	1,047,391,174	59,870,803	33,344,107	6,721

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10.0 % M\$
12-2019	65,944	2	1.5	0,000	0,000	974,538	34,271,908	-26,629,638	-24,642,726	
12-2020	487,138	14	12.1	0,000	0,000	7,605,804	128,027,875	-66,273,956	-92,903,594	-83,067,552
12-2021	1,177,099	26	21.8	0,000	0,000	11,185,753	103,954,643	-11,111,867	-104,016,461	-91,575,138
12-2022	1,875,618	37	31.0	0,000	0,000	13,844,051	102,724,165	-40,724,165	-63,291,296	-63,291,296
12-2023	2,159,970	37	31.0	0,000	0,000	9,843,805	0,000	80,286,866	17,005,660	-10,701,054
12-2024	2,159,970	37	31.0	0,000	0,000	6,828,032	0,000	54,900,136	71,905,796	21,883,968
12-2025	2,159,970	37	31.0	0,000	0,000	5,371,579	0,000	42,687,562	114,593,358	44,901,440
12-2026	2,159,970	37	31.0	0,000	0,000	4,487,748	0,000	35,289,574	149,882,932	62,195,340
12-2027	2,159,970	37	31.0	0,000	0,000	3,877,940	0,000	30,190,386	180,073,317	75,643,313
12-2028	2,159,970	37	31.0	0,000	0,000	3,436,682	0,000	26,502,851	206,576,168	86,373,199
12-2029	2,159,970	37	31.0	0,000	0,000	3,079,050	0,000	23,515,826	230,091,994	95,026,672
12-2030	2,159,970	37	31.0	0,000	0,000	2,799,721	0,000	21,183,976	251,275,970	102,113,294
12-2031	2,159,970	37	31.0	0,000	0,000	2,594,643	0,000	19,222,615	270,498,586	107,959,336
12-2032	2,159,970	37	31.0	0,000	0,000	2,363,894	0,000	17,548,316	288,046,901	112,810,679
12-2033	2,159,970	37	31.0	0,000	0,000	2,168,671	0,000	15,920,695	303,967,596	116,811,659
12-2034	2,159,970	37	31.0	0,000	0,000	1,995,291	0,000	14,475,191	318,442,788	120,118,908
12-2035	2,159,970	37	31.0	0,000	0,000	1,835,772	0,000	13,145,252	331,588,039	122,849,458
12-2036	2,159,970	37	31.0	0,000	0,000	1,693,444	0,000	11,959,628	343,546,668	125,107,587
12-2037	2,159,970	37	31.0	0,000	0,000	1,553,620	0,000	10,792,891	354,339,659	126,960,206
S Tot	36,005,349			0,000	0,000	87,510,039	338,365,005	354,339,559	354,339,559	126,960,206
After	44,942,531			0,000	0,000	14,781,897	0,000	78,231,884	432,571,443	134,869,497
Total	80,947,880			0,000	0,000	102,291,938	338,365,005	432,571,443	432,571,443	134,869,497

SEC Pricing YE2018			Percent	Cum. Disc.
Year	WTI Cushing Oil \$/STB	Henry Hub Gas \$/MMBTU		
2019	65.56	3.100	10.00	134,869,497
Thereafter	Flat	Flat	12.00	108,435,731
Cap	65.56	3.100	15.00	77,626,249
			20.00	41,982,369

12 Months in first year      42,932 Year Life(12/2061)

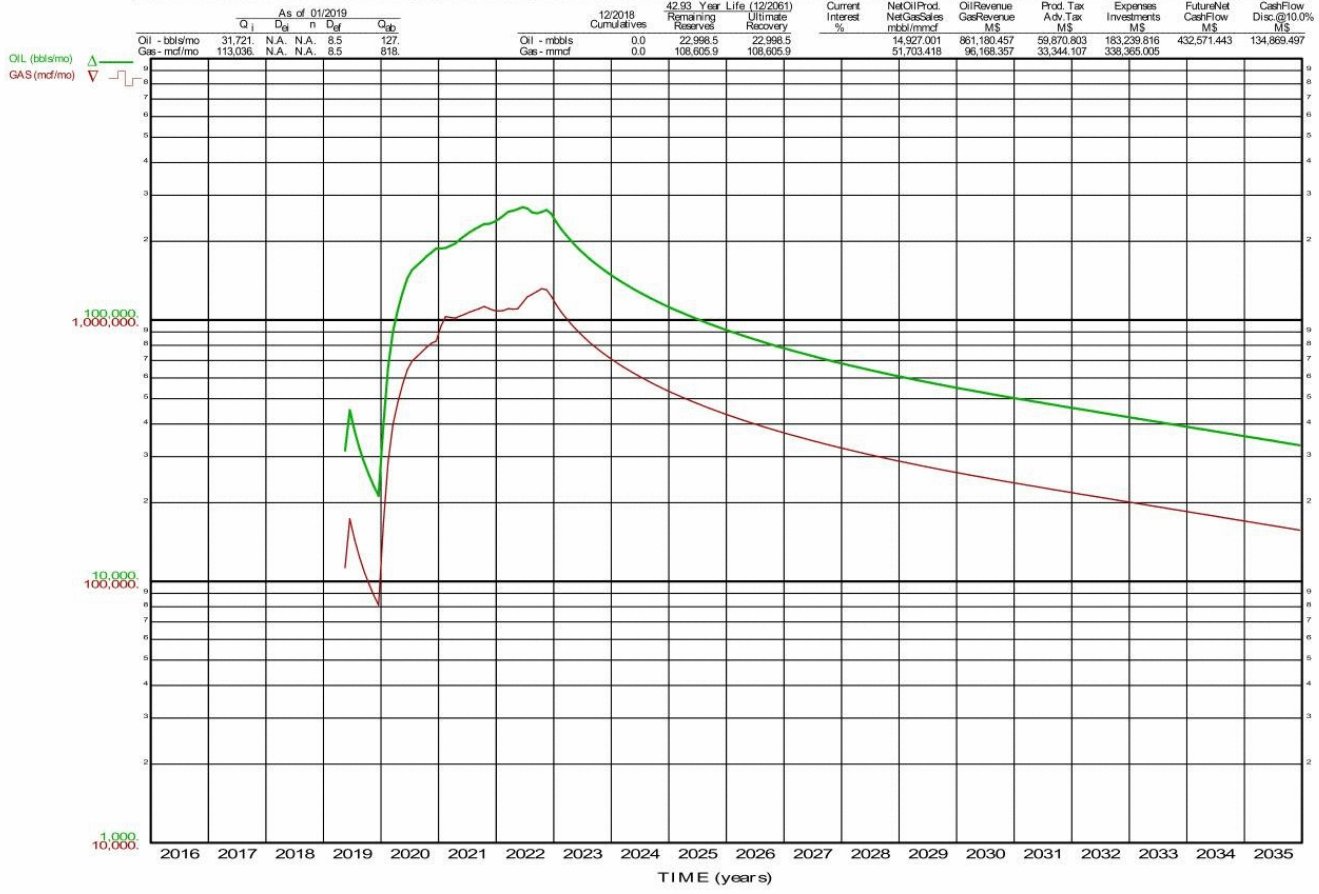
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

1/16/2019 12:12:37  
 Summary

Cawley, Gillespie & Associates, Inc.

Summary Plot- PUD  
 Liliis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Undeveloped Reserves

Gross Production



\* \* \* - Annual Averages Perf: 0. - 0 Status  
 First Production 00' 0 First Data 00' 0 Last Data 00' 0  
 01/16/2019 12:15:24 21 API

Cawley, Gillespie & Associates, Inc.

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 SUMMARY

**Table II - PUD**  
**Lease Reserve Summary**  
**Lilis Energy, Inc. Interests**  
**Delaware Basin Properties in Texas and New Mexico**  
**Proved Undeveloped Reserves**  
**As of December 31, 2018**

OPERATOR				Current	Well/Cnt	Ultimate	Gross	Net	Oil Revenue	Prod Tax	Expenses	Future Net	Cash Flow
LEASE NAME	Well No.	Start Date	ASN	Interest %	Life	Recovery	Reserves MBL / MMCF	Reserves	Gas Revenue MS / M\$	Adv. Tax MS / M\$	Investments MS / M\$	Cash Flow MS	Disc. @ 10.0 MS
<b>PHANTOM (WOLFCAMP A) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
A.G. HILL PUD 3 (1.0 WC A)	1	11/21	587	75.0000 NI	1	419.9	419.9	314.9	18,167.1	1,031.3	4,455.2	6,730.2	1,461.6
1 PUD OI				100.0000 WI	32.1	1,284.8	1,284.8	713.0	1,326.3	518.4	8,000.0		
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
A.G. HILL PUD 4 (1.0 WC B)	2	03/21	588	75.0000 NI	1	427.9	427.9	320.9	18,513.3	1,146.2	4,563.0	8,126.9	2,273.9
2 PUD OI				100.0000 WI	33.1	1,942.5	1,942.5	1,078.1	2,005.2	569.9	8,000.0		
<b>PHANTOM (3RD BONE SPRINGS) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
ANTELOPE PUD 1 (1.5 3RD BS)	3	07/22	564	77.3363 NI	1	291.2	291.2	225.2	12,992.0	1,090.5	3,748.6	6,194.8	1,129.9
3 PUD OI				100.0000 WI	31.7	3,168.1	3,168.1	1,813.1	3,372.3	488.0	8,000.0		
<b>PHANTOM (WOLFCAMP A) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
BISON PUD 1 (1.5 WC A)	4	05/22	590	69.3195 NI	1	619.0	619.0	429.1	24,755.8	1,450.1	5,333.9	11,768.0	3,193.1
4 PUD OI				91.2062 WI	37.0	2,216.1	2,216.1	1,136.8	2,114.4	721.2	9,576.6		
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
BISON PUD 2 (1.5 WC B)	5	11/20	591	69.3195 NI	1	629.9	629.9	436.6	25,191.1	1,559.6	5,429.4	13,146.8	4,400.4
5 PUD OI				91.2062 WI	37.7	2,859.7	2,859.7	1,466.9	2,728.5	761.9	9,576.6		
E AXISPUD 1 (1.5 WC B)	6	07/21	592	75.0000 NI	1	629.6	629.6	472.2	27,243.1	1,686.7	5,939.3	14,006.9	4,330.4
6 PUD OI				100.0000 WI	37.5	2,858.4	2,858.4	1,566.4	2,950.8	823.9	10,500.0		
<b>PHANTOM (WOLFCAMP A) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
E AXISPUD 2 (1.5 WC A)	7	04/22	593	75.0000 NI	1	614.9	614.9	461.2	26,605.8	1,510.4	5,789.9	11,807.2	3,028.6
7 PUD OI				100.0000 WI	36.5	1,881.5	1,881.5	1,044.3	1,942.3	759.2	10,500.0		
<b>PHANTOM (3RD BONE SPRINGS) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
ELK PUD 1 (1.5 3RD BS)	8	10/22	594	38.0028 NI	1	511.2	511.2	194.3	11,208.5	768.7	2,502.7	5,927.0	1,509.3
8 PUD OI				47.5350 WI	36.8	3,302.5	3,302.5	928.7	1,727.4	363.8	4,991.2		
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
ELK PUD 2 (1.5 WC B)	9	10/21	595	38.0028 NI	1	630.9	630.9	239.8	13,833.4	856.4	2,854.9	7,613.7	2,465.4
9 PUD OI				47.5350 WI	38.4	2,864.5	2,864.5	805.6	1,498.3	418.4	4,991.2		
GRIZZLY PUD 1 (1.5 WC B)	10	08/20	596	67.3550 NI	1	629.0	629.0	423.7	24,442.8	1,513.3	5,453.6	12,173.8	3,958.5
10 PUD OI				92.2769 WI	37.2	2,855.7	2,855.7	1,423.4	2,647.5	739.2	9,689.1		
GRIZZLY PUD 2 (1.5 WC B)	11	09/20	597	67.3550 NI	1	629.0	629.0	423.7	24,442.8	1,513.3	5,454.3	12,173.2	3,926.6
11 PUD OI				92.2769 WI	37.2	2,855.7	2,855.7	1,423.4	2,647.5	739.2	9,689.1		
<b>PHANTOM (WOLFCAMP A) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
KUDU PUD 1 (1.5 WC A)	12	12/20	598	38.6422 NI	1	618.5	618.5	239.0	13,788.8	807.7	3,028.6	6,371.2	1,907.7
12 PUD OI				51.9993 WI	36.7	2,214.2	2,214.2	633.2	1,177.7	401.7	5,459.9		
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>													
<b>LILIS ENERGY, INC.</b>													
KUDU PUD 2 (1.5 WC B)	13	05/21	599	37.9699 NI	1	629.2	629.2	238.9	13,784.0	853.4	3,049.4	6,947.2	2,133.3
13 PUD OI				51.5049 WI	37.3	2,856.7	2,856.7	802.7	1,493.0	416.9	5,408.0		

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 TEXAS REGISTERED ENGINEERING FIRM F-693.

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Table II - PUD (cont.)  
 Lease Reserve Summary  
 Lilis Energy, Inc. Interests  
 Delaware Basin Properties in Texas and New Mexico  
 Proved Undeveloped Reserves  
 As of December 31, 2018

OPERATOR				Current Interest %	Well/Cnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves	Oil Revenue Gas Revenue M\$ / M\$	Prod Tax Adv. Tax M\$ / M\$	Expenses Investments M\$ / M\$	Future Net Cash Flow M\$	Cash Flow Disc. @ 10.0 M\$	
LEASE NAME	Table Class	Major	Well No.											Start Date
PHANTOM (2ND BONE SPRINGS) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
LYNX PUD 1 (1.5 2ND BS)	14	PUD	Oil	11/22	600	66.5536 NI 88.7394 WI	1 36.4	621.3 1,677.4	621.3 1,677.4	413.5 826.1	23,855.0 1,536.6	1,324.4 670.8	5,164.3 7,099.1	12,571.8 4,046.2
PHANTOM (WOLFCAMPA) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
MOOSE PUD 1 (1.5 WC A)	15	PUD	Oil	03/22	601	62.3836 NI 77.2739 WI	1 37.8	620.3 2,220.7	620.3 2,220.7	387.0 1,025.2	22,325.7 1,906.8	1,307.8 650.4	4,568.3 8,113.8	11,377.6 3,394.9
PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
MOOSE PUD 2 (1.5 WC B)	16	PUD	Oil	07/20	602	62.3836 NI 77.2739 WI	1 38.5	631.1 2,865.4	631.1 2,865.4	393.7 1,322.8	22,715.3 2,460.4	1,406.3 687.0	4,648.8 8,113.8	12,623.5 4,647.7
PHANTOM (WOLFCAMP) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
NE AXIS 2H	17	PUD	Oil	05/19	576	55.0438 NI 73.3917 WI	1 36.5	614.9 1,881.5	614.9 1,881.5	338.5 766.4	19,526.4 1,425.5	1,108.5 557.2	4,249.8 4,070.7	12,300.4 6,577.2
PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
NW AXIS PUD 4 (1.5 WC B)	18	PUD	Oil	09/21	607	44.7568 NI 59.6758 WI	1 37.5	629.6 2,858.4	629.6 2,858.4	281.8 946.7	16,257.5 1,760.9	1,006.5 491.7	3,544.3 6,266.0	8,358.7 2,542.7
OSO PUD 3 (1.5 WC B)	19	PUD	Oil	06/21	609	69.8704 NI 86.1192 WI	1 38.6	631.2 2,865.8	631.2 2,865.8	441.0 1,481.7	25,445.4 2,756.1	1,575.3 769.5	5,185.3 9,042.5	14,209.2 4,815.4
PHANTOM (WOLFCAMP) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
OX 1H 1.5	20	PUD	Oil	05/19	502	57.2656 NI 76.3541 WI	1 37.5	629.6 2,858.4	629.6 2,858.4	360.6 1,211.3	20,801.3 2,253.0	1,287.8 629.1	4,534.8 4,808.8	13,903.3 7,276.5
PHANTOM (3RD BONE SPRINGS) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
OX PUD 1 (1.5 3RD BS)	21	PUD	Oil	08/22	610	57.2656 NI 76.3541 WI	1 31.3	290.7 3,162.6	290.7 3,162.6	166.5 1,340.2	9,603.6 2,492.8	806.1 360.8	2,839.0 6,108.3	4,316.2 669.9
PHANTOM (WOLFCAMPA) -- WINKLER COUNTY, TEXAS														
LILIS ENERGY, INC.														
OX PUD 2 (1.5 WC A)	22	PUD	Oil	01/22	611	57.2656 NI 76.3541 WI	1 36.5	614.9 1,881.5	614.9 1,881.5	352.1 797.3	20,314.6 1,483.0	1,153.3 579.7	4,421.3 8,017.2	9,014.9 2,367.2
TBD (WOLFCAMP A) -- LEA COUNTY, NEW MEXICO														
LILIS ENERGY, INC.														
TBD 17-20 PUD 1 (2.0 WC A)	23	PUD	Oil	12/21	614	79.3750 NI 100.0000 WI	1 37.9	685.7 2,153.0	685.7 2,153.0	544.3 1,264.6	31,399.5 2,352.2	2,587.9 1,797.7	6,259.8 13,382.0	11,926.8 2,328.6
TBD (WOLFCAMP B) -- LEA COUNTY, NEW MEXICO														
LILIS ENERGY, INC.														
TBD 17-20 PUD 2 (2.0 WC B)	24	PUD	Oil	02/20	615	79.3750 NI 100.0000 WI	1 39.5	744.1 3,378.0	744.1 3,378.0	590.6 1,984.2	34,073.1 3,690.5	2,983.2 2,061.0	6,683.6 13,382.0	16,109.3 5,106.3
TBD 17-20 PUD 3 (2.0 WC B)	25	PUD	Oil	04/20	616	79.3750 NI 100.0000 WI	1 39.5	744.1 3,378.0	744.1 3,378.0	590.6 1,984.2	34,073.1 3,690.5	2,983.2 2,061.0	6,684.2 13,382.0	16,108.8 5,027.1

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**Table II - PUD (cont.)**  
**Lease Reserve Summary**  
**Lilis Energy, Inc. Interests**  
**Delaware Basin Properties in Texas and New Mexico**  
**Proved Undeveloped Reserves**  
**As of December 31, 2018**

OPERATOR				Current	Well/Cnt	Ultimate	Gross	Net	Oil Revenue	Prod Tax	Expenses	Future Net	Cash Flow	
LEASE NAME	Well No.	Start	ASN	Interest	Life	Recovery	Reserves	Reserves	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0	
Table Class	Major	Date		%			MBBL / MMCF		MS / MS	MS / MS	MS / MS	MS	MS	
<b>TBD (WOLFCAMP XY) -- LEA COUNTY, NEW MEXICO</b>														
<b>LILIS ENERGY, INC.</b>														
TBD 17-20 PUD 4 (2.0 WC XY)				79,375.0	NI	1	566.3	566.3	449.5	25,831.3	2,320.8	5,541.4	9,160.3	1,111.9
26 PUD	Oil	02/21	617	100,000.0	WI	36.6	2,871.0	2,871.0	1,686.3	3,136.6	1,600.2	13,382.0		
<b>TBD (WOLFCAMP A) -- LEA COUNTY, NEW MEXICO</b>														
<b>LILIS ENERGY, INC.</b>														
TBD 18-19 PUD 1 (2.0 WC A)				79,375.0	NI	1	786.6	786.6	624.3	36,019.1	2,968.6	6,903.2	14,612.8	3,144.2
27 PUD	Oil	02/22	618	100,000.0	WI	39.5	2,469.8	2,469.8	1,450.7	2,696.3	2,062.2	14,697.0		
<b>TBD (WOLFCAMP B) -- LEA COUNTY, NEW MEXICO</b>														
<b>LILIS ENERGY, INC.</b>														
TBD 18-19 PUD 2 (2.0 WC B)				79,375.0	NI	1	855.0	855.0	678.7	39,154.5	3,428.1	7,382.6	19,490.2	6,366.2
28 PUD	Oil	05/20	619	100,000.0	WI	41.2	3,881.8	3,881.8	2,280.1	4,240.9	2,368.3	14,697.0		
TBD 18-19 PUD 3 (2.0 WC B)				79,375.0	NI	1	855.0	855.0	678.7	39,154.5	3,428.1	7,382.5	19,490.3	6,314.8
29 PUD	Oil	06/20	620	100,000.0	WI	41.2	3,881.8	3,881.8	2,280.1	4,240.9	2,368.3	14,697.0		
<b>PHANTOM (3RD BONE SPRINGS) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
TBD 22-23 PUD 2 (2.0 3RD BS)				60,625.9	NI	1	694.7	694.7	421.2	24,299.1	1,666.4	5,243.0	15,271.7	4,953.0
30 PUD	Oil	06/22	622	81,720.2	WI	39.4	4,487.9	4,487.9	2,013.4	3,745.0	788.8	8,580.6		
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
TBD 22-23 PUD 4 (2.0 WC B)				60,625.9	NI	1	854.7	854.7	518.1	29,893.4	1,850.7	6,019.5	15,378.1	5,061.8
31 PUD	Oil	01/20	624	81,720.2	WI	41.0	3,880.2	3,880.2	1,740.8	3,237.8	904.1	12,010.4		
TBD 22-23 PUD 5 (2.0 WC B)				60,625.9	NI	1	854.7	854.7	518.1	29,893.4	1,850.7	6,019.3	15,378.3	4,983.4
32 PUD	Oil	03/20	625	81,720.2	WI	41.0	3,880.2	3,880.2	1,740.8	3,237.8	904.1	12,010.4		
<b>PHANTOM (WOLFCAMP XY) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
TBD 5-14 PUD 2 (2.0 XY)				58,500.0	NI	1	391.1	391.1	228.8	13,199.6	1,432.1	3,630.5	10,288.5	3,214.4
33 PUD	Oil	01/21	627	78,000.0	WI	37.2	7,020.2	7,020.2	3,038.0	5,652.6	603.6	8,190.0		
<b>PHANTOM (3RD BONE SPRINGS) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
TIGER PUD 1 (1.5 3RD BS)				72,251.8	NI	1	511.9	511.9	369.9	21,338.0	1,463.4	4,616.9	11,791.7	3,196.4
34 PUD	Oil	09/22	628	87,056.8	WI	37.3	3,306.9	3,306.9	1,768.1	3,288.6	692.6	9,141.0		
<b>PHANTOM (WOLFCAMP B) -- WINKLER COUNTY, TEXAS</b>														
<b>LILIS ENERGY, INC.</b>														
TIGER PUD 2 (1.5 WC B)				72,251.8	NI	1	631.7	631.7	456.4	26,331.1	1,630.2	5,261.9	15,024.0	5,532.0
35 PUD	Oil	10/20	629	87,056.8	WI	38.9	2,867.8	2,867.8	1,533.3	2,852.0	796.3	9,141.0		
W AXIS PUD 4 (1.5 WC B)				73,867.3	NI	1	629.6	629.6	465.1	26,831.7	1,661.2	5,849.6	13,795.3	4,230.6
36 PUD	Oil	08/21	633	98,489.8	WI	37.5	2,858.4	2,858.4	1,562.5	2,906.2	811.5	10,341.4		
W SHAMMO PUD 1 (1.5 WC B)				37,924.1	NI	1	629.6	629.6	238.8	13,775.6	852.9	3,002.9	7,083.0	2,242.4
37 PUD	Oil	04/21	634	50,565.5	WI	37.5	2,858.4	2,858.4	802.2	1,492.1	416.6	5,309.4		
<b>GRAND TOTAL</b>														
						37	22,998.5	22,998.5	14,927.0	861,180.4	59,870.8	183,239.8	432,571.4	134,869.5
							108,605.9	108,605.9	51,703.4	96,168.4	33,344.1	338,365.0		

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 TEXAS REGISTERED ENGINEERING FIRM F-693.

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Rate-Time History-Forecast Curves  
And  
Tabular Reserves and Economics  
By Property

Cawley, Gillespie & Associates, Inc.  
Petroleum Consultants

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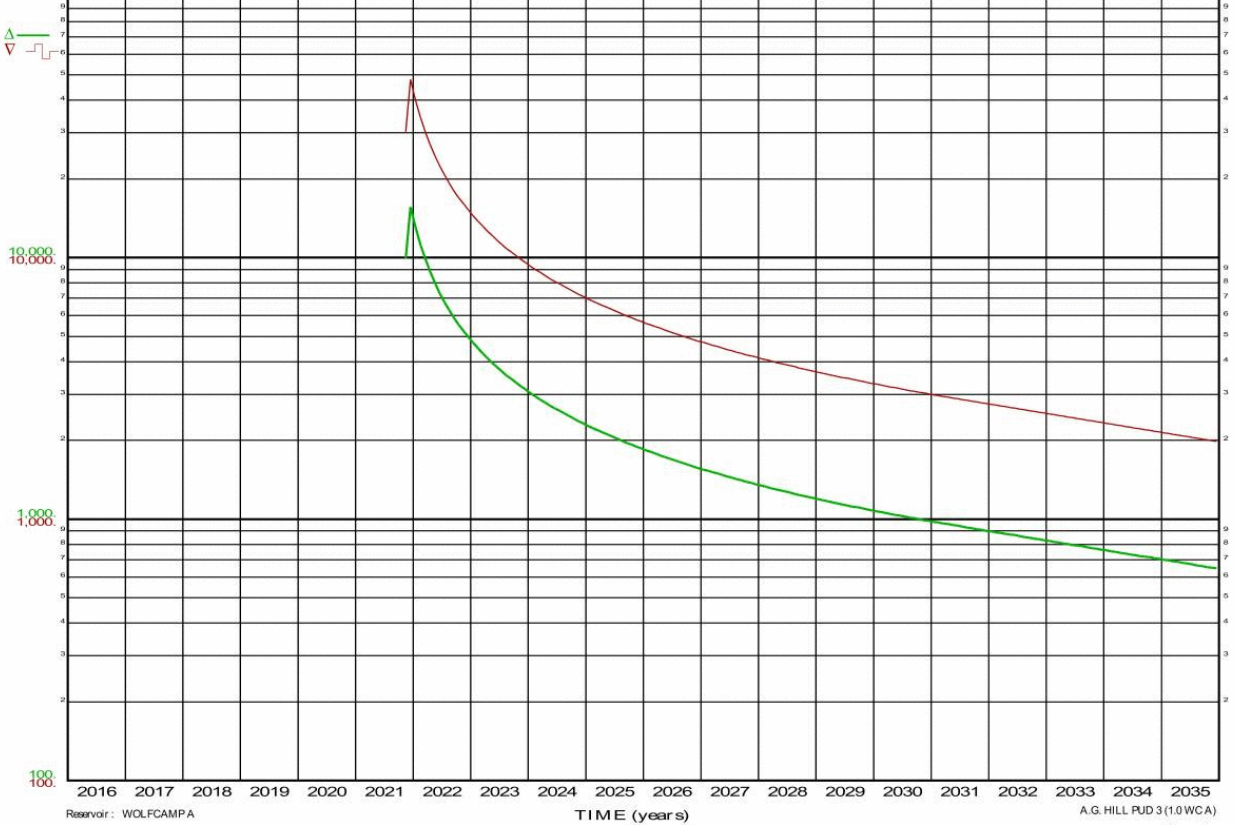
Figure 1  
 LILISENERGY, INC. -- A.G. HILL PUD 3 (1.0 WC A)  
 PHANTOM (WOLFCAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		35.03 Year Life (01/2054)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @ 10.0% M\$
Oil - bbls/mo	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>99</sub>	Q <sub>10</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	75,000 NI	314,893	18,167,059	1,031,345	4,455,195	6,730,190	1,461,608
Gas - mcf/mo	9,931	96.3	1.20	8.0	144	3,060	3,060	0.0	0.0	100,000 WI	713,044	1,326,261	518,377	8,000,000		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMP A

TIME (years)

A.G. HILL PUD 3 (1.0 WC A)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 587

**Table 1**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lilis Energy, Inc. Interests  
 Proved Undeveloped Reserves  
 LILIS ENERGY, INC. -- A.G. HILL PUD 3 (1.0 WCA)  
 PHANTOM (WOLFCAMPA) FIELD -- WINKLER COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	25.7	78.8	6.5	19,305	43,714	4,838	57.693	1,860	15,734
12-2022	92.9	284.1	23.3	69,642	157,698	17,454	57.693	1,860	15,734
12-2023	45.7	139.9	11.5	34,292	77,628	8,592	57.693	1,860	15,734
12-2024	31.8	97.2	8.0	23,833	53,967	5,973	57.693	1,860	15,734
12-2025	24.6	75.4	6.2	18,474	41,832	4,630	57.693	1,860	15,734
12-2026	20.3	62.2	5.1	15,239	34,508	3,819	57.693	1,860	15,734
12-2027	17.4	53.2	4.4	13,037	29,522	3,266	57.693	1,860	15,734
12-2028	15.3	46.8	3.8	11,463	25,957	2,873	57.693	1,860	15,734
12-2029	13.6	41.6	3.4	10,205	23,109	2,558	57.693	1,860	15,734
12-2030	12.3	37.7	3.1	9,237	20,916	2,315	57.693	1,860	15,734
12-2031	11.3	34.5	2.8	8,450	19,133	2,118	57.693	1,860	15,734
12-2032	10.4	31.8	2.6	7,792	17,644	1,953	57.693	1,860	15,734
12-2033	9.5	29.2	2.4	7,148	16,187	1,792	57.693	1,860	15,734
12-2034	8.8	26.8	2.2	6,577	14,893	1,648	57.693	1,860	15,734
12-2035	8.1	24.7	2.0	6,051	13,702	1,517	57.693	1,860	15,734
12-2036	7.4	22.8	1.9	5,582	12,640	1,399	57.693	1,860	15,734
12-2037	6.8	20.9	1.7	5,121	11,596	1,294	57.693	1,860	15,734
S Tot	361.9	1,107.5	90.7	271,439	614,646	68,030	57.693	1,860	15,734
After	57.9	177.3	14.5	43,454	98,398	10,891	57.693	1,860	15,734
Total	419.9	1,284.8	105.2	314,893	713,044	78,921	57.693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0
Ult	419.9	1,284.8	105.2	0	0	0	0	0	0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	1,113,747	81,306	76,128	0.000	0.000	1,271,182	63,227	31,780	4,870
12-2022	4,017,863	293,319	274,634	0.000	0.000	4,585,816	228,094	114,645	5,219
12-2023	1,977,829	144,389	135,191	0.000	0.000	2,257,409	112,892	56,435	6,889
12-2024	1,374,981	100,379	93,984	0.000	0.000	1,569,345	78,058	39,234	6,466
12-2025	1,065,792	77,807	72,850	0.000	0.000	1,216,449	60,505	30,411	7,016
12-2026	879,197	64,185	60,096	0.000	0.000	1,003,477	49,912	25,087	7,536
12-2027	752,188	54,911	51,413	0.000	0.000	856,492	42,701	21,462	8,036
12-2028	681,325	48,279	45,204	0.000	0.000	754,807	37,543	18,870	8,512
12-2029	588,769	42,982	40,244	0.000	0.000	671,996	33,424	16,800	8,988
12-2030	532,904	38,904	36,426	0.000	0.000	608,233	30,253	15,206	9,462
12-2031	487,481	35,588	33,321	0.000	0.000	556,390	27,674	13,910	9,918
12-2032	445,533	32,818	30,727	0.000	0.000	513,078	25,520	12,827	10,370
12-2033	412,416	30,108	28,190	0.000	0.000	470,714	23,413	11,768	10,892
12-2034	379,445	27,701	25,936	0.000	0.000	433,082	21,541	10,827	11,441
12-2035	349,109	25,496	23,863	0.000	0.000	398,458	19,819	9,961	12,038
12-2036	322,042	23,510	22,013	0.000	0.000	367,595	18,292	9,189	12,665
12-2037	295,452	21,569	20,196	0.000	0.000	337,216	16,773	8,430	13,394
S Tot	15,660,055	1,143,241	1,070,416	0.000	0.000	17,873,711	889,022	446,843	7,255
After	2,507,005	183,020	171,362	0.000	0.000	2,861,387	142,323	71,535	21,242
Total	18,167,059	1,326,261	1,241,777	0.000	0.000	20,735,098	1,031,345	518,377	9,185

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	8,893	1	1.0	0.000	0.000	135,906	8,000,000	-6,968,624	-6,968,624	-5,400,564
12-2022	69,600	1	1.0	0.000	0.000	490,282	0.000	3,693,194	-3,295,430	-2,735,254
12-2023	69,600	1	1.0	0.000	0.000	241,346	0.000	1,777,747	-1,507,693	-1,576,896
12-2024	69,600	1	1.0	0.000	0.000	167,783	0.000	1,214,670	-293,013	-855,834
12-2025	69,600	1	1.0	0.000	0.000	130,054	0.000	925,879	632,866	-356,519
12-2026	69,600	1	1.0	0.000	0.000	107,285	0.000	751,594	1,384,460	-11,852
12-2027	69,600	1	1.0	0.000	0.000	91,784	0.000	632,945	2,017,405	293,820
12-2028	69,600	1	1.0	0.000	0.000	80,699	0.000	548,095	2,565,500	515,742
12-2029	69,600	1	1.0	0.000	0.000	71,845	0.000	480,327	3,045,827	692,509
12-2030	69,600	1	1.0	0.000	0.000	65,028	0.000	428,147	3,473,973	835,745
12-2031	69,600	1	1.0	0.000	0.000	59,485	0.000	365,721	3,859,694	953,054
12-2032	69,600	1	1.0	0.000	0.000	54,855	0.000	309,276	4,209,970	1,049,895
12-2033	69,600	1	1.0	0.000	0.000	50,325	0.000	315,608	4,525,579	1,129,212
12-2034	69,600	1	1.0	0.000	0.000	46,302	0.000	284,812	4,810,390	1,194,288
12-2035	69,600	1	1.0	0.000	0.000	42,600	0.000	256,477	5,066,868	1,247,566
12-2036	69,600	1	1.0	0.000	0.000	39,297	0.000	231,196	5,298,064	1,291,226
12-2037	69,600	1	1.0	0.000	0.000	36,053	0.000	206,360	5,504,425	1,326,650
S Tot	1,122,493			0.000	0.000	1,910,928	8,000,000	5,504,425	5,504,425	1,326,650
After	1,115,845			0.000	0.000	305,919	0.000	1,225,766	6,730,190	1,461,608
Total	2,238,338			0.000	0.000	2,216,847	8,000,000	6,730,190	6,730,190	1,461,608

	Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Def	Initial	Final	Units	Final	Final			
Oil Rate	19.922	143.	bbl/mo	96.3%	1.20	0.0%				5.00	3,223,209	
Gas Rate	60.954	438.	Mcf/mo	0.0%	0.00	0.0%				8.00	2,037,059	
GOR	3.060	3.060	scf/bbl							10.00	1,461,608	
NGL Rate	2.453	36.	bbl/mo							12.00	1,007,505	
NGL Yield	40.2	83.9	bbl/MMcf							15.00	492,257	
Gas Shrinkage	63.1	25.9	%							20.00	-71,998	
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	18.1		%									

Start Date: 11/2021    2 Months in year '21    32.201 Year Life(01/2054)

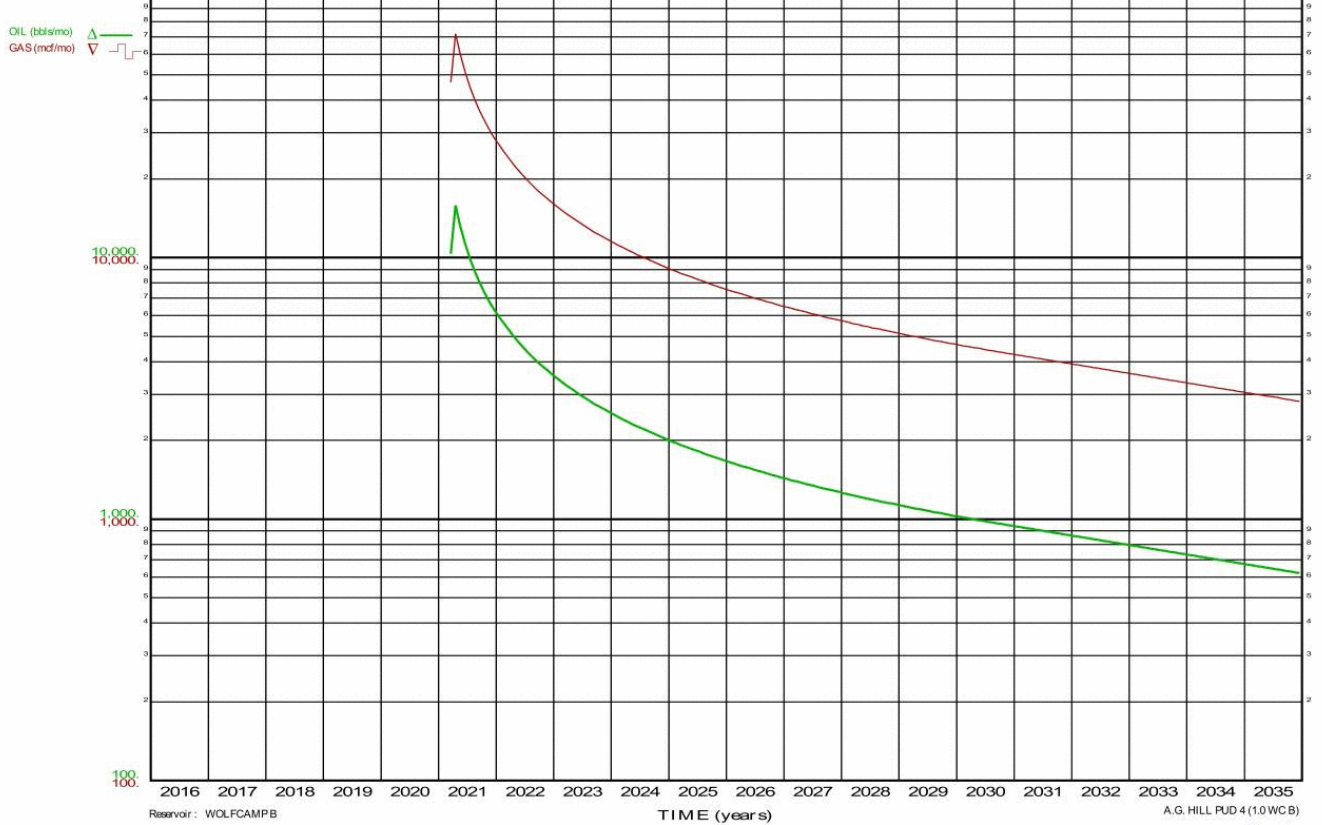
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 587    DEFAULT 1/16/2019 12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-693.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 1

Figure 2  
 LILISENERGY, INC. -- A.G. HILL PUD 4 (1.0 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				35.31 Year Life (04/2054)			Current		Net Oil Prod.		Oil Revenue		Prod. Tax		Expenses		Future Net		Cash Flow						
Oil - bbls/mo	Q <sub>1</sub>	D <sub>14</sub>	n	Q <sub>14</sub>	GOR - scf/bbl	Initial	Final	Interest %	Net Gas Sales mmbbl/mcf	Gas Revenue M\$	Adv. Tax M\$	Investments M\$	Net Cash Flow M\$	Disc. @10.0%	12/2018 Cumulative	Remaining Reserve	Ultimate Recovery	75,000 NI	100,000 WI	320,894	18,513,286	1,146,176	4,562,994	8,126,925	2,273,861
46,880	10,326	96.3	1.20	7.8	136	4,540	4,540								0.0	427.9	427.9			1,078,076	2,005,222	559,900	8,000,000		



Reservoir: WOLFCAMPB  
 Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

A.G. HILL PUD 4 (1.0 WC B)  
 TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 588

**Table 2**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- A.G. HILL PUD 4 (1.0 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	98.8	448.4	36.7	74.082	248.885	27.547	57.693	1.860	15.734
12-2022	58.0	249.5	20.4	41.218	138.477	15.327	57.693	1.860	15.734
12-2023	35.7	162.0	13.3	26.761	89.907	9.951	57.693	1.860	15.734
12-2024	27.0	122.7	10.0	20.289	68.097	7.537	57.693	1.860	15.734
12-2025	21.9	99.3	8.1	16.404	55.109	6.100	57.693	1.860	15.734
12-2026	18.5	84.1	6.9	13.899	46.662	5.165	57.693	1.860	15.734
12-2027	16.1	73.2	6.0	12.053	40.627	4.497	57.693	1.860	15.734
12-2028	14.4	65.2	5.3	10.767	36.174	4.004	57.693	1.860	15.734
12-2029	12.9	58.6	4.8	9.678	32.514	3.599	57.693	1.860	15.734
12-2030	11.8	53.4	4.4	8.825	29.648	3.282	57.693	1.860	15.734
12-2031	10.8	49.1	4.0	8.109	27.244	3.015	57.693	1.860	15.734
12-2032	10.0	45.3	3.7	7.480	25.131	2.799	57.693	1.860	15.734
12-2033	9.2	41.5	3.4	6.863	23.056	2.552	57.693	1.860	15.734
12-2034	8.4	38.2	3.1	6.314	21.213	2.348	57.693	1.860	15.734
12-2035	7.7	35.2	2.9	5.809	19.517	2.160	57.693	1.860	15.734
12-2036	7.1	32.4	2.7	5.359	18.004	1.993	57.693	1.860	15.734
12-2037	6.6	29.8	2.4	4.916	16.517	1.828	57.693	1.860	15.734
S.T. Total	371.8	1,687.9	138.2	278.837	936.782	103.685	57.693	1.860	15.734
After	56.1	254.6	20.9	42.057	141.294	15.639	57.693	1.860	15.734
Cum. Ult.	427.9	1,942.5	159.1	320.894	1,078.076	119.324	57.693	1.860	15.734

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	4,273.981	462.926	433.437	0.000	0.000	5,170.344	264.606	129.259	4,322
12-2022	2,377.992	257.596	241.159	0.000	0.000	2,876.718	147.224	71.918	4,845
12-2023	1,543.024	167.226	156.574	0.000	0.000	1,867.725	95.686	46.651	5,351
12-2024	1,169.391	128.660	118.591	0.000	0.000	1,414.642	72.398	35.366	5,813
12-2025	946.368	102.504	95.974	0.000	0.000	1,144.845	58.591	28.621	6,263
12-2026	801.309	86.792	81.263	0.000	0.000	969.364	49.610	24.234	6,689
12-2027	697.663	75.586	70.752	0.000	0.000	843.960	43.165	21.100	7,102
12-2028	621.200	67.284	62.986	0.000	0.000	751.481	38.459	18.787	7,495
12-2029	558.340	60.475	56.623	0.000	0.000	675.438	34.567	16.886	7,899
12-2030	509.131	55.145	51.633	0.000	0.000	615.909	31.521	15.398	8,285
12-2031	467.843	50.673	47.445	0.000	0.000	565.962	28.965	14.149	8,671
12-2032	431.571	46.745	43.767	0.000	0.000	522.082	26.719	13.052	9,072
12-2033	395.937	42.885	40.153	0.000	0.000	478.975	24.513	11.974	9,537
12-2034	364.283	39.456	36.943	0.000	0.000	440.682	22.553	11.017	10,026
12-2035	335.159	36.302	33.990	0.000	0.000	405.451	20.750	10.136	10,557
12-2036	309.174	33.487	31.354	0.000	0.000	374.016	19.141	9.350	11,116
12-2037	283.647	30.722	28.765	0.000	0.000	343.134	17.561	8.578	11,705
S.T. Total	16,086.912	1,742.415	1,631.422	0.000	0.000	19,460.749	995.957	486.519	6,235
After	2,426.373	262.807	246.066	0.000	0.000	2,935.246	150.219	73.381	18,886
Total	18,513.286	2,005.222	1,877.488	0.000	0.000	22,395.995	1,146.176	559.900	7,893

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	55.381	1	1.0	0.000	0.000	521.535	8,000.000	-3,800.437	-3,800.437	-3,286.248
12-2022	69.600	1	1.0	0.000	0.000	290.176	0.000	2,297.800	-1,502.637	-1,632.397
12-2023	69.600	1	1.0	0.000	0.000	188.398	0.000	1,467.447	-35.190	-673.843
12-2024	69.600	1	1.0	0.000	0.000	142.696	0.000	1,094.582	1,059.393	-24.373
12-2025	69.600	1	1.0	0.000	0.000	115.481	0.000	872.552	1,931.945	446.059
12-2026	69.600	1	1.0	0.000	0.000	97.780	0.000	728.140	2,690.085	802.871
12-2027	69.600	1	1.0	0.000	0.000	85.133	0.000	624.955	3,285.040	1,081.245
12-2028	69.600	1	1.0	0.000	0.000	75.802	0.000	548.833	3,833.873	1,303.444
12-2029	69.600	1	1.0	0.000	0.000	68.132	0.000	486.253	4,320.126	1,482.379
12-2030	69.600	1	1.0	0.000	0.000	62.127	0.000	437.264	4,757.389	1,628.655
12-2031	69.600	1	1.0	0.000	0.000	57.089	0.000	396.159	5,153.548	1,749.138
12-2032	69.600	1	1.0	0.000	0.000	52.663	0.000	360.048	5,513.597	1,848.679
12-2033	69.600	1	1.0	0.000	0.000	48.314	0.000	324.573	5,838.170	1,930.250
12-2034	69.600	1	1.0	0.000	0.000	44.452	0.000	293.060	6,131.231	1,997.210
12-2035	69.600	1	1.0	0.000	0.000	40.898	0.000	264.067	6,395.297	2,052.064
12-2036	69.600	1	1.0	0.000	0.000	37.727	0.000	236.197	6,633.494	2,097.046
12-2037	69.600	1	1.0	0.000	0.000	34.612	0.000	212.783	6,848.277	2,133.572
S.T. Total	1,168.981			0.000	0.000	1,963.016	8,000.000	6,846.277	6,846.277	2,133.572
After	1,134.918			0.000	0.000	296.080	0.000	1,280.647	8,126.925	2,273.861
Total	2,303.899			0.000	0.000	2,259.095	8,000.000	8,126.925	8,126.925	2,273.861

	Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Def	Initial	Final	Units	Final	Final			
Oil Rate	20.227	134.	bbl/mo	96.3%	1.20	0.0%				5.00	4,282.945	
Gas Rate	91.831	610.	Mcf/mo	0.0%	0.00	0.0%				8.00	2,940.715	
GOR	4.840	4,540.	scf/bbl							10.00	2,273.861	
NGL Rate	3.910	61.	bbl/mo							12.00	1,736.516	
NGL Yield	42.6	84.2	bbl/MMcf							15.00	1,109.263	
Gas Shrinkage	62.2	25.6	%							20.00	386.295	
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	18.1		%									

Start Date: 03/2021    10 Months in year '21    33,143 Year Life (04/2054)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 588    DEFAULT 1/16/2019 12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-693.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 2

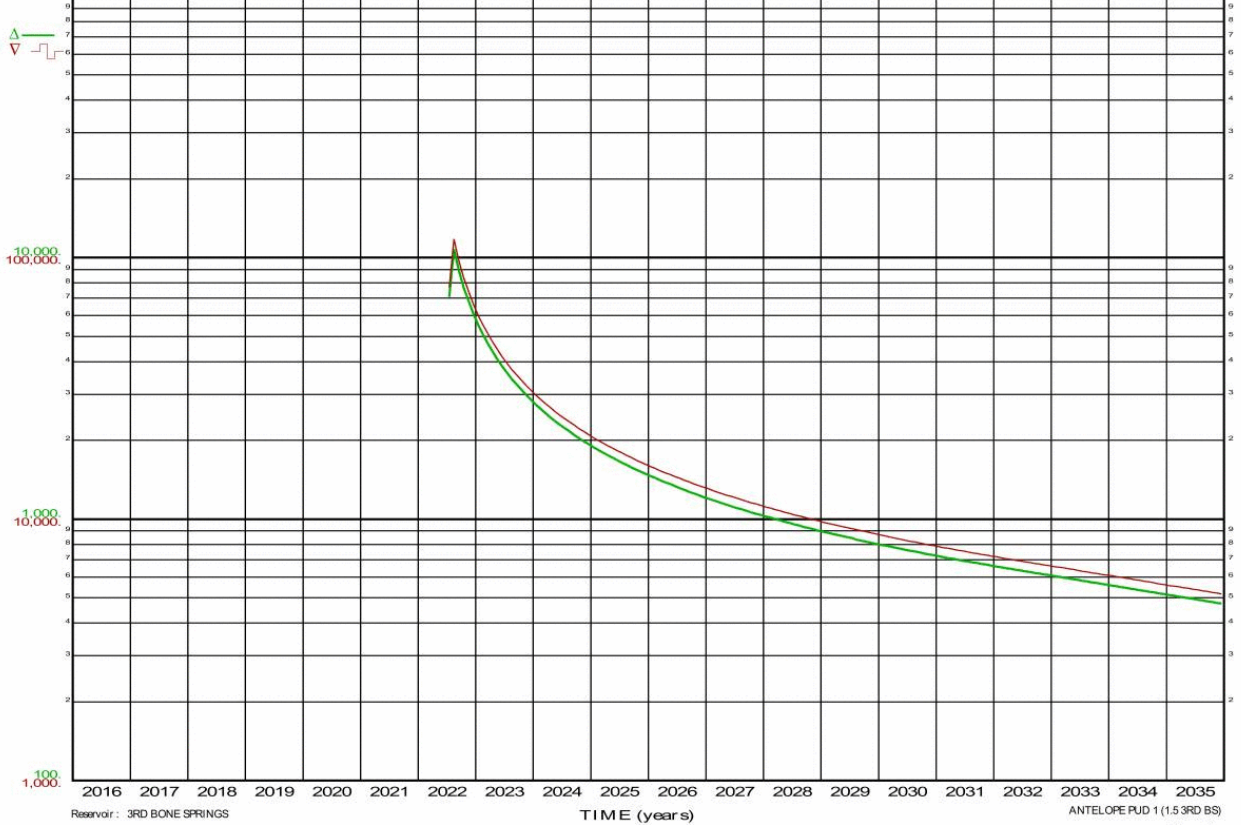
Figure 3  
 LILISENERGY, INC. -- ANTELOPE PUD 1 (1.5 3RD BS)  
 PHANTOM (3RD BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		35.31 Year Life (04/2054)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	Q <sub>10</sub>	Initial	Final	Cumulative	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
											%	mmbbl/mcf	M\$	M\$	M\$	M\$	M\$	
7,085	76,869	96.3	1.20	7.8	104	10,800	10,800	0.0	291.2	291.2	77.336 NI	225.194	12,992.048	1,090.471	3,748.570	6,194.794	1,129.889	
		0.0	0.00	7.8	1,129			0.0	3,168.1	3,168.1	100.000 WI	1,813.079	3,372.326	488.047	8,000.000			

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: 3RD BONE SPRINGS

ANTELOPE PUD 1 (1.5 3RD BS)

● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 564

Table 3  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Undeveloped Reserves  
LILIS ENERGY, INC. -- ANTELOPE JUD 1 (1.5 3RD BS)  
PHANTOM (3RD BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	0	0	0	0	0	0	0	0	0		
12-2021	0	0	0	0	0	0	0	0	0		
12-2022	47.9	521.0	42.7	37,031	298,146	32,999	57.693	1,860	15,734		
12-2023	46.9	510.1	41.8	36,257	291,912	32,309	57.693	1,860	15,734		
12-2024	27.6	300.2	24.6	21,341	171,822	19,018	57.693	1,860	15,734		
12-2025	20.0	218.0	17.9	15,496	124,762	13,809	57.693	1,860	15,734		
12-2026	16.0	173.6	14.2	12,338	99,337	10,995	57.693	1,860	15,734		
12-2027	13.3	145.2	11.9	10,322	83,105	9,196	57.693	1,860	15,734		
12-2028	11.6	125.7	10.3	8,936	71,946	7,963	57.693	1,860	15,734		
12-2029	10.2	110.7	9.1	7,866	63,334	7,010	57.693	1,860	15,734		
12-2030	9.1	99.3	8.1	7,059	56,833	6,290	57.693	1,860	15,734		
12-2031	8.3	90.2	7.4	6,414	51,640	5,716	57.693	1,860	15,734		
12-2032	7.6	83.0	6.8	5,896	47,400	5,266	57.693	1,860	15,734		
12-2033	7.0	76.1	6.2	5,411	43,567	4,822	57.693	1,860	15,734		
12-2034	6.4	70.0	5.7	4,979	40,084	4,437	57.693	1,860	15,734		
12-2035	5.9	64.4	5.3	4,581	36,879	4,082	57.693	1,860	15,734		
12-2036	5.5	59.4	4.9	4,225	34,020	3,765	57.693	1,860	15,734		
12-2037	5.0	54.5	4.5	3,911	31,211	3,455	57.693	1,860	15,734		
S.T ot	248.3	2,701.6	221.3	192,032	1,546,091	171,125	57.693	1,860	15,734		
After	42.9	466.5	38.2	33,161	266,988	29,551	57.693	1,860	15,734		
Total	291.2	3,168.1	259.5	225,194	1,813,079	200,675	57.693	1,860	15,734		
Cum Ult	0	0	0	0	0	0	0	0	0		
291.2	3,168.1	259.5	225,194	1,813,079	200,675	200,675	57.693	1,860	15,734		
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2022	2,136,434	654,551	518,226	0.00	0.00	3,210,213	179,319	80,255	2,635		
12-2023	2,091,767	542,957	506,370	0.00	0.00	3,143,093	175,070	78,577	2,635		
12-2024	1,231,235	319,590	299,232	0.00	0.00	1,850,056	103,342	46,251	3,454		
12-2025	894,013	232,058	217,275	0.00	0.00	1,343,346	75,038	33,584	3,875		
12-2026	711,821	184,766	172,997	0.00	0.00	1,069,584	59,746	26,740	4,268		
12-2027	585,507	154,575	144,728	0.00	0.00	884,810	49,983	22,370	4,646		
12-2028	515,561	133,823	125,299	0.00	0.00	774,683	43,273	19,367	5,004		
12-2029	453,838	117,802	110,298	0.00	0.00	681,938	38,092	17,048	5,366		
12-2030	407,249	105,709	98,975	0.00	0.00	611,933	34,182	15,298	5,713		
12-2031	370,038	96,050	89,932	0.00	0.00	556,020	31,059	13,900	6,052		
12-2032	340,298	88,351	82,704	0.00	0.00	511,353	28,563	12,783	6,377		
12-2033	312,191	81,035	75,873	0.00	0.00	469,099	26,203	11,727	6,740		
12-2034	287,232	74,556	69,807	0.00	0.00	431,596	24,108	10,790	7,123		
12-2035	264,269	68,596	64,226	0.00	0.00	397,091	22,181	9,927	7,539		
12-2036	243,780	63,278	59,247	0.00	0.00	366,304	20,481	9,158	7,976		
12-2037	223,652	58,053	54,355	0.00	0.00	336,059	18,772	8,401	8,484		
S.T ot	11,078,885	2,875,729	2,692,543	0.00	0.00	16,647,157	929,892	416,179	4,256		
After	1,913,164	496,597	464,963	0.00	0.00	2,874,724	160,579	71,868	14,053		
Total	12,992,048	3,372,326	3,157,506	0.00	0.00	19,521,881	1,090,471	488,047	5,699		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$	
12-2019	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2020	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2021	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2022	32,181	1	1.0	0.00	0.00	252,824	8,000,000	-5,334,359	-5,334,359	-3,934,830	
12-2023	69,600	1	1.0	0.00	0.00	247,538	0.00	-2,571,808	-2,762,561	-2,249,707	
12-2024	69,600	1	1.0	0.00	0.00	145,704	0.00	1,485,159	-1,277,402	-1,367,456	
12-2025	69,600	1	1.0	0.00	0.00	105,797	0.00	1,059,328	-218,074	-795,967	
12-2026	69,600	1	1.0	0.00	0.00	84,236	0.00	829,262	611,188	-389,440	
12-2027	69,600	1	1.0	0.00	0.00	70,472	0.00	662,395	1,293,573	-85,401	
12-2028	69,600	1	1.0	0.00	0.00	61,011	0.00	581,432	1,875,005	150,045	
12-2029	69,600	1	1.0	0.00	0.00	53,707	0.00	503,491	2,378,496	335,352	
12-2030	69,600	1	1.0	0.00	0.00	48,194	0.00	444,659	2,823,155	484,121	
12-2031	69,600	1	1.0	0.00	0.00	43,790	0.00	397,671	3,220,826	605,071	
12-2032	69,600	1	1.0	0.00	0.00	40,271	0.00	360,117	3,580,942	704,632	
12-2033	69,600	1	1.0	0.00	0.00	36,945	0.00	324,624	3,905,566	786,215	
12-2034	69,600	1	1.0	0.00	0.00	33,991	0.00	293,107	4,198,673	853,186	
12-2035	69,600	1	1.0	0.00	0.00	31,273	0.00	264,109	4,462,762	908,049	
12-2036	69,600	1	1.0	0.00	0.00	28,849	0.00	236,236	4,701,019	953,038	
12-2037	69,600	1	1.0	0.00	0.00	26,467	0.00	212,819	4,913,838	989,971	
S.T ot	1,076,181			0.00	0.00	1,311,068	8,000,000	4,913,838	4,913,838	989,971	
After	1,134,918			0.00	0.00	226,403	0.00	1,280,956	6,194,794	1,129,889	
Total	2,211,099			0.00	0.00	1,537,471	8,000,000	6,194,794	6,194,794	1,129,889	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	13,839	102	bbl/mo	96.3%	1.20	0.0%	Initial	Final	5.00	2,777,822	
Gas Rate	150,574	1,119	Mcf/mo	0.0%	0.00	0.0%	3,180	5,800	8.00	1,659,810	
GOR	10,800	10,800	scf/bbl						10.00	1,129,889	
NGL Rate	6,412	94	bbl/mo						12.00	720,005	
NGL Yield	42.6	84.2	bbl/MMcf						15.00	267,307	
Gas Shrinkage	62.2	25.4	%						20.00	-204,774	
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	17.7		%								

Start Date: 07/2022 6 Months in year '22 31.810 Year Life(04/2054)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 564 DEFAULT 1/16/2019 12:12:37  
Oil, PUD  
Table 3

Cawley, Gillespie & Associates, Inc.

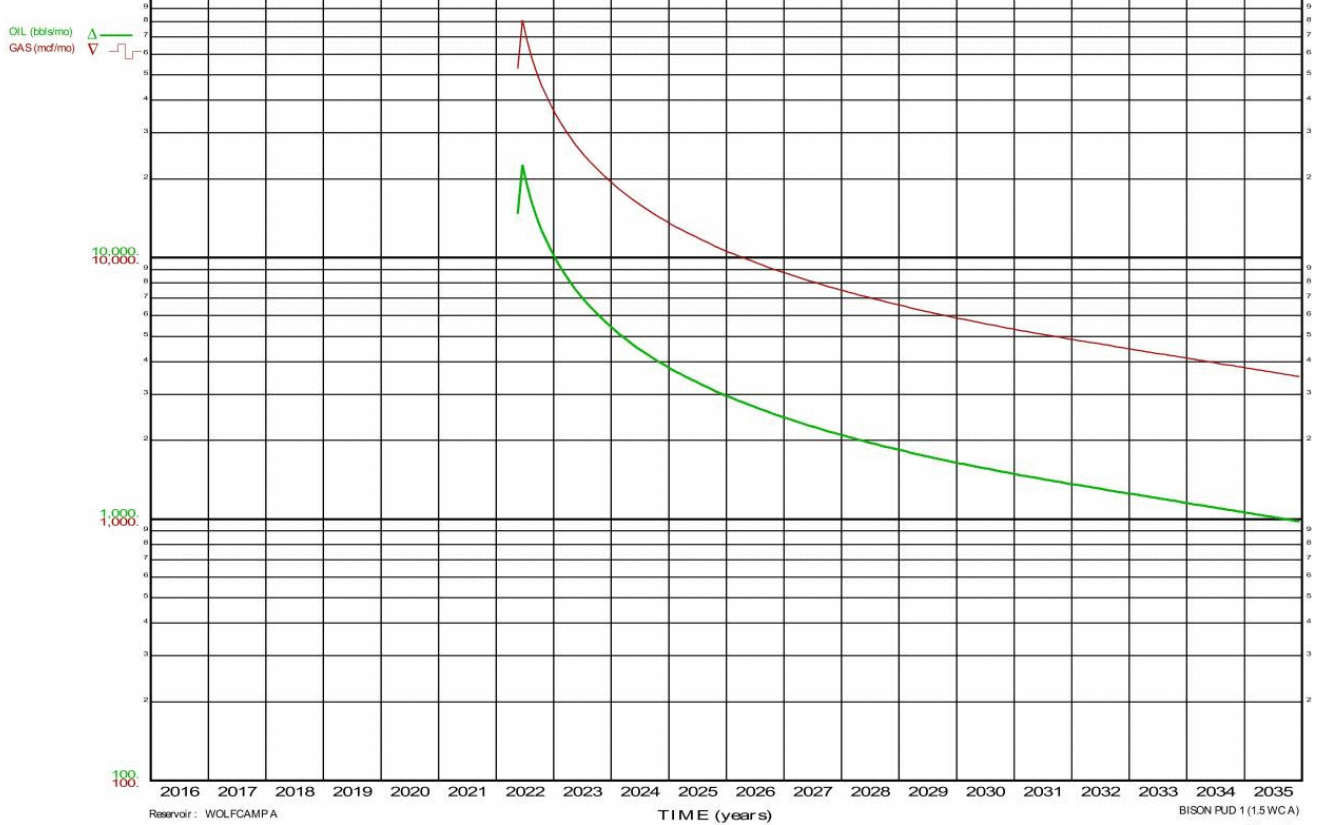


Figure 4  
 LILISENERGY, INC. -- BISON PUD 1 (1.5 WC A)  
 PHANTOM (WOLFCAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		40.44 Year Life (06/2059)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$		
Oil - bbls/mo	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>99</sub>	Q <sub>10</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	12/2018 Remaining Reserve	Ultimate Recovery							
Gas - mcf/mo	14,751	96.3	1.20	8.0	139	3,580	3,580	0.0	0.0	619.0	619.0	69.319 NI	429.097	24,755.822	1,450,106	5,333,857	11,768,039	3,193,107
	52,810	0.0	0.00	8.0	497			0.0	0.0	2,216.1	2,216.1	91.206 WI	1,136.764	2,114.382	721,247	9,576,649		



Reservoir: WOLFCAMP A

TIME (years)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 590



**Table 4**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. - BISON PUD 1 (1.5 WCA)**  
**PHANTOM (WOLFCAMPA) FIELD - WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	0	0	0	0	0	0	0	0	0		
12-2021	0	0	0	0	0	0	0	0	0		
12-2022	122.2	437.4	35.9	84,687	224,353	24,832	57,693	1,860	15,734		
12-2023	87.0	311.4	25.5	60,290	159,719	17,676	57,693	1,860	15,734		
12-2024	54.1	193.8	15.9	37,527	99,416	11,004	57,693	1,860	15,734		
12-2025	40.1	143.5	11.8	27,787	73,613	8,148	57,693	1,860	15,734		
12-2026	32.2	115.4	9.5	22,349	59,208	6,553	57,693	1,860	15,734		
12-2027	27.1	97.2	8.0	18,814	49,843	5,517	57,693	1,860	15,734		
12-2028	23.6	84.5	6.9	16,357	43,334	4,796	57,693	1,860	15,734		
12-2029	20.8	74.6	6.1	14,443	38,263	4,235	57,693	1,860	15,734		
12-2030	18.7	67.1	5.5	12,990	34,414	3,809	57,693	1,860	15,734		
12-2031	17.1	61.1	5.0	11,825	31,327	3,467	57,693	1,860	15,734		
12-2032	15.7	56.2	4.6	10,886	28,639	3,192	57,693	1,860	15,734		
12-2033	14.4	51.6	4.2	9,987	26,458	2,928	57,693	1,860	15,734		
12-2034	13.3	47.5	3.9	9,189	24,342	2,694	57,693	1,860	15,734		
12-2035	12.2	43.7	3.6	8,454	22,396	2,479	57,693	1,860	15,734		
12-2036	11.3	40.3	3.3	7,799	20,690	2,287	57,693	1,860	15,734		
12-2037	10.3	37.0	3.0	7,155	19,054	2,098	57,693	1,860	15,734		
S Tot	520.1	1,862.0	152.5	360,539	955,139	105,717	57,693	1,860	15,734		
After	98.9	354.1	29.0	68,558	181,625	20,103	57,693	1,860	15,734		
Total	619.0	2,216.1	181.5	429,097	1,136,764	125,819	57,693	1,860	15,734		
Cum Ult	0	0	0	0	0	0	0	0	0		
619.0	2,216.1	181.5	0	0	0	0	0	0	0		
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2022	4,895,638	417,287	390,715	0.00	0.00	5,693,640	296,195	142,346	4,545		
12-2023	3,478,278	297,076	278,154	0.00	0.00	4,053,508	203,745	101,938	4,072		
12-2024	2,165,032	184,914	173,135	0.00	0.00	2,523,081	126,820	63,077	5,293		
12-2025	1,603,107	136,921	128,199	0.00	0.00	1,868,226	93,904	46,706	5,656		
12-2026	1,289,397	110,127	103,112	0.00	0.00	1,502,636	75,528	37,566	5,997		
12-2027	1,085,442	92,707	86,802	0.00	0.00	1,264,951	63,581	31,624	6,324		
12-2028	943,704	80,601	75,467	0.00	0.00	1,099,772	55,279	27,494	6,634		
12-2029	833,288	71,169	66,635	0.00	0.00	971,073	48,810	24,277	6,949		
12-2030	749,458	64,011	59,933	0.00	0.00	873,402	43,901	21,835	7,250		
12-2031	682,214	58,268	54,556	0.00	0.00	795,038	39,962	19,876	7,546		
12-2032	626,035	53,640	50,223	0.00	0.00	731,859	36,788	18,297	7,829		
12-2033	576,179	49,211	46,076	0.00	0.00	671,467	33,750	16,787	8,151		
12-2034	530,115	45,277	42,393	0.00	0.00	617,784	31,052	15,445	8,489		
12-2035	487,734	41,657	39,003	0.00	0.00	568,394	28,570	14,210	8,857		
12-2036	449,919	38,427	35,980	0.00	0.00	524,326	26,355	13,108	9,244		
12-2037	412,771	35,255	33,009	0.00	0.00	481,034	24,179	12,026	9,683		
S Tot	20,800,492	1,776,559	1,663,391	0.00	0.00	24,240,442	1,218,417	606,011	5,942		
After	3,955,330	337,823	316,303	0.00	0.00	4,609,456	231,689	115,236	16,417		
Total	24,755,822	2,114,382	1,979,694	0.00	0.00	28,849,898	1,450,106	721,247	7,616		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$	
12-2019	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2020	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2021	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2022	39,931	1	0.9	0.00	0.00	588,329	9,576,649	-4,939,600	-4,939,600	-3,776,140	
12-2023	63,480	1	0.9	0.00	0.00	418,837	0.00	3,266,110	-1,673,490	-1,637,786	
12-2024	63,480	1	0.9	0.00	0.00	260,703	0.00	2,009,003	335,512	-444,667	
12-2025	63,480	1	0.9	0.00	0.00	193,038	0.00	1,471,098	1,806,611	348,848	
12-2026	63,480	1	0.9	0.00	0.00	155,263	0.00	1,170,799	2,977,410	922,747	
12-2027	63,480	1	0.9	0.00	0.00	130,704	0.00	975,563	3,952,973	1,357,377	
12-2028	63,480	1	0.9	0.00	0.00	113,636	0.00	839,884	4,792,856	1,697,456	
12-2029	63,480	1	0.9	0.00	0.00	100,338	0.00	734,168	5,527,025	1,967,647	
12-2030	63,480	1	0.9	0.00	0.00	90,246	0.00	653,941	6,180,966	2,186,424	
12-2031	63,480	1	0.9	0.00	0.00	82,149	0.00	589,572	6,770,538	2,965,732	
12-2032	63,480	1	0.9	0.00	0.00	75,625	0.00	537,009	7,308,247	3,914,384	
12-2033	63,480	1	0.9	0.00	0.00	69,381	0.00	488,069	7,796,316	4,637,039	
12-2034	63,480	1	0.9	0.00	0.00	63,834	0.00	443,974	8,240,290	5,238,477	
12-2035	63,480	1	0.9	0.00	0.00	59,731	0.00	403,405	8,643,695	5,822,272	
12-2036	63,480	1	0.9	0.00	0.00	54,177	0.00	367,207	9,010,902	6,281,611	
12-2037	63,480	1	0.9	0.00	0.00	49,704	0.00	331,646	9,342,548	6,648,639	
S Tot	992,123			0.00	0.00	2,504,694	9,576,649	9,342,548	9,342,548	2,948,539	
After	1,360,758			0.00	0.00	476,282	0.00	2,425,492	11,768,039	3,193,107	
Total	2,352,881			0.00	0.00	2,980,976	9,576,649	11,768,039	11,768,039	3,193,107	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Initial	Final	Final		
Oil Rate	28,895	138	bbl/mo	96.3%	1.20	0.0%	3,179	5,798	\$/wmo	5.00	5,996,872
Gas Rate	103,447	494	Mcf/mo	0.0%	0.00	0.0%				8.00	4,098,732
GOR	3,580	3,580	scf/bbl							10.00	3,193,107
NGL Rate	4,405	41	bbl/mo							12.00	2,482,114
NGL Yield	42.6	83.9	bbl/MMcf							15.00	1,677,467
Gas Shrinkage	62.2	25.9	%							20.00	793,620
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	16.5		%								

Start Date: 05/2022    8 Months in year '22    37.108 Year Life(06/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 590

DEFAULT 1/16/2019 12:12:37  
 Oil, PUD  
 Table 4

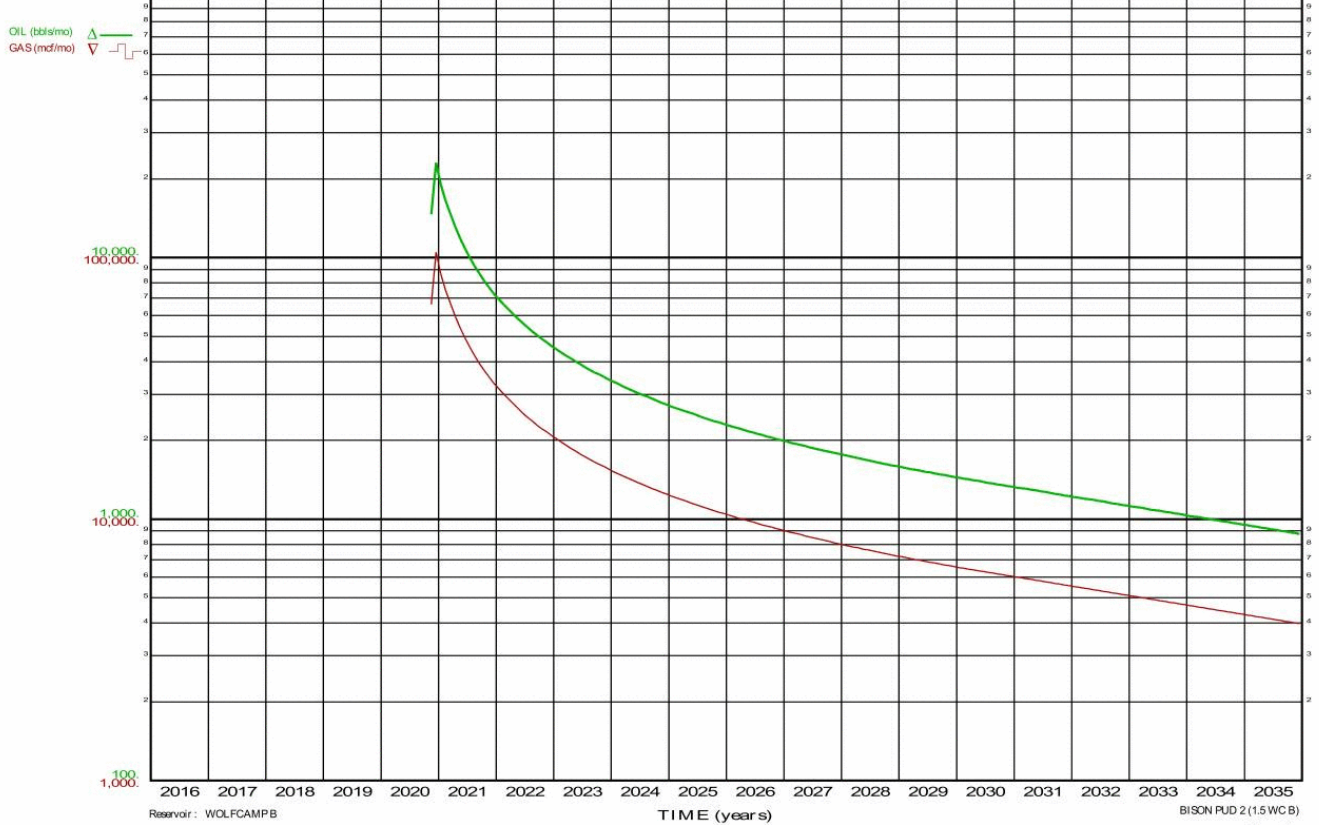
Cawley, Gillespie & Associates, Inc.

Figure 5  
 LILISENERGY, INC. -- BISON PUD 2 (1.5 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018		39.62 Year Life (08/2058)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>10</sub>	Q <sub>10</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow
Gas - mcf/mo	14,631	96.3	1.20	8.0	134	4,540	4,540	0.0	629.9	629.9	%	mbls/mmcf	M\$	M\$	M\$	M\$
	66,424	0.0	0.00	8.0	606	4,540	4,540	0.0	2,859.7	2,859.7	69.319 NI	436,643	25,191,149	1,559,610	5,429,433	13,146,826
											91.206 WI	1,466,945	2,728,518	761,859	9,576,649	4,400,450



Reservoir: WOLFCAMPB  
 Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\PU2.out  
 (DEFAULT) ASN 591

**Table 5**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. - BISON PUD 2 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD - WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	37.9	172.2	14.1	26.287	88.315	9.775	57.693	1.860	15.734		
12-2021	136.8	621.1	50.9	94.832	318.597	35.263	57.693	1.860	15.734		
12-2022	67.3	305.7	25.0	46.692	156.832	17.359	57.693	1.860	15.734		
12-2023	46.7	212.0	17.4	32.376	108.771	12.039	57.693	1.860	15.734		
12-2024	36.4	165.3	13.5	25.232	84.771	9.383	57.693	1.860	15.734		
12-2025	29.9	135.9	11.1	20.751	69.716	7.716	57.693	1.860	15.734		
12-2026	25.6	116.3	9.5	17.753	59.643	6.601	57.693	1.860	15.734		
12-2027	22.5	102.0	8.4	15.589	52.305	5.789	57.693	1.860	15.734		
12-2028	20.1	91.3	7.5	13.937	46.821	5.182	57.693	1.860	15.734		
12-2029	18.1	82.4	6.7	12.578	42.257	4.677	57.693	1.860	15.734		
12-2030	16.6	75.4	6.2	11.506	38.655	4.278	57.693	1.860	15.734		
12-2031	15.3	69.3	5.7	10.582	35.552	3.935	57.693	1.860	15.734		
12-2032	14.1	63.9	5.2	9.762	32.796	3.630	57.693	1.860	15.734		
12-2033	12.9	58.7	4.8	8.956	30.088	3.330	57.693	1.860	15.734		
12-2034	11.9	54.0	4.4	8.240	27.683	3.064	57.693	1.860	15.734		
12-2035	10.9	49.7	4.1	7.581	25.469	2.819	57.693	1.860	15.734		
12-2036	10.1	45.8	3.8	6.993	23.455	2.600	57.693	1.860	15.734		
12-2037	9.3	42.0	3.4	6.416	21.656	2.386	57.693	1.860	15.734		
S Tot	542.5	2,462.8	201.7	376.033	1,263.320	139.827	57.693	1.860	15.734		
After	87.4	397.0	32.5	60.610	203.625	22.538	57.693	1.860	15.734		
Total	629.9	2,859.7	234.2	436.643	1,466.945	162.365	57.693	1.860	15.734		
Cum Ult	0	0	0	0	0	0	0	0	0		
629.9	2,859.7	234.2	0	0	0	0	0	0	0		
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2020	1,516.585	164.265	153.801	0.000	0.000	1,834.651	93.893	45.866	4.027		
12-2021	5,471.109	592.590	554.842	0.000	0.000	6,618.541	338.722	168.464	4.228		
12-2022	2,693.203	291.708	273.126	0.000	0.000	3,258.036	166.739	81.451	4.611		
12-2023	1,867.864	202.313	189.426	0.000	0.000	2,259.603	115.641	58.690	4.864		
12-2024	1,455.727	157.674	147.630	0.000	0.000	1,761.031	90.126	44.026	5.252		
12-2025	1,197.199	129.672	121.412	0.000	0.000	1,448.282	74.120	36.207	5.554		
12-2026	1,024.224	110.936	103.870	0.000	0.000	1,238.030	63.411	30.976	5.841		
12-2027	898.236	97.287	91.080	0.000	0.000	1,086.582	55.609	27.165	6.119		
12-2028	804.043	87.088	81.540	0.000	0.000	972.671	49.779	24.317	6.384		
12-2029	725.653	78.597	73.591	0.000	0.000	877.841	44.926	21.946	6.657		
12-2030	663.801	71.898	67.318	0.000	0.000	803.018	41.097	20.075	6.918		
12-2031	610.524	66.127	61.915	0.000	0.000	738.566	37.798	18.464	7.196		
12-2032	563.190	61.001	57.115	0.000	0.000	681.305	34.868	17.033	7.465		
12-2033	516.688	55.964	52.399	0.000	0.000	625.051	31.989	15.626	7.790		
12-2034	475.381	51.490	48.210	0.000	0.000	575.080	29.431	14.377	8.132		
12-2035	437.375	47.373	44.356	0.000	0.000	529.104	27.078	13.228	8.504		
12-2036	403.465	43.700	40.917	0.000	0.000	488.082	24.979	12.202	8.894		
12-2037	370.152	40.082	37.538	0.000	0.000	447.782	22.916	11.158	9.348		
S Tot	21,694.388	2,349.775	2,200.083	0.000	0.000	26,244.256	1,343.122	656.106	5.461		
After	3,496.760	378.743	354.617	0.000	0.000	4,230.120	216.488	105.753	15.841		
Total	25,191.149	2,728.518	2,554.710	0.000	0.000	30,474.377	1,559.610	761.859	6.902		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10.00 M\$	
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2020	8,111	1	0.9	0.000	0.000	182.620	9,576.649	-8,072.489	-8,072.489	-6,886.820	
12-2021	63,480	1	0.9	0.000	0.000	658.804	0.000	5,392.071	-2,690.417	-2,601.684	
12-2022	63,480	1	0.9	0.000	0.000	324.302	0.000	2,622.065	-53.353	-716.023	
12-2023	63,480	1	0.9	0.000	0.000	224.919	0.000	1,799.073	1,740.720	458.753	
12-2024	63,480	1	0.9	0.000	0.000	175.282	0.000	1,388.108	3,128.829	1,282.223	
12-2025	63,480	1	0.9	0.000	0.000	144.161	0.000	1,130.315	4,259.144	1,891.546	
12-2026	63,480	1	0.9	0.000	0.000	123.332	0.000	957.832	5,216.975	2,390.868	
12-2027	63,480	1	0.9	0.000	0.000	108.158	0.000	832.172	6,049.147	2,731.513	
12-2028	63,480	1	0.9	0.000	0.000	96.819	0.000	738.277	6,787.424	3,030.389	
12-2029	63,480	1	0.9	0.000	0.000	87.380	0.000	660.110	7,447.534	3,273.286	
12-2030	63,480	1	0.9	0.000	0.000	79.932	0.000	598.434	8,045.968	3,473.469	
12-2031	63,480	1	0.9	0.000	0.000	73.516	0.000	545.308	8,591.276	3,639.307	
12-2032	63,480	1	0.9	0.000	0.000	67.817	0.000	493.109	9,089.385	3,777.013	
12-2033	63,480	1	0.9	0.000	0.000	62.217	0.000	451.740	9,541.124	3,890.538	
12-2034	63,480	1	0.9	0.000	0.000	57.243	0.000	410.540	9,951.674	3,984.340	
12-2035	63,480	1	0.9	0.000	0.000	52.667	0.000	372.652	10,324.325	4,061.748	
12-2036	63,480	1	0.9	0.000	0.000	48.583	0.000	338.838	10,663.164	4,128.730	
12-2037	63,480	1	0.9	0.000	0.000	44.572	0.000	305.620	10,968.784	4,178.191	
S Tot	1,087.263			0.000	0.000	2,612.333	9,576.649	10,968.784	10,968.784	4,178.191	
After	1,308.774			0.000	0.000	4,21.063	0.000	2,178.042	13,146.826	4,400.450	
Total	2,396.037			0.000	0.000	3,033.396	9,576.649	13,146.826	13,146.826	4,400.450	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	29.352	132	bbl/mo	96.3%	1.20	0.0%	Initial	Final	5.00	7,384.112	
Gas Rate	133.258	601	Mcf/mo	0.0%	0.00	0.0%	Expense	91,2062	91,2062	8.00	5,392.909
GOR	4.840	4,540	scf/bbl				Revenue		10.00	4,400.450	
NGL Rate	5.362	50	bbl/mo				Oil	69,3195	69,3195	12.00	3,595.758
NGL Yield	40.2	84.0	bbl/MMcf				Gas	69,3195	69,3195	15.00	2,645.918
Gas Shrinkage	63.1	25.7	%						20.00	1,524.789	
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	16.4										

Start Date: 11/2020    2 Months in year '20    37.792 Year Life (08/2058)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 591    DEFAULT    1/16/2019    12:12:37  
 Oil, PUD  
 Table 5

Cawley, Gillespie & Associates, Inc.

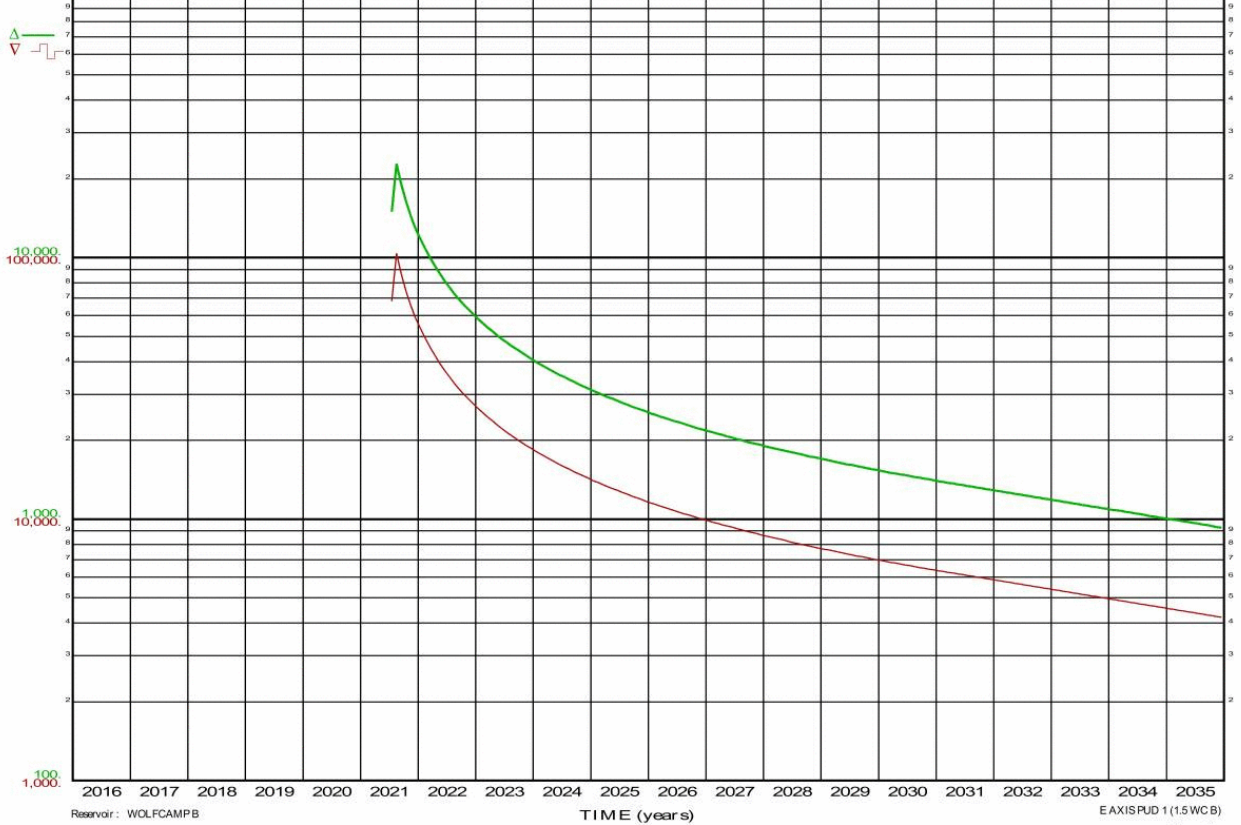
Figure 6  
 LILISENERGY, INC. -- E AXIS PUD 1 (1.5 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		40.11 Year Life (02/2059)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>95</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
											%	mbls/mo	MM\$	MM\$	MM\$	MM\$	MM\$	
14,984	68,029	96.3	1.20	8.1	135	4,540	4,540	0.0	629.6	629.6	75,000 NI	472,210	27,243,135	1,686,650	5,939,257	14,006,892	4,330,437	
		0.0	0.00	8.1	614			0.0	2,858.4	2,858.4	100,000 WI	1,586,438	2,950,774	823,918	10,500,000			

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMPB

TIME (years)

E AXIS PUD 1 (1.5 WC B)

● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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**Table 6**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. - E AXIS PUD 1 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD - WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	101.6	461.1	37.8	76.166	255.888	28.322	57.693	1.860	15.734
12-2022	99.4	451.4	37.0	74.574	250.538	27.730	57.693	1.860	15.734
12-2023	58.4	265.1	21.7	43.795	147.133	16.295	57.693	1.860	15.734
12-2024	42.6	193.5	15.9	31.972	107.415	11.889	57.693	1.860	15.734
12-2025	33.8	153.6	12.6	25.377	85.257	9.436	57.693	1.860	15.734
12-2026	26.3	128.5	10.5	21.230	71.326	7.894	57.693	1.860	15.734
12-2027	24.4	111.0	9.1	18.333	61.583	6.817	57.693	1.860	15.734
12-2028	21.6	96.2	7.2	16.227	54.516	6.034	57.693	1.860	15.734
12-2029	19.4	87.9	7.0	14.519	48.778	5.399	57.693	1.860	15.734
12-2030	17.6	79.9	6.5	13.192	44.321	4.906	57.693	1.860	15.734
12-2031	16.1	73.2	6.0	12.100	40.652	4.499	57.693	1.860	15.734
12-2032	14.9	67.6	5.5	11.162	37.459	4.150	57.693	1.860	15.734
12-2033	13.7	62.0	5.1	10.240	34.403	3.808	57.693	1.860	15.734
12-2034	12.6	57.0	4.7	9.421	31.652	3.503	57.693	1.860	15.734
12-2035	11.6	52.5	4.3	8.668	29.122	3.223	57.693	1.860	15.734
12-2036	10.7	48.4	4.0	7.996	26.894	2.973	57.693	1.860	15.734
12-2037	9.8	44.4	3.6	7.396	24.646	2.728	57.693	1.860	15.734
S Tot	536.4	2,435.3	199.5	402.310	1,351.600	149.598	57.693	1.860	15.734
After	93.2	423.1	34.7	69.900	234.837	25.992	57.693	1.860	15.734
Total	629.6	2,858.4	234.1	472.210	1,586.438	175.590	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0
629.6	2,858.4	234.1	0	0	0	0	0	0	0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	4,394,237	475,951	445,633	0.000	0.000	5,315,821	272,052	132,896	4,142
12-2022	4,302,365	468,000	436,316	0.000	0.000	5,204,681	266,394	130,117	4,426
12-2023	2,536,659	273,668	256,225	0.000	0.000	3,066,553	158,427	78,414	4,730
12-2024	1,844,579	199,791	187,064	0.000	0.000	2,231,435	114,200	55,786	5,116
12-2025	1,464,081	158,578	148,477	0.000	0.000	1,771,136	90,643	44,278	5,430
12-2026	1,224,845	132,666	124,215	0.000	0.000	1,481,726	75,831	37,043	5,727
12-2027	1,057,689	114,552	107,284	0.000	0.000	1,279,525	65,483	31,986	6,015
12-2028	936,171	101,399	94,940	0.000	0.000	1,132,510	57,959	28,313	6,888
12-2029	837,633	90,726	84,947	0.000	0.000	1,013,306	51,859	25,333	6,568
12-2030	761,097	82,436	77,185	0.000	0.000	920,719	47,120	23,018	6,836
12-2031	698,095	75,612	70,796	0.000	0.000	844,504	43,220	21,113	7,100
12-2032	643,952	69,748	65,325	0.000	0.000	775,005	39,868	19,475	7,369
12-2033	590,782	63,989	59,913	0.000	0.000	714,684	36,576	17,867	7,680
12-2034	543,551	58,873	55,123	0.000	0.000	657,547	33,652	16,439	8,008
12-2035	500,095	54,167	50,716	0.000	0.000	604,978	30,961	15,124	8,364
12-2036	461,322	49,937	46,794	0.000	0.000	558,073	28,561	13,952	8,739
12-2037	423,322	45,841	42,921	0.000	0.000	511,986	26,203	12,800	9,174
S Tot	23,210,386	2,513,977	2,353,835	0.000	0.000	28,078,197	1,436,978	701,955	5,488
After	4,032,749	436,797	408,973	0.000	0.000	4,878,519	249,672	121,963	15,573
Total	27,243,135	2,950,774	2,762,808	0.000	0.000	32,956,716	1,686,650	823,918	6,961

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	32,181	1	1.0	0.000	0.000	536,209	10,500,000	-6,157,517	-6,157,517	-5,030,413
12-2022	69,600	1	1.0	0.000	0.000	524,999	0.000	4,213,602	-1,943,915	-1,993,825
12-2023	69,600	1	1.0	0.000	0.000	308,316	0.000	2,446,796	501,881	-386,614
12-2024	69,600	1	1.0	0.000	0.000	225,086	0.000	1,766,763	2,268,644	652,863
12-2025	69,600	1	1.0	0.000	0.000	178,655	0.000	1,387,959	3,656,604	1,401,237
12-2026	69,600	1	1.0	0.000	0.000	149,462	0.000	1,149,789	4,806,392	1,964,697
12-2027	69,600	1	1.0	0.000	0.000	129,086	0.000	953,387	5,759,780	2,402,739
12-2028	69,600	1	1.0	0.000	0.000	114,237	0.000	862,401	6,652,181	2,751,892
12-2029	69,600	1	1.0	0.000	0.000	102,213	0.000	764,302	7,416,483	3,033,147
12-2030	69,600	1	1.0	0.000	0.000	92,873	0.000	688,107	8,104,590	3,263,337
12-2031	69,600	1	1.0	0.000	0.000	85,196	0.000	625,396	8,729,976	3,453,528
12-2032	69,600	1	1.0	0.000	0.000	78,579	0.000	571,483	9,301,459	3,611,518
12-2033	69,600	1	1.0	0.000	0.000	72,091	0.000	518,551	9,820,010	3,741,833
12-2034	69,600	1	1.0	0.000	0.000	66,327	0.000	471,529	10,291,539	3,849,567
12-2035	69,600	1	1.0	0.000	0.000	61,024	0.000	428,268	10,719,807	3,938,527
12-2036	69,600	1	1.0	0.000	0.000	56,233	0.000	389,636	11,109,474	4,012,108
12-2037	69,600	1	1.0	0.000	0.000	51,645	0.000	351,747	11,461,221	4,072,485
S Tot	1,145,781			0.000	0.000	2,832,262	10,500,000	11,461,221	11,461,221	4,072,485
After	1,469,115			0.000	0.000	492,099	0.000	2,545,671	14,006,892	4,330,437
Total	2,614,896			0.000	0.000	3,324,361	10,500,000	14,006,892	14,006,892	4,330,437

	Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Def	Initial	Final	Units	Final			
Oil Rate	29.352	134.	bbl/mo	96.3%	1.20	0.0%	3,180.	5,800.	\$w/mo	5.00	7,568,961
Gas Rate	133.258.	610.	Mcf/mo	0.0%	0.00	0.0%				8.00	5,396,123
GOR	4,540.	4,540.	scf/bbl							10.00	4,330,437
NGL Rate	5.874.	51.	bbl/mo							12.00	3,477,833
NGL Yield	42.6	83.9	bbl/MMcf							15.00	2,488,783
Gas Shrinkage	62.2	25.8	%							20.00	1,355,373
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	18.0		%								

Start Date: 07/2021    6 Months in year '21    37.610 Year Life(02/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 592    DEFAULT 1/16/2019 12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD Table 6

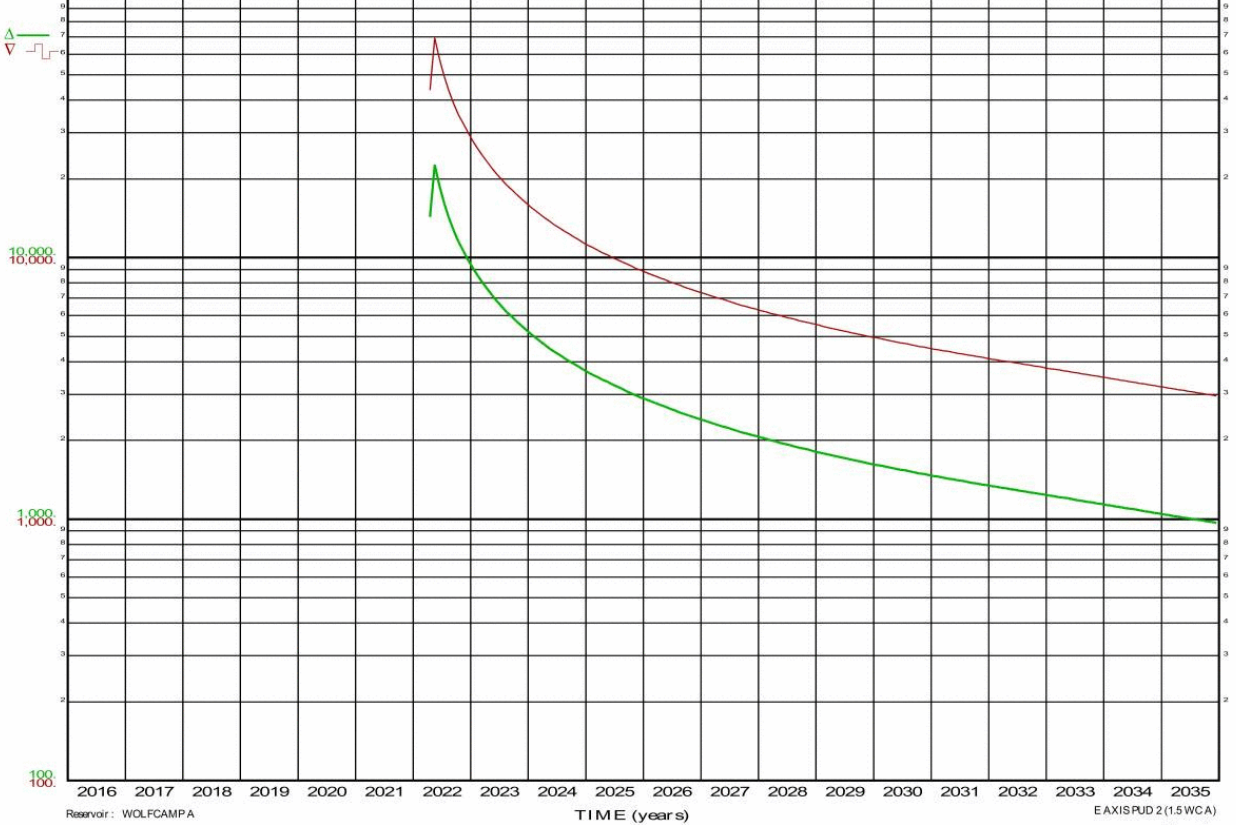
Figure 7  
 LILISENERGY, INC. -- E AXIS PUD 2 (1.5 WC A)  
 PHANTOM (WOLFCAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		39.84 Year Life (11/2058)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
14,328	43,842	96.3	1.20	8.0	144	3,060	3,060	0.0	0.0	614.9	614.9	75,000 NI	461,163	26,605,794	1,510,412	5,789,937	11,807,177	3,028,587
		0.0	0.00	8.0	441					1,881.5	1,881.5	100,000 WI	1,044,257	1,942,319	759,167	10,500,000		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMP A

TIME (years)

E AXIS PUD 2 (1.5 WC A)

• @ \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\IPUD\_out  
 (DEFAULT) ASN 593



**Table 7**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILISENERGY, INC. - EAXIS PUD 2 (1.5 WCA)**  
**PHANTOM (WOLFCAMPA) FIELD - WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	131.1	401.3	32.9	98,348	222,699	24,649	57.693	1,860	15,734
12-2023	82.1	251.3	20.6	61,597	139,479	15,438	57.693	1,860	15,734
12-2024	52.3	160.1	13.1	39,235	88,844	9,833	57.693	1,860	15,734
12-2025	39.1	119.6	9.8	29,307	66,362	7,345	57.693	1,860	15,734
12-2026	31.6	96.6	7.9	23,682	53,625	5,935	57.693	1,860	15,734
12-2027	26.7	81.6	6.7	19,984	45,274	5,011	57.693	1,860	15,734
12-2028	23.2	71.1	5.8	17,417	39,440	4,365	57.693	1,860	15,734
12-2029	20.5	62.8	5.1	15,402	34,875	3,860	57.693	1,860	15,734
12-2030	18.5	56.6	4.6	13,868	31,402	3,476	57.693	1,860	15,734
12-2031	16.8	51.5	4.2	12,634	28,609	3,167	57.693	1,860	15,734
12-2032	15.5	47.5	3.9	11,636	25,348	2,916	57.693	1,860	15,734
12-2033	14.2	43.6	3.6	10,675	24,173	2,676	57.693	1,860	15,734
12-2034	13.1	40.1	3.3	9,822	22,240	2,462	57.693	1,860	15,734
12-2035	12.0	36.9	3.0	9,037	20,462	2,265	57.693	1,860	15,734
12-2036	11.1	34.0	2.8	8,336	18,876	2,089	57.693	1,860	15,734
12-2037	10.2	31.2	2.6	7,648	17,317	1,917	57.693	1,860	15,734
S Tot	518.2	1,585.6	129.9	388,635	880,026	97,403	57.693	1,860	15,734
After	96.7	295.9	24.2	72,528	164,231	18,177	57.693	1,860	15,734
Total	614.9	1,881.5	154.1	461,163	1,044,257	115,581	57.693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	5,673,958	414,220	387,833	0	0	6,476,011	322,111	161,900	4,887
12-2023	3,553,684	259,432	242,906	0	0	4,056,022	207,043	107,401	5,304
12-2024	2,263,582	165,250	154,723	0	0	2,583,555	128,504	64,589	5,722
12-2025	1,690,784	123,433	115,571	0	0	1,929,788	95,986	48,245	6,112
12-2026	1,366,257	99,742	93,388	0	0	1,559,387	77,563	38,985	6,479
12-2027	1,153,490	84,209	78,845	0	0	1,316,543	65,484	32,914	6,531
12-2028	1,004,864	73,359	68,686	0	0	1,148,908	57,046	28,673	7,165
12-2029	888,557	64,868	60,736	0	0	1,014,161	50,443	25,354	7,504
12-2030	800,066	58,406	54,687	0	0	913,161	45,420	22,829	7,829
12-2031	729,913	53,213	49,824	0	0	831,950	41,380	20,799	8,147
12-2032	671,310	49,008	45,886	0	0	765,204	38,110	19,155	8,454
12-2033	615,881	44,962	42,097	0	0	702,941	34,964	17,574	8,803
12-2034	566,643	41,367	38,732	0	0	646,742	32,168	16,169	9,171
12-2035	521,342	38,060	35,635	0	0	595,037	29,597	14,876	9,571
12-2036	480,922	35,109	32,873	0	0	548,903	27,302	13,723	9,991
12-2037	441,213	32,210	30,158	0	0	503,582	25,046	12,590	10,479
S Tot	22,421,466	1,636,848	1,532,580	0	0	25,590,895	1,272,868	639,772	6,397
After	4,184,318	305,470	286,012	0	0	4,775,800	237,544	119,395	17,549
Total	26,605,784	1,942,319	1,818,592	0	0	30,366,695	1,510,412	759,167	8,151

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10.00 % M\$
12-2019	0	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0	0
12-2022	49,483	1	1	0	0	692,358	10,500,000	-5,249,852	-5,249,852	-4,064,871
12-2023	69,600	1	1	0	0	433,641	0	3,248,638	-2,000,224	-1,937,920
12-2024	69,600	1	1	0	0	276,215	0	2,044,647	44,423	-723,744
12-2025	69,600	1	1	0	0	206,319	0	1,509,638	1,554,061	90,524
12-2026	69,600	1	1	0	0	166,718	0	1,206,522	2,760,583	681,918
12-2027	69,600	1	1	0	0	140,755	0	1,007,791	3,768,373	1,130,859
12-2028	69,600	1	1	0	0	122,619	0	868,970	4,637,343	1,482,752
12-2029	69,600	1	1	0	0	108,427	0	760,337	5,397,680	1,762,572
12-2030	69,600	1	1	0	0	97,629	0	677,684	6,075,364	1,989,291
12-2031	69,600	1	1	0	0	88,946	0	611,225	6,696,589	2,175,183
12-2032	69,600	1	1	0	0	81,917	0	557,422	7,244,011	2,329,286
12-2033	69,600	1	1	0	0	75,153	0	505,650	7,749,661	2,456,359
12-2034	69,600	1	1	0	0	69,145	0	459,660	8,209,321	2,561,381
12-2035	69,600	1	1	0	0	63,617	0	417,347	8,626,668	2,648,073
12-2036	69,600	1	1	0	0	58,685	0	379,584	9,006,252	2,719,752
12-2037	69,600	1	1	0	0	53,839	0	342,505	9,348,767	2,778,543
S Tot	1,093,493			0	0	2,735,993	10,500,000	9,348,767	9,348,767	2,778,543
After	1,448,857			0	0	510,594	0	2,458,410	11,807,177	3,028,587
Total	2,542,350			0	0	3,246,587	10,500,000	11,807,177	11,807,177	3,028,587

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final	Final	Final
Oil Rate	28,743	143	bbl/mo	96.3%	1.20	0.0%		100.000	100.000	5.00	5,889,017
Gas Rate	87,955	438	Mcf/mo	0.0%	0.00	0.0%		100.000	100.000	8.00	3,955,132
GOR	3,060	3,060	scf/bbl							10.00	3,028,587
NGL Rate	3,339	36	bbl/mo					75.000	75.000	12.00	2,302,237
NGL Yield	40.2	83.8	bbl/MMcf					75.000	75.000	15.00	1,482,231
Gas Shrinkage	63.1	25.9	%							20.00	586,303
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	18.1		%								

Start Date: 04/2022    9 Months in year '22    36,591 Year Life(11/2058)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 593    DEFAULT 1/16/2019 12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 7

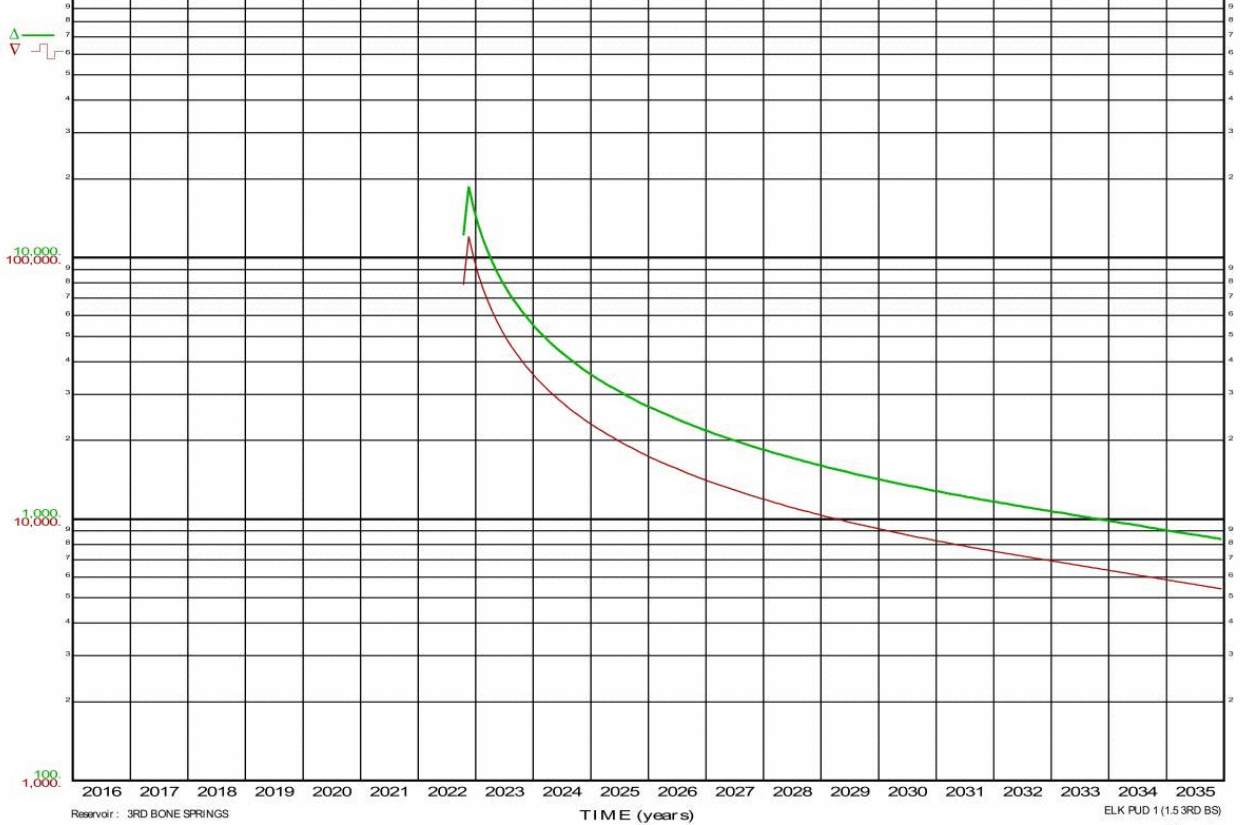
Figure 8  
 LILISENERGY, INC. -- ELK PUD 1 (1.5 3RD BS)  
 PHANTOM (3RD BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		40.66 Year Life (08/2059)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @ 10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>10</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
12,189	78,743	96.3	1.20	8.0	117	6,460	6,460	0.0	0.0	511.2	511.2	38.002 NI	194,280	11,208,542	788,686	2,502,738	5,926,963	1,509,299
		0.0	0.00	8.0	757					3,302.5	3,302.5	47.535 WI	928,735	1,727,447	363,835	4,991,175		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: 3RD BONE SPRINGS

TIME (years)

ELK PUD 1 (1.5 3RD BS)

● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\PUD.out  
 (DEFAULT) ASN 594



**Table 8**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- ELK PUD 1 (1.5 3RD BS)**  
**PHANTOM (3RD BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	46.7	301.7	24.7	17.745	84.831	9.399	57.693	1.860	15.734
12-2023	101.2	653.8	53.5	38.459	183.851	20.349	57.693	1.860	15.734
12-2024	52.8	341.3	28.0	20.079	95.985	10.624	57.693	1.860	15.734
12-2025	37.0	239.3	19.6	14.076	67.289	7.448	57.693	1.860	15.734
12-2026	29.0	187.3	15.3	11.016	52.661	5.829	57.693	1.860	15.734
12-2027	24.0	155.1	12.7	9.122	43.605	4.826	57.693	1.860	15.734
12-2028	20.6	133.3	10.9	7.843	37.492	4.150	57.693	1.860	15.734
12-2029	18.1	116.8	9.6	6.870	32.842	3.635	57.693	1.860	15.734
12-2030	16.2	104.4	8.6	6.142	29.362	3.250	57.693	1.860	15.734
12-2031	14.6	94.6	7.7	5.565	26.603	2.944	57.693	1.860	15.734
12-2032	13.4	86.8	7.1	5.108	24.417	2.703	57.693	1.860	15.734
12-2033	12.3	79.6	6.5	4.685	22.396	2.479	57.693	1.860	15.734
12-2034	11.3	73.3	6.0	4.310	20.606	2.281	57.693	1.860	15.734
12-2035	10.4	67.4	5.5	3.966	18.958	2.098	57.693	1.860	15.734
12-2036	9.6	62.2	5.1	3.658	17.498	1.936	57.693	1.860	15.734
12-2037	8.8	57.1	4.7	3.356	16.045	1.776	57.693	1.860	15.734
S.T ot	426.3	2,753.8	225.6	162.001	774.431	85.716	57.693	1.860	15.734
After	84.9	548.7	44.9	32.278	154.304	17.079	57.693	1.860	15.734
Total	511.2	3,302.5	270.5	194.280	928.735	102.794	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0
511.2	3,302.5	270.5	194.280	928.735	102.794	57.693	1.860	15.734	15.734

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2022	1,023.797	157.785	147.794	0.000	0.000	1,329.305	70.217	33,233	3,270
12-2023	2,218.825	341.963	320.179	0.000	0.000	2,880.967	153.186	72,004	3,487
12-2024	1,158.410	178.533	167.160	0.000	0.000	1,504.103	79.444	37,603	3,855
12-2025	812.088	125.158	117.185	0.000	0.000	1,054.431	55.693	26,361	4,183
12-2026	635.549	97.950	91.710	0.000	0.000	825.209	43.586	20,630	4,488
12-2027	528.248	81.105	75.938	0.000	0.000	685.281	36.050	17,082	4,780
12-2028	452.478	69.735	65.293	0.000	0.000	587.507	31.031	14,688	5,056
12-2029	396.355	61.086	57.194	0.000	0.000	514.635	27.182	12,866	5,335
12-2030	354.358	54.613	51.134	0.000	0.000	460.105	24.302	11,503	5,601
12-2031	321.057	49.481	46.329	0.000	0.000	416.957	22.018	10,422	5,862
12-2032	294.681	45.416	42.523	0.000	0.000	382.620	20.209	9,566	6,111
12-2033	270.292	41.657	39.003	0.000	0.000	350.952	18.537	8,774	6,384
12-2034	248.682	38.327	35.885	0.000	0.000	322.894	17.055	8,072	6,671
12-2035	228.801	35.263	33.016	0.000	0.000	297.080	15.691	7,427	6,982
12-2036	211.092	32.529	30.457	0.000	0.000	274.047	14.475	6,851	7,310
12-2037	193.635	29.843	27.942	0.000	0.000	251.420	13.280	6,285	7,690
S.T ot	9,346.307	1,440.441	1,348.684	0.000	0.000	12,135.432	640.973	303.386	4,537
After	1,862.235	287.005	268.723	0.000	0.000	2,417.964	127.713	60.449	13,453
Total	11,208.542	1,727.447	1,617.407	0.000	0.000	14,553.396	768.686	363.835	6,018

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2022	7,026	1	0.5	0.000	0.000	117.198	4,991.175	-3,889.538	-3,889.538	-2,773.378
12-2023	33,084	1	0.5	0.000	0.000	254.000	0.000	-2,368.691	-1,519.847	-1,218.132
12-2024	33,084	1	0.5	0.000	0.000	132.609	0.000	1,221.363	-298.484	-492.322
12-2025	33,084	1	0.5	0.000	0.000	92.964	0.000	846.329	547.845	-35.681
12-2026	33,084	1	0.5	0.000	0.000	72.754	0.000	655.154	1,202.998	285.513
12-2027	33,084	1	0.5	0.000	0.000	60.242	0.000	536.792	1,739.790	524.688
12-2028	33,084	1	0.5	0.000	0.000	51.797	0.000	456.906	2,196.696	709.709
12-2029	33,084	1	0.5	0.000	0.000	45.373	0.000	396.130	2,592.826	855.502
12-2030	33,084	1	0.5	0.000	0.000	40.565	0.000	350.651	2,943.477	972.818
12-2031	33,084	1	0.5	0.000	0.000	36.753	0.000	314.590	3,258.067	1,069.499
12-2032	33,084	1	0.5	0.000	0.000	33.734	0.000	286.027	3,544.095	1,147.573
12-2033	33,084	1	0.5	0.000	0.000	30.942	0.000	259.616	3,803.710	1,212.816
12-2034	33,084	1	0.5	0.000	0.000	28.468	0.000	236.215	4,039.925	1,266.785
12-2035	33,084	1	0.5	0.000	0.000	26.192	0.000	214.685	4,254.611	1,311.380
12-2036	33,084	1	0.5	0.000	0.000	24.161	0.000	195.475	4,450.086	1,346.291
12-2037	33,084	1	0.5	0.000	0.000	22.166	0.000	178.604	4,626.690	1,378.605
S.T ot	503.291			0.000	0.000	1,069.917	4,991.175	4,626.690	4,626.690	1,378.605
After	716.350			0.000	0.000	213.179	0.000	1,300.273	5,926.963	1,509.299
Total	1,219.641			0.000	0.000	1,283.097	4,991.175	5,926.963	5,926.963	1,509.299

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final			
Oil Rate	23.877	116	bbl/mo	96.3%	1.20	0.0%		Expense	47.5350	47.5350	5.00	2,928.218
Gas Rate	154.246	749	Mcf/mo	0.0%	0.00	0.0%		Revenue			10.00	1,509.299
GOR	6.460	6.460	scf/bbl					Oil	38.0028	38.0028	12.00	1,154.535
NGL Rate	6.568	63	bbl/mo					Gas	38.0028	38.0028	15.00	758.135
NGL Yield	42.6	84.3	bbl/MMcf								20.00	332.154
Gas Shrinkage	62.2	25.6	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	8.5											

Start Date: 10/2022    3 Months in year '22    36,910 Year Life (08/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 594    DEFAULT    1/16/2019    12:12:37  
 Oil, PUD  
 Table 8

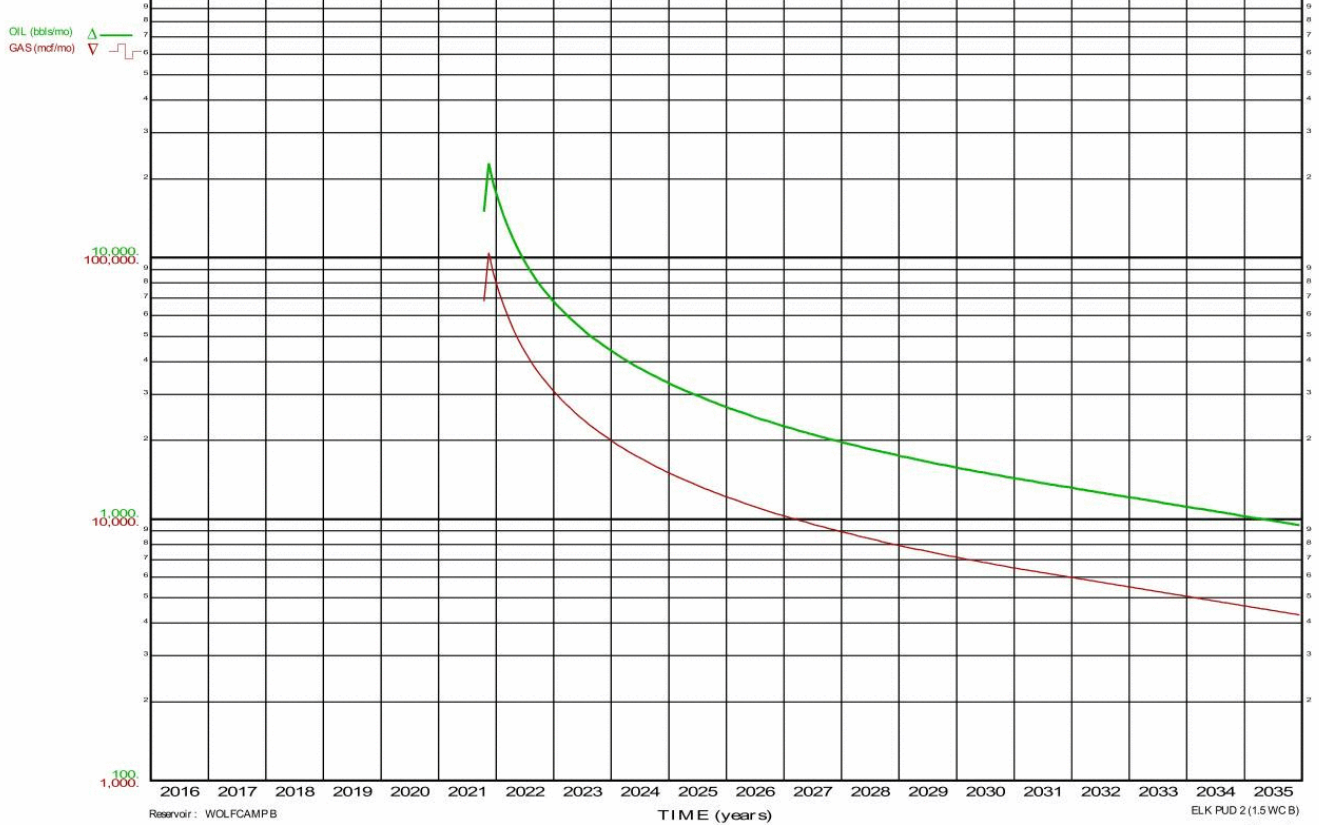
Cawley, Gillespie & Associates, Inc.

Figure 9  
 LILISENERGY, INC. -- ELK PUD 2 (1.5 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		41.21 Year Life (03/2050)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Cumulative	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
										Recovery	%	mbls/mmcf	M\$	M\$	M\$	M\$	M\$	
14,984	68,029	96.3	1.20	7.9	126	4,540	4,540	0.0	630.9	630.9	38.002 NI	239,777	13,833,393	856,439	2,654,881	7,613,748	2,465,418	
		0.0	0.00	7.9	573			0.0	2,864.5	2,864.5	47.535 WI	805,554	1,498,331	418,365	4,991,175			



Reservoir: WOLFCAMPB  
 \* \* \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
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Cawley, Gillespie & Associates, Inc.

TX OIL  
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 (DEFAULT) ASN 595

**Table 9**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- ELK PUD 2 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	57.4	260.6	21.3	21,815	73,288	8,112	57,693	1,860	15,734
12-2022	124.4	564.8	46.3	47,278	158,835	17,580	57,693	1,860	15,734
12-2023	64.8	294.2	24.1	24,628	82,741	9,158	57,693	1,860	15,734
12-2024	45.7	207.4	17.0	17,359	58,318	6,455	57,693	1,860	15,734
12-2025	35.6	161.8	13.3	13,542	45,496	5,036	57,693	1,860	15,734
12-2026	29.5	134.0	11.0	11,213	37,672	4,170	57,693	1,860	15,734
12-2027	25.3	114.9	9.4	9,617	32,306	3,576	57,693	1,860	15,734
12-2028	22.3	101.2	8.3	8,470	28,456	3,150	57,693	1,860	15,734
12-2029	19.9	90.2	7.4	7,551	25,367	2,808	57,693	1,860	15,734
12-2030	18.0	81.7	6.7	6,841	22,983	2,544	57,693	1,860	15,734
12-2031	16.5	74.8	6.1	6,263	21,040	2,329	57,693	1,860	15,734
12-2032	15.2	69.0	5.7	5,776	19,404	2,148	57,693	1,860	15,734
12-2033	13.9	63.3	5.2	5,299	17,802	1,970	57,693	1,860	15,734
12-2034	12.8	58.2	4.8	4,875	16,379	1,813	57,693	1,860	15,734
12-2035	11.8	53.6	4.4	4,485	15,069	1,668	57,693	1,860	15,734
12-2036	10.9	49.4	4.0	4,138	13,901	1,539	57,693	1,860	15,734
12-2037	10.0	45.3	3.7	3,796	12,753	1,412	57,693	1,860	15,734
S Tot	534.0	2,424.5	198.6	202,944	681,811	75,484	57,693	1,860	15,734
After	96.9	440.0	36.0	36,833	123,743	13,696	57,693	1,860	15,734
Total	630.9	2,864.5	234.6	239,777	805,554	89,180	57,693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0
630.9	2,864.5	234.6	234.6	239,777	805,554	89,180	57,693	1,860	15,734

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	1,258,540	136,316	127,632	0	0	1,522,488	77,917	38,062	3,845
12-2022	2,727,600	295,433	276,614	0	0	3,299,648	168,889	82,491	4,094
12-2023	1,420,865	153,898	144,094	0	0	1,718,857	87,967	43,971	4,411
12-2024	1,001,466	108,471	101,562	0	0	1,211,500	62,002	30,287	4,724
12-2025	781,279	84,622	79,232	0	0	945,134	48,370	23,628	5,022
12-2026	646,916	70,069	65,006	0	0	782,591	40,051	19,565	5,303
12-2027	554,812	60,053	56,265	0	0	671,171	34,349	16,779	5,575
12-2028	488,657	52,928	49,556	0	0	591,141	30,253	14,779	5,834
12-2029	435,612	47,182	44,177	0	0	526,971	26,969	13,174	6,098
12-2030	394,676	42,748	40,025	0	0	477,449	24,435	11,936	6,350
12-2031	361,303	39,134	36,641	0	0	437,077	22,369	10,927	6,598
12-2032	333,218	36,092	33,793	0	0	403,103	20,630	10,078	6,845
12-2033	305,705	33,112	31,002	0	0	369,819	18,927	9,245	7,131
12-2034	281,265	30,465	28,524	0	0	340,253	17,413	8,506	7,432
12-2035	258,778	28,029	26,243	0	0	313,051	16,021	7,826	7,760
12-2036	238,715	25,856	24,209	0	0	288,780	14,779	7,219	8,104
12-2037	219,005	23,721	22,210	0	0	264,936	13,559	6,623	8,503
S Tot	11,708,414	1,268,169	1,187,385	0	0	14,163,968	724,880	354,099	5,133
After	2,124,979	230,162	215,500	0	0	2,570,642	131,560	64,266	14,741
Total	13,833,393	1,498,331	1,402,886	0	0	16,734,609	856,439	418,365	6,609

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Disc. @ 10. % MS
12-2019	0	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0	0
12-2021	7,026	1	0.5	0	0	144,071	4,991,175	-3,735,764	-3,735,764	-2,933,729
12-2022	33,084	1	0.5	0	0	312,242	0	2,702,952	-1,032,812	-982,456
12-2023	33,084	1	0.5	0	0	162,653	0	1,362,180	359,379	-72,415
12-2024	33,084	1	0.5	0	0	114,643	0	971,483	1,330,862	504,208
12-2025	33,084	1	0.5	0	0	89,437	0	750,614	2,081,476	908,970
12-2026	33,084	1	0.5	0	0	74,056	0	615,835	2,697,311	1,210,782
12-2027	33,084	1	0.5	0	0	63,512	0	523,446	3,220,757	1,443,956
12-2028	33,084	1	0.5	0	0	55,939	0	457,086	3,677,843	1,629,018
12-2029	33,084	1	0.5	0	0	49,867	0	403,876	4,081,719	1,777,643
12-2030	33,084	1	0.5	0	0	45,180	0	362,813	4,444,533	1,899,016
12-2031	33,084	1	0.5	0	0	41,360	0	329,337	4,773,870	1,999,173
12-2032	33,084	1	0.5	0	0	38,145	0	301,186	5,075,035	2,082,432
12-2033	33,084	1	0.5	0	0	34,996	0	273,567	5,348,603	2,151,181
12-2034	33,084	1	0.5	0	0	32,198	0	249,051	5,597,654	2,208,083
12-2035	33,084	1	0.5	0	0	29,624	0	226,495	5,824,150	2,255,131
12-2036	33,084	1	0.5	0	0	27,327	0	206,370	6,030,520	2,294,059
12-2037	33,084	1	0.5	0	0	25,071	0	186,599	6,217,119	2,326,128
S Tot	536,376			0	0	1,340,319	4,991,175	6,217,119	6,217,119	2,326,128
After	734,930			0	0	243,257	0	1,396,630	7,613,748	2,465,418
Total	1,271,305			0	0	1,583,576	4,991,175	7,613,748	7,613,748	2,465,418

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent		Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final	Initial	Final	
29,352	125	bbl/mo	96.3%	1.20	0.0%			Expense	47,5350	47,5350	5.00	4,179,047
Gas Rate	133,258	568	Mcf/mo	0.0%	0.00	0.0%		Revenue			8.00	3,028,366
GOR	4,540	4,540	scf/bbl					Oil	38,0028	38,0028	12.00	2,465,418
NGL Rate	5,674	44	bbl/mo					Gas	38,0028	38,0028	15.00	1,494,630
NGL Yield	42.6	78.6	bbl/MMcf								20.00	896,078
Gas Shrinkage	62.2	26.0	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	8.0		%									

Start Date: 10/2021    3 Months in year '21    38,466 Year Life (03/2060)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 595

DEFAULT 1/16/2019 12:12:37  
 Oil\_PUD  
 Table 9

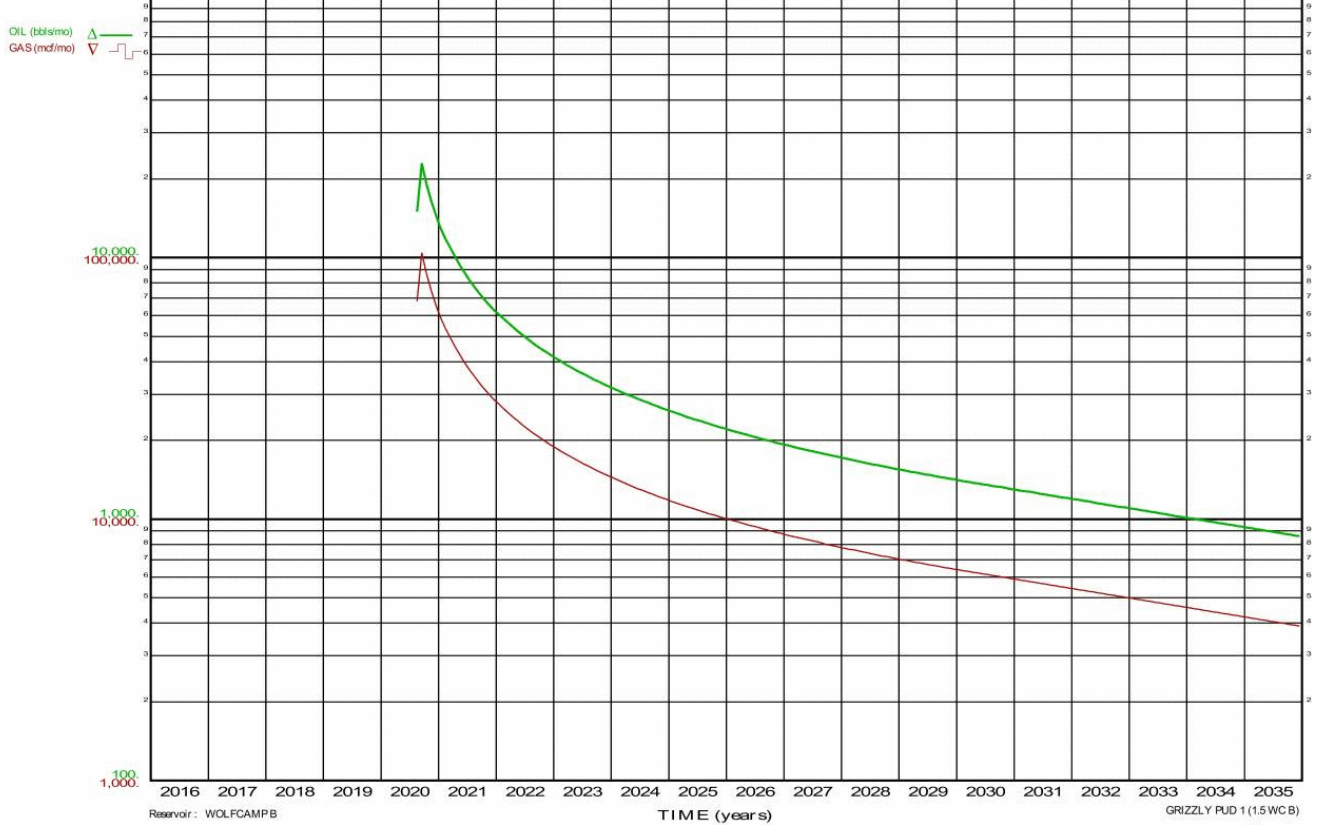
Cawley, Gillespie & Associates, Inc.

Figure 10  
 LILISENERGY, INC. -- GRIZZLY PUD 1 (1.5 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

	As of 01/2019				GOR - scf/bbl	Initial	Final	Oil - mmbbls	Gas - mmmcf	12/2018 Cumulatives	38.82 Year Life (10/2057) Remaining Reserve	Ultimate Recovery	Current Interest %	Net Oil Prod. Net Gas Sales mbbbls/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$
	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>99</sub>															
Oil - bbls/mo	14,984	96.3	1.20	8.0	140	4,540	4,540	0.0	629.0	629.0	629.0	67.355 NI	423,671	24,442,774	1,513,277	5,453,637	12,173,829	3,958,540	
Gas - mcf/mo	68,029	0.0	0.00	8.0	636	4,540	4,540	0.0	2,855.7	2,855.7	2,855.7	92.276 WI	1,423,366	2,647,480	739,226	9,689,078			



Reservoir: WOLFCAMPB  
 Status: 0 - 0  
 First Production 00/00 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\PUD.out  
 (DEFAULT) ASN 596

**Table 10**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- GRIZZLY PUD 1 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	88.4	401.2	32.9	59,520	199,965	22,133	57.693	1.860	15,734
12-2021	106.4	483.2	39.6	71,689	240,847	26,657	57.693	1.860	15,734
12-2022	60.4	274.2	22.5	40,676	136,654	15,125	57.693	1.860	15,734
12-2023	43.5	197.5	16.2	29,300	98,436	10,895	57.693	1.860	15,734
12-2024	34.5	156.7	12.8	23,254	78,123	8,647	57.693	1.860	15,734
12-2025	28.7	130.3	10.7	19,330	64,942	7,188	57.693	1.860	15,734
12-2026	24.7	112.3	9.2	16,655	55,954	6,193	57.693	1.860	15,734
12-2027	21.8	98.9	8.1	14,680	49,318	5,459	57.693	1.860	15,734
12-2028	19.6	88.9	7.3	13,190	44,314	4,905	57.693	1.860	15,734
12-2029	17.7	80.5	6.6	11,939	40,111	4,440	57.693	1.860	15,734
12-2030	16.2	73.8	6.0	10,944	36,769	4,070	57.693	1.860	15,734
12-2031	14.9	67.9	5.6	10,069	33,827	3,744	57.693	1.860	15,734
12-2032	13.8	62.6	5.1	9,288	31,204	3,454	57.693	1.860	15,734
12-2033	12.7	57.4	4.7	8,521	28,628	3,169	57.693	1.860	15,734
12-2034	11.6	52.8	4.3	7,840	26,339	2,915	57.693	1.860	15,734
12-2035	10.7	48.6	4.0	7,213	24,233	2,682	57.693	1.860	15,734
12-2036	9.9	44.9	3.7	6,654	22,355	2,474	57.693	1.860	15,734
12-2037	9.1	41.1	3.4	6,105	20,609	2,270	57.693	1.860	15,734
S Tot	544.7	2,472.8	202.5	366,867	1,232,527	136,419	57.693	1.860	15,734
After	84.3	382.9	31.4	56,804	190,839	21,122	57.693	1.860	15,734
Total	629.0	2,855.7	233.9	423,671	1,423,366	157,541	57.693	1.860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0
Cum Ult	629.0	2,855.7	233.9	423,671	1,423,366	157,541	57.693	1.860	15,734

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2020	3,433.899	371.934	348.242	0.00	0.00	4,154.076	212.596	103.852	4,242
12-2021	4,135.944	447.975	419.438	0.00	0.00	5,003.357	256.060	125.084	4,512
12-2022	2,346.696	254.177	237.985	0.00	0.00	2,838.859	145.286	70.971	4,891
12-2023	1,690.389	183.090	171.427	0.00	0.00	2,044.907	104.654	51.123	5,232
12-2024	1,341.567	145.309	136.052	0.00	0.00	1,622.928	83.058	40.573	5,548
12-2025	1,115.216	120.792	113.097	0.00	0.00	1,349.105	69.044	33.728	5,859
12-2026	960.871	104.074	97.445	0.00	0.00	1,162.390	59.489	29.060	6,155
12-2027	846.907	91.731	85.887	0.00	0.00	1,024.525	52.433	25.613	6,443
12-2028	760.991	82.425	77.174	0.00	0.00	920.590	47.114	23.015	6,718
12-2029	688.815	74.607	69.855	0.00	0.00	833.277	42.645	20.832	7,001
12-2030	631.413	68.390	64.033	0.00	0.00	763.836	39.091	19.096	7,272
12-2031	590.893	62.918	59.910	0.00	0.00	702.721	35.964	17.568	7,556
12-2032	535.656	58.040	54.343	0.00	0.00	645.298	33.175	16.206	7,853
12-2033	491.611	53.248	49.856	0.00	0.00	594.715	30.436	14.868	8,199
12-2034	452.308	48.991	45.870	0.00	0.00	547.169	28.003	13.679	8,562
12-2035	416.147	45.074	42.203	0.00	0.00	503.424	25.764	12.586	8,957
12-2036	383.883	41.579	38.931	0.00	0.00	464.353	23.767	11.610	9,372
12-2037	352.187	38.146	35.716	0.00	0.00	426.050	21.804	10.651	9,855
S Tot	21,165.593	2,292.500	2,146.466	0.00	0.00	25,604.559	1,310.383	640.114	5,704
After	3,277.181	354.960	332.349	0.00	0.00	3,964.489	202.894	99.112	16,452
Total	24,442.774	2,647.460	2,478.815	0.00	0.00	29,569.048	1,513.277	739.226	7,145

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2020	24.343	1	0.9	0.00	0.00	430.550	9,689.078	-6,306.343	-6,306.343	-5,580.555
12-2021	64.225	1	0.9	0.00	0.00	518.574	0.00	4,039.415	-2,266.929	-2,377.076
12-2022	64.225	1	0.9	0.00	0.00	294.234	0.00	2,264.142	-787	-749.518
12-2023	64.225	1	0.9	0.00	0.00	211.945	0.00	1,612.961	1,610.174	303.533
12-2024	64.225	1	0.9	0.00	0.00	168.209	0.00	1,266.864	2,877.038	1,055.001
12-2025	64.225	1	0.9	0.00	0.00	139.828	0.00	1,042.280	3,919.319	1,616.880
12-2026	64.225	1	0.9	0.00	0.00	120.476	0.00	899.141	4,808.458	2,052.476
12-2027	64.225	1	0.9	0.00	0.00	106.187	0.00	776.067	5,584.527	2,398.121
12-2028	64.225	1	0.9	0.00	0.00	95.415	0.00	690.822	6,275.349	2,677.780
12-2029	64.225	1	0.9	0.00	0.00	86.365	0.00	619.210	6,894.559	2,905.623
12-2030	64.225	1	0.9	0.00	0.00	79.168	0.00	562.256	7,456.815	3,093.703
12-2031	64.225	1	0.9	0.00	0.00	72.834	0.00	512.131	7,968.946	3,249.452
12-2032	64.225	1	0.9	0.00	0.00	67.187	0.00	467.445	8,436.391	3,378.681
12-2033	64.225	1	0.9	0.00	0.00	61.639	0.00	423.547	8,859.938	3,485.122
12-2034	64.225	1	0.9	0.00	0.00	56.711	0.00	384.551	9,244.489	3,572.984
12-2035	64.225	1	0.9	0.00	0.00	52.177	0.00	348.672	9,593.167	3,645.411
12-2036	64.225	1	0.9	0.00	0.00	48.132	0.00	316.690	9,909.821	3,703.206
12-2037	64.225	1	0.9	0.00	0.00	44.158	0.00	285.211	10,195.032	3,754.164
S Tot	1,116.164			0.00	0.00	2,653.787	9,689.078	10,195.032	10,195.032	3,754.164
After	1,272.786			0.00	0.00	410.900	0.00	1,978.797	12,173.829	3,958.540
Total	2,388.950			0.00	0.00	3,064.687	9,689.078	12,173.829	12,173.829	3,958.540

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final		
29,352	138	bbl/mo	96.3%	3,180	5,716	\$/wmo		92.2769	92.2769	5.00	6,781.472
Gas Rate	133.258	629	Mcf/mo	0.0%	0.0%			8.00	4,900.656		
GOR	4,540	4,540	scf/bbl					10.00	3,958.540		
NGL Rate	5,874	51	bbl/mo					12.00	3,191.816		
NGL Yield	42.6	81.5	bbl/MMcf					15.00	2,282.721		
Gas Shrinkage	62.2	25.5	%					20.00	1,202.064		
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	16.2		%								

Start Date: 08/2020    5 Months in year '20    37,245 Year Life(10/2057)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 596

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 Oil, PUD  
 Table 10

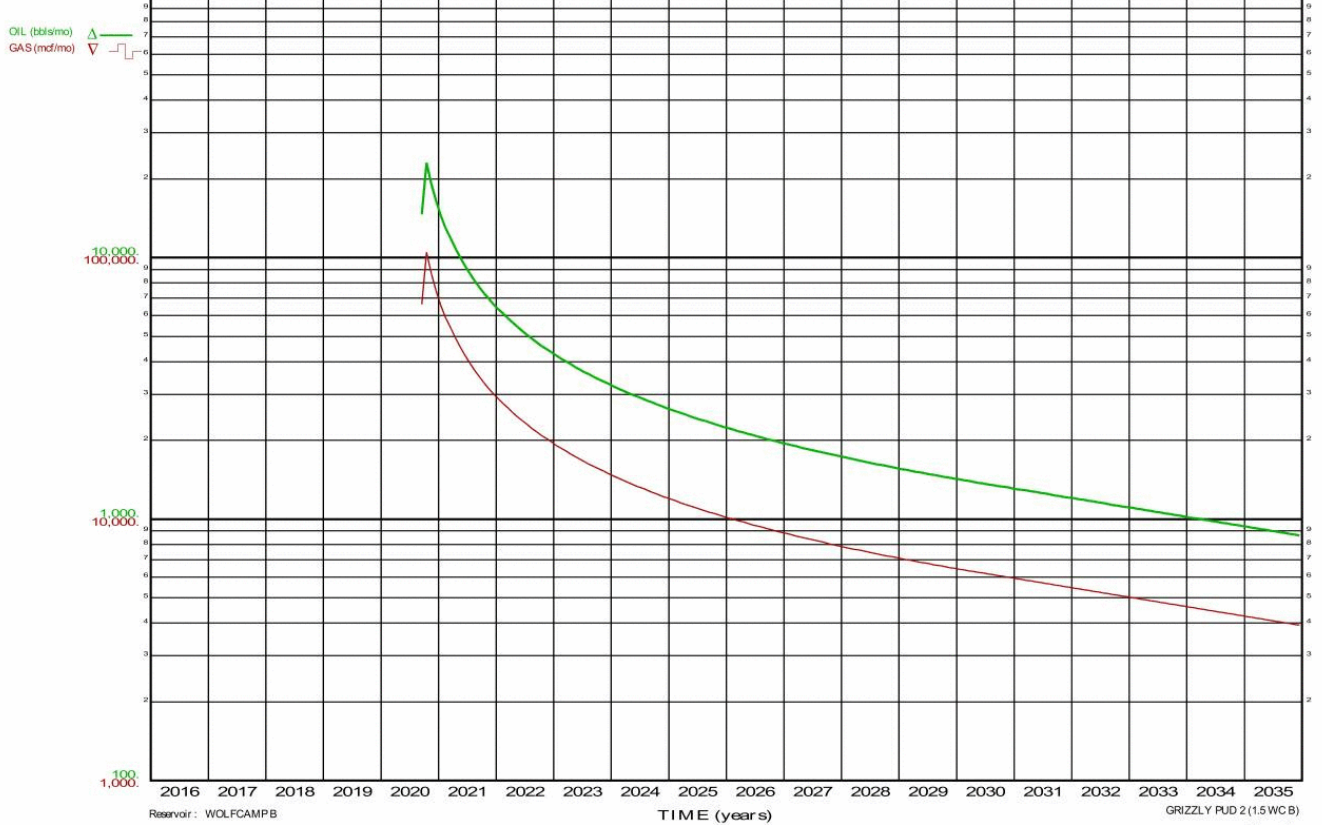
Cawley, Gillespie & Associates, Inc.

Figure 11  
 LILISENERGY, INC. -- GRIZZLY PUD 2 (1.5 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		38.91 Year Life (11/2057)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
											%	mbls/mmcf	M\$	M\$	M\$	M\$	M\$	
14,631	66,424	96.3	1.20	8.0	140	4,540	4,540	0.0	629.0	629.0	67.355 NI	423,671	24,442,774	1,513,277	5,454,308	12,173,158	3,926,611	
		0.0	0.00	8.0	636			0.0	2,855.7	2,855.7	92.276 WI	1,423,366	2,647,480	739,226	9,689,078			



Reservoir: WOLFCAMPB  
 GRIZZLY PUD 2 (1.5 WC B)  
 TX OIL  
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Cawley, Gillespie & Associates, Inc.



**Table 11**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lilis Energy, Inc. Interests  
 Proved Undeveloped Reserves  
 LILIS ENERGY, INC. -- GRIZZLY PUD 2 (1.5 WC B)  
 PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	73.6	334.2	27.4	49,584	166,584	18,438	57.693	1,860	15,734		
12-2021	114.7	520.9	42.7	77,276	259,615	28,735	57.693	1,860	15,734		
12-2022	62.5	284.0	23.3	42,128	141,535	15,665	57.693	1,860	15,734		
12-2023	44.5	202.1	16.6	29,990	100,753	11,152	57.693	1,860	15,734		
12-2024	35.1	159.5	13.1	23,663	79,498	8,799	57.693	1,860	15,734		
12-2025	29.1	132.1	10.8	19,602	65,856	7,289	57.693	1,860	15,734		
12-2026	25.0	113.6	9.3	16,850	56,610	6,266	57.693	1,860	15,734		
12-2027	22.0	99.9	8.2	14,927	49,914	5,513	57.693	1,860	15,734		
12-2028	19.8	89.7	7.3	13,306	44,704	4,948	57.693	1,860	15,734		
12-2029	17.9	81.1	6.6	12,033	40,425	4,474	57.693	1,860	15,734		
12-2030	16.4	74.3	6.1	11,023	37,032	4,099	57.693	1,860	15,734		
12-2031	15.1	68.3	5.6	10,140	34,067	3,771	57.693	1,860	15,734		
12-2032	13.9	63.1	5.2	9,354	31,426	3,478	57.693	1,860	15,734		
12-2033	12.7	57.8	4.7	8,582	28,831	3,191	57.693	1,860	15,734		
12-2034	11.7	53.2	4.4	7,896	26,526	2,936	57.693	1,860	15,734		
12-2035	10.8	49.0	4.0	7,264	24,405	2,701	57.693	1,860	15,734		
12-2036	9.9	45.2	3.7	6,701	22,513	2,492	57.693	1,860	15,734		
12-2037	9.1	41.4	3.4	6,148	20,800	2,286	57.693	1,860	15,734		
S Tot	543.9	2,469.5	202.3	366,368	1,230,851	136,233	57.693	1,860	15,734		
After	85.1	386.2	31.6	57,303	192,515	21,308	57.693	1,860	15,734		
Total	629.0	2,855.7	233.9	423,671	1,423,366	157,541	57.693	1,860	15,734		
Cum Ult	0	0	0	0	0	0	0	0	0		
629.0	2,855.7	233.9	0	0	0	0	0	0	0		
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2020	2,860.665	309.846	290.109	0.000	0.000	3,460.620	177.107	86.515	4.227		
12-2021	4,458.249	482.894	452.124	0.000	0.000	5,393.258	276.015	134.831	4.476		
12-2022	2,430.504	263.254	246.485	0.000	0.000	2,940.243	150.475	75.506	4.861		
12-2023	1,730.198	187.401	175.644	0.000	0.000	2,093.652	107.118	53.204	5.204		
12-2024	1,365.189	147.867	138.448	0.000	0.000	1,651.505	84.520	41.288	5.522		
12-2025	1,130.912	122.492	114.689	0.000	0.000	1,368.093	70.016	34.202	5.834		
12-2026	972.143	105.295	98.598	0.000	0.000	1,176.026	60.186	29.401	6.131		
12-2027	855.425	92.653	86.751	0.000	0.000	1,034.830	52.960	25.971	6.419		
12-2028	767.689	83.150	77.854	0.000	0.000	928.693	47.528	23.117	6.694		
12-2029	694.205	75.191	70.401	0.000	0.000	839.798	42.979	20.985	6.978		
12-2030	635.936	68.880	64.492	0.000	0.000	769.308	39.371	19.233	7.249		
12-2031	585.018	63.365	59.328	0.000	0.000	707.711	36.219	17.693	7.531		
12-2032	539.651	58.452	54.729	0.000	0.000	652.842	33.411	16.321	7.826		
12-2033	495.103	53.626	50.210	0.000	0.000	598.938	30.652	14.973	8.169		
12-2034	455.521	49.339	46.196	0.000	0.000	551.055	28.202	13.776	8.530		
12-2035	419.103	45.394	42.502	0.000	0.000	506.999	25.947	12.675	8.922		
12-2036	386.610	41.875	39.207	0.000	0.000	467.691	23.935	11.692	9.335		
12-2037	354.689	38.417	35.970	0.000	0.000	429.075	21.959	10.727	9.813		
S Tot	21,136.808	2,289.382	2,143.547	0.000	0.000	25,569.738	1,308.601	639.243	5.698		
After	3,305.965	358.078	335.268	0.000	0.000	3,999.311	204.676	99.983	16.403		
Total	24,442.774	2,647.460	2,478.815	0.000	0.000	29,569.048	1,513.277	739.226	7.146		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	0.00	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2020	18,911	1	0.9	0.000	0.000	358.676	9,689.078	-6,869.668	-6,869.668	-5,999.179	
12-2021	64,225	1	0.9	0.000	0.000	558.985	0.000	-4,359.202	-2,510.466	-2,540.137	
12-2022	64,225	1	0.9	0.000	0.000	304.742	0.000	2,347.235	-163.170	-852.578	
12-2023	64,225	1	0.9	0.000	0.000	216.935	0.000	1,852.449	1,489.279	226.118	
12-2024	64,225	1	0.9	0.000	0.000	171.170	0.000	1,290.302	2,779.580	991.715	
12-2025	64,225	1	0.9	0.000	0.000	141.796	0.000	1,057.854	3,837.434	1,561.951	
12-2026	64,225	1	0.9	0.000	0.000	121.889	0.000	900.325	4,737.759	2,003.083	
12-2027	64,225	1	0.9	0.000	0.000	107.255	0.000	794.519	5,522.278	2,352.497	
12-2028	64,225	1	0.9	0.000	0.000	96.254	0.000	697.468	6,219.746	2,634.848	
12-2029	64,225	1	0.9	0.000	0.000	87.041	0.000	624.558	6,844.304	2,864.661	
12-2030	64,225	1	0.9	0.000	0.000	79.735	0.000	566.744	7,411.048	3,054.243	
12-2031	64,225	1	0.9	0.000	0.000	73.351	0.000	516.224	7,927.272	3,211.236	
12-2032	64,225	1	0.9	0.000	0.000	67.684	0.000	471.221	8,398.494	3,341.509	
12-2033	64,225	1	0.9	0.000	0.000	62.077	0.000	427.011	8,825.504	3,448.821	
12-2034	64,225	1	0.9	0.000	0.000	57.114	0.000	387.738	9,213.242	3,537.411	
12-2035	64,225	1	0.9	0.000	0.000	52.548	0.000	351.605	9,564.847	3,610.447	
12-2036	64,225	1	0.9	0.000	0.000	48.474	0.000	315.365	9,884.212	3,670.753	
12-2037	64,225	1	0.9	0.000	0.000	44.472	0.000	287.693	10,171.905	3,720.136	
S Tot	1,110,731			0.000	0.000	2,650,178	9,689.078	10,171,905	10,171,905	3,720,136	
After	1,278,890			0.000	0.000	414,509	0.000	2,001,253	12,173,158	3,926,611	
Total	2,389,621			0.000	0.000	3,064,687	9,689.078	12,173,158	12,173,158	3,926,611	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	Initial	Final	Units	Initial	Final	Units	Initial	Final	Percent	Cum. Disc.	
	29,352	138	bbl/mo	96.3%	1.20	0.0%	3,092	5,799	\$/wmo	8.00	4,868.697
Gas Rate	133,258	629	Mcf/mo	0.0%	0.00	0.0%				10.00	3,926.611
GOR	4,840	4,540	scf/bbl							12.00	3,161.235
NGL Rate	5,362	53	bbl/mo							15.00	2,255.781
NGL Yield	40.2	84.3	bbl/MMcf							20.00	1,183.587
Gas Shrinkage	63.1	25.3	%								
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	16.8		%								

Start Date: 09/2020    4 Months in year '20    37,246 Year Life(11/2057)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 597

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 Oil, PUD  
 Table 11

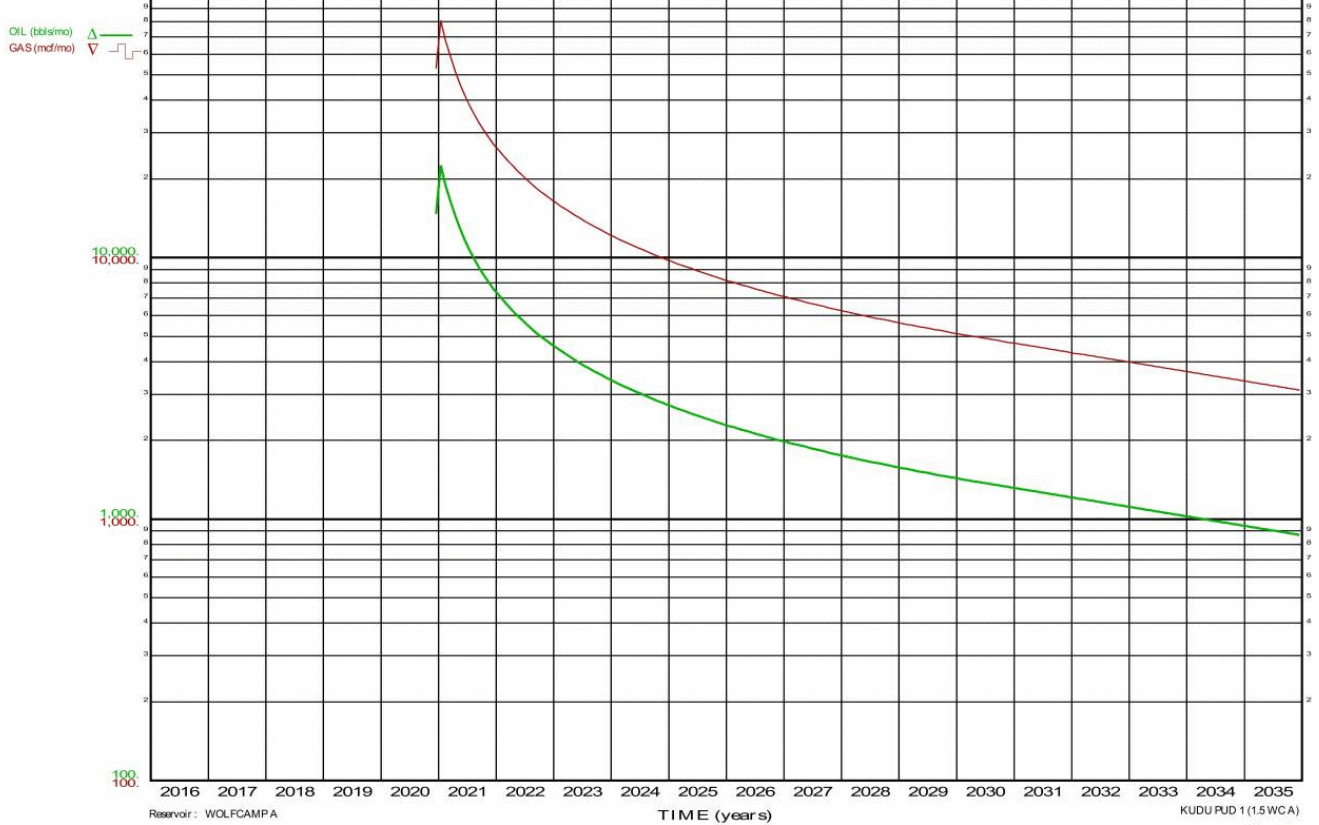
Cawley, Gillespie & Associates, Inc.

Figure 12  
 LILISENERGY, INC. -- KUDU PUD 1 (1.5 WC A)  
 PHANTOM (WOLF CAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018		38.72 Year Life (09/2057)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>99</sub>	Q <sub>10</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Disc. @ 10.0%
Gas - mcf/mo	14,751	96.3	1.20	8.1	143	3,580	3,580	0.0	618.5	618.5	38.642 NI	239,003	13,788,768	807,696	3,028,567	6,371,218
	52,810	0.0	0.00	8.1	511			0.0	2,214.2	2,214.2	51.999 WI	633,167	1,177,692	401,728	5,459,922	1,907,714



Reservoir: WOLF CAMP A  
 Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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**Table 12**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILISENERGY, INC. - KUDU PUD 1 (1.5 WC.A)**  
**PHANTOM (WOLFCAMPA) FIELD - WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	15.0	53.8	4.4	5,806	15,380	1,702	57.693	1,860	15,734		
12-2021	149.9	536.6	44.0	57,920	153,442	16,983	57.693	1,860	15,734		
12-2022	68.9	246.8	20.2	26,637	70,588	7,811	57.693	1,860	15,734		
12-2023	47.1	168.7	13.8	18,210	48,241	5,389	57.693	1,860	15,734		
12-2024	36.5	130.6	10.7	14,099	37,351	4,134	57.693	1,860	15,734		
12-2025	29.9	107.0	8.8	11,551	30,602	3,387	57.693	1,860	15,734		
12-2026	25.5	91.3	7.5	9,858	26,116	2,891	57.693	1,860	15,734		
12-2027	22.3	80.0	6.5	8,630	22,863	2,531	57.693	1,860	15,734		
12-2028	20.0	71.5	5.9	7,715	20,440	2,282	57.693	1,860	15,734		
12-2029	18.0	64.4	5.3	6,956	18,429	2,040	57.693	1,860	15,734		
12-2030	16.5	58.9	4.8	6,359	16,845	1,864	57.693	1,860	15,734		
12-2031	15.1	54.2	4.4	5,847	15,491	1,715	57.693	1,860	15,734		
12-2032	14.0	50.0	4.1	5,394	14,290	1,582	57.693	1,860	15,734		
12-2033	12.8	45.8	3.8	4,949	13,110	1,451	57.693	1,860	15,734		
12-2034	11.8	42.2	3.5	4,553	12,062	1,335	57.693	1,860	15,734		
12-2035	10.8	38.8	3.2	4,189	11,097	1,228	57.693	1,860	15,734		
12-2036	10.0	35.8	2.9	3,854	10,237	1,133	57.693	1,860	15,734		
12-2037	9.2	32.8	2.7	3,545	9,392	1,040	57.693	1,860	15,734		
S Tot	533.3	1,909.3	156.4	206,083	545,955	60,427	57.693	1,860	15,734		
After	85.2	305.0	25.0	32,920	87,213	9,653	57.693	1,860	15,734		
Total	618.5	2,214.2	181.4	239,003	633,167	70,080	57.693	1,860	15,734		
Cum Ult	0	0	0	0	0	0	0	0	0		
618.5	2,214.2	181.4	0	0	0	0	0	0	0		
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)		
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6		
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2020	334,944	28,607	26,785	0.00	0.00	390,336	19,620	9,758	4,528		
12-2021	3,341,578	285,402	267,222	0.00	0.00	3,894,203	195,737	97,355	4,736		
12-2022	1,536,784	131,256	122,895	0.00	0.00	1,790,934	80,018	44,773	5,186		
12-2023	1,050,567	89,728	84,013	0.00	0.00	1,224,308	61,538	30,680	5,711		
12-2024	813,405	69,473	65,047	0.00	0.00	947,925	47,646	23,698	5,926		
12-2025	668,425	56,919	53,293	0.00	0.00	776,637	39,037	19,416	6,273		
12-2026	568,736	48,575	45,481	0.00	0.00	662,793	33,314	16,570	6,603		
12-2027	497,687	42,525	39,816	0.00	0.00	580,238	28,165	14,506	6,523		
12-2028	445,126	38,018	35,596	0.00	0.00	518,740	26,074	12,969	7,227		
12-2029	401,329	34,277	32,094	0.00	0.00	467,700	23,508	11,693	7,541		
12-2030	368,846	31,332	29,336	0.00	0.00	427,514	21,488	10,688	7,841		
12-2031	337,349	28,813	26,977	0.00	0.00	393,139	19,761	9,828	8,146		
12-2032	311,194	26,579	24,886	0.00	0.00	362,659	18,229	9,066	8,464		
12-2033	285,500	24,384	22,831	0.00	0.00	332,715	16,724	8,318	8,834		
12-2034	262,675	22,435	21,006	0.00	0.00	306,115	15,387	7,653	9,224		
12-2035	241,674	20,641	19,326	0.00	0.00	281,642	14,156	7,041	9,647		
12-2036	221,937	19,041	17,828	0.00	0.00	259,906	13,059	6,495	10,022		
12-2037	204,530	17,469	16,356	0.00	0.00	238,355	11,981	5,959	10,638		
S Tot	11,889,496	1,015,476	950,789	0.00	0.00	13,855,761	696,443	346,394	6,187		
After	1,899,272	162,216	151,883	0.00	0.00	2,213,371	111,252	55,334	17,633		
Total	13,788,768	1,177,692	1,102,672	0.00	0.00	16,069,132	807,696	401,728	7,764		
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2020	1,654	1	0.5	0.00	0.00	41,250	5,459,922	-5,141,868	-5,141,868	-4,339,944	
12-2021	36,191	1	0.5	0.00	0.00	411,528	0.00	3,153,391	-1,988,477	-1,831,188	
12-2022	36,191	1	0.5	0.00	0.00	189,261	0.00	1,430,690	-557,787	-802,124	
12-2023	36,191	1	0.5	0.00	0.00	129,391	0.00	968,889	408,802	-170,904	
12-2024	36,191	1	0.5	0.00	0.00	100,174	0.00	740,215	1,149,017	268,235	
12-2025	36,191	1	0.5	0.00	0.00	82,073	0.00	599,920	1,748,937	591,645	
12-2026	36,191	1	0.5	0.00	0.00	70,942	0.00	506,675	2,255,612	839,913	
12-2027	36,191	1	0.5	0.00	0.00	61,318	0.00	433,058	2,694,670	1,035,471	
12-2028	36,191	1	0.5	0.00	0.00	54,819	0.00	388,687	3,083,357	1,192,825	
12-2029	36,191	1	0.5	0.00	0.00	49,425	0.00	346,883	3,430,240	1,320,467	
12-2030	36,191	1	0.5	0.00	0.00	45,178	0.00	313,968	3,744,207	1,425,494	
12-2031	36,191	1	0.5	0.00	0.00	41,546	0.00	285,813	4,030,020	1,512,415	
12-2032	36,191	1	0.5	0.00	0.00	38,325	0.00	260,948	4,290,868	1,594,529	
12-2033	36,191	1	0.5	0.00	0.00	35,160	0.00	236,322	4,527,190	1,643,919	
12-2034	36,191	1	0.5	0.00	0.00	32,349	0.00	214,535	4,741,725	1,692,935	
12-2035	36,191	1	0.5	0.00	0.00	29,763	0.00	194,490	4,936,215	1,733,396	
12-2036	36,191	1	0.5	0.00	0.00	27,456	0.00	176,605	5,112,820	1,768,684	
12-2037	36,191	1	0.5	0.00	0.00	25,189	0.00	159,035	5,271,855	1,793,983	
S Tot	616,909			0.00	0.00	1,464,237	5,459,922	5,271,855	5,271,855	1,793,983	
After	713,518			0.00	0.00	233,903	0.00	1,099,363	6,371,218	1,907,714	
Total	1,330,428			0.00	0.00	1,698,139	5,459,922	6,371,218	6,371,218	1,907,714	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Del n Def	Initial	Final	Units	Initial	Final	Percent	Cum. Disc.	
Oil Rate	28,895	141	bbl/mo	96.3%	1.20	0.0%	3,178	5,798	\$/wmo	5.00	3,425,854
Gas Rate	103,447	507	Mcf/mo	0.0%	0.00	0.0%				8.00	2,411,234
GOR	3,580	3,580	scf/bbl							10.00	1,907,714
NGL Rate	4,405	42	bbl/mo							12.00	1,501,248
NGL Yield	42.6	84.1	bbl/MMcf							15.00	1,024,525
Gas Shrinkage	62.2	26.0	%							20.00	468,540
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	9.4		%								

Start Date: 12/2020    1 Months in year '20    36.807 Year Life(09/2057)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 598

DEFAULT 1/16/2019 12:12:37  
 Oil, PUD  
 Table 12

Cawley, Gillespie & Associates, Inc.

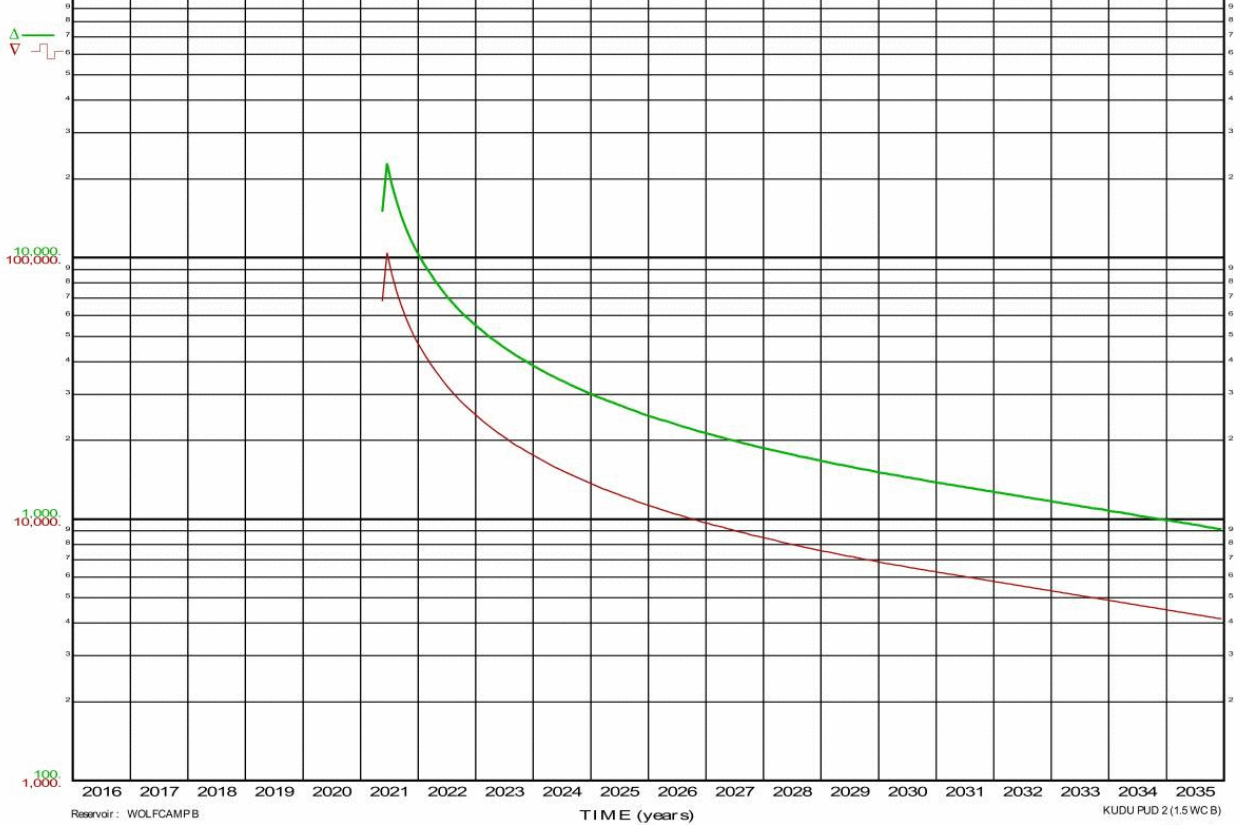
Figure 13  
 LILISENERGY, INC. -- KUDU PUD 2 (1.5 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

	As of 01/2019				GOR - scf/bbl	Initial	Final	Oil - mmbbls	Gas - mmmcf	12/2018 Cumulatives	39.71 Year Life (09/2058) Remaining Reserve	Ultimate Recovery	Current Interest %	Net Oil Prod. Net Gas Sales mmbbls/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$
	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>															
Oil - bbls/mo	14,984	96.3	1.20	8.1	138					0.0	629.2	629.2	37.969 NI	238,920	13,783,950	853,378	3,049,378	6,947,153	2,133,322
Gas - mcf/mo	68,029	0.0	0.00	8.1	627	4,540	4,540			0.0	2,856.7	2,856.7	51.504 WI	802,675	1,492,975	416,870	5,408,018		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMPB

TIME (years)

KUDU PUD 2(1.5WC B)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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**Table 13**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILISENERGY, INC. – KUDU PUD 2 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD – WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	0	0	0	0	0	0	0	0	0		
12-2021	124.1	563.4	46.1	47.120	158.304	17.521	57.693	1.860	15.734		
12-2022	86.3	401.1	32.9	33.545	112.699	12.474	57.693	1.860	15.734		
12-2023	54.9	249.1	20.4	20.832	69.987	7.746	57.693	1.860	15.734		
12-2024	40.8	185.4	15.2	15.509	52.103	5.767	57.693	1.860	15.734		
12-2025	32.8	148.7	12.2	12.435	41.777	4.624	57.693	1.860	15.734		
12-2026	27.6	125.2	10.3	10.468	35.169	3.893	57.693	1.860	15.734		
12-2027	23.9	108.5	8.9	8.078	30.458	3.376	57.693	1.860	15.734		
12-2028	21.2	96.4	7.9	6.960	27.077	2.997	57.693	1.860	15.734		
12-2029	19.0	86.4	7.1	7.228	24.283	2.688	57.693	1.860	15.734		
12-2030	17.3	78.7	6.4	6.579	22.104	2.447	57.693	1.860	15.734		
12-2031	15.9	72.2	5.9	6.041	20.295	2.246	57.693	1.860	15.734		
12-2032	14.7	66.6	5.5	5.573	18.722	2.072	57.693	1.860	15.734		
12-2033	13.5	61.1	5.0	5.113	17.176	1.901	57.693	1.860	15.734		
12-2034	12.4	56.2	4.6	4.704	15.803	1.749	57.693	1.860	15.734		
12-2035	11.4	51.7	4.2	4.328	14.539	1.609	57.693	1.860	15.734		
12-2036	10.5	47.7	3.9	3.992	13.412	1.484	57.693	1.860	15.734		
12-2037	9.6	43.8	3.6	3.683	12.405	1.369	57.693	1.860	15.734		
S.T ot	538.0	2,442.4	200.0	204.267	686.255	75.956	57.693	1.860	15.734		
After	91.3	414.3	33.9	34.653	116.420	12.886	57.693	1.860	15.734		
Total	629.2	2,856.7	234.0	238.920	802.675	88.842	57.693	1.860	15.734		
Cum Ult	0	0	0	0	0	0	0	0	0		
629.2	2,856.7	234.0	238.920	802.675	88.842	57.693	1.860	15.734	15.734		
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2021	2,718.495	294.446	275.690	0.000	0.000	3,288.621	168.304	82.216	4.241		
12-2022	1,935.317	209.619	195.256	0.000	0.000	2,341.203	119.817	58.530	4.589		
12-2023	1,201.849	130.175	118.863	0.000	0.000	1,453.962	74.008	38.348	4.000		
12-2024	894.747	96.912	90.739	0.000	0.000	1,082.399	55.395	27.060	5.258		
12-2025	717.422	77.706	72.756	0.000	0.000	867.884	44.416	21.697	5.575		
12-2026	603.941	65.414	61.247	0.000	0.000	730.603	37.391	18.265	5.876		
12-2027	523.733	56.727	53.113	0.000	0.000	633.573	32.425	15.839	6.167		
12-2028	464.977	50.263	47.155	0.000	0.000	562.494	28.787	14.062	6.444		
12-2029	416.999	45.166	42.289	0.000	0.000	504.455	25.817	12.611	6.728		
12-2030	379.585	41.114	38.495	0.000	0.000	459.193	23.500	11.480	7.000		
12-2031	348.524	37.750	35.345	0.000	0.000	421.619	21.577	10.540	7.269		
12-2032	321.502	34.823	32.604	0.000	0.000	389.929	19.905	9.723	7.546		
12-2033	294.957	31.948	29.912	0.000	0.000	356.816	18.261	8.920	7.867		
12-2034	271.375	29.393	27.521	0.000	0.000	328.290	16.801	8.207	8.205		
12-2035	249.680	27.043	25.321	0.000	0.000	302.044	15.458	7.551	8.573		
12-2036	230.322	24.947	23.358	0.000	0.000	278.626	14.239	6.966	8.959		
12-2037	211.305	22.887	21.429	0.000	0.000	256.621	13.082	6.391	9.408		
S.T ot	11,784.720	1,276.433	1,195.124	0.000	0.000	14,256.277	728.604	356.407	5.595		
After	1,999.230	216.542	202.748	0.000	0.000	2,418.520	123.774	60.463	15.862		
Total	13,783.950	1,492.975	1,397.872	0.000	0.000	16,674.797	853.378	416.870	7.084		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$	
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2021	22,549	1	0.5	0.000	0.000	337,480	5,408.018	-2,729.946	-2,729.946	-2,299.213	
12-2022	35,847	1	0.5	0.000	0.000	240,256	0.000	1,886.752	-843.194	-940.502	
12-2023	35,847	1	0.5	0.000	0.000	149,201	0.000	1,158.104	314.910	-183.899	
12-2024	35,847	1	0.5	0.000	0.000	111,076	0.000	853.020	1,167.930	322.270	
12-2025	35,847	1	0.5	0.000	0.000	89,063	0.000	676.860	1,844.791	687.205	
12-2026	35,847	1	0.5	0.000	0.000	74,975	0.000	564.125	2,408.916	963.647	
12-2027	35,847	1	0.5	0.000	0.000	65,016	0.000	484.444	2,893.359	1,179.432	
12-2028	35,847	1	0.5	0.000	0.000	57,723	0.000	426.074	3,319.433	1,351.930	
12-2029	35,847	1	0.5	0.000	0.000	51,767	0.000	378.412	3,697.845	1,491.179	
12-2030	35,847	1	0.5	0.000	0.000	47,123	0.000	341.243	4,039.088	1,605.332	
12-2031	35,847	1	0.5	0.000	0.000	43,267	0.000	310.396	4,349.474	1,699.726	
12-2032	35,847	1	0.5	0.000	0.000	39,912	0.000	283.542	4,633.016	1,778.113	
12-2033	35,847	1	0.5	0.000	0.000	36,617	0.000	257.171	4,890.187	1,842.742	
12-2034	35,847	1	0.5	0.000	0.000	33,689	0.000	233.745	5,123.932	1,896.148	
12-2035	35,847	1	0.5	0.000	0.000	30,996	0.000	212.192	5,336.123	1,940.225	
12-2036	35,847	1	0.5	0.000	0.000	28,553	0.000	192.951	5,528.084	1,976.661	
12-2037	35,847	1	0.5	0.000	0.000	26,232	0.000	174.069	5,703.153	2,006.540	
S.T ot	596,108			0.000	0.000	1,462,988	5,408.018	5,703.153	5,703.153	2,006.540	
After	742,092			0.000	0.000	248,190	0.000	1,244.001	6,947.153	2,133.322	
Total	1,338,200			0.000	0.000	1,711,178	5,408.018	6,947.153	6,947.153	2,133.322	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	Initial	Final	Units	Initial	Final	Units	Initial	Final	Final	5.00	3,751.452
Gas Rate	29.352	137.	bbl/mo	3.180	5.799	\$/wmo	Expense	51.5049	51.5049	8.00	2,666.967
GOR	133.258	622.	Mcf/mo				Revenue			10.00	2,133.322
NGL Rate	4.840	4.540	scf/bbl				Oil	37.9699	37.9699	12.00	1,705.350
NGL Yield	5.674	52.	bbl/MMcf				Gas	37.9699	37.9699	15.00	1,207.436
Gas Shrinkage	42.6	84.0	bbl/MMcf							20.00	634.207
Oil Severance	62.2	26.0	%								
Gas Severance	4.6	4.6	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	7.5	7.5	%								
Ad Valorem	9.3		%								

Start Date: 05/2021    8 Months in year '21    37.377 Year Life (09/2058)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 599

DEFAULT 1/16/2019 12:12:37  
 Oil, PUD  
 Table 13

Cawley, Gillespie & Associates, Inc.

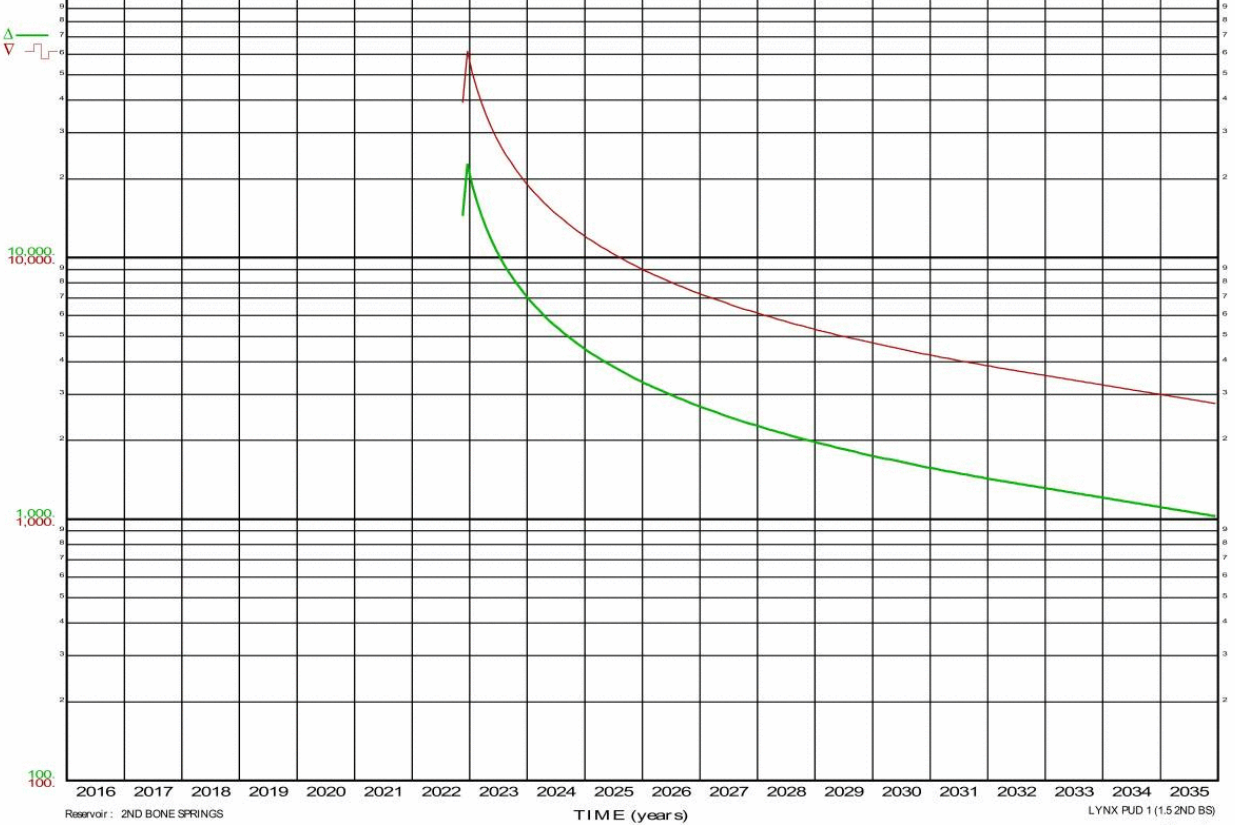
Figure 14  
 LILISENERGY, INC. -- LYNX PUD 1 (1.5 2ND BS)  
 PHANTOM (2ND BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		40.36 Year Life (05/2059)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$		
Oil - bbls/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>14</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	12/2018 Remaining Reserve	Ultimate Recovery	88.738 WI	413.483	23,854.990	1,324.419	5,164.335	12,571.756	4,046.175
Gas - mcf/mo	38,094	0.0	0.00	8.0	396	2,700	2,700	0.0	0.0	1,677.4	1,677.4	88.738 WI	826.139	1,536.618	670.759	7,099.074		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: 2ND BONE SPRINGS

TIME (years)

LYNX PUD 1 (1.5 2ND BS)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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 (DEFAULT) ASN 600

Table 14  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Undeveloped Reserves  
LILIS ENERGY, INC. -- LYNX PUD 1 (1.5 2ND BS)  
PHANTOM (2ND BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	0	0	0	0	0	0	0	0	0		
12-2021	0	0	0	0	0	0	0	0	0		
12-2022	37.5	101.3	8.3	24,977	49,994	5,523	57.693	1,860	15,734		
12-2023	135.4	365.5	29.9	90,105	180,029	19,926	57.693	1,860	15,734		
12-2024	66.8	180.3	14.8	44,453	88,817	9,830	57.693	1,860	15,734		
12-2025	46.2	124.7	10.2	30,737	61,413	6,797	57.693	1,860	15,734		
12-2026	35.9	97.0	7.9	23,901	47,755	5,286	57.693	1,860	15,734		
12-2027	29.6	80.0	6.6	19,717	39,394	4,360	57.693	1,860	15,734		
12-2028	25.4	68.6	5.6	16,911	33,789	3,740	57.693	1,860	15,734		
12-2029	22.2	60.0	4.9	14,788	29,546	3,270	57.693	1,860	15,734		
12-2030	19.8	53.6	4.4	13,204	26,381	2,920	57.693	1,860	15,734		
12-2031	18.0	48.5	4.0	11,951	23,878	2,643	57.693	1,860	15,734		
12-2032	16.5	44.5	3.6	10,951	21,900	2,424	57.693	1,860	15,734		
12-2033	15.1	40.8	3.3	10,053	20,085	2,223	57.693	1,860	15,734		
12-2034	13.9	37.5	3.1	9,249	18,479	2,045	57.693	1,860	15,734		
12-2035	12.8	34.5	2.8	8,509	17,002	1,882	57.693	1,860	15,734		
12-2036	11.8	31.8	2.6	7,850	15,694	1,736	57.693	1,860	15,734		
12-2037	10.8	29.2	2.4	7,202	14,389	1,593	57.693	1,860	15,734		
S Tot	517.7	1,397.9	114.5	344,567	688,445	76,198	57.693	1,860	15,734		
After	103.5	279.6	22.9	68,916	137,694	15,240	57.693	1,860	15,734		
Total	621.3	1,677.4	137.4	413,483	826,139	91,439	57.693	1,860	15,734		
Cum Ult	0	0	0	0	0	0	0	0	0		
621.3	1,677.4	137.4	0	0	0	0	0	0	0		
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	0	0	0	0	0	0	0	0	0		
12-2021	0	0	0	0	0	0	0	0	0		
12-2022	1,440,988	92,821	86,908	0	0	1,620,717	80,003	40,518	4,981		
12-2023	5,198,391	334,854	313,524	0	0	5,846,769	288,612	146,189	5,231		
12-2024	2,564,607	165,199	154,676	0	0	2,884,482	142,386	72,112	5,708		
12-2025	1,773,326	114,229	106,952	0	0	1,994,507	98,454	49,863	6,128		
12-2026	1,378,943	88,825	83,166	0	0	1,559,934	76,558	38,773	6,517		
12-2027	1,137,527	73,273	68,606	0	0	1,278,402	63,155	31,985	6,888		
12-2028	975,655	62,847	58,843	0	0	1,067,345	54,188	27,434	7,240		
12-2029	853,149	54,956	51,455	0	0	959,559	47,366	23,989	7,595		
12-2030	761,761	49,069	45,943	0	0	856,773	42,293	21,419	7,935		
12-2031	689,481	44,413	41,584	0	0	775,478	38,280	19,387	8,267		
12-2032	632,369	40,734	38,139	0	0	711,242	35,109	17,781	8,593		
12-2033	579,959	37,358	34,978	0	0	652,295	32,199	16,307	8,928		
12-2034	533,593	34,371	32,182	0	0	600,146	29,625	15,004	9,289		
12-2035	490,933	31,623	29,609	0	0	552,166	27,256	13,804	9,682		
12-2036	452,871	29,172	27,313	0	0	509,356	25,143	12,734	10,095		
12-2037	415,478	26,763	25,068	0	0	467,300	23,067	11,682	10,575		
S Tot	19,879,027	1,280,507	1,198,938	0	0	22,358,472	1,103,675	558,962	6,603		
After	3,975,963	256,112	239,797	0	0	4,471,872	220,744	111,797	17,729		
Total	23,854,990	1,536,618	1,438,735	0	0	26,830,343	1,324,419	670,759	8,458		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$	
12-2019	0	0	0	0	0	0	0	0	0	0	
12-2020	0	0	0	0	0	0	0	0	0	0	
12-2021	0	0	0	0	0	0	0	0	0	0	
12-2022	7,882	1	0.9	0	0	175,837	7,099,074	-5,782,607	-5,782,607	-4,081,205	
12-2023	61,762	1	0.9	0	0	634,337	0	4,715,889	-1,066,719	-983,441	
12-2024	61,762	1	0.9	0	0	312,948	0	2,295,274	1,228,556	380,758	
12-2025	61,762	1	0.9	0	0	216,391	0	1,568,037	2,796,592	1,226,860	
12-2026	61,762	1	0.9	0	0	168,266	0	1,205,574	4,002,166	1,817,924	
12-2027	61,762	1	0.9	0	0	136,807	0	965,693	4,965,859	2,255,234	
12-2028	61,762	1	0.9	0	0	119,055	0	834,927	5,820,786	2,594,338	
12-2029	61,762	1	0.9	0	0	104,106	0	722,336	6,543,122	2,860,193	
12-2030	61,762	1	0.9	0	0	92,954	0	638,345	7,181,467	3,073,765	
12-2031	61,762	1	0.9	0	0	84,134	0	571,915	7,753,382	3,247,710	
12-2032	61,762	1	0.9	0	0	77,165	0	519,425	8,272,807	3,391,310	
12-2033	61,762	1	0.9	0	0	70,770	0	471,257	8,744,064	3,509,740	
12-2034	61,762	1	0.9	0	0	65,112	0	428,643	9,172,708	3,607,675	
12-2035	61,762	1	0.9	0	0	59,906	0	389,437	9,562,144	3,688,569	
12-2036	61,762	1	0.9	0	0	55,252	0	354,455	9,916,599	3,755,500	
12-2037	61,762	1	0.9	0	0	50,696	0	320,089	10,236,688	3,810,443	
S Tot	934,321			0	0	2,425,751	7,099,074	10,236,688	10,236,688	3,810,443	
After	1,319,094			0	0	485,169	0	2,335,067	12,571,756	4,046,175	
Total	2,253,415			0	0	2,910,920	7,099,074	12,571,756	12,571,756	4,046,175	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Del	n	Def	Initial	Final	Units	Final	5.00	6,852,781
Oil Rate	29,047	145	bbl/mo	96.3%	1.20	0.0%	3,092	5,715	\$/wmo	8.00	4,961,405
Gas Rate	78,429	393	Mcf/mo	0.0%	0.00	0.0%				10.00	4,046,175
GOR	2,700	2,700	scf/bbl							12.00	3,322,073
NGL Rate	3,155	32	bbl/mo							15.00	2,493,849
NGL Yield	40.2	81.2	bbl/MMcf							20.00	1,565,880
Gas Shrinkage	63.1	25.9	%								
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	15.6		%								

Start Date: 11/2022 2 Months in year '22 36,528 Year Life(05/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 800 DEFAULT 1/16/2019 12:12:37  
Oil, PUD Table 14

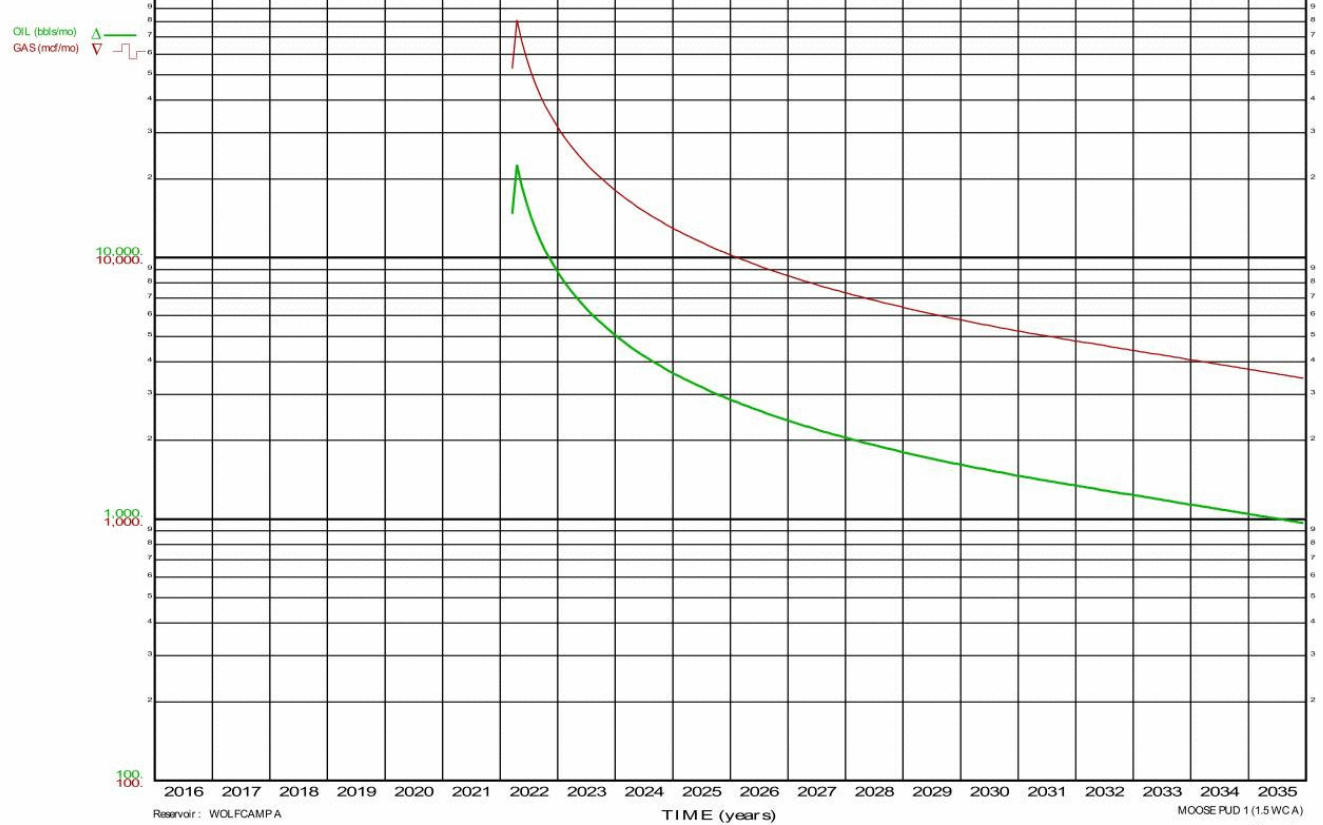
Cawley, Gillespie & Associates, Inc.

Figure 15  
 LILISENERGY, INC. -- MOOSE PUD 1 (1.5 WC A)  
 PHANTOM (WOLFCAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		41.08 Year Life (02/2050)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$	
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>14</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
14,751	52,810	96.3	1.20	8.1	130	464	3,580	3,580	0.0	0.0	620.3	620.3	62.383 NI	386.976	22,325.725	1,307.759	4,568.313	11,377.634	3,394.944
		0.0	0.00	8.1					0.0	0.0	2,220.7	2,220.7	77.273 WI	1,025.177	1,906.829	650.448	8,113.761		



Reservoir: WOLFCAMP A

TIME (years)

MOOSE PUD 1(1.5WC A)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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 (DEFAULT) ASN 601



**Table 15**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- MOOSE PUD 1 (1.5 WC A)**  
**PHANTOM (WOLFCAMPA) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	141.1	506.2	41.4	86,028	233,204	25,912	57.693	1.860	15,734
12-2023	78.5	281.1	23.0	48,978	123,752	14,361	57.693	1.860	15,734
12-2024	51.1	182.9	15.0	31,873	84,439	9,346	57.693	1.860	15,734
12-2025	38.5	137.8	11.3	24,011	63,610	7,040	57.693	1.860	15,734
12-2026	31.2	111.9	9.2	19,492	51,637	5,715	57.693	1.860	15,734
12-2027	26.5	94.7	7.8	16,504	43,722	4,839	57.693	1.860	15,734
12-2028	23.1	82.7	6.8	14,406	38,165	4,224	57.693	1.860	15,734
12-2029	20.5	73.2	6.0	12,757	33,797	3,741	57.693	1.860	15,734
12-2030	18.4	66.0	5.4	11,500	30,465	3,372	57.693	1.860	15,734
12-2031	16.8	60.2	4.9	10,486	27,780	3,075	57.693	1.860	15,734
12-2032	15.5	55.4	4.5	9,651	25,584	2,853	57.693	1.860	15,734
12-2033	14.2	50.9	4.2	8,863	23,481	2,599	57.693	1.860	15,734
12-2034	13.1	46.8	3.8	8,155	21,604	2,391	57.693	1.860	15,734
12-2035	12.0	43.1	3.5	7,503	19,877	2,200	57.693	1.860	15,734
12-2036	11.1	39.7	3.3	6,921	18,336	2,029	57.693	1.860	15,734
12-2037	10.2	36.4	3.0	6,350	16,822	1,862	57.693	1.860	15,734
S Tot	521.8	1,867.9	153.0	325,489	862,286	95,440	57.693	1.860	15,734
After	98.6	352.9	28.9	61,487	162,891	18,029	57.693	1.860	15,734
Total	620.3	2,220.7	181.9	386,976	1,025,177	113,469	57.693	1.860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0
620.3	2,220.7	181.9	386,976	1,025,177	113,469	57.693	1.860	15,734	15,734

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	5,078,597	433,790	406,129	0	0	5,918,496	297,496	147,962	4,305
12-2023	2,829,671	241,339	225,966	0	0	3,297,976	163,517	83,324	4,680
12-2024	1,838,868	157,057	147,052	0	0	2,142,977	107,714	53,574	5,041
12-2025	1,385,254	118,314	110,777	0	0	1,614,345	81,143	40,359	5,380
12-2026	1,124,530	96,046	89,927	0	0	1,310,503	66,871	32,763	5,698
12-2027	952,162	81,324	75,143	0	0	1,108,629	55,774	27,741	6,004
12-2028	831,137	70,987	66,465	0	0	968,589	48,685	24,215	6,955
12-2029	736,013	62,863	58,588	0	0	857,734	43,113	21,443	6,590
12-2030	663,453	56,665	53,056	0	0	773,173	38,863	19,329	6,873
12-2031	604,980	51,671	48,390	0	0	705,031	35,438	17,626	7,190
12-2032	557,379	47,635	44,573	0	0	649,557	32,649	16,239	7,418
12-2033	511,358	43,675	40,893	0	0	595,925	29,953	14,898	7,725
12-2034	470,476	40,183	37,623	0	0	548,282	27,559	13,707	8,048
12-2035	432,862	36,971	34,616	0	0	504,449	25,356	12,611	8,399
12-2036	398,302	34,104	31,932	0	0	465,338	23,390	11,633	8,789
12-2037	365,333	31,288	29,296	0	0	428,916	21,458	10,673	9,197
S Tot	18,778,375	1,603,851	1,501,685	0	0	21,883,911	1,099,969	547,098	5,606
After	3,547,350	302,977	283,677	0	0	4,134,004	207,791	103,350	15,844
Total	22,325,725	1,906,829	1,785,362	0	0	26,017,915	1,307,759	650,448	7,233

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0	0
12-2022	42,795	1	0.8	0	0	575,729	8,113,761	-3,253,247	-3,253,247	-2,604,781
12-2023	53,783	1	0.8	0	0	320,329	0	2,671,022	588,224	857,033
12-2024	53,783	1	0.8	0	0	208,461	0	1,719,444	1,131,220	1,633,924
12-2025	53,783	1	0.8	0	0	157,038	0	1,282,022	2,413,242	2,855,383
12-2026	53,783	1	0.8	0	0	127,481	0	1,030,606	3,443,848	3,960,531
12-2027	53,783	1	0.8	0	0	107,941	0	864,391	4,308,239	4,746,616
12-2028	53,783	1	0.8	0	0	94,221	0	747,686	5,055,925	5,408,353
12-2029	53,783	1	0.8	0	0	83,437	0	655,958	5,711,882	6,000,755
12-2030	53,783	1	0.8	0	0	75,212	0	585,987	6,297,870	6,585,794
12-2031	53,783	1	0.8	0	0	68,583	0	529,602	6,827,471	7,046,890
12-2032	53,783	1	0.8	0	0	63,187	0	483,700	7,311,171	7,480,581
12-2033	53,783	1	0.8	0	0	57,969	0	438,321	7,750,493	7,890,985
12-2034	53,783	1	0.8	0	0	53,335	0	399,899	8,150,391	8,262,352
12-2035	53,783	1	0.8	0	0	49,071	0	363,628	8,514,020	8,573,885
12-2036	53,783	1	0.8	0	0	45,266	0	331,266	8,845,286	8,900,437
12-2037	53,783	1	0.8	0	0	41,529	0	299,474	9,144,759	9,171,841
S Tot	849,534			0	0	2,128,790	8,113,761	9,144,759	9,144,759	3,171,841
After	1,187,847			0	0	402,141	0	2,232,875	11,377,634	3,394,944
Total	2,037,382			0	0	2,530,931	8,113,761	11,377,634	11,377,634	3,394,944

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final	5.00	6,017,269	
Oil Rate	28.856	129	bbl/mo	96.3%	1.20	0.0%		Expense	77,2739	77,2739	8.00	4,249,750
Gas Rate	103.447	462	Mcf/mo	0.0%	0.00	0.0%		Revenue			10.00	3,394,944
GOR	3.580	3.580	scf/bbl					Oil	62.3836	62.3836	12.00	2,718,767
NGL Rate	4.405	38	bbl/mo					Gas	62.3836	62.3836	15.00	1,945,503
NGL Yield	42.6	83.7	bbl/MMcf								20.00	1,079,884
Gas Shrinkage	62.2	25.8	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	13.8		%									

Start Date: 03/2022    10 Months in year '22    37,920 Year Life (02/2060)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 801    DEFAULT 1/16/2019 12:12:37  
 Oil, PUD  
 Table 15

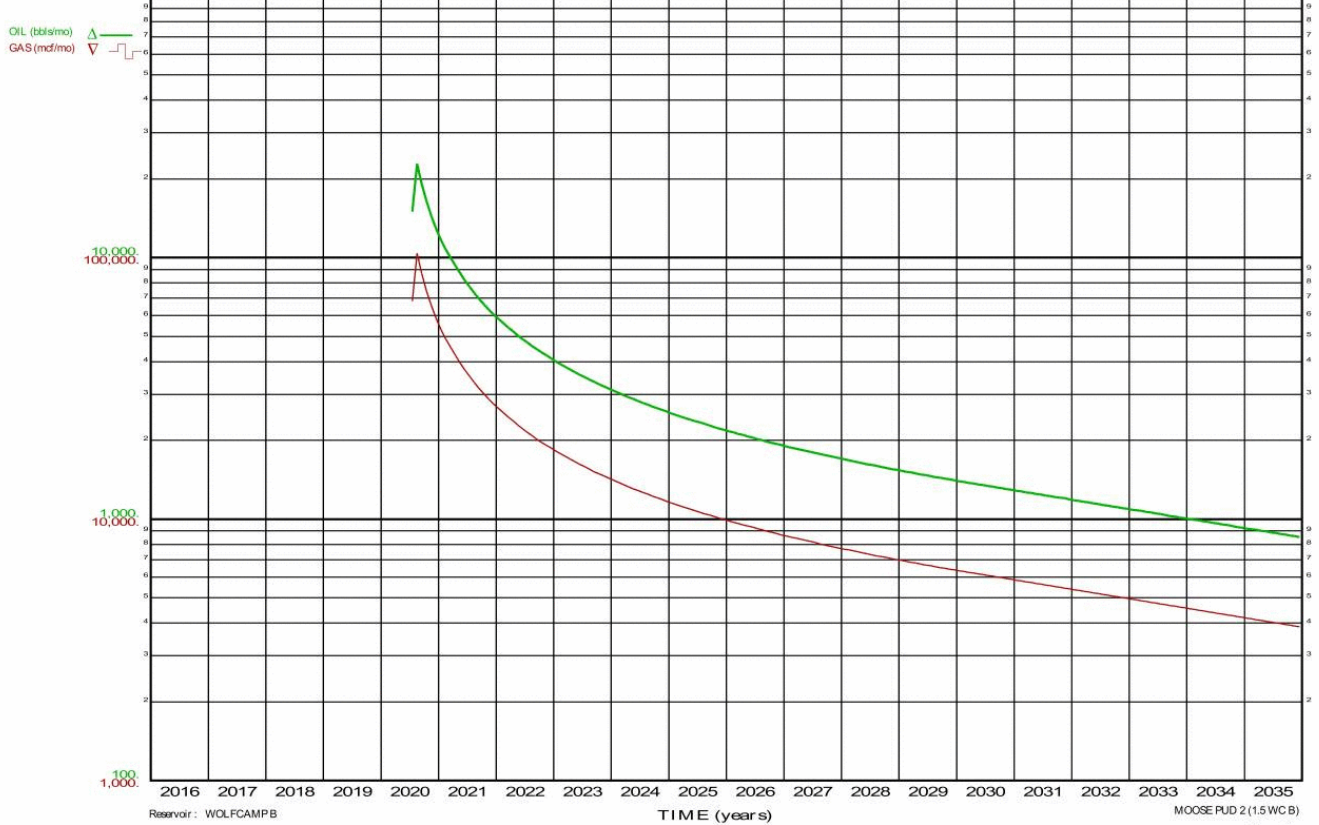
Cawley, Gillespie & Associates, Inc.

Figure 16  
 LILISENERGY, INC. -- MOOSE PUD 2 (1.5 WC B)  
 PHANTOM (WOLF CAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

	As of 01/2019				GOR - scf/bbl	Oil - mmbbls	Gas - mscf	12/2018 Cumulative	40.09 Year Life (02/2059) Remaining Reserve	Ultimate Recovery	Current Interest %	Net Oil Prod. Net Gas Sales mmbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>													
Oil - bbls/mo	14,984	96.3	1.20	8.1	124		0.0	631.1	631.1		62.383 NI	393,729	22,715,319	1,406,328	4,648,776	12,623,455	4,647,698
Gas - mcf/mo	68,029	0.0	0.00	8.1	565	4,540	4,540	0.0	2,865.4	2,865.4	77.273 WI	1,322,771	2,460,355	686,983	8,113,761		



Reservoir: WOLF CAMP B

TIME (years)

MOOSE PUD 2 (1.5 WC B)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 602



**Table 16**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- MOOSE PUD 2 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	101.6	461.1	37.8	63.354	212.843	23.558	57.693	1.860	15.734
12-2021	99.4	451.4	37.0	62.029	208.393	23.065	57.693	1.860	15.734
12-2022	58.4	265.1	21.7	36.428	122.383	13.546	57.693	1.860	15.734
12-2023	42.5	193.1	15.8	26.530	89.130	9.865	57.693	1.860	15.734
12-2024	33.9	154.1	12.6	21.172	71.130	7.873	57.693	1.860	15.734
12-2025	28.3	128.5	10.5	17.659	59.328	6.566	57.693	1.860	15.734
12-2026	24.4	111.0	9.1	15.249	51.232	5.670	57.693	1.860	15.734
12-2027	21.6	98.0	8.0	13.452	45.226	5.006	57.693	1.860	15.734
12-2028	19.4	88.1	7.2	12.111	40.689	4.504	57.693	1.860	15.734
12-2029	17.6	79.9	6.5	10.973	36.865	4.080	57.693	1.860	15.734
12-2030	16.1	73.2	6.0	10.065	33.813	3.743	57.693	1.860	15.734
12-2031	14.8	67.4	5.5	9.260	31.109	3.443	57.693	1.860	15.734
12-2032	13.7	62.2	5.1	8.542	28.697	3.176	57.693	1.860	15.734
12-2033	12.6	57.0	4.7	7.837	26.326	2.914	57.693	1.860	15.734
12-2034	11.6	52.5	4.3	7.210	24.223	2.681	57.693	1.860	15.734
12-2035	10.6	48.3	4.0	6.634	22.286	2.467	57.693	1.860	15.734
12-2036	9.8	44.5	3.6	6.119	20.559	2.275	57.693	1.860	15.734
12-2037	9.0	40.9	3.3	5.614	18.961	2.088	57.693	1.860	15.734
S Tot	545.4	2,476.2	202.8	340,248	1,143,097	126,520	57.693	1.860	15.734
After	85.7	389.2	31.9	53,481	179,674	19,887	57.693	1.860	15.734
Total	631.1	2,865.4	234.7	393,729	1,322,771	146,407	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0
631.1	2,865.4	234.7	0	0	0	0	0	0	0

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	3,655,044	395,897	370,669	0.000	0.000	4,421,601	226,287	110,500	3,848
12-2021	3,578,627	387,610	362,919	0.000	0.000	4,329,157	221,556	108,229	4,111
12-2022	2,101,621	227,632	213,132	0.000	0.000	2,542,384	130,113	63,560	4,450
12-2023	1,530,693	165,782	155,222	0.000	0.000	1,851,697	94,761	46,290	4,725
12-2024	1,221,489	132,303	123,875	0.000	0.000	1,477,666	75,624	38,942	5,040
12-2025	1,018,803	110,349	103,320	0.000	0.000	1,232,472	63,075	30,812	5,321
12-2026	879,774	95,291	89,221	0.000	0.000	1,064,285	54,468	26,607	5,588
12-2027	776,680	84,124	78,765	0.000	0.000	939,670	46,085	23,469	5,848
12-2028	698,737	75,682	70,861	0.000	0.000	845,280	43,280	21,132	6,095
12-2029	633,067	68,569	64,201	0.000	0.000	765,837	39,194	19,146	6,351
12-2030	580,663	62,893	58,887	0.000	0.000	702,442	35,949	17,561	6,596
12-2031	534,224	57,863	54,177	0.000	0.000	646,284	33,074	16,157	6,854
12-2032	492,805	53,377	49,977	0.000	0.000	595,159	30,510	14,904	7,125
12-2033	452,115	48,970	45,850	0.000	0.000	546,935	27,991	13,673	7,440
12-2034	415,970	45,055	42,185	0.000	0.000	503,209	25,753	12,580	7,771
12-2035	382,714	41,453	38,812	0.000	0.000	462,979	23,694	11,574	8,130
12-2036	353,042	38,239	35,803	0.000	0.000	427,084	21,857	10,677	8,309
12-2037	323,892	35,062	32,847	0.000	0.000	391,821	20,032	9,796	8,948
S Tot	19,629,859	2,126,161	1,990,723	0.000	0.000	23,746,742	1,215,304	593,669	5,162
After	3,085,460	334,194	312,906	0.000	0.000	3,732,560	191,024	93,314	15,405
Total	22,715,319	2,460,355	2,303,628	0.000	0.000	27,479,302	1,406,328	686,983	6,554

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	24,867	1	0.8	0.000	0.000	414,350	8,113,761	-4,468,205	-4,468,205	-4,029,919
12-2021	53,783	1	0.8	0.000	0.000	405,687	0.000	3,539,907	-928,303	-1,223,937
12-2022	53,783	1	0.8	0.000	0.000	238,248	0.000	2,056,681	1,128,377	254,294
12-2023	53,783	1	0.8	0.000	0.000	173,514	0.000	1,483,250	2,611,628	1,222,597
12-2024	53,783	1	0.8	0.000	0.000	138,473	0.000	1,172,846	3,784,473	1,918,267
12-2025	53,783	1	0.8	0.000	0.000	115,495	0.000	969,307	4,753,780	2,440,746
12-2026	53,783	1	0.8	0.000	0.000	99,735	0.000	829,693	5,583,473	2,847,255
12-2027	53,783	1	0.8	0.000	0.000	88,047	0.000	735,165	6,309,638	3,170,670
12-2028	53,783	1	0.8	0.000	0.000	79,212	0.000	647,894	6,957,533	3,432,946
12-2029	53,783	1	0.8	0.000	0.000	71,767	0.000	581,948	7,539,481	3,647,076
12-2030	53,783	1	0.8	0.000	0.000	65,826	0.000	529,323	8,068,804	3,824,138
12-2031	53,783	1	0.8	0.000	0.000	60,562	0.000	482,689	8,551,492	3,970,932
12-2032	53,783	1	0.8	0.000	0.000	55,866	0.000	441,086	8,992,588	4,092,876
12-2033	53,783	1	0.8	0.000	0.000	51,254	0.000	400,235	9,392,823	4,193,457
12-2034	53,783	1	0.8	0.000	0.000	47,156	0.000	363,937	9,756,760	4,276,609
12-2035	53,783	1	0.8	0.000	0.000	43,386	0.000	330,542	10,087,302	4,345,269
12-2036	53,783	1	0.8	0.000	0.000	40,022	0.000	300,745	10,388,047	4,402,059
12-2037	53,783	1	0.8	0.000	0.000	36,718	0.000	271,472	10,659,519	4,448,657
S Tot	939,172			0.000	0.000	2,225,317	8,113,761	10,659,519	10,659,519	4,448,657
After	1,134,506			0.000	0.000	349,780	0.000	1,963,936	12,623,455	4,647,698
Total	2,073,679			0.000	0.000	2,575,097	8,113,761	12,623,455	12,623,455	4,647,698

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final	Final	Final	
29,352	123	bbl/mo	96.3%	1.20	0.0%			Expense	77,2739	77,2739	5.00	7,392,395
Gas Rate	133,258	562	Mcf/mo	0.0%	0.00	0.0%		Revenue			8.00	5,565,969
GOR	4,840	4,540	scf/bbl					Oil	62,3836	62,3836	12.00	3,897,321
NGL Rate	5,674	47	bbl/mo					Gas	62,3836	62,3836	15.00	3,002,124
NGL Yield	42.6	83.8	bbl/MMcf								20.00	1,925,477
Gas Shrinkage	62.2	25.9	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	13.8		%									

Start Date: 07/2020    6 Months in year '20    38,596 Year Life (02/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 802    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD Table 16

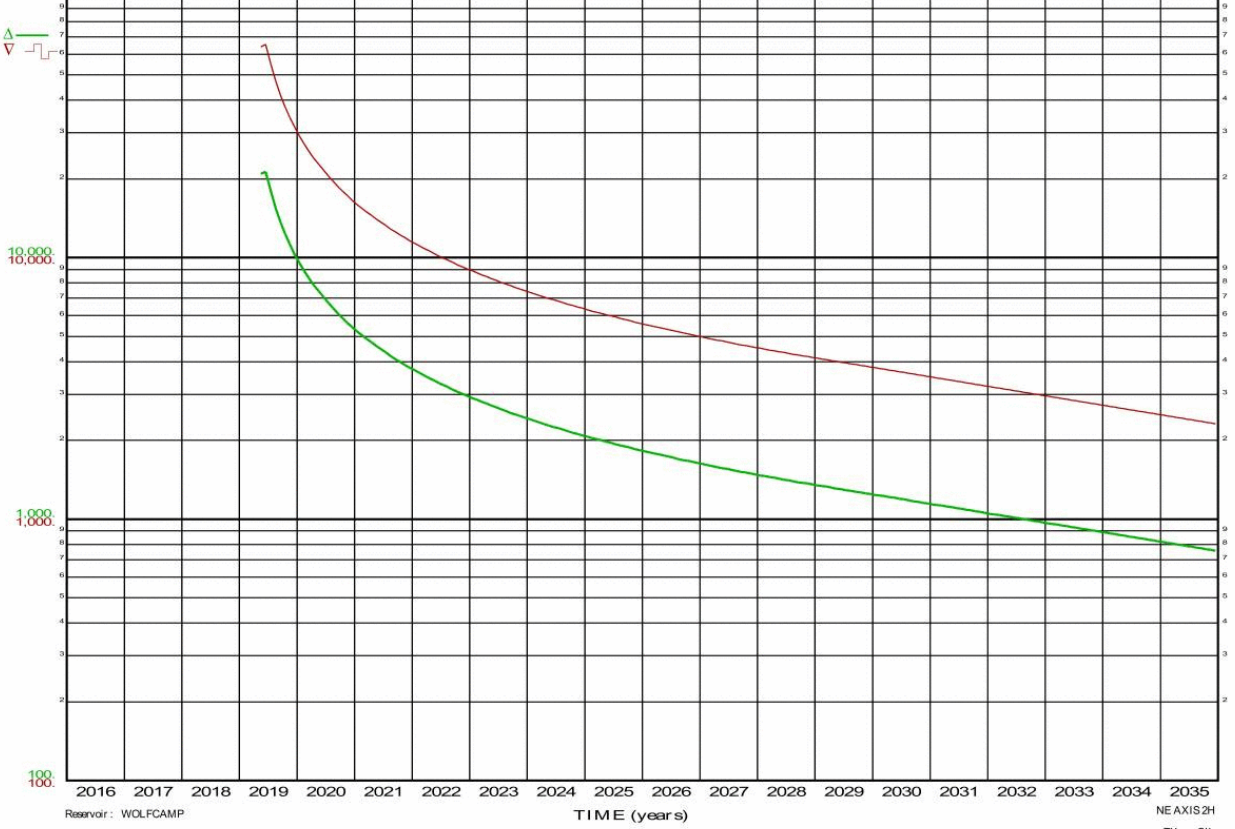
Figure 17  
 LILISENERGY, INC. -- NE AXIS2H  
 PHANTOM (WOLFCAMP) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		36.90 Year Life (11/2055)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	CashFlow	Disc. @10.0%	
										Recovery	%	mkbbl/mcf	M\$	M\$	M\$	M\$	M\$	
20,929	64,043	96.3	1.20	8.0	145	3,060	3,060	0.0	614.9	614.9	55.043 NI	338,455	19,526,433	1,108,517	4,249,840	12,300,409	6,577,204	
		0.0	0.00	8.0	443			0.0	1,881.5	1,881.5	73.391 WI	786,398	1,425,501	557,166	4,070,697			

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMP

TIME (years)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

NE AXIS2H  
 TX OIL  
 MKR G:\CGA\8538\PHD\PUD.out  
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**Table 17**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- NE AXIS 2H**  
**PHANTOM (WOLFCAMP) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MCF	(10) Avg NGL Price \$/BBL
12-2019	124.2	379.9	31.1	68.341	154.751	17.128	57.693	1.860	15.734
12-2020	85.5	261.5	21.4	47.045	106.530	11.791	57.693	1.860	15.734
12-2021	53.3	163.0	13.3	29.314	66.379	7.347	57.693	1.860	15.734
12-2022	39.7	121.4	9.9	21.829	49.430	5.471	57.693	1.860	15.734
12-2023	31.9	97.7	8.0	17.580	39.807	4.406	57.693	1.860	15.734
12-2024	27.0	82.5	6.8	14.848	33.622	3.721	57.693	1.860	15.734
12-2025	23.3	71.4	5.8	12.846	29.088	3.220	57.693	1.860	15.734
12-2026	20.7	63.3	5.2	11.390	25.769	2.852	57.693	1.860	15.734
12-2027	18.6	56.9	4.7	10.239	23.184	2.536	57.693	1.860	15.734
12-2028	17.0	52.0	4.3	9.347	21.164	2.343	57.693	1.860	15.734
12-2029	15.5	47.6	3.9	8.558	19.380	2.145	57.693	1.860	15.734
12-2030	14.3	43.8	3.6	7.874	17.830	1.973	57.693	1.860	15.734
12-2031	13.2	40.3	3.3	7.245	16.405	1.816	57.693	1.860	15.734
12-2032	12.1	37.2	3.0	6.663	15.130	1.675	57.693	1.860	15.734
12-2033	11.1	34.1	2.8	6.131	13.883	1.537	57.693	1.860	15.734
12-2034	10.2	31.4	2.6	5.641	12.773	1.414	57.693	1.860	15.734
12-2035	9.4	28.9	2.4	5.190	11.752	1.301	57.693	1.860	15.734
12-2036	8.7	26.6	2.2	4.788	10.841	1.200	57.693	1.860	15.734
12-2037	8.0	24.4	2.0	4.392	9.946	1.101	57.693	1.860	15.734
S Tot	543.7	1,663.7	136.3	299.271	677.669	75.006	57.693	1.860	15.734
After	71.2	217.8	17.8	39.184	88.729	9.821	57.693	1.860	15.734
Total	614.9	1,881.5	154.1	338.455	766.398	84.827	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	3,942.786	287.838	269.502	0.000	0.000	4,500.126	223.832	112.503	4.886
12-2020	2,714.182	198.145	185.523	0.000	0.000	3,097.850	154.084	77.446	5.275
12-2021	1,691.216	123.465	115.600	0.000	0.000	1,930.281	96.010	48.257	5.702
12-2022	1,293.985	91.940	86.083	0.000	0.000	1,437.408	71.495	35.935	6.090
12-2023	1,014.216	74.041	69.325	0.000	0.000	1,157.582	57.077	28.940	6.457
12-2024	856.628	62.537	58.553	0.000	0.000	977.718	48.631	24.443	6.804
12-2025	741.111	54.104	50.657	0.000	0.000	845.872	42.073	21.147	7.152
12-2026	656.555	47.931	44.878	0.000	0.000	748.364	37.273	18.734	7.485
12-2027	590.693	43.123	40.376	0.000	0.000	674.192	33.534	16.655	7.809
12-2028	539.230	39.366	36.858	0.000	0.000	615.454	30.612	15.386	8.119
12-2029	493.757	36.064	33.750	0.000	0.000	563.553	28.031	14.089	8.445
12-2030	454.282	33.164	31.052	0.000	0.000	518.497	25.790	12.962	8.782
12-2031	417.963	30.513	28.599	0.000	0.000	477.045	23.728	11.926	9.148
12-2032	385.558	28.147	26.354	0.000	0.000	440.059	21.888	11.011	9.533
12-2033	353.723	25.823	24.178	0.000	0.000	403.725	20.081	10.093	9.979
12-2034	325.444	23.759	22.245	0.000	0.000	371.448	18.475	9.286	10.449
12-2035	299.426	21.859	20.467	0.000	0.000	341.752	16.998	8.544	10.960
12-2036	276.211	20.164	18.890	0.000	0.000	315.255	15.681	7.881	11.497
12-2037	253.405	18.699	17.321	0.000	0.000	289.226	14.386	7.231	12.121
S Tot	17,265.771	1,260.464	1,180.171	0.000	0.000	19,706.406	980.179	492.660	6.637
After	2,260.662	165.037	154.524	0.000	0.000	2,580.223	128.338	64.506	19.721
Total	19,526.433	1,425.501	1,334.695	0.000	0.000	22,286.629	1,108.517	557.166	8.152

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net Count	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	33,230	1	0.7	0.000	0.000	481.121	4,070.697	-421.257	-497.462	
12-2020	51,081	1	0.7	0.000	0.000	331.200	0.000	2,484.039	2,062.783	1,666.895
12-2021	51,081	1	0.7	0.000	0.000	206.372	0.000	1,528.561	3,591.344	2,875.047
12-2022	51,081	1	0.7	0.000	0.000	153.677	0.000	1,125.219	4,716.563	3,682.939
12-2023	51,081	1	0.7	0.000	0.000	123.760	0.000	886.224	5,612.788	4,267.693
12-2024	51,081	1	0.7	0.000	0.000	104.531	0.000	749.033	6,361.821	4,711.830
12-2025	51,081	1	0.7	0.000	0.000	90.435	0.000	641.137	7,002.958	5,057.339
12-2026	51,081	1	0.7	0.000	0.000	80.117	0.000	562.160	7,565.118	5,332.724
12-2027	51,081	1	0.7	0.000	0.000	72.080	0.000	500.643	8,065.761	5,555.670
12-2028	51,081	1	0.7	0.000	0.000	65.800	0.000	452.575	8,518.335	5,738.861
12-2029	51,081	1	0.7	0.000	0.000	60.251	0.000	410.102	8,928.437	5,889.753
12-2030	51,081	1	0.7	0.000	0.000	55.434	0.000	373.231	9,301.668	6,014.603
12-2031	51,081	1	0.7	0.000	0.000	51.072	0.000	338.308	9,640.976	6,117.794
12-2032	51,081	1	0.7	0.000	0.000	47.048	0.000	303.041	9,950.017	6,203.232
12-2033	51,081	1	0.7	0.000	0.000	43.163	0.000	278.307	10,229.324	6,273.425
12-2034	51,081	1	0.7	0.000	0.000	39.713	0.000	252.893	10,482.217	6,331.207
12-2035	51,081	1	0.7	0.000	0.000	36.538	0.000	228.591	10,710.808	6,378.692
12-2036	51,081	1	0.7	0.000	0.000	33.705	0.000	206.308	10,917.716	6,417.763
12-2037	51,081	1	0.7	0.000	0.000	30.922	0.000	185.607	11,103.323	6,449.624
S Tot	952.681			0.000	0.000	2,106.867	4,070.697	11,103.323	11,103.323	6,449.624
After	914.434			0.000	0.000	2,75.859	0.000	1,197.087	12,300.409	6,577.204
Total	1,867.115			0.000	0.000	2,382.725	4,070.697	12,300.409	12,300.409	6,577.204

	Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
	Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final			
Oil Rate	28.743	143.	bbl/mo	96.3%	1.20	0.0%			Expense	73.3917	73.3917	8.00	8,624.455
Gas Rate	87.955	438.	Mcf/mo	0.0%	0.00	0.0%			Revenue			10.00	6,577.204
GOR	3.060	3.060	scf/bbl						Oil	55.0438	55.0438	12.00	5,983.148
NGL Rate	5.342	37.	bbl/mo						Gas	55.0438	55.0438	15.00	5,275.573
NGL Yield	60.7	84.2	bbl/MMcf									20.00	4,369.302
Gas Shrinkage	46.1	25.9	%										
Oil Severance	4.6	4.6	%										
Gas Severance	7.5	7.5	%										
NGL Severance	7.5	7.5	%										
Ad Valorem	13.4		%										

Start Date: 05/2019    8 Months in year '19    36,568 Year Life(11/2055)

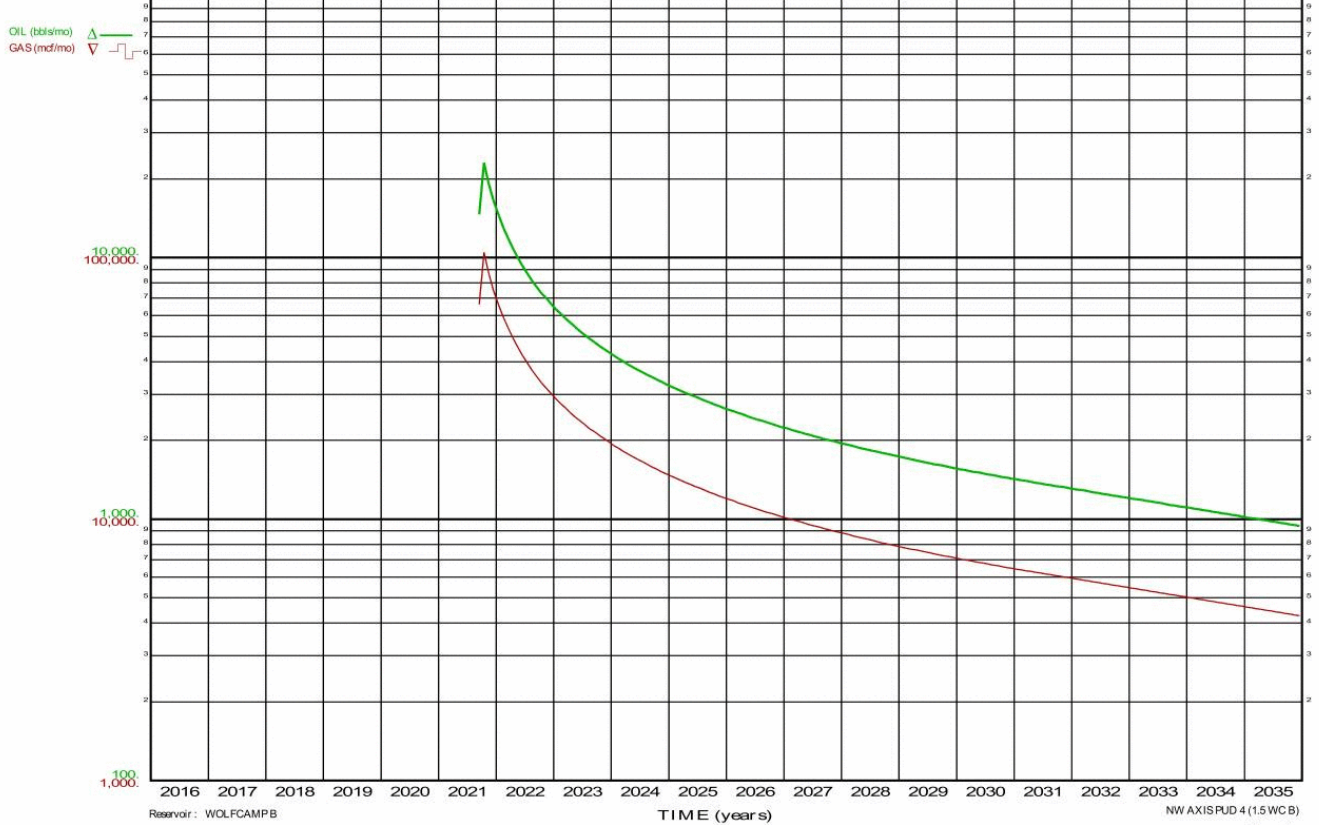
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 576    DEFAULT 1/16/2019 12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD Table 17

Figure 18  
 LILISENERGY, INC. -- NW AXIS PUD 4 (1.5 WC B)  
 PHANTOM (WOLF CAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		40.27 Year Life (04/2059)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Cumulative	Remaining	Ultimate	Interest %	Net Gas Sales mkbbl/mcf	Gas Revenue M\$	Adv. Tax M\$	Investments M\$	Cash Flow M\$	Disc. @10.0% M\$	
14,631	66,424	96.3	1.20	7.8	135	4,540	4,540	0.0	629.6	629.6	44.756 NI	281,795	16,257,544	1,006,521	3,544,307	8,358,705	2,542,720	
		0.0	0.00	7.8	615			0.0	2,858.4	2,858.4	59.675 WI	946,719	1,760,897	491,679	6,265,954			



Reservoir: WOLF CAMP B  
 Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

NW AXIS PUD 4(1.5WC B)  
 TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 607

**Table 18**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- NW AXIS PUD 4 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	73.6	334.2	27.4	32,948	110,694	12,252	57,693	1,860	15,734
12-2022	114.7	520.9	42.7	51,349	172,512	19,094	57,693	1,860	15,734
12-2023	62.5	284.0	23.3	27,994	94,048	10,409	57,693	1,860	15,734
12-2024	44.6	202.6	16.6	19,976	67,110	7,428	57,693	1,860	15,734
12-2025	35.0	159.0	13.0	15,676	52,666	5,829	57,693	1,860	15,734
12-2026	29.1	132.1	10.8	13,026	43,761	4,844	57,693	1,860	15,734
12-2027	25.0	113.6	9.3	11,197	37,617	4,164	57,693	1,860	15,734
12-2028	22.1	100.2	8.2	9,878	33,186	3,673	57,693	1,860	15,734
12-2029	19.7	89.4	7.3	8,817	29,620	3,278	57,693	1,860	15,734
12-2030	17.9	81.1	6.6	7,996	26,862	2,973	57,693	1,860	15,734
12-2031	16.4	74.3	6.1	7,325	24,608	2,724	57,693	1,860	15,734
12-2032	15.1	69.5	5.6	6,756	22,697	2,512	57,693	1,860	15,734
12-2033	13.8	62.9	5.1	6,198	20,823	2,305	57,693	1,860	15,734
12-2034	12.7	57.8	4.7	5,702	19,158	2,120	57,693	1,860	15,734
12-2035	11.7	53.2	4.4	5,247	17,626	1,951	57,693	1,860	15,734
12-2036	10.8	49.1	4.0	4,840	16,290	1,800	57,693	1,860	15,734
12-2037	9.9	45.0	3.7	4,440	14,917	1,661	57,693	1,860	15,734
S Tot	534.8	2,428.0	198.9	239,363	804,165	89,007	57,693	1,860	15,734
After	94.8	430.4	35.3	42,432	142,554	15,778	57,693	1,860	15,734
Total	629.6	2,858.4	234.1	281,795	946,719	104,785	57,693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0
629.6	2,858.4	234.1	281,795	946,719	104,785	57,693	1,860	15,734	15,734

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2021	1,900,887	205,890	192,775	0.00	0.00	2,299,552	117,686	57,489	4,114
12-2022	2,962,468	320,873	300,433	0.00	0.00	3,583,773	183,409	89,594	4,357
12-2023	1,615,049	174,930	163,787	0.00	0.00	1,953,766	99,889	48,621	4,311
12-2024	1,152,450	124,825	116,873	0.00	0.00	1,394,148	71,349	34,854	5,062
12-2025	904,401	97,958	91,718	0.00	0.00	1,094,077	55,992	27,352	5,378
12-2026	751,481	81,395	76,210	0.00	0.00	909,086	46,525	22,727	5,677
12-2027	645,980	69,958	65,511	0.00	0.00	781,459	39,963	19,536	5,966
12-2028	568,891	61,726	57,794	0.00	0.00	689,412	35,283	17,235	6,241
12-2029	508,654	55,094	51,584	0.00	0.00	615,331	31,491	15,383	6,522
12-2030	461,293	49,964	46,781	0.00	0.00	558,038	28,559	13,951	6,791
12-2031	422,574	45,770	42,854	0.00	0.00	511,199	26,162	12,780	7,055
12-2032	389,761	42,216	39,527	0.00	0.00	471,503	24,130	11,788	7,320
12-2033	357,579	38,730	36,263	0.00	0.00	432,573	22,138	10,814	7,627
12-2034	328,992	35,634	33,364	0.00	0.00	397,989	20,368	9,950	7,950
12-2035	302,689	32,785	30,697	0.00	0.00	366,171	18,740	9,154	8,302
12-2036	279,222	30,243	28,317	0.00	0.00	337,782	17,287	8,445	8,671
12-2037	256,167	27,746	25,979	0.00	0.00	309,892	15,860	7,747	9,100
S Tot	13,809,539	1,495,747	1,400,467	0.00	0.00	16,705,753	854,963	417,644	5,477
After	2,448,005	265,150	248,259	0.00	0.00	2,961,414	151,558	74,035	15,467
Total	16,257,544	1,760,897	1,648,726	0.00	0.00	19,667,167	1,006,521	491,679	6,981

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$
12-2019	0.00	0	0.0	0.000	0.000	0.000	0.00	0.00	0.00	0.00
12-2020	0.00	0	0.0	0.000	0.000	0.000	0.00	0.00	0.00	0.00
12-2021	12,230	1	0.6	0.000	0.000	231,957	6,265,954	-4,385,763	-4,385,763	-3,483,827
12-2022	41,534	1	0.6	0.000	0.000	361,497	0.00	2,907,738	-1,478,025	-1,395,151
12-2023	41,534	1	0.6	0.000	0.000	197,077	0.00	1,566,921	88,296	-362,971
12-2024	41,534	1	0.6	0.000	0.000	140,628	0.00	1,105,783	1,194,079	293,928
12-2025	41,534	1	0.6	0.000	0.000	110,360	0.00	858,838	2,052,917	757,036
12-2026	41,534	1	0.6	0.000	0.000	91,700	0.00	706,600	2,759,517	1,103,324
12-2027	41,534	1	0.6	0.000	0.000	78,826	0.00	601,569	3,361,086	1,371,296
12-2028	41,534	1	0.6	0.000	0.000	69,541	0.00	525,819	3,886,904	1,584,184
12-2029	41,534	1	0.6	0.000	0.000	62,069	0.00	464,854	4,351,758	1,755,248
12-2030	41,534	1	0.6	0.000	0.000	56,290	0.00	417,704	4,769,462	1,894,983
12-2031	41,534	1	0.6	0.000	0.000	51,565	0.00	379,157	5,148,620	2,010,292
12-2032	41,534	1	0.6	0.000	0.000	47,561	0.00	346,490	5,495,110	2,108,081
12-2033	41,534	1	0.6	0.000	0.000	43,634	0.00	314,452	5,809,562	2,185,105
12-2034	41,534	1	0.6	0.000	0.000	40,145	0.00	285,992	6,095,554	2,250,448
12-2035	41,534	1	0.6	0.000	0.000	36,936	0.00	259,807	6,355,361	2,304,415
12-2036	41,534	1	0.6	0.000	0.000	34,072	0.00	236,444	6,591,804	2,349,062
12-2037	41,534	1	0.6	0.000	0.000	31,256	0.00	213,492	6,805,296	2,385,708
S Tot	676,779			0.000	0.000	1,685,118	6,265,954	6,805,296	6,805,296	2,385,708
After	883,692			0.000	0.000	298,719	0.00	1,553,409	8,358,705	2,542,720
Total	1,560,470			0.000	0.000	1,983,837	6,265,954	8,358,705	8,358,705	2,542,720

	Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Def	Initial	Final	Units	Final	Final			
Oil Rate	29,352	134	bbl/mo	96.3%	1.20	0.0%				5.00	4,479,362	
Gas Rate	133,258	610	Mcf/mo	0.0%	0.00	0.0%				8.00	3,178,348	
GOR	4,840	4,540	scf/bbl						10.00		2,542,720	
NGL Rate	5,362	51	bbl/mo							12.00	2,035,856	
NGL Yield	40.2	83.9	bbl/MMcf							15.00	1,450,365	
Gas Shrinkage	63.1	25.8	%							20.00	784,178	
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	10.8		%									

Start Date: 09/2021    4 Months in year '21    37.612 Year Life (04/2059)

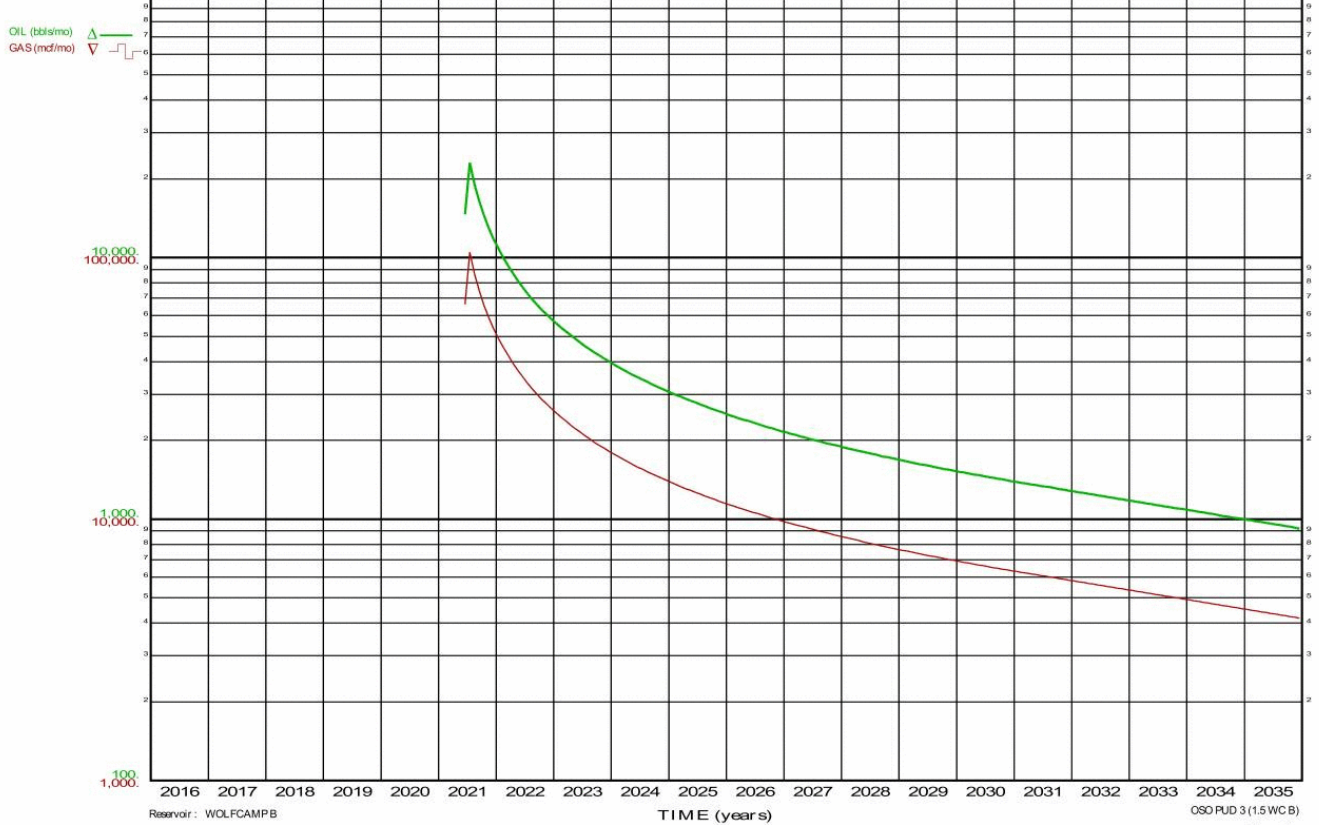
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 807    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-693.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 18

Figure 19  
 LILISENERGY, INC. -- OSO PUD 3 (1.5 WC B)  
 PHANTOM (WOLF CAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		41.07 Year Life (01/2050)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @ 10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
14,631	66,424	96.3	1.20	8.0	125	4,540	4,540	0.0	0.0	631.2	631.2	69.670 NI	441,049	25,445,360	1,575,348	5,185,298	14,209,208	4,815,418
		0.0	0.00	8.0	565					2,865.8	2,865.8	86.119 WI	1,481,749	2,756,053	769,548	9,042,512		



• \* — Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:27 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\PUD.out  
 (DEFAULT) ASN 609



**Table 19**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- OSO PUD 3 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)				
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL				
12-2019	0	0	0	0	0	0	0	0	0				
12-2020	0	0	0	0	0	0	0	0	0				
12-2021	113.1	513.6	42.1	79,046	265,563	29,393	57,693	1,860	15,734				
12-2022	93.6	424.9	34.8	65,399	219,714	24,318	57,693	1,860	15,734				
12-2023	56.6	256.9	21.0	39,544	132,852	14,704	57,693	1,860	15,734				
12-2024	41.7	189.5	15.5	29,158	97,958	10,842	57,693	1,860	15,734				
12-2025	33.3	151.1	12.4	23,261	78,149	8,650	57,693	1,860	15,734				
12-2026	27.9	126.8	10.4	19,521	65,594	7,259	57,693	1,860	15,734				
12-2027	24.2	109.8	9.0	16,893	56,753	6,282	57,693	1,860	15,734				
12-2028	21.4	97.3	8.0	14,975	50,309	5,568	57,693	1,860	15,734				
12-2029	19.2	87.2	7.1	13,414	45,066	4,988	57,693	1,860	15,734				
12-2030	17.5	79.3	6.5	12,199	40,985	4,536	57,693	1,860	15,734				
12-2031	16.0	72.7	6.0	11,195	37,612	4,163	57,693	1,860	15,734				
12-2032	14.8	67.1	5.5	10,327	34,696	3,840	57,693	1,860	15,734				
12-2033	13.6	61.6	5.0	9,475	31,831	3,523	57,693	1,860	15,734				
12-2034	12.5	56.6	4.6	8,717	29,286	3,241	57,693	1,860	15,734				
12-2035	11.5	52.1	4.3	8,020	26,945	2,982	57,693	1,860	15,734				
12-2036	10.6	48.1	3.9	7,398	24,856	2,751	57,693	1,860	15,734				
12-2037	9.7	44.1	3.6	6,788	22,804	2,524	57,693	1,860	15,734				
S Tot	537.2	2,438.8	199.7	375,331	1,260,961	139,566	57,693	1,860	15,734				
After	94.1	427.0	35.0	65,718	220,787	24,437	57,693	1,860	15,734				
Total	631.2	2,865.8	234.7	441,049	1,481,749	164,003	57,693	1,860	15,734				
Cum Ult	0	0	0	0	0	0	0	0	0				
631.2	2,865.8	234.7	0	0	0	0	0	0	0				
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)				
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6				
12-2019	0	0	0	0	0	0	0	0	0				
12-2020	0	0	0	0	0	0	0	0	0				
12-2021	4,560,383	493,947	462,482	0	0	5,516,812	282,338	137,920	3,841				
12-2022	3,773,045	408,668	392,636	0	0	4,594,349	233,593	114,109	4,121				
12-2023	2,281,400	247,104	231,364	0	0	2,759,868	141,244	69,697	4,454				
12-2024	1,682,182	182,201	170,595	0	0	2,034,978	104,146	50,874	4,753				
12-2025	1,342,019	145,358	136,098	0	0	1,623,475	83,086	40,587	5,042				
12-2026	1,126,235	121,985	114,215	0	0	1,362,435	69,726	34,061	5,316				
12-2027	974,586	105,561	98,837	0	0	1,178,986	60,338	29,475	5,582				
12-2028	863,933	93,575	87,614	0	0	1,045,122	53,487	26,128	5,834				
12-2029	773,889	83,822	78,482	0	0	936,193	47,912	23,405	6,092				
12-2030	703,811	76,232	71,376	0	0	851,418	43,574	21,285	6,339				
12-2031	645,897	69,959	65,502	0	0	781,358	39,988	19,534	6,584				
12-2032	595,814	64,534	60,423	0	0	720,772	36,887	18,019	6,834				
12-2033	546,619	59,206	55,434	0	0	661,259	33,842	16,531	7,124				
12-2034	502,918	54,472	51,002	0	0	608,393	31,136	15,210	7,429				
12-2035	462,711	50,117	46,925	0	0	559,754	28,647	13,994	7,760				
12-2036	426,837	46,232	43,287	0	0	516,356	26,426	12,909	8,109				
12-2037	391,594	42,415	39,713	0	0	473,721	24,244	11,843	8,514				
S Tot	21,653,885	2,345,388	2,195,985	0	0	26,195,259	1,340,614	654,881	5,079				
After	3,791,475	410,664	384,505	0	0	4,586,644	234,734	114,666	14,789				
Total	25,445,360	2,756,053	2,580,490	0	0	30,781,902	1,575,348	769,548	6,526				
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)			
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Disc. @ 10. % M\$			
12-2019	0	0	0	0	0	0	0	0	0	0			
12-2020	0	0	0	0	0	0	0	0	0	0			
12-2021	32,633	1	0.9	0	0	514,423	9,042,512	-4,493,015	-4,493,015	-3,747,739			
12-2022	59,939	1	0.9	0	0	425,639	0	3,731,059	-761,916	-1,059,942			
12-2023	59,939	1	0.9	0	0	257,348	0	2,232,341	1,470,425	368,614			
12-2024	59,939	1	0.9	0	0	189,754	0	1,630,265	3,100,690	1,366,031			
12-2025	59,939	1	0.9	0	0	151,383	0	1,288,480	4,389,171	2,060,741			
12-2026	59,939	1	0.9	0	0	127,042	0	1,071,667	5,460,837	2,595,904			
12-2027	59,939	1	0.9	0	0	102,937	0	919,306	6,380,144	2,955,353			
12-2028	59,939	1	0.9	0	0	97,454	0	808,114	7,188,257	3,322,562			
12-2029	59,939	1	0.9	0	0	87,297	0	717,640	7,905,898	3,586,642			
12-2030	59,939	1	0.9	0	0	79,392	0	647,228	8,553,126	3,803,155			
12-2031	59,939	1	0.9	0	0	72,859	0	589,039	9,142,164	3,982,291			
12-2032	59,939	1	0.9	0	0	67,209	0	538,717	9,680,881	4,131,222			
12-2033	59,939	1	0.9	0	0	61,660	0	489,287	10,170,168	4,254,182			
12-2034	59,939	1	0.9	0	0	56,730	0	445,378	10,615,546	4,355,940			
12-2035	59,939	1	0.9	0	0	52,195	0	404,979	11,020,525	4,440,025			
12-2036	59,939	1	0.9	0	0	48,148	0	369,334	11,389,459	4,509,727			
12-2037	59,939	1	0.9	0	0	44,173	0	333,523	11,722,981	4,566,976			
S Tot	991,656			0	0	2,442,614	9,042,512	11,722,981	11,722,981	4,566,976			
After	1,323,329			0	0	2,427,688	0	2,486,226	14,209,208	4,815,418			
Total	2,314,986			0	0	2,870,302	9,042,512	14,209,208	14,209,208	4,815,418			
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.		
Initial	Final	Units	Del	n	Def	Initial	Final	Units	Final	5.00	7,971,902		
Oil Rate	29,352	123. bbl/mo	96.3%	1.20	0.0%	3,092	5,798	\$/wmo	Expense	86,1192	86,1192	8.00	5,857,577
Gas Rate	133,258	559. Mcf/mo	0.0%	0.00	0.0%				Revenue	10.00	4,815,418		
GOR	4,840	4,540. scf/bbl							Oil	69,8704	69,8704	12.00	3,977,188
NGL Rate	5,362	47. bbl/mo							Gas	69,8704	69,8704	15.00	2,997,627
NGL Yield	40.2	84.3 bbl/MMcf										20.00	1,859,699
Gas Shrinkage	63.1	25.6 %											
Oil Severance	4.6	4.6 %											
Gas Severance	7.5	7.5 %											
NGL Severance	7.5	7.5 %											
Ad Valorem	15.5	%											

Start Date: 06/2021    7 Months in year '21    38,662 Year Life(01/2060)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 809

DEFAULT 1/16/2019 12:12:37  
 Oil, PUD  
 Table 19

Cawley, Gillespie & Associates, Inc.

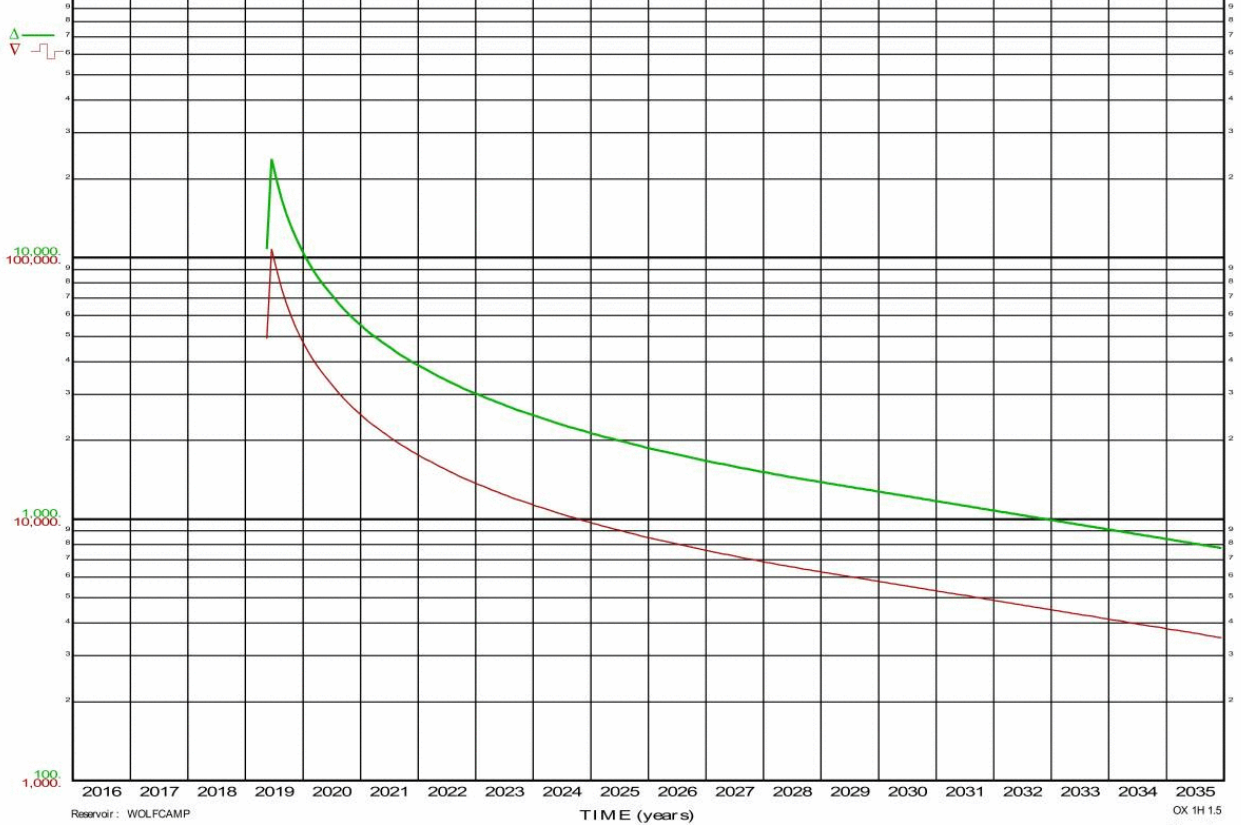
Figure 20  
 LILISENERGY, INC. -- OX 1H 1.5  
 PHANTOM (WOLFCAMP) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		37.95 Year Life (12/2056)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
											%	mkbbl/mo	MM\$	MM\$	MM\$	MM\$	MM\$	
10,792	48,994	96.3	1.20	8.0	135	4,540	4,540	0.0	629.6	629.6	57.265 NI	360.552	20,801,261	1,287,827	4,534,844	13,903,258	7,276,482	
		0.0	0.00	8.0	615			0.0	2,858.4	2,858.4	76.354 WI	1,211,311	2,253,038	629,095	4,808,793			

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMP

TIME (years)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

OX 1H 1.5  
 TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 502



**Table 20**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILISENERGY, INC. -- OX 1H 1.5**  
**PHANTOM (WOLFCAMP) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	122.4	555.7	45.5	70,088	235,467	26,062	57,693	1,860	15,734
12-2020	89.3	405.6	33.2	51,155	171,861	19,022	57,693	1,860	15,734
12-2021	55.1	250.1	20.5	31,542	105,970	11,729	57,693	1,860	15,734
12-2022	40.9	185.5	15.2	23,397	78,606	8,700	57,693	1,860	15,734
12-2023	32.8	149.1	12.2	18,804	63,174	6,992	57,693	1,860	15,734
12-2024	27.7	125.8	10.3	15,862	53,290	5,898	57,693	1,860	15,734
12-2025	23.9	108.7	8.9	13,711	46,063	5,098	57,693	1,860	15,734
12-2026	21.2	96.2	7.9	12,139	40,782	4,514	57,693	1,860	15,734
12-2027	19.1	86.5	7.1	10,916	38,673	4,059	57,693	1,860	15,734
12-2028	17.4	79.0	6.5	9,961	35,465	3,704	57,693	1,860	15,734
12-2029	15.9	72.3	5.9	9,119	30,637	3,391	57,693	1,860	15,734
12-2030	14.7	66.5	5.4	8,390	28,188	3,120	57,693	1,860	15,734
12-2031	13.5	61.2	5.0	7,719	25,934	2,870	57,693	1,860	15,734
12-2032	12.4	56.5	4.6	7,121	23,924	2,648	57,693	1,860	15,734
12-2033	11.4	51.8	4.2	6,533	21,948	2,429	57,693	1,860	15,734
12-2034	10.5	47.7	3.9	6,011	20,194	2,235	57,693	1,860	15,734
12-2035	9.7	43.8	3.6	5,530	18,579	2,056	57,693	1,860	15,734
12-2036	8.9	40.4	3.3	5,101	17,139	1,897	57,693	1,860	15,734
12-2037	8.2	37.1	3.0	4,690	15,740	1,740	57,693	1,860	15,734
S Tot	554.9	2,519.4	206.3	317,771	1,067,616	118,166	57,693	1,860	15,734
After	74.7	339.1	27.8	42,771	143,695	15,904	57,693	1,860	15,734
Total	629.6	2,858.4	234.1	360,552	1,211,311	134,070	57,693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0
629.6	2,858.4	234.1	360,552	1,211,311	134,070	57,693	1,860	15,734	0

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	4,043,555	437,968	410,069	0.000	0.000	4,891,592	250,341	122,290	4,167
12-2020	2,951,284	319,661	299,298	0.000	0.000	3,570,243	182,717	89,256	4,484
12-2021	1,819,772	197,104	184,549	0.000	0.000	2,201,425	112,664	50,306	4,843
12-2022	1,349,896	146,207	136,894	0.000	0.000	1,632,987	83,572	40,824	5,198
12-2023	1,084,849	117,503	110,016	0.000	0.000	1,312,370	67,194	32,829	5,476
12-2024	915,115	99,118	92,805	0.000	0.000	1,107,038	56,656	27,676	5,767
12-2025	791,020	85,677	80,220	0.000	0.000	956,917	48,973	23,923	6,059
12-2026	700,326	75,854	71,022	0.000	0.000	847,202	43,358	21,180	6,338
12-2027	629,770	68,212	63,967	0.000	0.000	761,849	38,990	19,046	6,610
12-2028	574,684	62,246	58,280	0.000	0.000	695,210	35,579	17,380	6,869
12-2029	526,119	56,985	53,355	0.000	0.000	636,459	32,573	15,911	7,142
12-2030	484,056	52,429	49,090	0.000	0.000	585,574	29,968	14,639	7,423
12-2031	445,357	48,238	45,165	0.000	0.000	538,759	27,572	13,469	7,729
12-2032	410,828	44,498	41,683	0.000	0.000	496,989	25,435	12,425	8,050
12-2033	376,907	40,824	38,223	0.000	0.000	455,954	23,335	11,399	8,423
12-2034	346,774	37,560	35,167	0.000	0.000	419,501	21,469	10,488	8,815
12-2035	319,050	34,557	32,356	0.000	0.000	385,963	19,753	9,649	9,241
12-2036	294,314	31,878	29,847	0.000	0.000	356,039	18,221	8,901	9,690
12-2037	270,019	29,246	27,383	0.000	0.000	328,642	16,717	8,166	10,210
S Tot	18,333,659	1,985,766	1,859,271	0.000	0.000	22,178,696	1,135,055	554,467	5,635
After	2,467,603	267,272	250,247	0.000	0.000	2,985,122	152,772	74,628	16,979
Total	20,801,261	2,253,038	2,109,518	0.000	0.000	25,163,818	1,287,827	629,095	6,961

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	32,714	1	0.8	0.000	0.000	493,417	4,808,793	-815,963	-880,168	
12-2020	53,142	1	0.8	0.000	0.000	360,132	0.000	2,884,995	2,069,033	1,633,865
12-2021	53,142	1	0.8	0.000	0.000	222,059	0.000	1,758,524	3,827,556	3,023,825
12-2022	53,142	1	0.8	0.000	0.000	164,716	0.000	1,290,711	5,118,267	3,950,550
12-2023	53,142	1	0.8	0.000	0.000	132,379	0.000	1,026,875	6,145,142	4,820,594
12-2024	53,142	1	0.8	0.000	0.000	111,668	0.000	857,897	7,003,039	5,129,241
12-2025	53,142	1	0.8	0.000	0.000	96,525	0.000	734,354	7,737,393	5,524,985
12-2026	53,142	1	0.8	0.000	0.000	85,458	0.000	644,064	8,381,457	5,840,493
12-2027	53,142	1	0.8	0.000	0.000	76,848	0.000	573,822	8,955,279	6,096,026
12-2028	53,142	1	0.8	0.000	0.000	70,126	0.000	518,982	9,474,261	6,306,097
12-2029	53,142	1	0.8	0.000	0.000	64,200	0.000	470,633	9,944,894	6,479,259
12-2030	53,142	1	0.8	0.000	0.000	59,067	0.000	428,757	10,373,651	6,622,682
12-2031	53,142	1	0.8	0.000	0.000	54,345	0.000	390,230	10,763,881	6,741,359
12-2032	53,142	1	0.8	0.000	0.000	50,132	0.000	355,855	11,119,737	6,839,739
12-2033	53,142	1	0.8	0.000	0.000	45,992	0.000	322,085	11,441,822	6,920,683
12-2034	53,142	1	0.8	0.000	0.000	42,315	0.000	292,087	11,733,909	6,987,419
12-2035	53,142	1	0.8	0.000	0.000	38,932	0.000	264,487	11,998,396	7,042,359
12-2036	53,142	1	0.8	0.000	0.000	35,914	0.000	236,961	12,235,257	7,087,653
12-2037	53,142	1	0.8	0.000	0.000	32,949	0.000	215,668	12,453,925	7,124,673
S Tot	989,279			0.000	0.000	2,237,176	4,808,793	12,453,925	12,453,925	7,124,673
After	1,007,279			0.000	0.000	301,111	0.000	1,449,333	13,903,258	7,276,482
Total	1,996,557			0.000	0.000	2,538,287	4,808,793	13,903,258	13,903,258	7,276,482

Evaluation Parameters (Gross)					Expenses (Gross)					Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Del	n Def	Initial	Final	Units	Initial	Final	Final	Final	Final	Final	
29,352	134	bbl/mo	96.3%	1.20	0.0%	2,244	5,799	\$/wmo		76,3541	76,3541	5.00	9,632,391	
Gas Rate	133,258	610	Mcf/mo	0.0%	0.00	0.0%				Revenue	10.00	7,276,482		
GOR	4,840	4,540	scf/bbl							Oil	57,2656	57,2656	12.00	6,807,316
NGL Rate	4,087	49	bbl/mo							Gas	57,2656	57,2656	15.00	5,786,956
NGL Yield	30.7	81.3	bbl/MMcf									20.00	4,753,763	
Gas Shrinkage	72.8	26.0	%											
Oil Severance	4.6	4.6	%											
Gas Severance	7.5	7.5	%											
NGL Severance	7.5	7.5	%											
Ad Valorem	13.3		%											

Start Date: 05/2019    8 Months in year '19    37,622 Year Life (12/2056)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 502    DEFAULT 1/16/2019 12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD Table 20

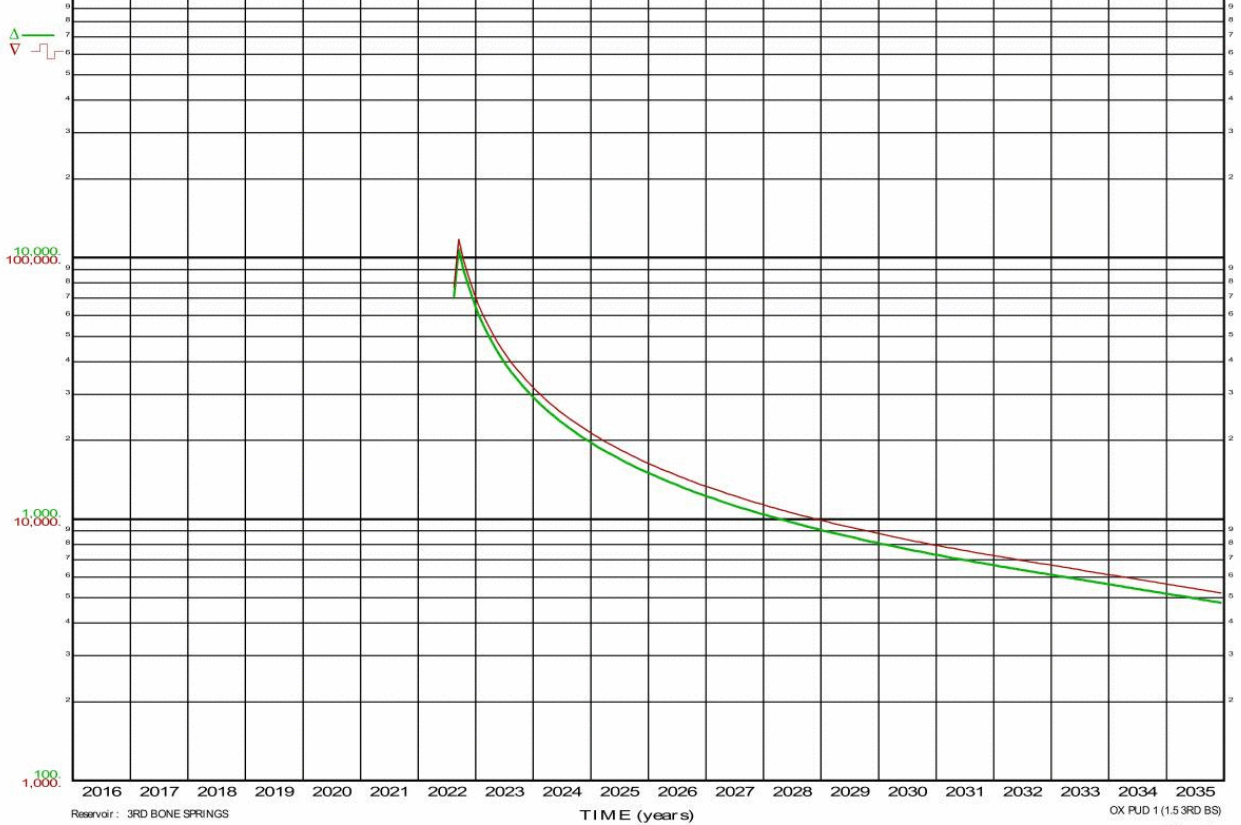
Figure 21  
 LILISENERGY, INC. -- OX PUD 1 (1.5 3RD BS)  
 PHANTOM (3RD BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

	As of 01/2019				GOR - scf/bbl	Initial	Final	Oil - mmbbls	Gas - mmcf	12/2018 Cumulatives	34.99 Year Life (12/2053) Remaining Reserve	Ultimate Recovery	Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>															
Oil - bbls/mo	7,085	96.3	1.20	8.0	107	10,800	0.0	290.7	290.7	0.0	3,162.6	3,162.6	57.265 NI	166.461	9,603.599	806.065	2,839.016	4,316.217	669.857
Gas - mcf/mo	76,869	0.0	0.00	8.0	1,169	10,800	0.0	3,162.6	3,162.6	0.0	3,162.6	3,162.6	76.354 WI	1,340.211	2,492.792	360.760	6,108.331		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: 3RD BONE SPRINGS

OX PUD 1 (1.5 3RD BS)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\PUD.out  
 (DEFAULT) ASN 610

**Table 21**  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Undeveloped Reserves  
LILIS ENERGY, INC. -- OX PUD 1 (1.5 3RD BS)  
PHANTOM (3RD BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	0	0	0	0	0	0	0	0	0		
12-2021	0	0	0	0	0	0	0	0	0		
12-2022	41.7	453.3	37.1	23.990	192.103	21.292	57.693	1.860	15.734		
12-2023	50.2	546.0	44.7	28.738	231.378	26.609	57.693	1.860	15.734		
12-2024	28.5	310.5	25.4	16.343	131.579	14.563	57.693	1.860	15.734		
12-2025	20.5	223.0	18.3	11.737	94.496	10.459	57.693	1.860	15.734		
12-2026	16.2	176.6	14.5	9.294	74.824	8.282	57.693	1.860	15.734		
12-2027	13.5	147.2	12.1	7.749	62.389	6.905	57.693	1.860	15.734		
12-2028	11.7	127.2	10.4	6.694	53.892	5.965	57.693	1.860	15.734		
12-2029	10.3	111.8	9.2	5.883	47.363	5.242	57.693	1.860	15.734		
12-2030	9.2	100.2	8.2	5.272	42.450	4.698	57.693	1.860	15.734		
12-2031	8.4	90.9	7.4	4.786	38.535	4.265	57.693	1.860	15.734		
12-2032	7.7	83.6	6.8	4.359	35.416	3.920	57.693	1.860	15.734		
12-2033	7.0	76.7	6.3	4.035	32.490	3.596	57.693	1.860	15.734		
12-2034	6.5	70.5	5.8	3.713	29.892	3.309	57.693	1.860	15.734		
12-2035	6.0	64.9	5.3	3.416	27.502	3.044	57.693	1.860	15.734		
12-2036	5.5	59.9	4.9	3.151	25.370	2.808	57.693	1.860	15.734		
12-2037	5.0	54.9	4.5	2.891	23.475	2.576	57.693	1.860	15.734		
S Tot	247.9	2,697.1	220.9	141.961	1,142.954	126.505	57.693	1.860	15.734		
After	42.8	465.5	38.1	24.500	197.257	21.833	57.693	1.860	15.734		
Total	290.7	3,162.6	259.0	166.461	1,340.211	148.337	57.693	1.860	15.734		
Cum Ult	0	0	0	0	0	0	0	0	0		
290.7	3,162.6	259.0	166.461	1,340.211	148.337	57.693	1.860	15.734	15.734		
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)		
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6		
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2021	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2022	1,376.962	357.312	334.351	0.000	0.000	2,068.425	116.540	51.711	2.689		
12-2023	1,697.994	430.363	402.948	0.000	0.000	2,491.305	138.162	62.283	3.043		
12-2024	942.861	244.737	229.147	0.000	0.000	1,416.745	79.138	35.419	3.523		
12-2025	677.132	175.762	164.566	0.000	0.000	1,017.461	56.834	25.437	3.960		
12-2026	536.170	139.173	130.307	0.000	0.000	805.650	45.003	20.141	4.368		
12-2027	447.061	116.043	108.651	0.000	0.000	671.755	37.523	16.794	4.759		
12-2028	386.175	100.239	93.854	0.000	0.000	580.268	32.413	14.507	5.128		
12-2029	339.394	88.096	82.844	0.000	0.000	509.975	28.487	12.749	5.503		
12-2030	304.184	78.956	73.927	0.000	0.000	457.067	25.531	11.427	5.861		
12-2031	276.128	71.674	67.108	0.000	0.000	414.911	23.176	10.373	6.211		
12-2032	253.762	65.874	61.678	0.000	0.000	381.333	21.301	9.533	6.546		
12-2033	232.812	60.431	56.581	0.000	0.000	349.823	19.541	8.746	6.918		
12-2034	214.199	55.599	52.058	0.000	0.000	321.856	17.979	8.046	7.310		
12-2035	197.074	51.154	47.896	0.000	0.000	296.124	16.541	7.403	7.736		
12-2036	181.795	47.188	44.182	0.000	0.000	274.166	15.299	6.829	8.184		
12-2037	166.785	43.292	40.534	0.000	0.000	250.611	13.989	6.265	8.703		
S Tot	8,190.108	2,125.894	1,990.473	0.000	0.000	12,306.475	687.426	307.662	4.381		
After	1,413.491	366.898	343.526	0.000	0.000	2,123.915	118.640	53.098	14.285		
Total	9,603.599	2,492.792	2,333.999	0.000	0.000	14,430.390	806.065	360.760	5.839		
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Disc. @ 10. % M\$	
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2021	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2022	20.143	1	0.8	0.000	0.000	167.976	6,108.331	-4,395.275	-4,395.275	-3,200.361	
12-2023	53.142	1	0.8	0.000	0.000	202.318	0.000	2,034.401	-2,360.875	-1,866.745	
12-2024	53.142	1	0.8	0.000	0.000	115.053	0.000	1,133.993	-1,226.882	-1,193.015	
12-2025	53.142	1	0.8	0.000	0.000	82.628	0.000	799.420	-427.462	-761.715	
12-2026	53.142	1	0.8	0.000	0.000	65.426	0.000	621.937	-194.475	-456.813	
12-2027	53.142	1	0.8	0.000	0.000	54.553	0.000	509.742	704.218	-229.690	
12-2028	53.142	1	0.8	0.000	0.000	47.123	0.000	433.082	1,137.300	-54.313	
12-2029	53.142	1	0.8	0.000	0.000	41.415	0.000	374.181	1,511.482	83.404	
12-2030	53.142	1	0.8	0.000	0.000	37.118	0.000	329.848	1,841.330	193.763	
12-2031	53.142	1	0.8	0.000	0.000	33.695	0.000	284.524	2,135.854	283.342	
12-2032	53.142	1	0.8	0.000	0.000	30.988	0.000	246.389	2,402.243	356.691	
12-2033	53.142	1	0.8	0.000	0.000	28.409	0.000	239.986	2,642.229	417.303	
12-2034	53.142	1	0.8	0.000	0.000	26.138	0.000	216.551	2,858.780	466.782	
12-2035	53.142	1	0.8	0.000	0.000	24.048	0.000	194.989	3,053.769	507.287	
12-2036	53.142	1	0.8	0.000	0.000	22.184	0.000	175.752	3,229.521	540.477	
12-2037	53.142	1	0.8	0.000	0.000	20.352	0.000	158.852	3,386.373	567.402	
S Tot	817.280			0.000	0.000	999.403	6,108.331	3,386.373	3,386.373	567.402	
After	849.851			0.000	0.000	172.482	0.000	929.844	4,316.217	669.857	
Total	1,667.131			0.000	0.000	1,171.885	6,108.331	4,316.217	4,316.217	669.857	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	13.839	106.	bbl/mo	96.3%	1.20	0.0%	Initial	Final	5.00	1,848.142	
Gas Rate	150.574	1,157.	Mcf/mo	0.0%	0.00	0.0%	Expense	76,3541	76,3541	8.00	1,046.989
GOR	10.800	10,800.	scf/bbl				Revenue		10.00	669.857	
NGL Rate	6.412	94.	bbl/mo				Oil	57,2656	57,2656	12.00	380.049
NGL Yield	42.6	81.5	bbl/MMcf				Gas	57,2656	57,2656	15.00	63.004
Gas Shrinkage	62.2	25.3	%						20.00	-261.331	
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	13.1		%								

Start Date: 08/2022    5 Months in year '22    31,409 Year Life (12/2053)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 810

DEFAULT 1/16/2019 12:12:37  
Oil\_PUD  
Table 21

Cawley, Gillespie & Associates, Inc.

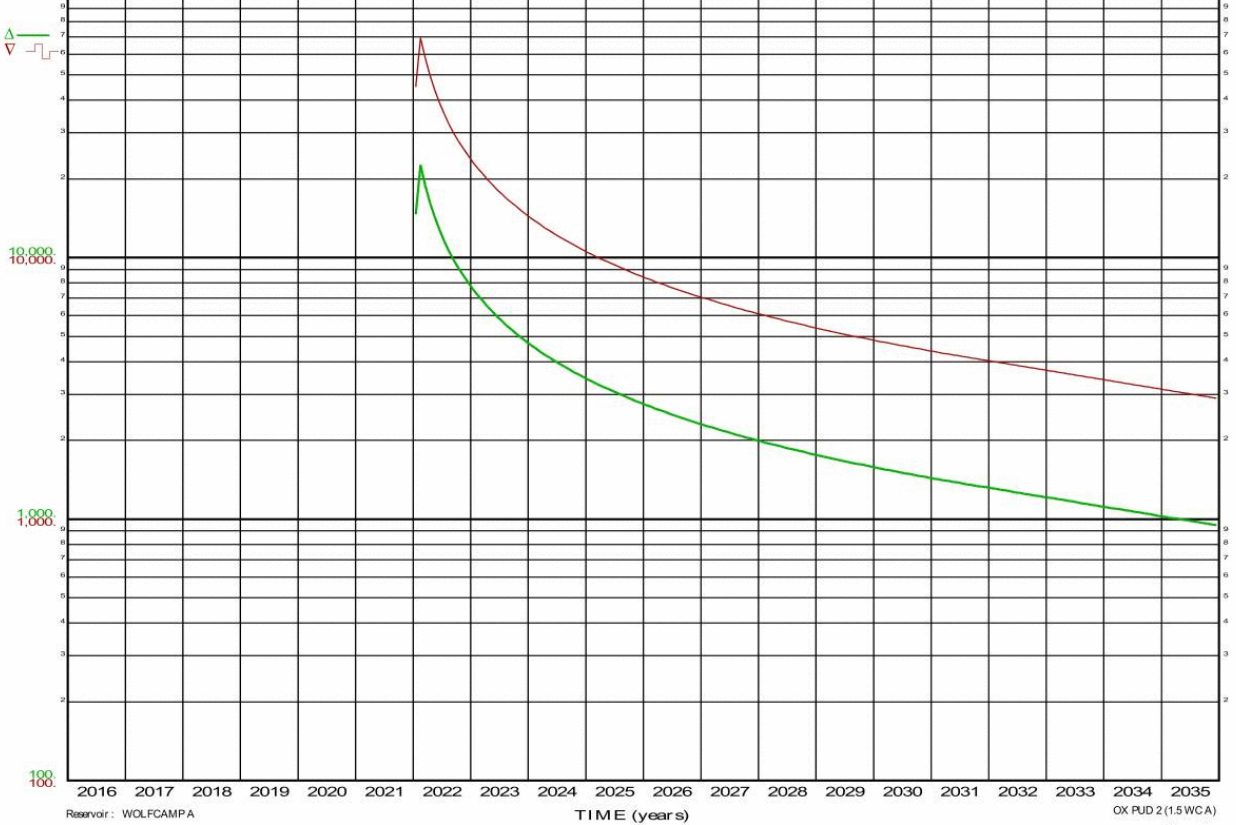
Figure 22  
 LILISENERGY, INC. -- OX PUD 2 (1.5 WC A)  
 PHANTOM (WOLFCAMP A) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		39.59 Year Life (08/2058)		Current Interest %	Net Oil Prod. Net Gas Sales mmbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$	
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>10</sub>	Q <sub>10</sub>	Initial	Final	Oil - mmbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
14,674	44,902	96.3	1.20	8.0	144	441	3,060	3,060	0.0	0.0	614.9	614.9	57,265 NI	352,117	20,314,619	1,153,262	4,421,255	9,014,962	2,367,225
		0.0	0.00	8.0							1,881.5	1,881.5	76,354 WI	797,334	1,483,041	579,656	8,017,185		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMP A

TIME (years)

OX PUD 2(1.5WC A)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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 (DEFAULT) ASN 611

**Table 22**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- OX PUD 2 (1.5 WCA)**  
**PHANTOM (WOLFCAMPA) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	156.3	478.4	39.2	89,533	202,739	22,440	57.693	1,860	15,734
12-2023	71.5	219.9	17.9	40,969	92,771	10,268	57.693	1,860	15,734
12-2024	48.2	147.6	12.1	27,621	62,546	6,923	57.693	1,860	15,734
12-2025	36.9	112.8	9.2	21,118	47,820	5,293	57.693	1,860	15,734
12-2026	30.2	92.4	7.6	17,295	39,140	4,332	57.693	1,860	15,734
12-2027	26.7	78.6	6.4	14,713	33,315	3,687	57.693	1,860	15,734
12-2028	22.5	68.9	5.6	12,890	29,197	3,230	57.693	1,860	15,734
12-2029	20.0	61.2	5.0	11,445	25,916	2,868	57.693	1,860	15,734
12-2030	18.1	55.2	4.5	10,338	23,409	2,591	57.693	1,860	15,734
12-2031	16.5	50.5	4.1	9,442	21,381	2,366	57.693	1,860	15,734
12-2032	15.2	46.5	3.8	8,704	19,709	2,181	57.693	1,860	15,734
12-2033	13.9	42.7	3.5	7,985	18,082	2,001	57.693	1,860	15,734
12-2034	12.8	39.3	3.2	7,347	16,636	1,841	57.693	1,860	15,734
12-2035	11.8	36.1	3.0	6,759	15,306	1,694	57.693	1,860	15,734
12-2036	10.9	33.3	2.7	6,235	14,119	1,563	57.693	1,860	15,734
12-2037	10.0	30.6	2.5	5,721	12,954	1,434	57.693	1,860	15,734
S Tot	520.6	1,592.9	130.5	298,106	675,031	74,714	57.693	1,860	15,734
After	94.3	288.6	23.6	54,011	122,303	13,537	57.693	1,860	15,734
Total	614.9	1,881.5	154.1	352,117	797,334	88,251	57.693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	5,165,423	377,095	353,073	0	0	5,895,591	293,241	147,390	4,941
12-2023	2,363,636	172,554	161,562	0	0	2,697,751	134,194	67,648	5,113
12-2024	1,593,556	116,335	108,925	0	0	1,818,817	90,466	45,470	5,820
12-2025	1,218,378	88,946	83,280	0	0	1,390,604	69,167	34,765	6,204
12-2026	997,226	72,801	68,164	0	0	1,138,190	56,613	28,455	6,567
12-2027	849,814	61,967	58,019	0	0	969,800	48,187	24,220	6,516
12-2028	743,635	54,288	50,830	0	0	848,753	42,216	21,219	7,247
12-2029	660,296	48,204	45,133	0	0	753,634	37,485	18,841	7,585
12-2030	596,425	43,541	40,768	0	0	680,734	33,859	17,018	7,908
12-2031	544,738	39,768	37,235	0	0	621,740	30,925	15,544	8,225
12-2032	502,149	36,659	34,324	0	0	573,131	28,507	14,328	8,534
12-2033	460,688	33,632	31,490	0	0	525,809	26,153	13,145	8,891
12-2034	423,857	30,943	28,972	0	0	483,772	24,062	12,094	9,267
12-2035	389,971	28,469	26,656	0	0	445,096	22,139	11,127	9,675
12-2036	359,736	26,262	24,589	0	0	410,587	20,422	10,265	10,104
12-2037	330,034	24,094	22,559	0	0	376,686	18,736	9,417	10,602
S Tot	17,198,561	1,255,557	1,175,577	0	0	19,629,696	976,364	490,742	6,418
After	3,116,058	227,484	212,993	0	0	3,556,535	176,899	88,913	17,721
Total	20,314,619	1,483,041	1,388,570	0	0	23,186,231	1,153,262	579,656	8,152

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Disc. @ 10. % M\$
12-2019	0	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0	0
12-2022	51,142	1	0.8	0	0	630,314	8,017,185	-8,017,185	-8,017,185	-6,095,770
12-2023	53,142	1	0.8	0	0	288,424	0	2,154,557	-1,089,125	-1,239,552
12-2024	53,142	1	0.8	0	0	194,455	0	1,435,283	346,158	-387,450
12-2025	53,142	1	0.8	0	0	148,673	0	1,084,856	1,431,014	197,624
12-2026	53,142	1	0.8	0	0	121,687	0	878,293	2,309,307	628,098
12-2027	53,142	1	0.8	0	0	103,577	0	739,673	3,048,981	957,613
12-2028	53,142	1	0.8	0	0	90,742	0	641,433	3,690,413	1,217,324
12-2029	53,142	1	0.8	0	0	80,573	0	563,592	4,254,006	1,424,732
12-2030	53,142	1	0.8	0	0	72,779	0	503,935	4,757,941	1,593,320
12-2031	53,142	1	0.8	0	0	66,472	0	455,698	5,213,598	1,731,897
12-2032	53,142	1	0.8	0	0	61,276	0	413,879	5,629,477	1,848,869
12-2033	53,142	1	0.8	0	0	56,216	0	377,153	6,006,629	1,941,650
12-2034	53,142	1	0.8	0	0	51,721	0	342,752	6,349,381	2,019,961
12-2035	53,142	1	0.8	0	0	47,586	0	311,101	6,690,482	2,084,584
12-2036	53,142	1	0.8	0	0	43,897	0	285,961	6,943,343	2,137,957
12-2037	53,142	1	0.8	0	0	40,273	0	255,118	7,198,461	2,181,788
S Tot	848,280			0	0	2,098,665	8,017,185	7,198,461	7,198,461	2,181,788
After	1,094,082			0	0	380,239	0	1,816,402	9,014,862	2,367,225
Total	1,942,361			0	0	2,478,904	8,017,185	9,014,862	9,014,862	2,367,225

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final	5.00	4,550,660	
Oil Rate	28,743	143	bbl/mo	96.3%	1.20	0.0%		Expense	76,3541	76,3541	8.00	3,077,526
Gas Rate	87,955	438	Mcf/mo	0.0%	0.00	0.0%		Revenue			10.00	2,367,225
GOR	3,060	3,060	scf/bbl					Oil	57,2656	57,2656	12.00	1,807,469
NGL Rate	3,745	36	bbl/mo					Gas	57,2656	57,2656	15.00	1,171,253
NGL Yield	42.6	83.8	bbl/MMcf								20.00	468,115
Gas Shrinkage	62.2	26.0	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	13.8		%									

Start Date: 01/2022    12 Months in year '22    36,595 Year Life (08/2058)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 611    DEFAULT    1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 22

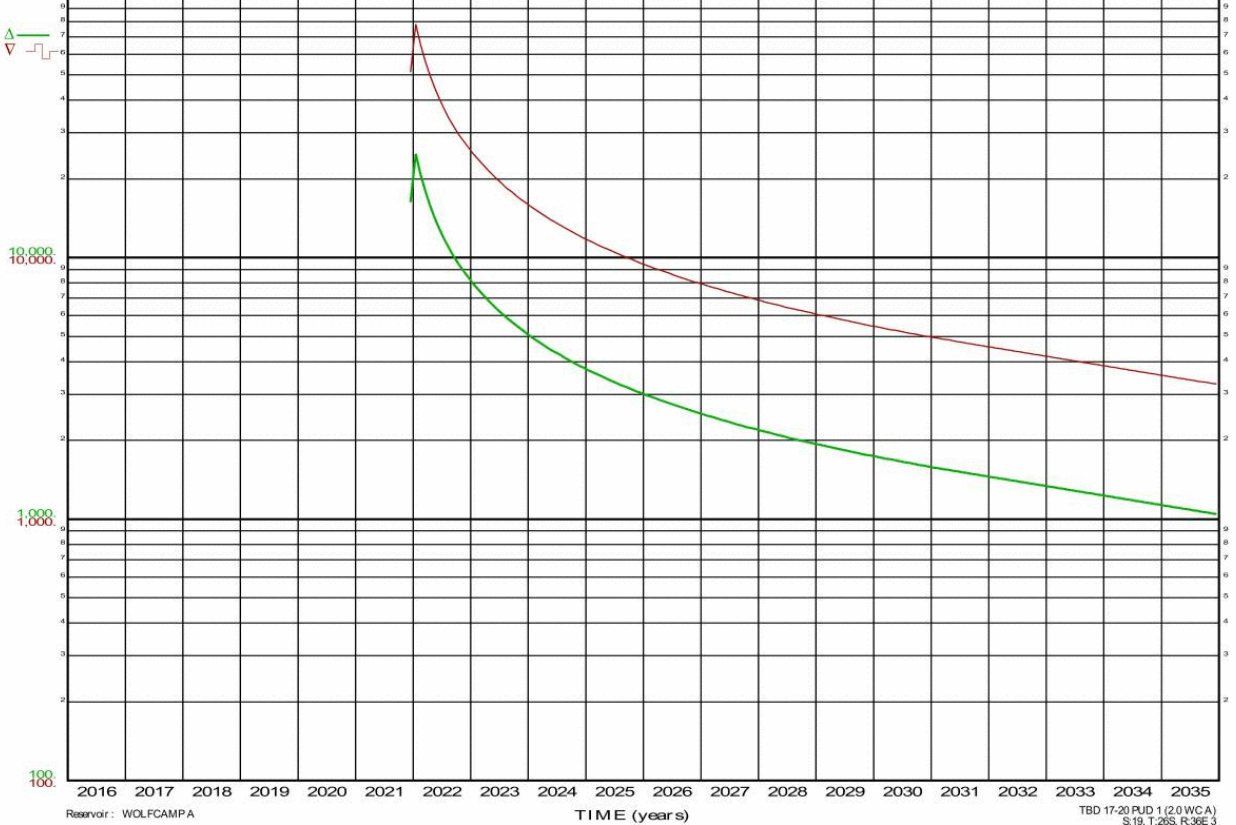
Figure 23  
 LILISENERGY, INC. -- TBD 17-20 PUD 1 (2.0 WC A)  
 TBD (WOLFCAMP A) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulative		40.87 Year Life (11/2059)		Current Interest %	Net Oil Prod. Net Gas Sales mkbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>95</sub>	Initial	Final	Oil - mbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
16,304	51,195	96.3	1.20	8.0	143	3,140	3,140	0.0	0.0	685.7	685.7	79.375 NI	544,254	31,399,524	2,587,980	6,259,799	11,926,750	2,328,555
		0.0	0.00	8.0	450					2,153.0	2,153.0	100.000 WI	1,264,628	2,352,208	1,797,705	13,382,000		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMP A

TIME (years)

TBD 17-20 PUD 1 (2.0 WC A)  
 S.19, T.26S, R.36E 3  
 NM OIL

● \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 614



**Table 23**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 17-20 PUD 1 (2.0 WC A)**  
**TBD (WOLFCAMPA) FIELD -- LEA COUNTY, NEW MEXICO**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	16.6	52.1	4.3	13.181	30.627	3.390	57.693	1.860	15.734
12-2022	165.7	520.2	42.6	131.498	305.548	33.819	57.693	1.860	15.734
12-2023	76.2	239.2	19.6	60.475	140.521	15.553	57.693	1.860	15.734
12-2024	52.2	163.9	13.4	41.440	96.290	10.658	57.693	1.860	15.734
12-2025	40.2	126.2	10.3	31.911	74.149	8.207	57.693	1.860	15.734
12-2026	33.0	103.7	8.5	26.225	60.937	6.745	57.693	1.860	15.734
12-2027	28.2	88.5	7.3	22.381	52.034	5.756	57.693	1.860	15.734
12-2028	24.7	77.7	6.4	19.644	45.644	5.052	57.693	1.860	15.734
12-2029	22.0	69.1	5.7	17.466	40.584	4.492	57.693	1.860	15.734
12-2030	19.9	62.5	5.1	15.793	36.697	4.062	57.693	1.860	15.734
12-2031	18.2	57.1	4.7	14.436	33.544	3.713	57.693	1.860	15.734
12-2032	16.8	52.7	4.3	13.310	30.928	3.423	57.693	1.860	15.734
12-2033	15.4	48.3	4.0	12.211	28.374	3.140	57.693	1.860	15.734
12-2034	14.2	44.4	3.6	11.235	26.106	2.889	57.693	1.860	15.734
12-2035	13.0	40.7	3.3	10.337	24.018	2.658	57.693	1.860	15.734
12-2036	12.0	37.7	3.1	9.535	22.156	2.452	57.693	1.860	15.734
12-2037	11.0	34.6	2.9	8.748	20.327	2.250	57.693	1.860	15.734
S Tot	579.3	1,819.0	149.0	459.826	1,068.452	118.259	57.693	1.860	15.734
After	106.4	334.0	27.4	84.428	196.176	21.713	57.693	1.860	15.734
Total	685.7	2,153.0	176.3	544.254	1,264.628	139.972	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	760.431	56.966	53.337	0.000	0.000	870.734	62.673	43.537	4.435
12-2022	7,598.465	598.319	532.117	0.000	0.000	8,998.901	625.255	434.345	4.620
12-2023	3,488.997	261.369	244.719	0.000	0.000	3,995.084	287.553	199.544	5.600
12-2024	2,390.778	179.098	167.690	0.000	0.000	2,737.566	197.041	136.878	5.360
12-2025	1,841.044	137.917	129.131	0.000	0.000	2,108.091	151.734	105.405	5.682
12-2026	1,513.000	113.342	106.122	0.000	0.000	1,732.464	124.697	86.623	5.987
12-2027	1,291.215	98.728	90.566	0.000	0.000	1,478.509	106.418	73.925	6.280
12-2028	1,133.301	84.898	79.490	0.000	0.000	1,297.690	93.403	64.884	6.559
12-2029	1,007.665	75.486	70.678	0.000	0.000	1,153.830	83.049	57.691	6.843
12-2030	911.147	68.256	63.908	0.000	0.000	1,043.311	75.094	52.166	7.114
12-2031	832.858	62.391	58.417	0.000	0.000	953.657	68.642	47.683	7.381
12-2032	767.903	57.525	53.861	0.000	0.000	879.290	63.288	43.664	7.643
12-2033	704.500	52.776	49.414	0.000	0.000	806.689	58.063	40.334	7.946
12-2034	648.177	48.556	45.463	0.000	0.000	742.196	53.421	37.110	8.265
12-2035	596.357	44.674	41.829	0.000	0.000	682.860	49.150	34.143	8.611
12-2036	550.121	41.211	38.586	0.000	0.000	629.917	45.339	31.496	8.975
12-2037	504.699	37.808	35.400	0.000	0.000	577.906	41.596	28.895	9.388
S Tot	26,528.657	1,987.321	1,860.727	0.000	0.000	30,376.705	2,186.417	1,518.835	5.842
After	4,870.867	364.887	341.644	0.000	0.000	5,577.399	401.443	278.870	15.882
Total	31,399.524	2,352.208	2,202.371	0.000	0.000	35,954.103	2,587.860	1,797.705	7.399

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	3,181	1	1.0	0.000	0.000	87.678	13,382.000	-12,708.334	-12,708.334	-9,750.323
12-2022	69,600	1	1.0	0.000	0.000	874.718	0.000	6,682.383	-6,025.351	-4,916.584
12-2023	69,600	1	1.0	0.000	0.000	402.281	0.000	3,035.896	-2,989.455	-2,931.339
12-2024	69,600	1	1.0	0.000	0.000	275.656	0.000	2,058.390	-931.064	-1,709.413
12-2025	69,600	1	1.0	0.000	0.000	212.272	0.000	1,569.081	638.017	-863.233
12-2026	69,600	1	1.0	0.000	0.000	174.449	0.000	1,277.095	1,915.112	-237.317
12-2027	69,600	1	1.0	0.000	0.000	148.877	0.000	1,079.689	2,994.801	243.658
12-2028	69,600	1	1.0	0.000	0.000	130.669	0.000	939.132	3,933.933	623.898
12-2029	69,600	1	1.0	0.000	0.000	116.184	0.000	827.306	4,761.239	928.350
12-2030	69,600	1	1.0	0.000	0.000	105.055	0.000	741.396	5,502.635	1,176.375
12-2031	69,600	1	1.0	0.000	0.000	96.028	0.000	671.713	6,174.348	1,990.657
12-2032	69,600	1	1.0	0.000	0.000	85.429	0.000	420.053	6,734.299	1,981.498
12-2033	69,600	1	1.0	0.000	0.000	81.229	0.000	557.463	7,345.709	1,690.466
12-2034	69,600	1	1.0	0.000	0.000	74.735	0.000	507.331	7,853.040	1,806.379
12-2035	69,600	1	1.0	0.000	0.000	69.760	0.000	461.207	8,314.246	1,902.181
12-2036	69,600	1	1.0	0.000	0.000	63.429	0.000	420.053	8,734.299	1,981.498
12-2037	69,600	1	1.0	0.000	0.000	58.192	0.000	379.624	9,113.923	2,046.660
S Tot	1,116,781			0.000	0.000	3,058,749	13,382.000	9,113.923	9,113.923	2,046.660
After	1,522,649			0.000	0.000	561,610	0.000	2,812.827	11,926.750	2,328.555
Total	2,639,430			0.000	0.000	3,620,359	13,382.000	11,926.750	11,926.750	2,328.555

Evaluation Parameters (Gross)					Expenses (Gross)					Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Del	n Def	Initial	Final	Units			Final				
Oil Rate	31.937	142	bbl/mo	96.3%	1.20	0.0%	3,180	5,800	\$/m			5.00	5,421.036	
Gas Rate	100.283	446	Mcf/mo	0.0%	0.00	0.0%				Expense	100.0000	100.0000	8.00	3,324.737
GOR	3.140	3,140	scf/bbl							Revenue		10.00	2,328.555	
NGL Rate	4.270	37	bbl/mo							Oil	79.3750	79.3750	12.00	1,582.842
NGL Yield	42.6	84.0	bbl/MMcf							Gas	79.3750	79.3750	15.00	685.010
Gas Shrinkage	62.2	25.5	%									20.00	-246.962	
Oil Severance	7.1	7.1	%											
Gas Severance	7.9	7.9	%											
NGL Severance	7.9	7.9	%											
Ad Valorem	38.3		%											

Start Date: 12/2021    1 Months in year '21    37,959 Year Life(11/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 614    DEFAULT 1/16/2019    12-13-37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 23

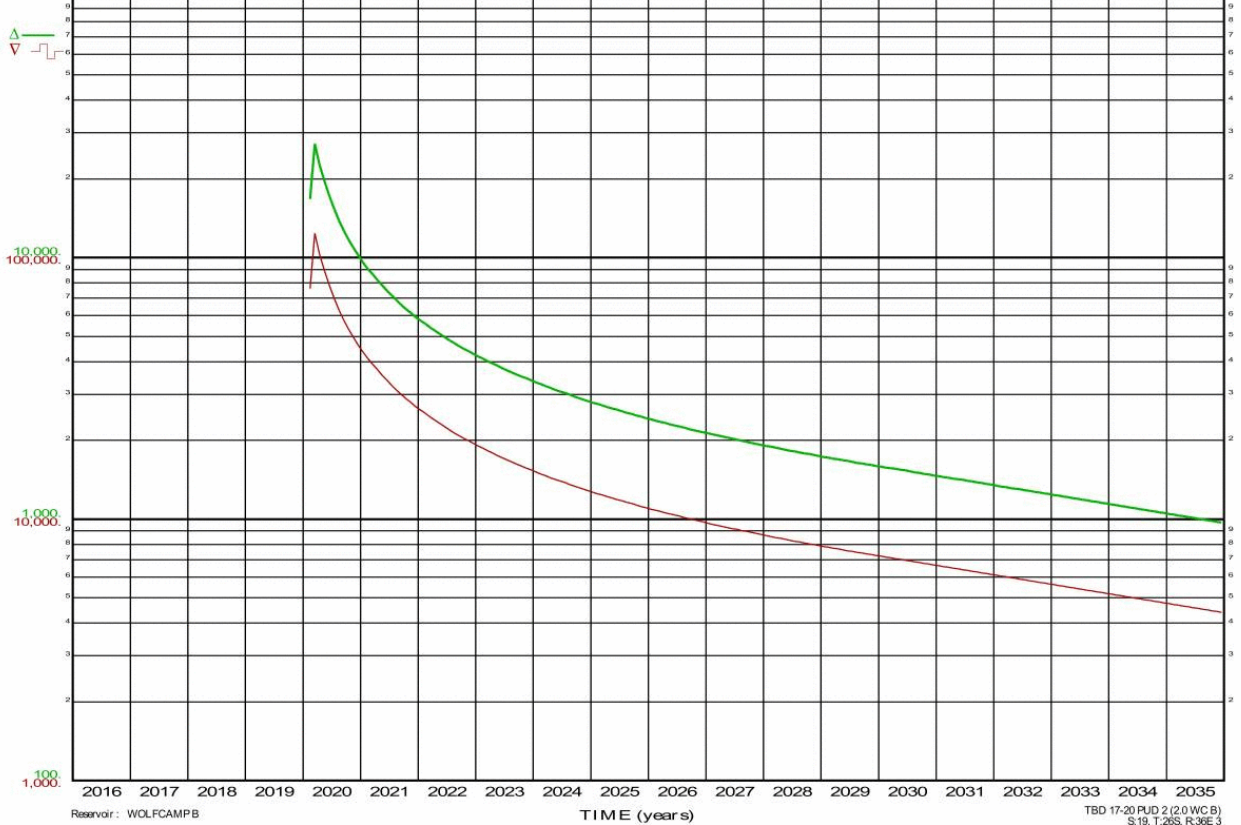
Figure 24  
 LILISENERGY, INC. -- TBD 17-20 PUD 2 (2.0 WC B)  
 TBD (WOLFCAMP B) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PUD

As of 01/2019

	As of 01/2019				GOR - scf/bbl	Initial	Final	Oil - mbbls	Gas - mmcf	12/2018 Cumulatives	40.71 Year Life (09/2059) Remaining Reserve	Ultimate Recovery	Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$
	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>															
Oil - bbls/mo	16,756	96.3	1.20	8.1	135	4,540	4,540	0.0	744.1	744.1	79.375 NI	590.595	34,073.098	2,983.175	6,683.621	16,109.348	5,106.275		
Gas - mcf/mo	76,070	0.0	0.00	8.1	612	4,540	4,540	0.0	3,378.0	3,378.0	100.000 WI	1,984.164	3,690.545	2,060.955	13,382.000				

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMPB

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TBD 17-20 PUD 2 (2.0 WC B)  
 S.19, T.26S, R.36E 3  
 NM OIL  
 MKR G:\CGA\8538\PHD\1PUD.out  
 (DEFAULT) ASN 615



**Table 24**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 17-20 PUD 2 (2.0 WC B)**  
**TBD (WOLFCAMP) FIELD -- LEA COUNTY, NEW MEXICO**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	178.3	809.5	66.3	141,531	475,489	52,628	57.693	1,860	15,734		
12-2021	89.7	407.4	33.4	71,226	239,292	26,485	57.693	1,860	15,734		
12-2022	59.3	269.4	22.1	47,092	158,211	17,511	57.693	1,860	15,734		
12-2023	45.2	205.0	16.8	35,849	120,438	13,330	57.693	1,860	15,734		
12-2024	36.9	167.5	13.7	29,291	98,406	10,892	57.693	1,860	15,734		
12-2025	31.2	141.8	11.6	24,792	83,291	9,219	57.693	1,860	15,734		
12-2026	27.2	123.7	10.1	21,624	72,650	8,041	57.693	1,860	15,734		
12-2027	24.2	110.0	9.0	19,230	64,606	7,151	57.693	1,860	15,734		
12-2028	21.9	99.5	8.1	17,397	58,446	6,489	57.693	1,860	15,734		
12-2029	19.9	90.5	7.4	15,831	53,185	5,887	57.693	1,860	15,734		
12-2030	18.3	83.2	6.8	14,551	48,886	5,411	57.693	1,860	15,734		
12-2031	16.9	76.6	6.3	13,388	44,978	4,978	57.693	1,860	15,734		
12-2032	15.6	70.6	5.8	12,350	41,491	4,592	57.693	1,860	15,734		
12-2033	14.3	64.8	5.3	11,330	38,065	4,213	57.693	1,860	15,734		
12-2034	13.1	59.6	4.9	10,424	35,022	3,876	57.693	1,860	15,734		
12-2035	12.1	54.9	4.5	9,591	32,222	3,566	57.693	1,860	15,734		
12-2036	11.1	50.6	4.1	8,847	29,724	3,290	57.693	1,860	15,734		
12-2037	10.2	46.4	3.8	8,117	27,470	3,018	57.693	1,860	15,734		
S Tot	645.6	2,931.1	240.1	512,463	1,721,671	190,558	57.693	1,860	15,734		
After	98.4	446.9	36.6	78,132	262,493	29,053	57.693	1,860	15,734		
Total	744.1	3,378.0	276.7	590,595	1,984,164	219,611	57.693	1,860	15,734		
Cum Ult	0	0	0	0	0	0	0	0	0		
744.1	3,378.0	276.7	0	0	0	0	0	0	0		
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2020	8,165,346	884,410	828,072	0.000	0.000	9,877,828	714,894	493,891	3,931		
12-2021	4,109,246	445,083	416,731	0.000	0.000	4,971,060	359,774	248,553	4,235		
12-2022	2,716,882	294,772	275,527	0.000	0.000	3,296,682	237,869	164,334	4,513		
12-2023	2,088,221	224,014	208,744	0.000	0.000	2,501,989	181,777	123,689	4,770		
12-2024	1,689,883	183,036	171,376	0.000	0.000	2,044,294	147,953	102,215	5,011		
12-2025	1,430,317	154,921	145,053	0.000	0.000	1,730,291	125,227	86,515	5,250		
12-2026	1,247,576	135,128	126,520	0.000	0.000	1,509,225	109,228	75,461	5,479		
12-2027	1,109,448	120,167	112,512	0.000	0.000	1,342,127	97,135	67,106	5,701		
12-2028	1,003,673	108,710	101,785	0.000	0.000	1,214,168	87,874	60,708	5,913		
12-2029	913,323	98,924	92,623	0.000	0.000	1,104,870	79,963	55,244	6,132		
12-2030	839,502	90,929	85,136	0.000	0.000	1,015,567	73,500	50,778	6,347		
12-2031	775,386	83,659	78,330	0.000	0.000	934,375	67,624	46,719	6,578		
12-2032	712,502	77,173	72,257	0.000	0.000	861,932	62,381	43,987	6,820		
12-2033	653,673	70,801	66,291	0.000	0.000	790,764	57,230	39,538	7,102		
12-2034	601,413	65,141	60,991	0.000	0.000	727,545	52,655	36,377	7,398		
12-2035	553,332	59,933	56,115	0.000	0.000	669,379	48,445	33,469	7,720		
12-2036	510,431	55,296	51,764	0.000	0.000	617,482	44,689	30,874	8,059		
12-2037	468,296	50,721	47,490	0.000	0.000	566,498	41,000	28,325	8,452		
S Tot	29,565,439	3,202,309	2,998,319	0.000	0.000	35,766,067	2,588,519	1,788,303	5,040		
After	4,507,660	488,236	457,135	0.000	0.000	5,453,031	394,656	272,652	14,425		
Total	34,073,098	3,690,545	3,455,455	0.000	0.000	41,219,098	2,983,175	2,060,955	6,281		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	0.000	0	0.0	0.000	0.000	0.000	13,382,000	-13,382,000	-12,213,962	-12,213,962	
12-2020	61,000	1	1.0	0.000	0.000	941,463	0.000	7,666,580	-5,715,420	-5,550,859	
12-2021	69,600	1	1.0	0.000	0.000	473,795	0.000	3,819,338	-1,896,082	-2,528,012	
12-2022	69,600	1	1.0	0.000	0.000	313,256	0.000	2,501,623	605,540	-730,863	
12-2023	69,600	1	1.0	0.000	0.000	238,465	0.000	1,887,738	2,493,278	501,200	
12-2024	69,600	1	1.0	0.000	0.000	194,843	0.000	1,529,684	4,022,962	1,408,394	
12-2025	69,600	1	1.0	0.000	0.000	164,915	0.000	1,284,034	5,306,995	2,100,448	
12-2026	69,600	1	1.0	0.000	0.000	143,845	0.000	1,111,090	6,418,085	2,644,789	
12-2027	69,600	1	1.0	0.000	0.000	127,919	0.000	980,367	7,398,453	3,081,394	
12-2028	69,600	1	1.0	0.000	0.000	115,723	0.000	880,263	8,278,716	3,437,721	
12-2029	69,600	1	1.0	0.000	0.000	105,306	0.000	794,757	9,073,473	3,730,144	
12-2030	69,600	1	1.0	0.000	0.000	96,794	0.000	724,894	9,798,367	3,972,625	
12-2031	69,600	1	1.0	0.000	0.000	89,056	0.000	661,376	10,459,743	4,173,761	
12-2032	69,600	1	1.0	0.000	0.000	82,151	0.000	604,703	11,064,446	4,340,934	
12-2033	69,600	1	1.0	0.000	0.000	75,368	0.000	549,027	11,613,473	4,478,907	
12-2034	69,600	1	1.0	0.000	0.000	69,343	0.000	499,570	12,113,043	4,593,047	
12-2035	69,600	1	1.0	0.000	0.000	63,799	0.000	454,066	12,567,109	4,687,366	
12-2036	69,600	1	1.0	0.000	0.000	58,853	0.000	413,466	12,980,575	4,765,440	
12-2037	69,600	1	1.0	0.000	0.000	53,993	0.000	373,590	13,354,155	4,829,565	
S Tot	1,244,200	0	0.0	0.000	0.000	3,408,889	13,382,000	13,354,155	13,354,155	4,829,565	
After	1,510,799	0	0.0	0.000	0.000	519,732	0.000	2,755,193	16,109,348	5,106,275	
Total	2,754,999	0	0.0	0.000	0.000	3,928,622	13,382,000	16,109,348	16,109,348	5,106,275	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	Initial	Final	Units	Initial	Final	Units	Expense	Revenue	Oil	Gas	Disc.
	34,522	133	bbl/mo	2,999	5,800	\$/m	100,000	100,000	5.00	8.00	8,891,395
Gas Rate	156,734	607	Mcf/mo	0.0%	0.0%	0.0%	0.00	0.00	8.00	10.00	6,373,631
GOR	4,540	4,540	scf/bbl	0.0%	0.0%	0.0%	0.00	0.00	12.00	15.00	5,106,275
NGL Rate	5,938	51	bbl/mo				0.00	0.00	12.00	15.00	4,068,963
NGL Yield	37.9	84.1	bbl/MMcf				0.00	0.00	20.00	25.00	2,828,192
Gas Shrinkage	64.1	25.5	%				0.00	0.00	15.00	20.00	1,328,104
Oil Severance	7.1	7.1	%				0.00	0.00	0.00	0.00	0.00
Gas Severance	7.9	7.9	%				0.00	0.00	0.00	0.00	0.00
NGL Severance	7.9	7.9	%				0.00	0.00	0.00	0.00	0.00
Ad Valorem	38.0		%				0.00	0.00	0.00	0.00	0.00

Start Date: 02/2020 11 Months in year '20 39,632 Year Life(09/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 615

DEFAULT 1/16/2019 12:12:37  
 Oil, PUD  
 Table 24

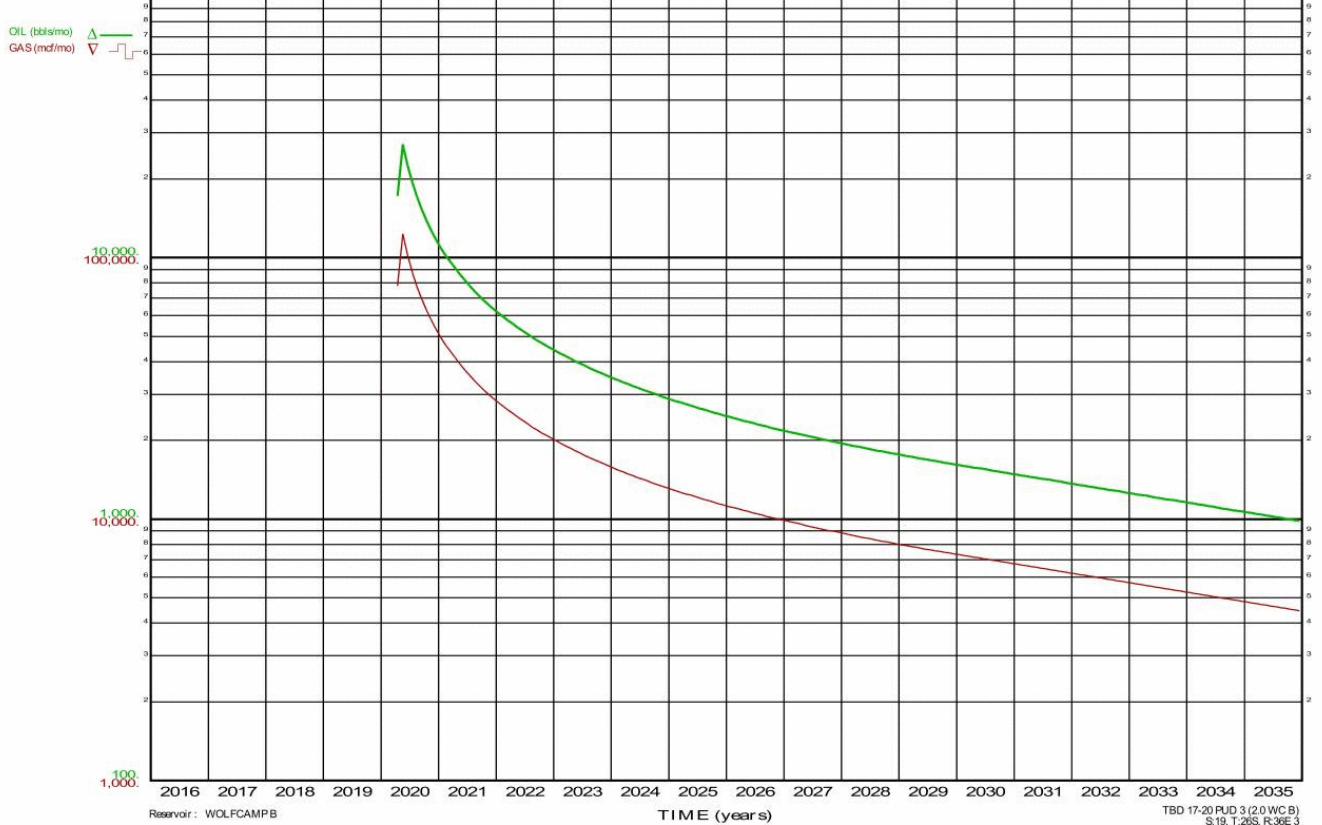
Cawley, Gillespie & Associates, Inc.

Figure 25  
 LILISENERGY, INC. -- TBD 17-20 PUD 3 (2.0 WC B)  
 TBD (WOLFCAMP B) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PUD

As of 01/2019

	As of 01/2019				GOR - scf/bbl	Initial	Final	Oil - mmbbls	Gas - mmmcf	12/2018 Cumulatives	40.87 Year Life (11/2059) Remaining Reserve	Ultimate Recovery	Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$
	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>99</sub>															
Oil - bbls/mo	17,208	96.3	1.20	8.0	135	4,540	4,540	0.0	744.1	744.1	79.375 NI	590.595	34,073.098	2,983.175	6,684.155	16,108.814	5,027.065		
Gas - mcf/mo	78,125	0.0	0.00	8.0	612	4,540	4,540	0.0	3,378.0	3,378.0	100.000 WI	1,984.164	3,690.545	2,060.955	13,382.000				



Reservoir: WOLFCAMPB

TBD 17-20 PUD 3 (2.0 WC B)  
 S.19, T.26S, R.36E 3  
 NM OIL

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

MKR G:\CGA\8538\PHD\1PUD.out  
 (DEFAULT) ASN 616

**Table 25**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 17-20 PUD 3 (2.0 WC B)**  
**TBD (WOLFCAMP) FIELD -- LEA COUNTY, NEW MEXICO**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	157.5	715.0	58.6	125.012	419.990	46.485	57.693	1.860	15.734		
12-2021	98.6	447.8	36.7	78.297	263.046	29.114	57.693	1.860	15.734		
12-2022	62.7	284.6	23.3	49.757	167.163	18.502	57.693	1.860	15.734		
12-2023	47.0	213.2	17.5	37.277	125.236	13.861	57.693	1.860	15.734		
12-2024	38.0	172.7	14.1	30.193	101.436	11.227	57.693	1.860	15.734		
12-2025	32.0	145.4	11.9	25.414	85.382	9.450	57.693	1.860	15.734		
12-2026	27.8	126.3	10.3	22.063	74.190	8.211	57.693	1.860	15.734		
12-2027	24.7	112.0	9.2	19.583	65.732	7.382	57.693	1.860	15.734		
12-2028	22.3	101.1	8.3	17.678	59.392	6.574	57.693	1.860	15.734		
12-2029	20.2	91.9	7.5	16.060	53.955	5.972	57.693	1.860	15.734		
12-2030	18.6	84.4	6.9	14.752	49.561	5.485	57.693	1.860	15.734		
12-2031	17.1	77.6	6.4	13.573	45.598	5.047	57.693	1.860	15.734		
12-2032	15.8	71.6	5.9	12.520	42.050	4.656	57.693	1.860	15.734		
12-2033	14.5	65.7	5.4	11.486	38.590	4.271	57.693	1.860	15.734		
12-2034	13.3	60.4	5.0	10.568	35.505	3.930	57.693	1.860	15.734		
12-2035	12.2	55.6	4.6	9.723	32.666	3.616	57.693	1.860	15.734		
12-2036	11.3	51.3	4.2	8.959	30.134	3.335	57.693	1.860	15.734		
12-2037	10.4	47.1	3.9	8.229	27.646	3.080	57.693	1.860	15.734		
S Tot	644.0	2,923.8	239.5	511.175	1,717.343	190.079	57.693	1.860	15.734		
After	100.1	454.3	37.2	79.420	266.821	29.532	57.693	1.860	15.734		
Total	744.1	3,378.0	276.7	590.595	1,984.164	219.611	57.693	1.860	15.734		
Cum Ult	0	0	0	0	0	0	0	0	0		
744.1	3,378.0	276.7	0	0	0	0	0	0	0		
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)		
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6		
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2020	7,212.281	781.181	731.419	0.000	0.000	8,724.881	631.451	436.244	3.912		
12-2021	4,517.159	489.265	458.099	0.000	0.000	5,464.522	395.487	273.226	4.186		
12-2022	2,970.614	310.924	291.118	0.000	0.000	3,472.655	251.329	173.633	4.469		
12-2023	2,150.622	232.939	218.101	0.000	0.000	2,601.663	189.292	130.883	4.729		
12-2024	1,741.914	188.671	176.653	0.000	0.000	2,107.238	152.508	105.362	4.972		
12-2025	1,466.223	158.810	148.694	0.000	0.000	1,773.728	128.371	88.686	5.212		
12-2026	1,274.027	137.993	129.203	0.000	0.000	1,541.223	111.544	77.061	5.442		
12-2027	1,129.809	122.373	114.577	0.000	0.000	1,366.759	98.917	68.338	5.625		
12-2028	1,019.909	110.469	103.432	0.000	0.000	1,233.810	89.295	61.691	5.877		
12-2029	926.536	100.356	93.963	0.000	0.000	1,120.854	81.120	56.043	6.098		
12-2030	851.080	92.183	86.311	0.000	0.000	1,029.573	74.514	51.479	6.311		
12-2031	783.038	84.813	79.410	0.000	0.000	947.261	68.557	47.363	6.538		
12-2032	722.329	78.237	73.253	0.000	0.000	873.819	63.241	43.691	6.778		
12-2033	662.688	71.777	67.205	0.000	0.000	801.670	58.020	40.084	7.055		
12-2034	609.707	66.039	61.832	0.000	0.000	737.579	53.381	36.879	7.348		
12-2035	560.963	60.759	56.889	0.000	0.000	678.611	49.114	33.931	7.665		
12-2036	517.471	56.049	52.478	0.000	0.000	625.998	45.306	31.300	7.999		
12-2037	474.746	51.421	48.145	0.000	0.000	574.311	41.565	28.716	8.387		
S Tot	29,491.115	3,194.259	2,990.782	0.000	0.000	35,676.156	2,582.012	1,783.808	5.031		
After	4,581.983	496.286	464.673	0.000	0.000	5,542.942	401.163	277.147	14.335		
Total	34,073.098	3,690.545	3,455.455	0.000	0.000	41,219.098	2,983.175	2,060.955	6.282		
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2020	49.493	1	1.0	0.000	0.000	831.575	13,382.000	-6,605.882	-6,605.882	-6,194.684	
12-2021	69.600	1	1.0	0.000	0.000	520.828	0.000	4,205.382	-2,400.501	-2,864.660	
12-2022	69.600	1	1.0	0.000	0.000	330.981	0.000	2,647.112	-246.611	-962.694	
12-2023	69.600	1	1.0	0.000	0.000	247.969	0.000	1,965.721	2,212.333	-320.409	
12-2024	69.600	1	1.0	0.000	0.000	200.842	0.000	1,578.925	3,791.258	1,256.855	
12-2025	69.600	1	1.0	0.000	0.000	169.055	0.000	1,318.015	5,109.273	1,967.250	
12-2026	69.600	1	1.0	0.000	0.000	146.895	0.000	1,136.123	6,245.396	2,523.870	
12-2027	69.600	1	1.0	0.000	0.000	130.267	0.000	999.637	7,245.033	2,969.065	
12-2028	69.600	1	1.0	0.000	0.000	117.595	0.000	895.629	8,140.663	3,331.617	
12-2029	69.600	1	1.0	0.000	0.000	106.829	0.000	807.262	8,947.925	3,628.645	
12-2030	69.600	1	1.0	0.000	0.000	98.129	0.000	735.851	9,683.776	3,874.791	
12-2031	69.600	1	1.0	0.000	0.000	90.284	0.000	671.457	10,355.233	4,078.992	
12-2032	69.600	1	1.0	0.000	0.000	83.284	0.000	614.003	10,969.235	4,248.736	
12-2033	69.600	1	1.0	0.000	0.000	76.408	0.000	557.559	11,526.794	4,388.854	
12-2034	69.600	1	1.0	0.000	0.000	70.299	0.000	507.419	12,034.214	4,504.787	
12-2035	69.600	1	1.0	0.000	0.000	64.679	0.000	461.288	12,495.502	4,600.606	
12-2036	69.600	1	1.0	0.000	0.000	59.684	0.000	420.128	12,915.630	4,679.938	
12-2037	69.600	1	1.0	0.000	0.000	54.738	0.000	379.692	13,285.322	4,745.112	
S Tot	1,232.693			0.000	0.000	3,400.320	13,382.000	13,295.322	13,295.322	4,745.112	
After	1,522.839			0.000	0.000	528.302	0.000	2,813.491	16,108.814	5,027.065	
Total	2,755.533			0.000	0.000	3,928.622	13,382.000	16,108.814	16,108.814	5,027.065	
Evaluation Parameters (Gross)				Expenses (Gross)			Percent Interests		Percent	Cum. Disc.	
Oil Rate	34.522	133.	bbl/mo	96.3%	1.20	0.0%	Initial	Final	5.00	8,820.435	
Gas Rate	156.734	607.	Mcf/mo	0.0%	0.00	0.0%	Expense	100.0000	100.0000	8.00	6,293.651
GOR	4.540	4,540.	scf/bbl				Revenue		10.00	5,027.065	
NGL Rate	6.306	61.	bbl/mo				Oil	79.3750	79.3750	12.00	3,984.044
NGL Yield	40.2	84.0	bbl/MMcf				Gas	79.3750	79.3750	15.00	2,764.147
Gas Shrinkage	63.1	25.7	%						20.00	1,289.083	
Oil Severance	7.1	7.1	%								
Gas Severance	7.9	7.9	%								
NGL Severance	7.9	7.9	%								
Ad Valorem	38.0		%								

Start Date: 04/2020    9 Months in year '20    39,629 Year Life(11/2059)

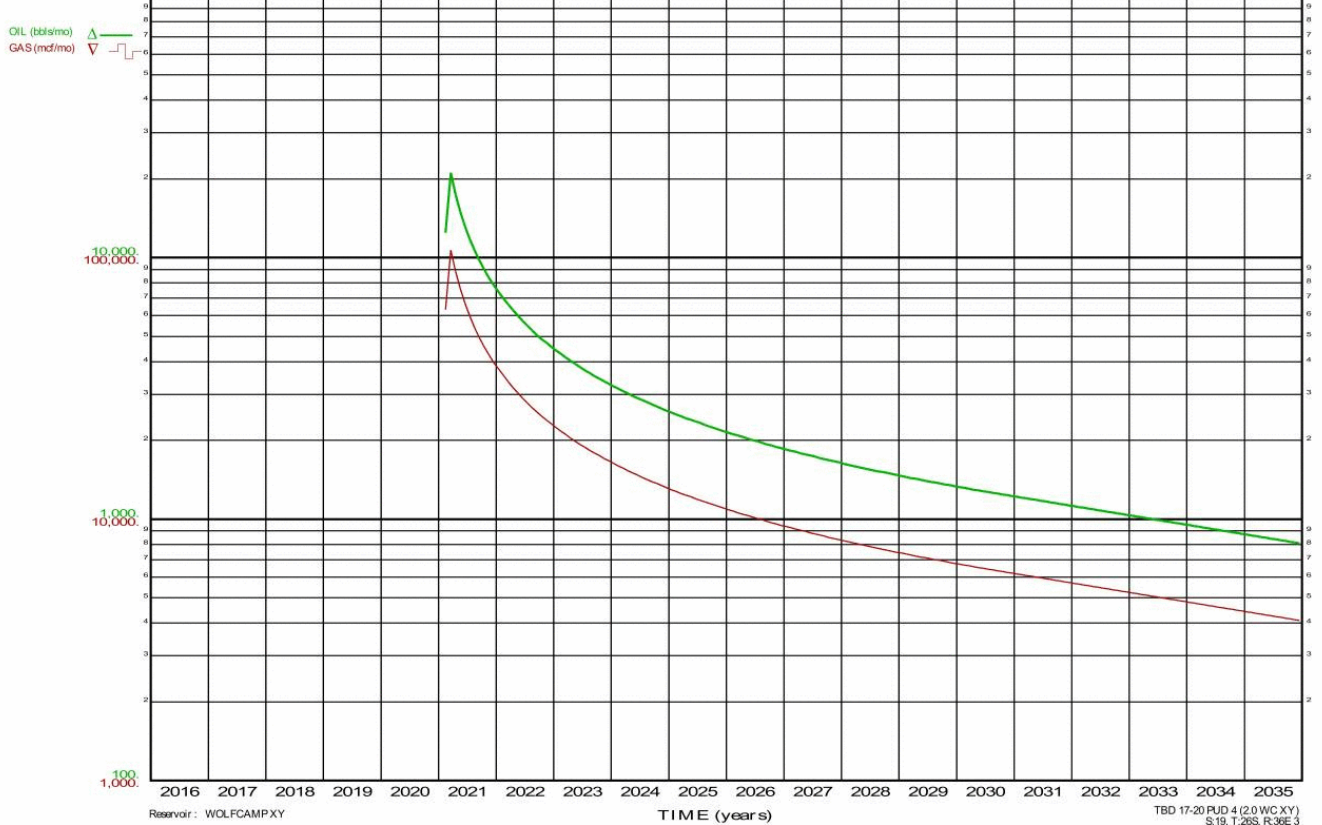
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 616    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 25

Figure 26  
 LILISENERGY, INC. -- TBD 17-20 PUD 4 (2.0 WC XY)  
 TBD (WOLFCAMP XY) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		38.79 Year Life (10/2057)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>10</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
											%	mbls/mcf	M\$	M\$	M\$	M\$	M\$	
12,485	63,199	96.3	1.20	8.0	132	5,070	5,070	0.0	966.3	566.3	79.375 NI	449,473	25,931,348	2,320,757	5,541,445	9,160,264	1,111,873	
		0.0	0.00	8.0	668			0.0	2,871.0	2,871.0	100.000 WI	1,696,332	3,136,578	1,600,235	13,382,000			



• \* — Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

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 (DEFAULT) ASN 617

**Table 26**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 17-20 PUD 4 (2.0 WC XY)**  
**TBD (WOLFCAMPXY) FIELD -- LEA COUNTY, NEW MEXICO**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	136.4	691.7	56.7	108.289	406.277	44.968	57.693	1.860	15.734
12-2022	68.9	349.2	28.6	54.678	205.140	22.705	57.693	1.860	15.734
12-2023	45.5	230.6	18.9	36.129	135.549	15.003	57.693	1.860	15.734
12-2024	34.7	176.1	14.4	27.564	103.413	11.446	57.693	1.860	15.734
12-2025	28.2	143.1	11.7	22.396	84.025	9.300	57.693	1.860	15.734
12-2026	24.0	121.4	9.9	19.011	71.326	7.895	57.693	1.860	15.734
12-2027	20.9	105.9	8.7	16.581	62.210	6.886	57.693	1.860	15.734
12-2028	18.6	94.4	7.7	14.783	55.463	6.139	57.693	1.860	15.734
12-2029	16.8	85.0	7.0	13.300	49.900	5.523	57.693	1.860	15.734
12-2030	15.3	77.5	6.3	12.137	45.537	5.040	57.693	1.860	15.734
12-2031	14.1	71.3	5.8	11.156	41.856	4.633	57.693	1.860	15.734
12-2032	13.0	65.7	5.4	10.251	38.611	4.274	57.693	1.860	15.734
12-2033	11.9	60.3	4.9	9.442	35.423	3.921	57.693	1.860	15.734
12-2034	10.9	55.5	4.5	8.687	32.591	3.607	57.693	1.860	15.734
12-2035	10.1	51.1	4.2	7.992	29.986	3.319	57.693	1.860	15.734
12-2036	9.3	47.1	3.9	7.373	27.691	3.062	57.693	1.860	15.734
12-2037	8.5	43.2	3.5	6.784	25.377	2.809	57.693	1.860	15.734
S Tot	487.0	2,469.2	202.2	386.574	1,450.347	160.527	57.693	1.860	15.734
After	79.2	401.8	32.9	62.899	235.985	26.119	57.693	1.860	15.734
Total	566.3	2,871.0	235.1	449.473	1,686.332	186.647	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	6,247.471	755.675	707.538	0.000	0.000	7,710.685	559.125	385.534	3.807
12-2022	3,154.506	381.580	357.254	0.000	0.000	3,893.319	282.316	194.866	4.182
12-2023	2,084.383	252.122	236.852	0.000	0.000	2,572.767	185.466	126.628	5.225
12-2024	1,590.224	192.349	180.096	0.000	0.000	1,962.669	142.319	98.133	4.842
12-2025	1,292.089	156.287	146.332	0.000	0.000	1,594.708	115.637	79.735	5.150
12-2026	1,098.813	132.667	124.216	0.000	0.000	1,353.696	96.161	67.685	5.442
12-2027	956.622	115.710	108.359	0.000	0.000	1,180.671	85.914	59.034	5.725
12-2028	852.877	103.161	96.590	0.000	0.000	1,052.628	76.229	52.631	5.994
12-2029	767.331	92.814	86.902	0.000	0.000	947.047	68.673	47.352	6.271
12-2030	700.246	84.700	79.304	0.000	0.000	864.250	62.669	43.213	6.536
12-2031	643.642	77.853	72.894	0.000	0.000	794.388	57.603	39.719	6.802
12-2032	595.740	71.817	67.242	0.000	0.000	732.599	53.137	36.640	7.078
12-2033	544.716	65.887	61.690	0.000	0.000	672.293	48.750	33.615	7.399
12-2034	501.167	60.620	56.758	0.000	0.000	618.545	44.853	30.927	7.737
12-2035	461.100	55.773	52.221	0.000	0.000	569.094	41.267	28.455	8.105
12-2036	425.351	51.449	48.172	0.000	0.000	524.972	38.087	26.249	8.491
12-2037	390.231	47.291	44.194	0.000	0.000	481.626	34.924	24.081	8.939
S Tot	22,302.519	2,697.646	2,525.804	0.000	0.000	27,525.968	1,995.990	1,376.298	5.113
After	3,628.829	438.932	410.972	0.000	0.000	4,478.734	324.766	223.937	15.062
Total	25,931.348	3,136.578	2,936.776	0.000	0.000	32,004.702	2,320.757	1,600.235	6.505

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	13,382.000	-13,382.000	-13,382.000	-11,101.429
12-2021	60.900	1	1.0	0.000	0.000	720.332	0.000	5,984.794	-7,397.206	-6,373.207
12-2022	69.600	1	1.0	0.000	0.000	363.714	0.000	2,983.023	-4,414.183	-4,225.701
12-2023	69.600	1	1.0	0.000	0.000	240.330	0.000	1,947.472	-2,466.711	-2,954.726
12-2024	69.600	1	1.0	0.000	0.000	183.353	0.000	1,469.264	-997.447	-2,083.000
12-2025	69.600	1	1.0	0.000	0.000	148.978	0.000	1,180.758	183.311	-1,446.433
12-2026	69.600	1	1.0	0.000	0.000	128.462	0.000	991.788	1,175.099	-960.445
12-2027	69.600	1	1.0	0.000	0.000	110.296	0.000	856.126	2,031.225	-579.115
12-2028	69.600	1	1.0	0.000	0.000	98.336	0.000	755.731	2,786.956	-273.162
12-2029	69.600	1	1.0	0.000	0.000	88.473	0.000	672.948	3,459.904	-25.534
12-2030	69.600	1	1.0	0.000	0.000	80.738	0.000	608.030	4,067.934	177.863
12-2031	69.600	1	1.0	0.000	0.000	74.212	0.000	553.254	4,621.187	346.118
12-2032	69.600	1	1.0	0.000	0.000	68.488	0.000	504.963	5,126.151	485.720
12-2033	69.600	1	1.0	0.000	0.000	62.806	0.000	457.523	5,583.674	600.699
12-2034	69.600	1	1.0	0.000	0.000	57.785	0.000	415.381	5,999.055	695.605
12-2035	69.600	1	1.0	0.000	0.000	53.165	0.000	376.608	6,375.663	773.835
12-2036	69.600	1	1.0	0.000	0.000	48.043	0.000	342.013	6,717.676	838.418
12-2037	69.600	1	1.0	0.000	0.000	44.994	0.000	306.027	7,025.703	891.292
S Tot	1,174.500			0.000	0.000	2,571.476	13,382.000	7,025.703	7,025.703	891.292
After	1,377.066			0.000	0.000	418.403	0.000	2,134.561	9,160.264	1,111.873
Total	2,551.566			0.000	0.000	2,989.879	13,382.000	9,160.264	9,160.264	1,111.873

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Initial	Final			
Oil Rate	26.462	130.	bbl/mo	96.3%	1.20	0.0%		Expense	100.0000	100.0000	5.00	3,772.349
Gas Rate	134.164	663.	Mcf/mo	0.0%	0.00	0.0%		Revenue			8.00	1,979.434
GOR	5.070	5.070	scf/bbl					Oil	79.3750	79.3750	12.00	426.880
NGL Rate	4.761	53.	bbl/mo					Gas	79.3750	79.3750	15.00	-352.578
NGL Yield	35.5	81.3	bbl/MMcf								20.00	-1,212.702
Gas Shrinkage	65.1	25.7	%									
Oil Severance	7.1	7.1	%									
Gas Severance	7.9	7.9	%									
NGL Severance	7.9	7.9	%									
Ad Valorem	36.7		%									

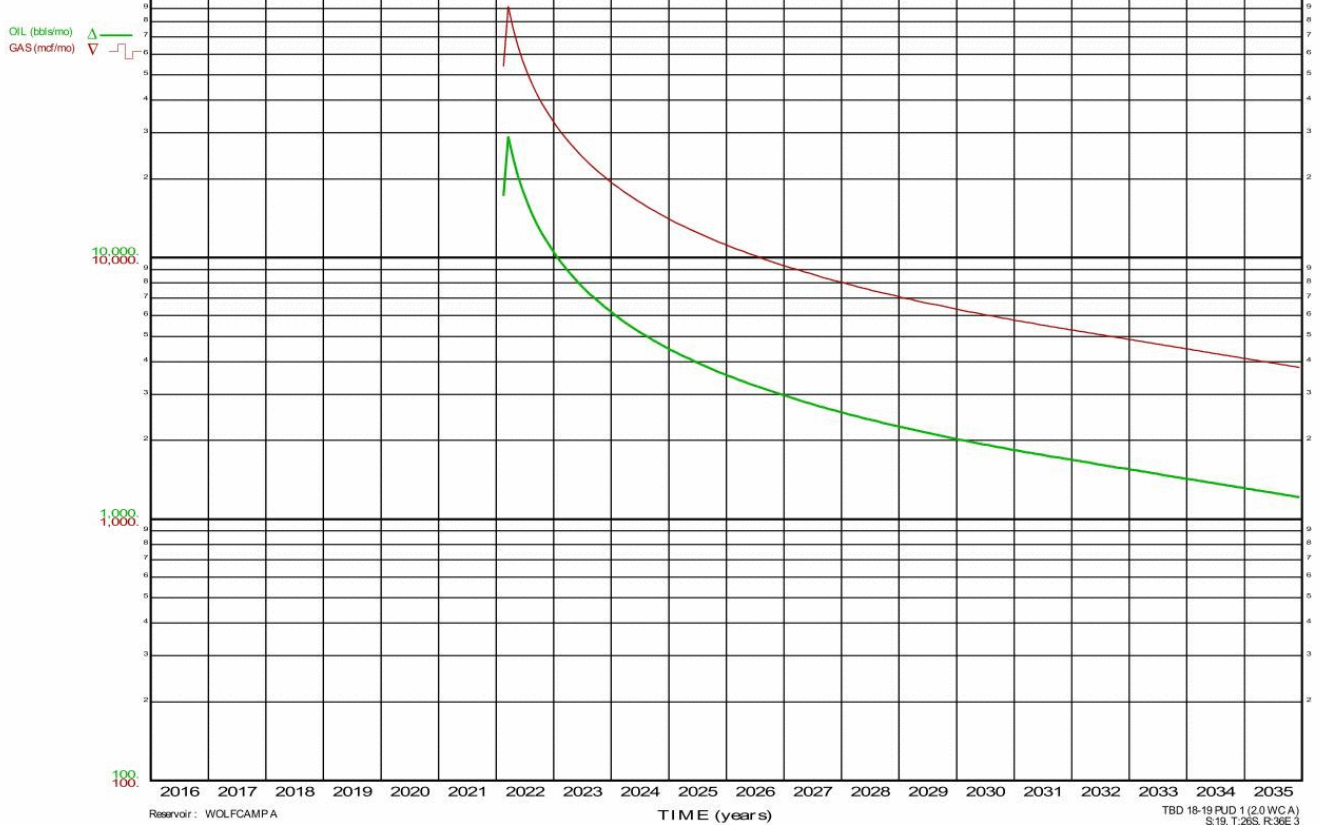
Start Date: 02/2021    11 Months in year '21    36,712 Year Life (10/2057)

Figure 27  
 LILISENERGY, INC. -- TBD 18-19 PUD 1 (2.0 WC A)  
 TBD (WOLFCAMP A) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		42.64 Year Life (08/2061)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$	
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>10</sub>	Q <sub>10</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
17,193	53,987	96.3	1.20	8.0	144	451	3,140	3,140	0.0	0.0	786.6	786.6	79.375 NI	624,326	36,019,087	2,988,591	6,903,153	14,612,814	3,144,174
		0.0	0.00	8.0							2,469.8	2,469.8	100.000 WI	1,450,683	2,698,270	2,062,187	14,697,000		



Reservoir: WOLFCAMP A

TIME (years)

TBD 18-19 PUD 1 (2.0 WC A)  
 S:19, T:26S, R:36E 3  
 NM OIL

• @ \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

MKR G:\CGA\8538\PHD\1PUD.out  
 (DEFAULT) ASN 618



**Table 27**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 18-19 PUD 1 (2.0 WC A)**  
**TBD (WOLFCAMPA) FIELD -- LEA COUNTY, NEW MEXICO**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	189.2	590.9	48.4	149.394	347.061	38.413	57.693	1.860	15.734
12-2023	95.0	296.3	24.4	75.417	175.240	19.396	57.693	1.860	15.734
12-2024	62.9	197.6	16.2	49.950	116.064	12.846	57.693	1.860	15.734
12-2025	47.8	149.9	12.3	37.902	88.669	9.748	57.693	1.860	15.734
12-2026	36.9	122.2	10.0	30.891	71.778	7.945	57.693	1.860	15.734
12-2027	33.0	103.7	9.3	26.222	60.930	6.744	57.693	1.860	15.734
12-2028	28.9	90.7	7.4	22.930	53.279	5.897	57.693	1.860	15.734
12-2029	25.6	80.4	6.6	20.332	47.242	5.229	57.693	1.860	15.734
12-2030	23.1	72.6	5.9	18.345	42.627	4.718	57.693	1.860	15.734
12-2031	21.1	66.2	5.4	16.741	38.900	4.306	57.693	1.860	15.734
12-2032	19.4	61.0	5.0	15.429	35.590	3.968	57.693	1.860	15.734
12-2033	17.8	56.0	4.6	14.155	32.890	3.640	57.693	1.860	15.734
12-2034	16.4	51.5	4.2	13.023	30.260	3.349	57.693	1.860	15.734
12-2035	15.1	47.4	3.9	11.982	27.841	3.081	57.693	1.860	15.734
12-2036	13.9	43.7	3.6	11.053	25.682	2.843	57.693	1.860	15.734
12-2037	12.8	40.1	3.3	10.140	23.692	2.608	57.693	1.860	15.734
S Tot	660.0	2,072.4	169.7	523.876	1,217.277	134.731	57.693	1.860	15.734
After	126.6	397.4	32.5	100.450	233.406	25.834	57.693	1.860	15.734
Total	786.6	2,469.8	202.3	624.326	1,450.683	160.565	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0
786.6	2,469.8	202.3	624.326	1,450.683	160.565	57.693	1.860	15.734	15.734

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2022	8,617.202	645.534	604.413	0.000	0.000	9,867.149	710.205	493.357	4.542
12-2023	4,361.043	326.946	305.183	0.000	0.000	4,982.172	358.601	249.109	4.873
12-2024	2,881.772	215.880	202.128	0.000	0.000	3,299.780	237.507	164.989	5.176
12-2025	2,186.665	163.808	153.373	0.000	0.000	2,503.846	180.219	125.192	5.461
12-2026	1,782.192	133.508	125.003	0.000	0.000	2,040.703	146.883	102.035	5.729
12-2027	1,512.845	113.331	106.111	0.000	0.000	1,732.287	124.684	86.614	5.967
12-2028	1,322.876	99.100	92.787	0.000	0.000	1,514.762	108.028	73.738	6.232
12-2029	1,172.984	87.871	82.273	0.000	0.000	1,343.129	96.674	67.156	6.482
12-2030	1,058.388	79.296	74.236	0.000	0.000	1,211.909	87.229	60.595	6.720
12-2031	965.857	72.354	67.745	0.000	0.000	1,105.957	79.603	55.298	6.964
12-2032	890.114	66.680	62.433	0.000	0.000	1,019.227	73.361	51.961	7.181
12-2033	816.619	61.175	57.278	0.000	0.000	935.072	67.303	46.754	7.443
12-2034	751.333	56.284	52.699	0.000	0.000	860.315	61.923	43.016	7.718
12-2035	691.265	51.784	48.496	0.000	0.000	791.535	56.972	39.577	8.016
12-2036	637.671	47.769	44.726	0.000	0.000	730.187	52.555	36.508	8.330
12-2037	585.020	43.825	41.053	0.000	0.000	668.879	48.216	33.494	8.665
S Tot	30,223.846	2,264.136	2,119.908	0.000	0.000	34,607.889	2,490.964	1,730.394	5.636
After	5,795.241	434.134	406.480	0.000	0.000	6,635.856	477.627	331.793	14.816
Total	36,019.087	2,698.270	2,526.388	0.000	0.000	41,243.745	2,968.591	2,062.187	7.113

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2022	60.900	1	1.0	0.000	0.000	893.562	14,697.000	-7,603.124	-14,697.000	-11,084.656
12-2023	69.600	1	1.0	0.000	0.000	501.674	0.000	-3,803.189	-3,803.189	-3,131.388
12-2024	69.600	1	1.0	0.000	0.000	332.268	0.000	2,495.416	-789.271	-1,649.813
12-2025	69.600	1	1.0	0.000	0.000	252.122	0.000	1,876.713	1,087.442	-637.657
12-2026	69.600	1	1.0	0.000	0.000	205.486	0.000	1,516.698	2,604.140	105.723
12-2027	69.600	1	1.0	0.000	0.000	174.431	0.000	1,276.958	3,881.098	674.592
12-2028	69.600	1	1.0	0.000	0.000	152.527	0.000	1,107.869	4,988.967	1,123.158
12-2029	69.600	1	1.0	0.000	0.000	135.245	0.000	974.453	5,963.420	1,481.765
12-2030	69.600	1	1.0	0.000	0.000	122.032	0.000	872.453	6,835.873	1,773.636
12-2031	69.600	1	1.0	0.000	0.000	111.363	0.000	790.093	7,625.966	2,013.921
12-2032	69.600	1	1.0	0.000	0.000	102.630	0.000	722.675	8,348.640	2,213.706
12-2033	69.600	1	1.0	0.000	0.000	94.156	0.000	657.259	9,005.899	2,378.878
12-2034	69.600	1	1.0	0.000	0.000	86.628	0.000	599.148	9,605.048	2,515.767
12-2035	69.600	1	1.0	0.000	0.000	79.703	0.000	545.684	10,150.731	2,629.116
12-2036	69.600	1	1.0	0.000	0.000	73.523	0.000	497.980	10,648.711	2,723.147
12-2037	69.600	1	1.0	0.000	0.000	67.453	0.000	451.117	11,099.828	2,800.580
S Tot	1,104.900			0.000	0.000	3,484.803	14,697.000	11,099.828	11,099.828	2,800.580
After	1,645.259			0.000	0.000	668.190	0.000	3,512.986	14,612.814	3,144.174
Total	2,750.159			0.000	0.000	4,152.994	14,697.000	14,612.814	14,612.814	3,144.174

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Del n Def	Initial	Final	Units		Final				
Oil Rate	36.500	142	bbl/mo	96.3%	1.20	0.0%	2,899	5,800	\$w/mo		5.00	6,809.514
Gas Rate	114.610	446	Mcf/mo	0.0%	0.00	0.0%					8.00	4,322.081
GOR	3.140	3.140	scf/bbl								10.00	3,144.174
NGL Rate	4.087	37	bbl/mo								12.00	2,228.454
NGL Yield	35.5	84.2	bbl/MMcf								15.00	1,204.955
Gas Shrinkage	65.1	25.5	%								20.00	105.163
Oil Severance	7.1	7.1	%									
Gas Severance	7.9	7.9	%									
NGL Severance	7.9	7.9	%									
Ad Valorem	38.3		%									

Start Date: 02/2022    11 Months in year '22    39,565 Year Life (08/2061)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 618    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 27

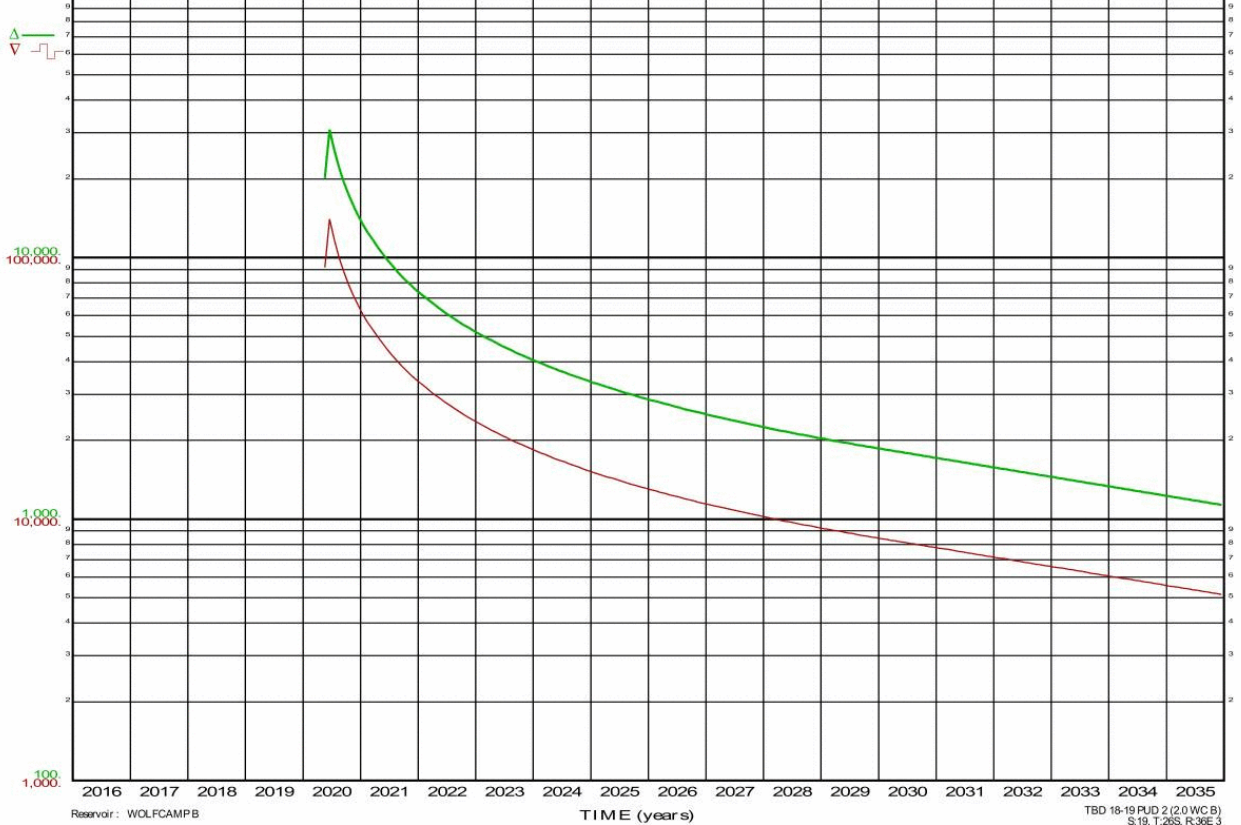
Figure 28  
 LILISENERGY, INC. -- TBD 18-19 PUD 2 (2.0 WC B)  
 TBD (WOLFCAMP B) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		42.58 Year Life (08/2061)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
20,186	91,646	96.3	1.20	8.0	134	4,540	4,540	0.0	0.0	856.0	855.0	79.375 NI	678,672	39,154,487	3,428,062	7,382,629	19,490,184	6,366,154
		0.0	0.00	8.0	610					3,881.8	3,881.8	100.000 WI	2,280,066	4,240,923	2,368,309	14,697,000		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMPB

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TBD 18-19 PUD 2 (2.0 WC B)  
 S.19, T.26S, R.36E 3  
 NM OIL  
 MKR G:\CGA\8538\PHD\1PUD.out  
 (DEFAULT) ASN 619



**Table 28**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 18-19 PUD 2 (2.0 WC B)**  
**TBD (WOLFCAMP) FIELD -- LEA COUNTY, NEW MEXICO**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	167.2	759.0	62.2	132,698	445,813	49,344	57,693	1,860	15,734		
12-2021	119.0	540.3	44.3	94,469	317,379	35,128	57,693	1,860	15,734		
12-2022	73.9	335.6	27.5	58,996	197,095	21,815	57,693	1,860	15,734		
12-2023	54.9	249.2	20.4	43,570	146,377	16,201	57,693	1,860	15,734		
12-2024	44.3	200.9	16.5	35,126	118,008	13,061	57,693	1,860	15,734		
12-2025	37.1	168.6	13.8	29,480	99,042	10,962	57,693	1,860	15,734		
12-2026	32.2	146.2	12.0	25,565	85,889	9,506	57,693	1,860	15,734		
12-2027	28.5	123.5	10.6	22,038	75,056	8,415	57,693	1,860	15,734		
12-2028	25.7	116.8	9.6	20,414	68,582	7,591	57,693	1,860	15,734		
12-2029	23.3	106.0	8.7	18,529	62,249	6,890	57,693	1,860	15,734		
12-2030	21.4	97.3	8.0	17,013	57,156	6,326	57,693	1,860	15,734		
12-2031	19.7	89.5	7.3	15,652	52,596	5,820	57,693	1,860	15,734		
12-2032	18.2	82.6	6.8	14,439	48,509	5,369	57,693	1,860	15,734		
12-2033	16.7	75.8	6.2	13,247	44,504	4,926	57,693	1,860	15,734		
12-2034	15.4	69.7	5.7	12,188	40,946	4,532	57,693	1,860	15,734		
12-2035	14.1	64.1	5.3	11,213	37,672	4,170	57,693	1,860	15,734		
12-2036	13.0	59.2	4.8	10,344	34,752	3,846	57,693	1,860	15,734		
12-2037	12.0	54.3	4.4	9,490	31,892	3,529	57,693	1,860	15,734		
S.T. Total	736.7	3,344.5	273.9	584,741	1,964,497	217,435	57,693	1,860	15,734		
After	118.3	537.3	44.0	93,931	315,569	34,928	57,693	1,860	15,734		
Total	855.0	3,881.8	317.9	678,672	2,280,066	252,363	57,693	1,860	15,734		
Cum. Ult.	0	0	0	0	0	0	0	0	0		
855.0	3,881.8	317.9									
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2020	7,655,738	829,213	776,391	0.00	0.00	9,261,342	670,277	463,067	3,875		
12-2021	5,450,198	590,325	552,721	0.00	0.00	6,593,244	477,177	329,662	4,101		
12-2022	3,394,621	395,597	343,245	0.00	0.00	4,094,462	295,331	204,723	4,351		
12-2023	2,516,694	272,261	254,918	0.00	0.00	3,040,843	220,077	153,027	4,799		
12-2024	2,026,492	219,495	205,513	0.00	0.00	2,451,499	177,424	122,575	4,792		
12-2025	1,700,806	184,219	172,484	0.00	0.00	2,057,509	148,909	102,875	5,003		
12-2026	1,474,925	159,753	149,577	0.00	0.00	1,784,254	129,133	89,213	5,203		
12-2027	1,306,073	141,464	132,453	0.00	0.00	1,579,990	114,350	78,969	5,399		
12-2028	1,177,728	127,583	119,437	0.00	0.00	1,424,727	103,113	71,236	5,585		
12-2029	1,068,978	115,784	108,408	0.00	0.00	1,293,170	93,591	64,659	5,777		
12-2030	981,506	106,309	99,537	0.00	0.00	1,187,353	85,933	59,368	5,963		
12-2031	903,035	97,810	91,579	0.00	0.00	1,092,425	79,063	54,621	6,190		
12-2032	833,022	90,227	84,479	0.00	0.00	1,007,728	72,933	50,386	6,368		
12-2033	764,242	82,777	77,504	0.00	0.00	924,523	66,911	46,226	6,608		
12-2034	703,142	76,159	71,308	0.00	0.00	850,609	61,562	42,530	6,862		
12-2035	646,928	70,070	65,607	0.00	0.00	782,605	56,640	39,130	7,137		
12-2036	598,771	64,638	60,520	0.00	0.00	721,925	52,249	36,096	7,427		
12-2037	547,497	59,301	55,523	0.00	0.00	662,322	47,935	33,116	7,763		
S.T. Total	33,735,366	3,653,965	3,421,204	0.00	0.00	40,810,535	2,953,606	2,040,527	4,857		
After	5,419,121	586,959	549,569	0.00	0.00	6,555,649	474,456	327,782	13,390		
Total	39,154,487	4,240,923	3,970,773	0.00	0.00	47,366,184	3,428,062	2,368,309	6,038		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2020	43,781	1	1.0	0.00	0.00	882,705	14,697,000	-7,495,488	-7,495,488	-6,938,364	
12-2021	69,600	1	1.0	0.00	0.00	628,407	0.00	5,088,398	-2,407,900	-2,907,976	
12-2022	69,600	1	1.0	0.00	0.00	391,246	0.00	3,133,552	726,472	-653,262	
12-2023	69,600	1	1.0	0.00	0.00	289,825	0.00	2,309,296	3,033,772	851,131	
12-2024	69,600	1	1.0	0.00	0.00	233,654	0.00	1,848,246	4,884,018	1,947,332	
12-2025	69,600	1	1.0	0.00	0.00	196,103	0.00	1,540,021	6,424,039	2,777,396	
12-2026	69,600	1	1.0	0.00	0.00	170,059	0.00	1,326,250	7,750,289	3,427,168	
12-2027	69,600	1	1.0	0.00	0.00	150,590	0.00	1,186,451	8,916,740	3,946,657	
12-2028	69,600	1	1.0	0.00	0.00	135,792	0.00	1,044,987	9,961,727	4,369,669	
12-2029	69,600	1	1.0	0.00	0.00	123,253	0.00	942,067	10,903,794	4,716,299	
12-2030	69,600	1	1.0	0.00	0.00	113,167	0.00	859,285	11,763,079	5,003,732	
12-2031	69,600	1	1.0	0.00	0.00	104,120	0.00	785,021	12,548,100	5,242,468	
12-2032	69,600	1	1.0	0.00	0.00	96,047	0.00	718,762	13,266,861	5,441,172	
12-2033	69,600	1	1.0	0.00	0.00	88,117	0.00	653,669	13,920,530	5,605,441	
12-2034	69,600	1	1.0	0.00	0.00	81,072	0.00	595,845	14,516,375	5,741,576	
12-2035	69,600	1	1.0	0.00	0.00	74,591	0.00	542,644	15,059,019	5,854,293	
12-2036	69,600	1	1.0	0.00	0.00	68,808	0.00	495,177	15,554,136	5,947,735	
12-2037	69,600	1	1.0	0.00	0.00	63,126	0.00	448,545	16,002,741	6,024,796	
S.T. Total	1,226,981			0.00	0.00	3,889,681	14,697,000	16,002,741	16,002,741	6,024,796	
After	1,641,143			0.00	0.00	6,244,824	0.00	3,487,444	19,490,184	6,366,154	
Total	2,868,124			0.00	0.00	4,514,505	14,697,000	19,490,184	19,490,184	6,366,154	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	39,541	133	bbl/mo	96.3%	1.20	0.0%	3,180	5,800	\$/wmo	5.00	10,823,688
Gas Rate	179,519	607	Mcf/mo	0.0%	0.00	0.0%				8.00	7,850,766
GOR	4,540	4,540	scf/bbl							10.00	6,366,154
NGL Rate	7,844	50	bbl/mo							12.00	5,157,870
NGL Yield	42.6	83.8	bbl/MMcf							15.00	3,722,096
Gas Shrinkage	62.2	25.9	%							20.00	2,003,789
Oil Severance	7.1	7.1	%								
Gas Severance	7.9	7.9	%								
NGL Severance	7.9	7.9	%								
Ad Valorem	37.9										

Start Date: 05/2020    8 Months in year '20    41,254 Year Life(08/2061)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 619    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 28

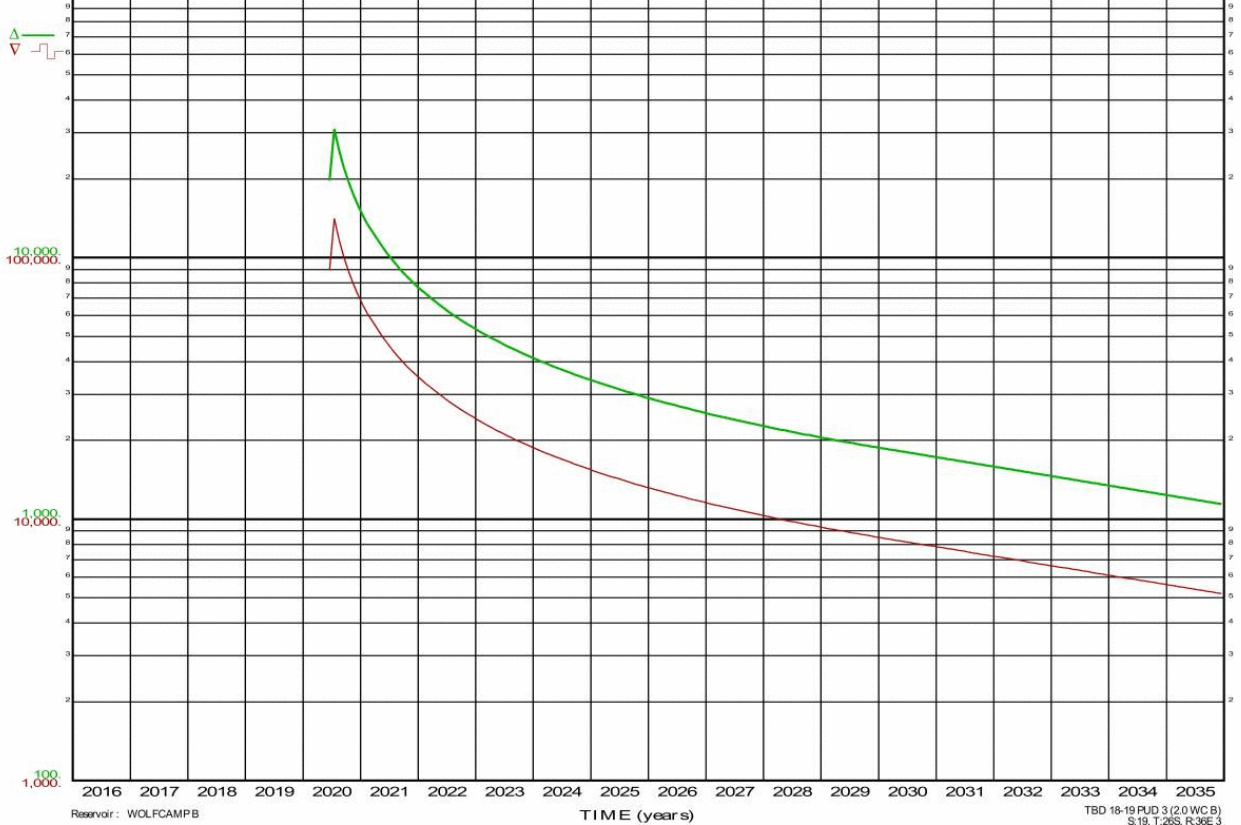
Figure 29  
 LILISENERGY, INC. -- TBD 18-19 PUD 3 (2.0 WC B)  
 TBD (WOLFCAMP B) FIELD  
 LEA COUNTY, NEW MEXICO

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		42.67 Year Life (09/2061)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$	
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>99</sub>	Q <sub>10</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery							
19,710	89,483	96.3	1.20	8.1	134	610	4,540	4,540	0.0	0.0	856.0	855.0	79.375 NI	678.672	39,154.486	3,428.062	7,382.548	19,490.264	6,314.836
		0.0	0.00	8.1							3,881.8	3,881.8	100.000 WI	2,280.066	4,240.923	2,368.309	14,697.000		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMPB

TIME (years)

• @ \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TBD 18-19 PUD 3 (2.0 WC B)  
 S.19, T.26S, R.36E 3  
 NM OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 620

**Table 29**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 18-19 PUD 3 (2.0 WC B)**  
**TBD (WOLFCAMP) FIELD -- LEA COUNTY, NEW MEXICO**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	152.4	691.9	56.7	120.972	406.419	44.983	57.693	1.860	15.734
12-2021	126.1	572.5	46.9	100.087	336.252	37.217	57.693	1.860	15.734
12-2022	76.2	346.1	28.4	60.518	203.317	22.504	57.693	1.860	15.734
12-2023	56.1	254.6	20.9	44.515	149.553	16.553	57.693	1.860	15.734
12-2024	45.0	204.2	16.7	35.707	119.962	13.278	57.693	1.860	15.734
12-2025	37.6	170.9	14.0	29.875	100.369	11.109	57.693	1.860	15.734
12-2026	32.6	147.9	12.1	25.853	86.856	9.613	57.693	1.860	15.734
12-2027	28.8	130.7	10.7	22.556	76.794	8.500	57.693	1.860	15.734
12-2028	25.9	117.8	9.6	20.588	69.187	7.656	57.693	1.860	15.734
12-2029	23.5	106.8	8.7	18.670	62.723	6.942	57.693	1.860	15.734
12-2030	21.6	98.0	8.0	17.134	57.562	6.371	57.693	1.860	15.734
12-2031	19.9	90.2	7.4	15.764	52.960	5.862	57.693	1.860	15.734
12-2032	18.3	83.2	6.8	14.541	48.854	5.407	57.693	1.860	15.734
12-2033	16.8	76.3	6.2	13.341	44.820	4.961	57.693	1.860	15.734
12-2034	15.5	70.2	5.8	12.274	41.237	4.564	57.693	1.860	15.734
12-2035	14.2	64.6	5.3	11.293	37.940	4.199	57.693	1.860	15.734
12-2036	13.1	59.6	4.9	10.417	34.998	3.874	57.693	1.860	15.734
12-2037	12.0	54.7	4.5	9.557	32.000	3.554	57.693	1.860	15.734
S.T. Total	735.7	3,340.1	273.6	583.966	1,961.891	217.146	57.693	1.860	15.734
After	119.3	541.7	44.4	94.706	318.175	35.216	57.693	1.860	15.734
Cum Ult	855.0	3,881.8	317.9	678.672	2,280.066	252.363	57.693	1.860	15.734

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	6,979.236	755.939	707.785	0.000	0.000	8,442.961	611.048	422.148	3.866
12-2021	5,774.290	625.428	585.598	0.000	0.000	6,985.307	505.552	349.265	4.078
12-2022	3,491.468	378.170	354.090	0.000	0.000	4,223.718	305.696	211.186	4.331
12-2023	2,582.204	276.169	260.469	0.000	0.000	3,108.822	224.852	155.941	4.600
12-2024	2,060.052	223.130	208.916	0.000	0.000	2,492.097	180.362	124.605	4.774
12-2025	1,723.596	186.687	174.795	0.000	0.000	2,085.078	150.905	104.254	4.985
12-2026	1,491.530	161.551	151.260	0.000	0.000	1,804.342	130.587	90.217	5.186
12-2027	1,318.753	142.838	133.739	0.000	0.000	1,595.330	115.460	79.766	5.382
12-2028	1,187.778	128.651	120.456	0.000	0.000	1,436.886	103.993	71.844	5.569
12-2029	1,077.116	116.665	109.234	0.000	0.000	1,303.015	94.304	65.151	5.761
12-2030	988.485	107.065	100.245	0.000	0.000	1,195.796	86.544	59.790	5.947
12-2031	909.448	98.505	92.230	0.000	0.000	1,100.183	79.624	55.009	6.143
12-2032	838.938	90.888	85.079	0.000	0.000	1,014.895	73.451	51.444	6.349
12-2033	769.669	83.365	78.054	0.000	0.000	931.089	67.386	46.554	6.588
12-2034	708.136	76.700	71.814	0.000	0.000	856.650	61.999	42.833	6.840
12-2035	651.522	70.568	66.073	0.000	0.000	788.163	57.042	39.408	7.113
12-2036	601.009	65.097	60.950	0.000	0.000	727.057	52.620	36.353	7.401
12-2037	551.386	59.722	55.918	0.000	0.000	687.025	48.275	33.351	7.734
S.T. Total	33,690.618	3,649.118	3,416.666	0.000	0.000	40,756.402	2,949.688	2,037.820	4.853
After	5,463.868	591.806	554.107	0.000	0.000	6,609.781	478.374	330.489	13.345
Total	39,154.486	4,240.923	3,970.773	0.000	0.000	47,366.183	3,428.062	2,368.309	6.038

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	37.893	1	1.0	0.000	0.000	804.705	14,697.000	-8,129.833	-8,129.833	-7,404.504
12-2021	69.600	1	1.0	0.000	0.000	665.775	0.000	5,395.115	-2,734.718	-3,129.684
12-2022	69.600	1	1.0	0.000	0.000	402.566	0.000	3,234.681	499.963	-905.062
12-2023	69.600	1	1.0	0.000	0.000	296.113	0.000	2,960.915	2,860.878	786.102
12-2024	69.600	1	1.0	0.000	0.000	237.524	0.000	1,880.007	4,740.885	1,851.173
12-2025	69.600	1	1.0	0.000	0.000	198.730	0.000	1,561.589	6,302.474	2,692.879
12-2026	69.600	1	1.0	0.000	0.000	171.973	0.000	1,341.965	7,644.439	3,350.360
12-2027	69.600	1	1.0	0.000	0.000	152.052	0.000	1,178.451	8,822.890	3,875.159
12-2028	69.600	1	1.0	0.000	0.000	136.951	0.000	1,054.498	9,877.389	4,302.065
12-2029	69.600	1	1.0	0.000	0.000	124.191	0.000	949.769	10,827.158	4,651.531
12-2030	69.600	1	1.0	0.000	0.000	113.972	0.000	865.890	11,693.047	4,941.173
12-2031	69.600	1	1.0	0.000	0.000	104.859	0.000	791.090	12,484.138	5,181.755
12-2032	69.600	1	1.0	0.000	0.000	96.729	0.000	724.361	13,208.498	5,382.006
12-2033	69.600	1	1.0	0.000	0.000	88.743	0.000	658.805	13,867.303	5,547.566
12-2034	69.600	1	1.0	0.000	0.000	81.648	0.000	600.571	14,467.874	5,684.781
12-2035	69.600	1	1.0	0.000	0.000	75.120	0.000	546.993	15,014.867	5,798.401
12-2036	69.600	1	1.0	0.000	0.000	69.296	0.000	499.188	15,514.055	5,892.600
12-2037	69.600	1	1.0	0.000	0.000	63.575	0.000	452.224	15,966.279	5,970.293
S.T. Total	1,221.093			0.000	0.000	3,884.522	14,697.000	15,966.279	15,966.279	5,970.293
After	1,646.950			0.000	0.000	6,259.983	0.000	3,523.985	19,490.264	6,314.836
Total	2,868.043			0.000	0.000	4,514.505	14,697.000	19,490.264	19,490.264	6,314.836

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final			
Oil Rate	39.541	133. bbl/mo	96.3%	1.20	0.0%			Expense	100.000	100.000	5.00	10,778.947
Gas Rate	179.519	607. Mcf/mo	0.0%	0.00	0.0%			Revenue			8.00	7,799.628
GOR	4.940	4.940. scf/bbl									10.00	6,314.836
NGL Rate	7.223	50. bbl/mo						Oil	79.3750	79.3750	12.00	5,108.466
NGL Yield	40.2	83.8. bbl/MMcf						Gas	79.3750	79.3750	15.00	3,678.173
Gas Shrinkage	63.1	25.9 %									20.00	1,972.985
Oil Severance	7.1	7.1 %										
Gas Severance	7.9	7.9 %										
NGL Severance	7.9	7.9 %										
Ad Valorem	37.9	%										

Start Date: 06/2020    7 Months in year '20    41,255 Year Life(09/2061)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 620    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD    Table 29

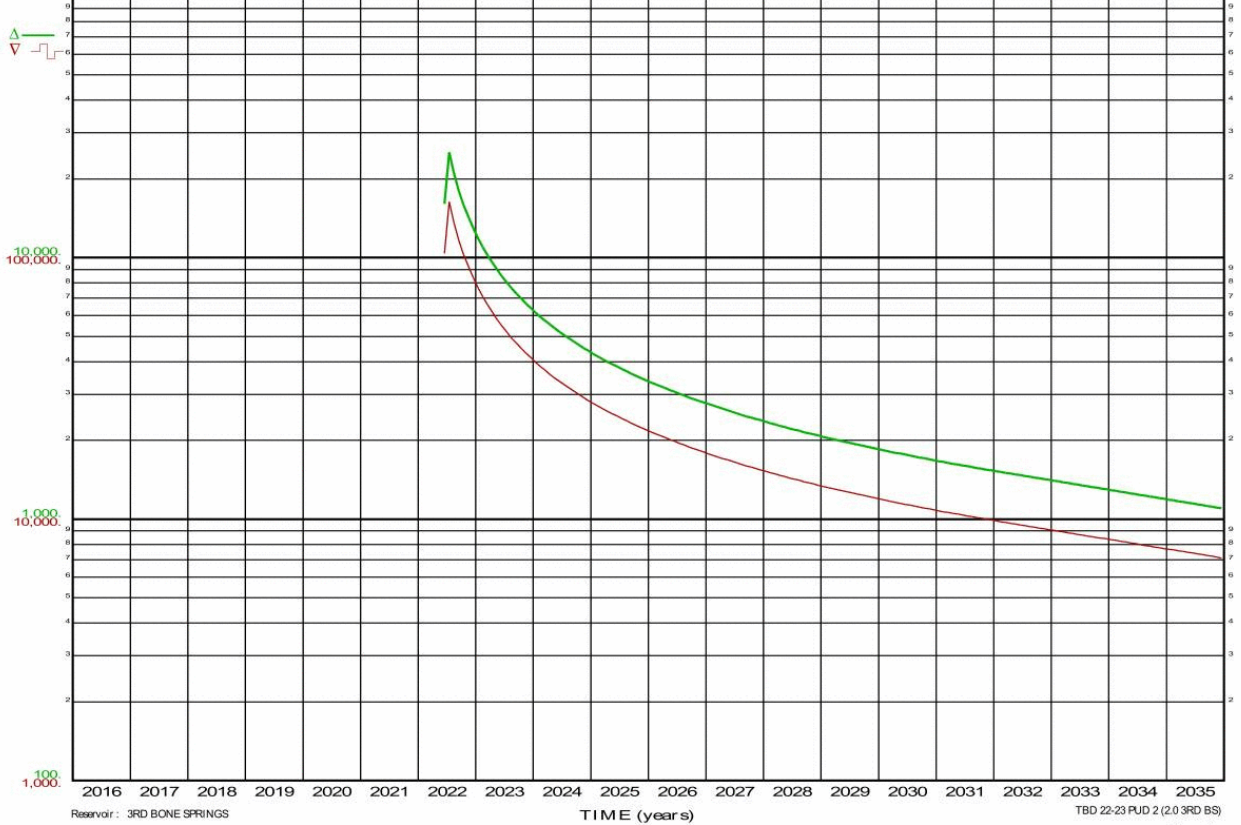
Figure 30  
 LILISENERGY, INC. -- TBD 22-23 PUD 2 (2.0 3RD BS)  
 PHANTOM (3RD BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018 Cumulative		42.93 Year Life (12/2061)		Current Interest %	Net Oil Prod. Net Gas Sales mmbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @ 10.0% M\$
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>10</sub>	n	D <sub>10</sub>	Q <sub>10</sub>	Initial	Final	Oil - mmbbls	Gas - mmcf	%	M\$	M\$	M\$	M\$	M\$
16,071	103,819	96.3	0.0	1.20	8.0	127	6,460	6,460	0.0	0.0	60.625 NI	421,181	24,299.125	1,666,442	5,242,959	15,271,688
											81.720 WI	2,013,415	3,744,952	8,560,621		4,952,995

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: 3RD BONE SPRINGS

TBD 22-23 PUD 2 (2.0 3RD BS)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 622

Table 30  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
 Proved Undeveloped Reserves  
 LILIS ENERGY, INC. -- TBD 22-23 PUD 2 (2.0 3RD BS)  
 PHANTOM (3RD BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	124.3	802.8	65.8	75.340	360.194	39.863	57.693	1.860	15.734
12-2023	102.8	664.2	54.4	62.332	297.974	32.980	57.693	1.860	15.734
12-2024	62.3	402.5	33.0	37.776	180.586	19.988	57.693	1.860	15.734
12-2025	45.7	295.2	24.2	27.704	132.436	14.658	57.693	1.860	15.734
12-2026	36.6	236.2	19.3	22.171	105.985	11.731	57.693	1.860	15.734
12-2027	30.7	198.3	16.2	18.606	89.944	9.944	57.693	1.860	15.734
12-2028	26.6	172.0	14.1	16.142	77.166	8.541	57.693	1.860	15.734
12-2029	23.5	151.6	12.4	14.231	68.031	7.530	57.693	1.860	15.734
12-2030	21.1	136.2	11.2	12.785	61.117	6.765	57.693	1.860	15.734
12-2031	19.2	123.9	10.1	11.627	55.583	6.152	57.693	1.860	15.734
12-2032	17.6	114.0	9.3	10.699	51.143	5.661	57.693	1.860	15.734
12-2033	16.2	104.6	8.6	9.815	46.920	5.193	57.693	1.860	15.734
12-2034	14.9	96.2	7.9	9.030	43.169	4.778	57.693	1.860	15.734
12-2035	13.7	88.5	7.3	8.308	39.718	4.396	57.693	1.860	15.734
12-2036	12.6	81.7	6.7	7.694	36.638	4.055	57.693	1.860	15.734
12-2037	11.6	74.9	6.1	7.031	33.613	3.720	57.693	1.860	15.734
S Tot	579.4	3,742.9	306.6	351.263	1,679.177	185.855	57.693	1.860	15.734
After	115.3	745.0	61.0	69.918	334.238	36.994	57.693	1.860	15.734
Total	694.7	4,487.9	367.6	421.181	2,013.415	222.849	57.693	1.860	15.734
Cum Ult	694.7	4,487.9	367.6						

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2022	4,346.554	669.896	627.213	0.000	0.000	5,643.663	298.088	141.091	3,517
12-2023	3,586.133	551.232	518.027	0.000	0.000	4,655.392	246.624	116.932	3,751
12-2024	2,179.422	335.890	314.493	0.000	0.000	2,829.806	149.466	70.745	4,028
12-2025	1,598.314	246.330	230.639	0.000	0.000	2,075.283	109.613	51.882	4,284
12-2026	1,279.094	197.132	184.575	0.000	0.000	1,660.802	87.721	41.520	4,523
12-2027	1,074.427	165.435	154.897	0.000	0.000	1,393.760	73.616	34.844	4,753
12-2028	931.284	143.528	134.386	0.000	0.000	1,209.198	63.868	30.230	4,971
12-2029	821.041	126.538	118.477	0.000	0.000	1,066.056	56.307	26.651	5,192
12-2030	737.602	113.678	106.437	0.000	0.000	957.718	50.585	23.943	5,403
12-2031	670.810	103.384	96.799	0.000	0.000	870.994	46.004	21.775	5,610
12-2032	617.229	95.127	89.067	0.000	0.000	801.423	42.330	20.036	5,808
12-2033	566.260	87.271	81.712	0.000	0.000	735.244	38.834	18.381	6,032
12-2034	520.989	80.294	75.179	0.000	0.000	676.463	35.730	16.912	6,267
12-2035	479.337	73.875	69.169	0.000	0.000	622.381	32.873	15.560	6,523
12-2036	442.174	68.147	63.906	0.000	0.000	574.128	30.324	14.353	6,791
12-2037	405.666	62.521	58.538	0.000	0.000	526.723	27.821	13.188	7,103
S Tot	20,265.338	3,123.269	2,924.315	0.000	0.000	26,312.922	1,389.804	657.823	4.501
After	4,033.787	621.682	582.081	0.000	0.000	5,237.550	276.638	130.939	12.420
Total	24,299.125	3,744.952	3,506.395	0.000	0.000	31,550.472	1,666.442	788.762	5.815

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2022	30.987	1	0.8	0.000	0.000	536.202	8,580.621	-3,943.316	-3,943.316	-3,007.630
12-2023	56.877	1	0.8	0.000	0.000	443.628	0.000	3,805.430	-137.886	-515.552
12-2024	56.877	1	0.8	0.000	0.000	268.859	0.000	2,283.859	2,145.973	840.923
12-2025	56.877	1	0.8	0.000	0.000	197.172	0.000	1,659.739	3,805.712	1,736.225
12-2026	56.877	1	0.8	0.000	0.000	157.792	0.000	1,316.892	5,122.603	2,381.745
12-2027	56.877	1	0.8	0.000	0.000	132.421	0.000	1,096.002	6,218.605	2,870.036
12-2028	56.877	1	0.8	0.000	0.000	114.886	0.000	943.338	7,161.942	3,252.005
12-2029	56.877	1	0.8	0.000	0.000	101.286	0.000	824.934	7,986.876	3,555.600
12-2030	56.877	1	0.8	0.000	0.000	90.993	0.000	735.320	8,722.196	3,801.602
12-2031	56.877	1	0.8	0.000	0.000	82.753	0.000	663.584	9,385.781	4,003.418
12-2032	56.877	1	0.8	0.000	0.000	76.143	0.000	606.037	9,991.818	4,170.959
12-2033	56.877	1	0.8	0.000	0.000	69.855	0.000	551.296	10,543.114	4,309.501
12-2034	56.877	1	0.8	0.000	0.000	64.271	0.000	502.674	11,045.788	4,424.349
12-2035	56.877	1	0.8	0.000	0.000	59.132	0.000	457.939	11,503.727	4,519.471
12-2036	56.877	1	0.8	0.000	0.000	54.548	0.000	416.025	11,921.752	4,598.404
12-2037	56.877	1	0.8	0.000	0.000	50.044	0.000	378.814	12,300.565	4,663.426
S Tot	884.125			0.000	0.000	2,499.984	8,580.621	12,300.565	12,300.565	4,663.426
After	1,361.232			0.000	0.000	4,971.618	0.000	2,971.122	15,271.688	4,952.995
Total	2,245.357			0.000	0.000	2,971.602	8,580.621	15,271.688	15,271.688	4,952.995

	Evaluation Parameters (Gross)			Expenses (Gross)			Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Initial	Final	Units	Initial	Final		
Oil Rate	32.241	126.	bbl/mo	96.3%	1.20	0.0%			5.00	8,334.962
Gas Rate	208.281	814.	Mcf/mo	0.0%	0.00	0.0%			8.00	6,056.384
GOR	6.460	6.460	scf/bbl						10.00	4,952.995
NGL Rate	8.381	66.	bbl/mo						12.00	4,078.116
NGL Yield	40.2	81.1	bbl/MMcf						15.00	3,073.392
Gas Shrinkage	63.1	25.9	%						15.00	1,938.276
Oil Severance	4.6	4.6	%							
Gas Severance	7.5	7.5	%							
NGL Severance	7.5	7.5	%							
Ad Valorem	14.2		%							

Start Date: 06/2022    7 Months in year '22    39,515 Year Life (12/2061)

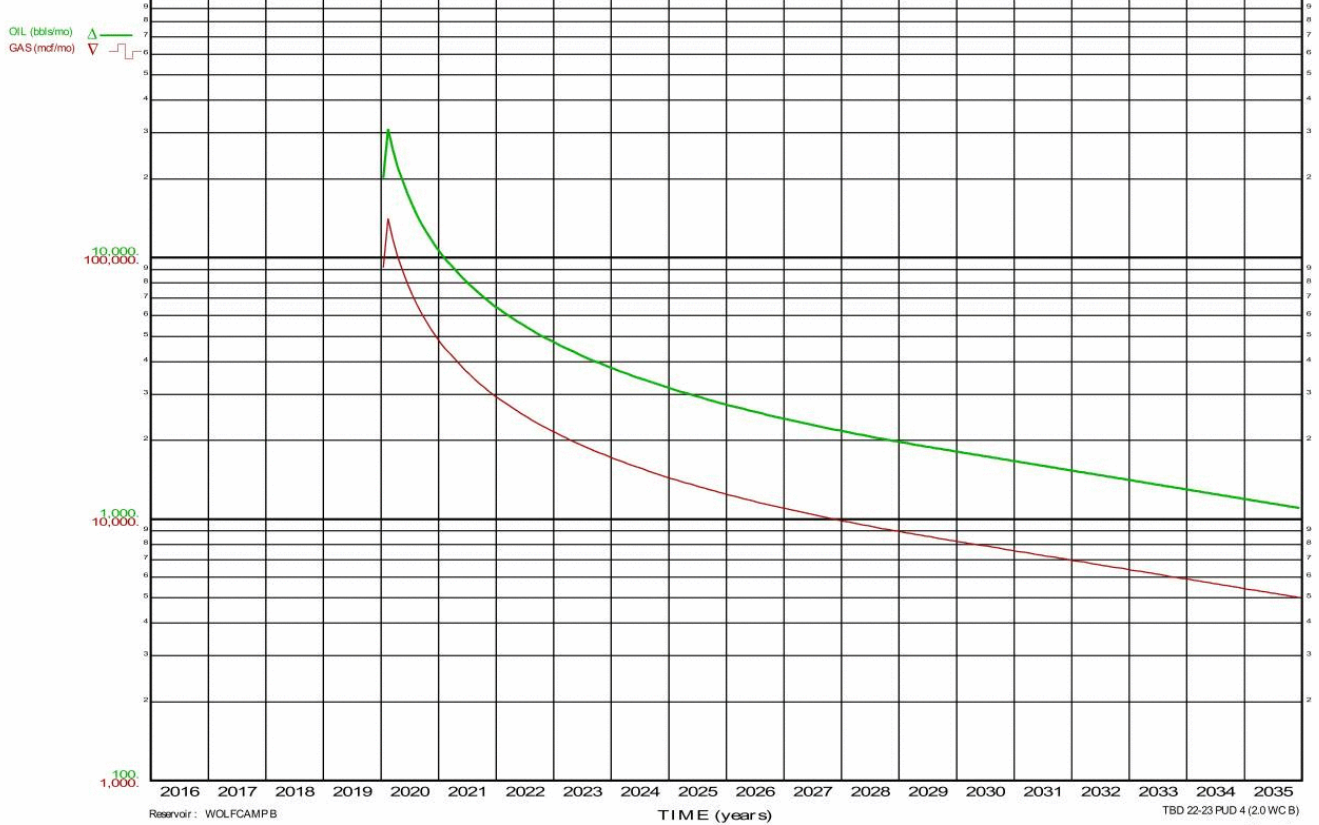
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 622    DEFAULT 1/16/2019 12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil, PUD Table 30

Figure 31  
 LILISENERGY, INC. -- TBD 22-23 PUD 4 (2.0 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		Oil - mmbbls		Gas - mcf		12/2018 Cumulatives		42.03 Year Life (01/2061)		Current Interest %		Net Oil Prod. Net Gas Sales		Oil Revenue Gas Revenue		Prod. Tax Adv. Tax		Expenses Investments		Future Net Cash Flow		Cash Flow Disc. @ 10.0%	
Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>99</sub>	Q <sub>10</sub>	Initial	Final	Oil - mmbbls	Gas - mcf	Oil - mmbbls	Gas - mcf	Remaining Reserve	Ultimate Recovery	%	NI	WI	mbl/mmcf	MS	MS	MS	MS	MS	MS	MS	MS	MS	MS	MS
20,186	96.3	1.20	8.0	137	4,540	4,540	0.0	0.0	854.7	3,880.2	854.7	3,880.2	60.625	NI	81.720	WI	518,149	1,740,772	29,893,444	3,237,836	1,850,733	904,072	6,019,546	12,010,418	15,378,094	5,061,825	



Reservoir: WOLFCAMPB  
 \* @ \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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 (DEFAULT) ASN 624



**Table 31**  
 Reserve Estimates and Economic Forecasts as of December 31, 2018  
 Lilis Energy, Inc. Interests  
 Proved Undeveloped Reserves  
 LILIS ENERGY, INC. -- TBD 22-23 PUD 4 (2.0 WC B)  
 PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	215.4	978.1	80.1	130,608	438,789	48,566	57.693	1.860	15,734
12-2021	98.3	446.2	36.5	59,583	200,176	22,156	57.693	1.860	15,734
12-2022	66.1	300.3	24.6	40,098	134,714	14,910	57.693	1.860	15,734
12-2023	50.7	230.3	18.9	30,756	103,329	11,437	57.693	1.860	15,734
12-2024	41.6	189.0	15.5	25,237	84,786	9,384	57.693	1.860	15,734
12-2025	35.3	160.4	13.1	21,419	71,958	7,964	57.693	1.860	15,734
12-2026	30.9	140.2	11.5	18,718	62,863	6,960	57.693	1.860	15,734
12-2027	27.5	124.8	10.2	16,668	55,999	6,196	57.693	1.860	15,734
12-2028	24.9	113.0	9.3	15,095	50,714	5,613	57.693	1.860	15,734
12-2029	22.7	103.0	8.4	13,748	46,188	5,112	57.693	1.860	15,734
12-2030	20.8	94.7	7.8	12,640	42,466	4,700	57.693	1.860	15,734
12-2031	19.2	87.1	7.1	11,630	39,070	4,324	57.693	1.860	15,734
12-2032	17.7	80.3	6.6	10,726	36,041	3,989	57.693	1.860	15,734
12-2033	16.2	73.7	6.0	9,842	33,065	3,660	57.693	1.860	15,734
12-2034	14.9	67.8	5.6	9,055	30,422	3,367	57.693	1.860	15,734
12-2035	13.7	62.4	5.1	8,331	27,990	3,098	57.693	1.860	15,734
12-2036	12.7	57.6	4.7	7,685	25,820	2,858	57.693	1.860	15,734
12-2037	11.6	52.9	4.3	7,051	23,688	2,622	57.693	1.860	15,734
S Tot	740.4	3,361.6	275.3	448,893	1,508,101	166,920	57.693	1.860	15,734
After	114.2	518.6	42.5	69,256	232,671	25,753	57.693	1.860	15,734
Total	854.7	3,880.2	317.8	518,149	1,740,772	192,672	57.693	1.860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2020	7,535,121	816,148	764,159	0.00	0.00	9,115,429	466,507	227,886	4.183
12-2021	3,437,529	372,328	348,610	0.00	0.00	4,158,466	212,821	103,962	4.480
12-2022	2,313,384	250,569	234,607	0.00	0.00	2,798,560	143,224	69,984	4.738
12-2023	1,774,427	192,183	179,800	0.00	0.00	2,146,570	108,857	53,877	4.877
12-2024	1,455,991	157,702	147,656	0.00	0.00	1,761,350	90,142	44,034	5.201
12-2025	1,235,704	133,842	125,316	0.00	0.00	1,494,863	76,504	37,372	5.424
12-2026	1,079,867	116,963	109,513	0.00	0.00	1,306,342	66,856	32,659	5.637
12-2027	961,645	104,158	97,523	0.00	0.00	1,163,327	59,536	29,063	5.844
12-2028	870,894	94,329	88,320	0.00	0.00	1,053,543	53,918	26,339	6.042
12-2029	793,161	85,909	80,437	0.00	0.00	959,507	49,105	23,988	6.247
12-2030	729,240	78,986	73,954	0.00	0.00	882,180	45,148	22,054	6.448
12-2031	670,939	72,671	68,042	0.00	0.00	811,652	41,539	20,291	6.665
12-2032	618,921	67,037	62,767	0.00	0.00	748,724	38,318	18,718	6.893
12-2033	567,818	61,502	57,584	0.00	0.00	686,904	35,154	17,173	7.158
12-2034	522,422	56,585	52,980	0.00	0.00	631,987	32,344	15,800	7.437
12-2035	480,656	52,061	48,745	0.00	0.00	581,462	29,758	14,537	7.740
12-2036	443,390	48,025	44,966	0.00	0.00	536,381	27,451	13,410	8.058
12-2037	406,781	44,059	41,253	0.00	0.00	492,063	25,184	12,302	8.428
S Tot	25,897,890	2,805,067	2,626,382	0.00	0.00	31,329,340	1,603,365	783,233	5.214
After	3,965,554	432,769	405,201	0.00	0.00	4,833,523	247,369	120,838	14.451
Total	29,863,444	3,237,836	3,031,583	0.00	0.00	36,162,863	1,850,733	904,072	6.448

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Disc. @ 10.73%
12-2019	0.00	0	0.0	0.00	0.00	0.00	12,010,418	-12,010,418	-11,051,133	
12-2020	54,737	1	0.8	0.00	0.00	929,552	0.00	7,436,748	-4,573,670	-4,553,273
12-2021	56,877	1	0.8	0.00	0.00	424,062	0.00	3,360,744	-1,212,926	-1,893,977
12-2022	56,877	1	0.8	0.00	0.00	285,325	0.00	2,243,110	1,030,184	-282,683
12-2023	56,877	1	0.8	0.00	0.00	218,898	0.00	1,707,274	2,737,458	831,543
12-2024	56,877	1	0.8	0.00	0.00	179,615	0.00	1,390,682	4,128,140	1,656,273
12-2025	56,877	1	0.8	0.00	0.00	152,440	0.00	1,171,671	5,299,811	2,287,753
12-2026	56,877	1	0.8	0.00	0.00	133,215	0.00	1,016,736	6,316,547	2,785,859
12-2027	56,877	1	0.8	0.00	0.00	115,631	0.00	869,159	7,215,746	3,196,310
12-2028	56,877	1	0.8	0.00	0.00	107,436	0.00	808,973	8,024,719	3,513,774
12-2029	56,877	1	0.8	0.00	0.00	97,846	0.00	731,690	8,756,410	3,782,990
12-2030	56,877	1	0.8	0.00	0.00	89,961	0.00	668,139	9,424,549	4,006,485
12-2031	56,877	1	0.8	0.00	0.00	82,769	0.00	610,176	10,034,725	4,192,049
12-2032	56,877	1	0.8	0.00	0.00	76,352	0.00	558,469	10,593,184	4,346,436
12-2033	56,877	1	0.8	0.00	0.00	70,047	0.00	507,652	11,100,836	4,474,011
12-2034	56,877	1	0.8	0.00	0.00	64,447	0.00	462,520	11,563,356	4,579,685
12-2035	56,877	1	0.8	0.00	0.00	59,295	0.00	420,995	11,984,351	4,667,134
12-2036	56,877	1	0.8	0.00	0.00	54,636	0.00	383,945	12,368,296	4,739,632
12-2037	56,877	1	0.8	0.00	0.00	50,181	0.00	347,548	12,715,844	4,799,288
S Tot	1,021,650			0.00	0.00	3,194,830	12,010,418	12,715,844	12,715,844	4,799,288
After	1,310,165			0.00	0.00	492,902	0.00	2,662,250	15,378,094	5,061,825
Total	2,331,815			0.00	0.00	3,687,731	12,010,418	15,378,094	15,378,094	5,061,825

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final	5.00	8,600,049	
Oil Rate	39.541	136	bbl/mo	96.3%	1.20	0.0%		Expense	81,7202	81,7202	8.00	6,246,395
Gas Rate	179.519	618	Mcf/mo	0.0%	0.00	0.0%		Revenue			10.00	5,061,825
GOR	4,540	4,540	scf/bbl					Oil	60,6259	60,6259	12.00	4,091,501
NGL Rate	7.844	51	bbl/mo					Gas	60,6259	60,6259	15.00	2,928,794
NGL Yield	42.6	84.0	bbl/MMcf								20.00	1,517,317
Gas Shrinkage	62.2	25.9	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	14.8		%									

Start Date: 01/2020    12 Months in year '20    41.037 Year Life(01/2061)

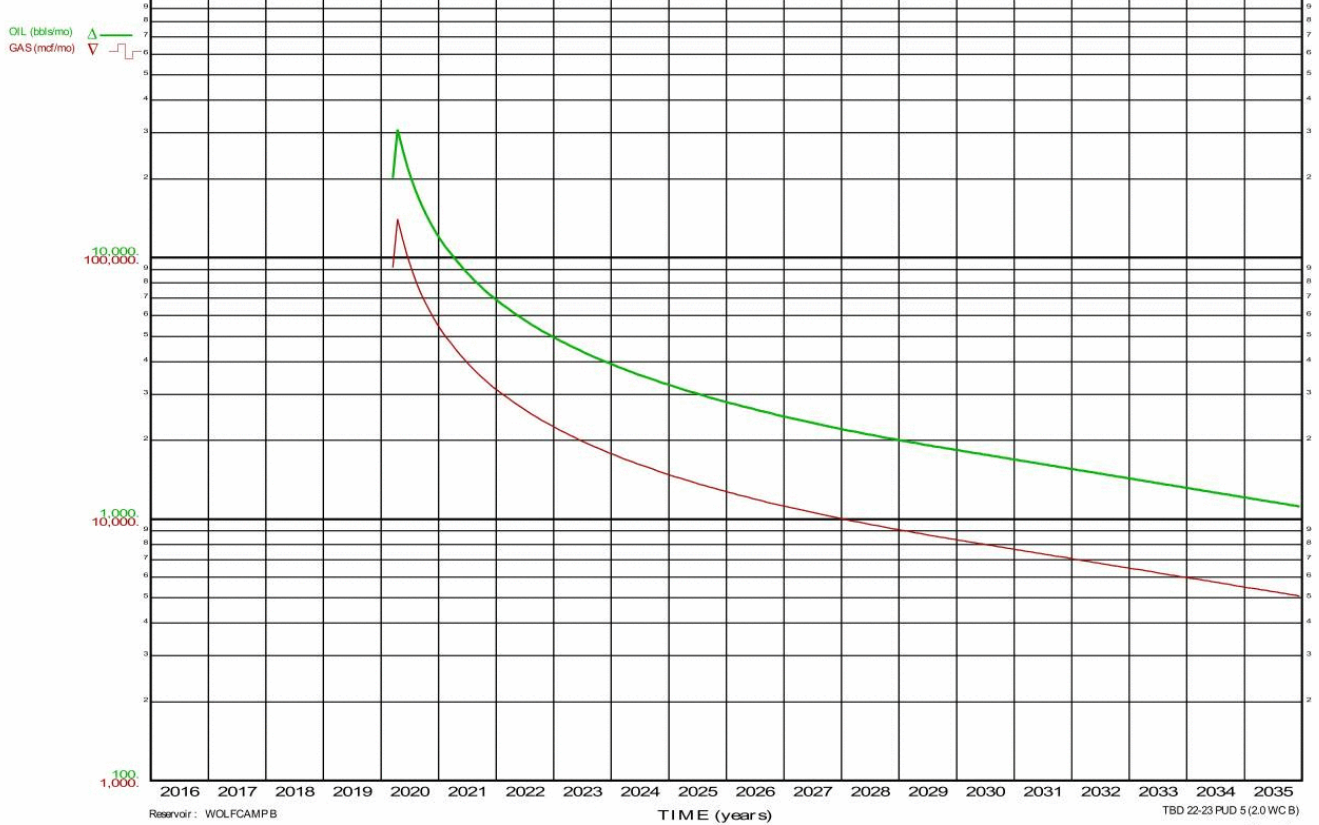
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 624    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Table 31

Figure 32  
 LILISENERGY, INC. -- TBD 22-23 PUD 5 (2.0 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		42.20 Year Life (03/2061)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
20,186	91,646	96.3	1.20	7.8	137	4,540	4,540	0.0	854.7	854.7	60.625 NI	518,149	29,893,444	1,850,733	6,019,319	15,378,321	4,983,410	
		0.0	0.00		622			0.0	3,880.2	3,880.2	81.720 WI	1,740,772	3,237,836	904,072	12,010,418			



Reservoir: WOLFCAMPB  
 \* @ \* - Annual Averages Perf: 0. - 0. Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TBD 22-23 PUD 5 (2.0 WC B)  
 TX OIL  
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 (DEFAULT) ASN 625



**Table 32**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 22-23 PUD 5 (2.0 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MCF	Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	193.1	876.7	71.8	117,066	393,294	43,531	57.693	1.860	15.734		
12-2021	107.4	487.8	39.9	65,134	218,824	24,220	57.693	1.860	15.734		
12-2022	69.8	316.7	25.9	42,289	142,073	15,725	57.693	1.860	15.734		
12-2023	52.7	239.3	19.6	31,952	107,346	11,891	57.693	1.860	15.734		
12-2024	42.9	194.7	15.9	25,999	87,347	9,668	57.693	1.860	15.734		
12-2025	36.2	164.4	13.5	21,948	73,737	8,161	57.693	1.860	15.734		
12-2026	31.5	143.1	11.7	19,109	64,199	7,106	57.693	1.860	15.734		
12-2027	28.0	127.1	10.4	16,971	57,015	6,311	57.693	1.860	15.734		
12-2028	25.3	114.9	9.4	15,337	51,627	5,703	57.693	1.860	15.734		
12-2029	23.0	104.4	8.6	13,945	46,851	5,186	57.693	1.860	15.734		
12-2030	21.1	96.0	7.9	12,814	43,051	4,765	57.693	1.860	15.734		
12-2031	19.4	88.3	7.2	11,790	39,609	4,384	57.693	1.860	15.734		
12-2032	17.9	81.4	6.7	10,876	36,538	4,044	57.693	1.860	15.734		
12-2033	16.5	74.7	6.1	9,978	33,522	3,710	57.693	1.860	15.734		
12-2034	15.1	68.7	5.6	9,180	30,842	3,414	57.693	1.860	15.734		
12-2035	13.9	63.2	5.2	8,446	28,376	3,141	57.693	1.860	15.734		
12-2036	12.9	58.3	4.8	7,791	26,176	2,897	57.693	1.860	15.734		
12-2037	11.8	53.5	4.4	7,148	24,015	2,688	57.693	1.860	15.734		
S Tot	738.6	3,353.2	274.6	447,774	1,504,341	166,504	57.693	1.860	15.734		
After	116.1	527.0	43.2	70,375	236,431	26,169	57.693	1.860	15.734		
Total	854.7	3,880.2	317.8	518,149	1,740,772	192,672	57.693	1.860	15.734		
Cum Ult	0	0	0	0	0	0	0	0	0		
854.7	3,880.2	317.8	0	0	0	0	0	0	0		
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)		
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6		
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12-2020	6,753,850	731,527	684,928	0.000	0.000	8,170,305	418,138	204,258	4.165		
12-2021	3,757,762	407,013	381,086	0.000	0.000	4,545,861	232,647	113,647	4.435		
12-2022	2,439,747	264,235	247,422	0.000	0.000	2,951,425	151,047	73,786	4.697		
12-2023	1,943,399	199,663	186,846	0.000	0.000	2,230,007	114,127	55,750	4.897		
12-2024	1,499,975	162,466	152,117	0.000	0.000	1,814,558	92,865	45,364	5.165		
12-2025	1,266,248	137,151	128,414	0.000	0.000	1,531,812	78,395	38,295	5.389		
12-2026	1,102,464	119,411	111,804	0.000	0.000	1,333,679	68,255	33,342	5.602		
12-2027	978,055	106,048	98,283	0.000	0.000	1,184,436	60,617	29,611	5.811		
12-2028	864,843	95,840	89,735	0.000	0.000	1,070,417	54,822	26,160	6.009		
12-2029	804,542	87,142	81,591	0.000	0.000	973,275	49,810	24,332	6.214		
12-2030	739,297	80,075	74,974	0.000	0.000	894,346	45,771	22,359	6.414		
12-2031	680,192	73,673	69,890	0.000	0.000	822,846	42,111	20,571	6.628		
12-2032	627,456	67,961	63,632	0.000	0.000	758,050	38,846	18,976	6.853		
12-2033	575,649	62,350	58,378	0.000	0.000	696,377	35,639	17,409	7.114		
12-2034	529,627	57,365	53,711	0.000	0.000	640,703	32,790	16,018	7.389		
12-2035	487,285	52,779	49,417	0.000	0.000	589,481	30,168	14,737	7.688		
12-2036	449,505	48,687	45,586	0.000	0.000	543,778	27,829	13,584	8.002		
12-2037	412,391	44,667	41,822	0.000	0.000	498,880	25,532	12,472	8.367		
S Tot	25,833,328	2,798,074	2,619,835	0.000	0.000	31,251,237	1,599,367	781,281	5.205		
After	4,060,116	439,762	411,748	0.000	0.000	4,911,626	251,366	122,791	14.357		
Total	29,893,444	3,237,836	3,031,583	0.000	0.000	36,162,863	1,850,733	904,072	6.448		
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Disc. @ 10. % M\$	
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12-2020	45,257	1	0.8	0.000	0.000	833,172	12,010,418	-5,340,937	-5,340,937	-5,111,539	
12-2021	56,877	1	0.8	0.000	0.000	463,567	0.000	3,679,123	-1,661,814	-2,199,038	
12-2022	56,877	1	0.8	0.000	0.000	300,973	0.000	2,368,741	706,927	-497,226	
12-2023	56,877	1	0.8	0.000	0.000	227,406	0.000	1,775,847	2,482,774	661,850	
12-2024	56,877	1	0.8	0.000	0.000	185,041	0.000	1,434,411	3,917,185	1,512,556	
12-2025	56,877	1	0.8	0.000	0.000	156,208	0.000	1,202,038	5,119,223	2,160,425	
12-2026	56,877	1	0.8	0.000	0.000	136,003	0.000	1,038,202	6,158,425	2,699,550	
12-2027	56,877	1	0.8	0.000	0.000	120,784	0.000	916,548	7,074,973	3,077,735	
12-2028	56,877	1	0.8	0.000	0.000	109,156	0.000	822,841	7,897,814	3,410,817	
12-2029	56,877	1	0.8	0.000	0.000	99,250	0.000	743,006	8,640,820	3,684,200	
12-2030	56,877	1	0.8	0.000	0.000	91,202	0.000	678,138	9,318,958	3,911,039	
12-2031	56,877	1	0.8	0.000	0.000	83,910	0.000	619,376	9,938,334	4,099,401	
12-2032	56,877	1	0.8	0.000	0.000	77,406	0.000	568,945	10,505,279	4,255,134	
12-2033	56,877	1	0.8	0.000	0.000	71,014	0.000	515,438	11,020,717	4,385,666	
12-2034	56,877	1	0.8	0.000	0.000	65,336	0.000	469,683	11,490,400	4,492,976	
12-2035	56,877	1	0.8	0.000	0.000	60,113	0.000	427,586	11,917,985	4,591,794	
12-2036	56,877	1	0.8	0.000	0.000	55,452	0.000	390,025	12,308,010	4,685,440	
12-2037	56,877	1	0.8	0.000	0.000	50,874	0.000	353,126	12,661,135	4,718,054	
S Tot	1,012,171			0.000	0.000	3,186,865	12,010,418	12,661,135	12,661,135	4,716,054	
After	1,319,417			0.000	0.000	500,866	0.000	2,717,186	15,378,321	4,983,410	
Total	2,331,588			0.000	0.000	3,687,731	12,010,418	15,378,321	15,378,321	4,983,410	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Initial	Final	Units	Del	n	Def	Initial	Final	Final	Final		
Oil Rate	39.541	136	bbl/mo	96.3%	1.20	0.0%	3,180	5,335	\$/wmo	5.00	8,531,989
Gas Rate	179.519	618	Mcf/mo	0.0%	0.00	0.0%				8.00	6,168,129
GOR	4,540	4,540	scf/bbl							10.00	4,983,410
NGL Rate	7.644	46	bbl/mo							12.00	4,016,267
NGL Yield	42.6	75.8	bbl/MMcf							15.00	2,862,967
Gas Shrinkage	62.2	25.9	%							20.00	1,472,820
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	13.3		%								

Start Date: 03/2020    10 Months in year '20    41.034 Year Life(03/2061)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-693.

ASN 625    DEFAULT    1/16/2019    12:12:37  
 Oil, PUD  
 Table 32

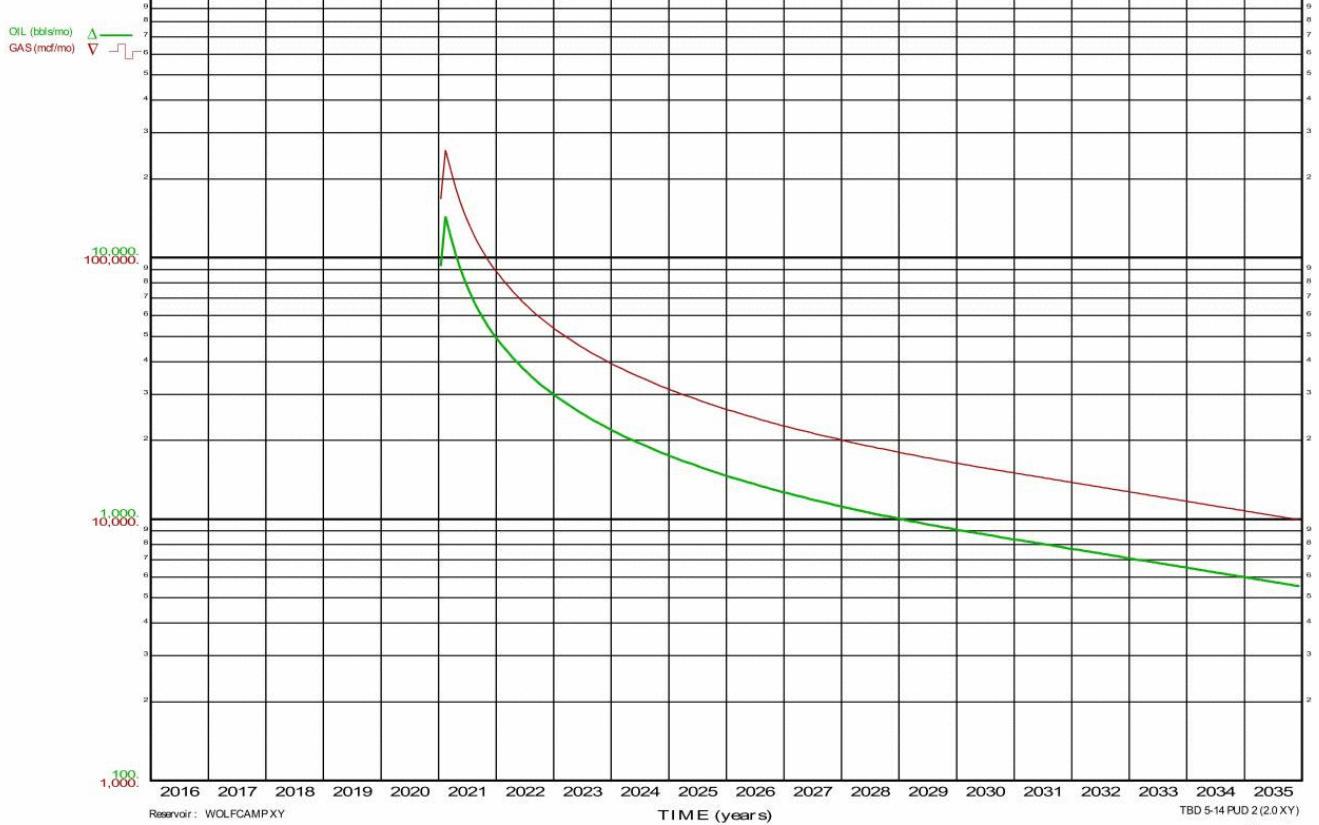
Cawley, Gillespie & Associates, Inc.

Figure 33  
 LILISENERGY, INC. -- TBD 5-14 PUD 2 (2.0 XY)  
 PHANTOM (WOLFCAMP XY) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		39.24 Year Life (03/2058)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Q <sub>14</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%
												%	mbls/mmcf	M\$	M\$	M\$	M\$	M\$
167,235	167,235	9.317	96.3	1.20	7.8	87	17,900	17,900	0.0	391.1	391.1	58,500 NI	228,791	13,199,592	1,432,051	3,630,511	10,288,530	3,214,355
		0.0	0.00		7.8	1,554			0.0	7,020.2	7,020.2	78,000 WI	3,039,030	5,652,597	603,618	8,190,000		



Reservoir: WOLFCAMPXY  
 \* @ \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 627

**Table 33**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TBD 5-14 PUD 2 (2.0 XY)**  
**PHANTOM (WOLFCAMPXY) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	99.3	1,781.9	145.9	58,072	771,368	85,377	57,693	1,860	15,734
12-2022	45.4	815.4	66.8	25,573	352,999	39,087	57,693	1,860	15,734
12-2023	30.6	549.4	44.9	17,873	237,411	28,277	57,693	1,860	15,734
12-2024	23.5	421.6	34.5	13,740	182,504	20,200	57,693	1,860	15,734
12-2025	19.2	344.0	28.2	11,211	148,919	16,483	57,693	1,860	15,734
12-2026	16.3	292.8	24.0	9,543	126,756	14,030	57,693	1,860	15,734
12-2027	14.3	255.9	21.0	8,339	110,764	12,260	57,693	1,860	15,734
12-2028	12.7	228.4	18.7	7,445	98,899	10,945	57,693	1,860	15,734
12-2029	11.5	205.7	16.9	6,705	89,066	9,858	57,693	1,860	15,734
12-2030	10.5	187.9	15.4	6,124	81,347	9,004	57,693	1,860	15,734
12-2031	9.6	172.8	14.2	5,631	74,791	8,278	57,693	1,860	15,734
12-2032	8.9	159.4	13.1	5,194	69,902	7,636	57,693	1,860	15,734
12-2033	8.1	146.2	12.0	4,765	63,296	7,006	57,693	1,860	15,734
12-2034	7.5	134.5	11.0	4,384	58,236	6,446	57,693	1,860	15,734
12-2035	6.9	123.8	10.1	4,034	53,580	5,930	57,693	1,860	15,734
12-2036	6.4	114.2	9.4	3,721	49,426	5,471	57,693	1,860	15,734
12-2037	5.8	104.7	8.6	3,414	45,614	5,019	57,693	1,860	15,734
S Tot	336.4	6,037.6	494.5	196,767	2,613,659	289,285	57,693	1,860	15,734
After	54.7	982.6	80.5	32,024	425,372	47,081	57,693	1,860	15,734
Total	391.1	7,020.2	575.0	228,791	3,039,030	336,366	57,693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0
391.1	7,020.2	575.0	228,791	3,039,030	336,366	57,693	1,860	15,734	15,734

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2021	3,350,326	1,434,745	1,343,351	0.00	0.00	6,128,424	363,484	153,211	1,904
12-2022	1,533,069	656,522	614,701	0.00	0.00	2,804,292	169,326	70,107	2,178
12-2023	1,031,160	441,584	413,456	0.00	0.00	1,886,199	111,873	47,155	1,817
12-2024	792,680	339,457	317,834	0.00	0.00	1,449,971	86,000	36,249	2,636
12-2025	648,807	278,989	259,344	0.00	0.00	1,183,140	70,173	29,579	2,850
12-2026	550,547	235,766	220,748	0.00	0.00	1,007,061	59,730	25,177	3,053
12-2027	481,087	206,021	192,897	0.00	0.00	880,005	52,184	22,000	3,250
12-2028	429,512	183,934	172,218	0.00	0.00	785,664	46,599	19,642	3,437
12-2029	386,845	165,663	155,110	0.00	0.00	707,618	41,970	17,690	3,630
12-2030	353,321	151,306	141,668	0.00	0.00	646,294	38,332	16,157	3,815
12-2031	324,844	139,111	130,250	0.00	0.00	594,205	35,243	14,855	4,001
12-2032	296,659	128,326	120,151	0.00	0.00	545,136	32,511	13,703	4,195
12-2033	274,917	117,730	110,231	0.00	0.00	502,878	29,826	12,572	4,421
12-2034	252,938	108,318	101,418	0.00	0.00	462,674	27,442	11,567	4,658
12-2035	232,716	99,658	93,310	0.00	0.00	425,684	25,248	10,642	4,916
12-2036	214,673	91,932	86,076	0.00	0.00	392,681	23,230	9,817	5,188
12-2037	196,948	84,341	78,969	0.00	0.00	360,258	21,367	9,006	5,503
S Tot	11,352,050	4,861,405	4,551,730	0.00	0.00	20,765,184	1,231,608	519,130	2,811
After	1,847,542	791,192	740,792	0.00	0.00	3,379,526	200,444	84,488	9,919
Total	13,199,592	5,652,597	5,292,522	0.00	0.00	24,144,710	1,432,051	603,618	3,806

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$
12-2019	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2020	0.00	0	0.0	0.00	0.00	0.00	8,190,000	-8,190,000	-8,190,000	-6,849,438
12-2021	52,245	1	0.8	0.00	0.00	408,826	0.00	5,150,658	-3,039,342	-2,758,435
12-2022	54,288	1	0.8	0.00	0.00	187,074	0.00	2,328,497	-712,844	-1,084,715
12-2023	54,288	1	0.8	0.00	0.00	125,828	0.00	1,547,025	634,211	-74,353
12-2024	54,288	1	0.8	0.00	0.00	96,727	0.00	1,176,707	2,010,918	623,763
12-2025	54,288	1	0.8	0.00	0.00	78,927	0.00	950,173	2,961,091	1,136,002
12-2026	54,288	1	0.8	0.00	0.00	67,181	0.00	800,685	3,761,777	1,528,340
12-2027	54,288	1	0.8	0.00	0.00	58,705	0.00	692,818	4,454,595	1,836,526
12-2028	54,288	1	0.8	0.00	0.00	52,411	0.00	612,724	5,067,319	2,084,980
12-2029	54,288	1	0.8	0.00	0.00	47,205	0.00	546,465	5,613,784	2,286,063
12-2030	54,288	1	0.8	0.00	0.00	43,114	0.00	494,402	6,108,186	2,451,448
12-2031	54,288	1	0.8	0.00	0.00	39,639	0.00	450,180	6,558,366	2,598,357
12-2032	54,288	1	0.8	0.00	0.00	36,566	0.00	411,088	6,969,434	2,701,999
12-2033	54,288	1	0.8	0.00	0.00	33,547	0.00	372,645	7,342,078	2,795,648
12-2034	54,288	1	0.8	0.00	0.00	30,865	0.00	338,512	7,680,591	2,872,991
12-2035	54,288	1	0.8	0.00	0.00	28,397	0.00	307,109	7,987,700	2,936,784
12-2036	54,288	1	0.8	0.00	0.00	26,196	0.00	279,930	8,265,730	2,989,485
12-2037	54,288	1	0.8	0.00	0.00	24,033	0.00	251,564	8,518,353	3,032,696
S Tot	920,853			0.00	0.00	1,385,241	8,190,000	8,518,353	8,518,353	3,032,666
After	1,098,970			0.00	0.00	225,447	0.00	1,770,177	10,288,530	3,214,355
Total	2,019,823			0.00	0.00	1,610,688	8,190,000	10,288,530	10,288,530	3,214,355

	Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Def	Initial	Final	Units	Final	Final			
Oil Rate	18,250	86	bbl/mo	96.3%	1.20	0.0%				5.00	5,615,246	
Gas Rate	327,587	1,548	Mcf/mo	0.0%	0.00	0.0%				8.00	4,010,165	
GOR	17,900	17,900	scf/bbl							10.00	3,214,355	
NGL Rate	13,950	129	bbl/mo							12.00	2,572,199	
NGL Yield	42.6	83.7	bbl/MMcf							15.00	1,819,205	
Gas Shrinkage	62.2	25.8	%							20.00	940,859	
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	13.6		%									

Start Date: 01/2021    12 Months in year '21    37,247 Year Life (03/2058)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 627

DEFAULT 1/16/2019 12:12:37  
 Oil, PUD  
 Table 33

Cawley, Gillespie & Associates, Inc.

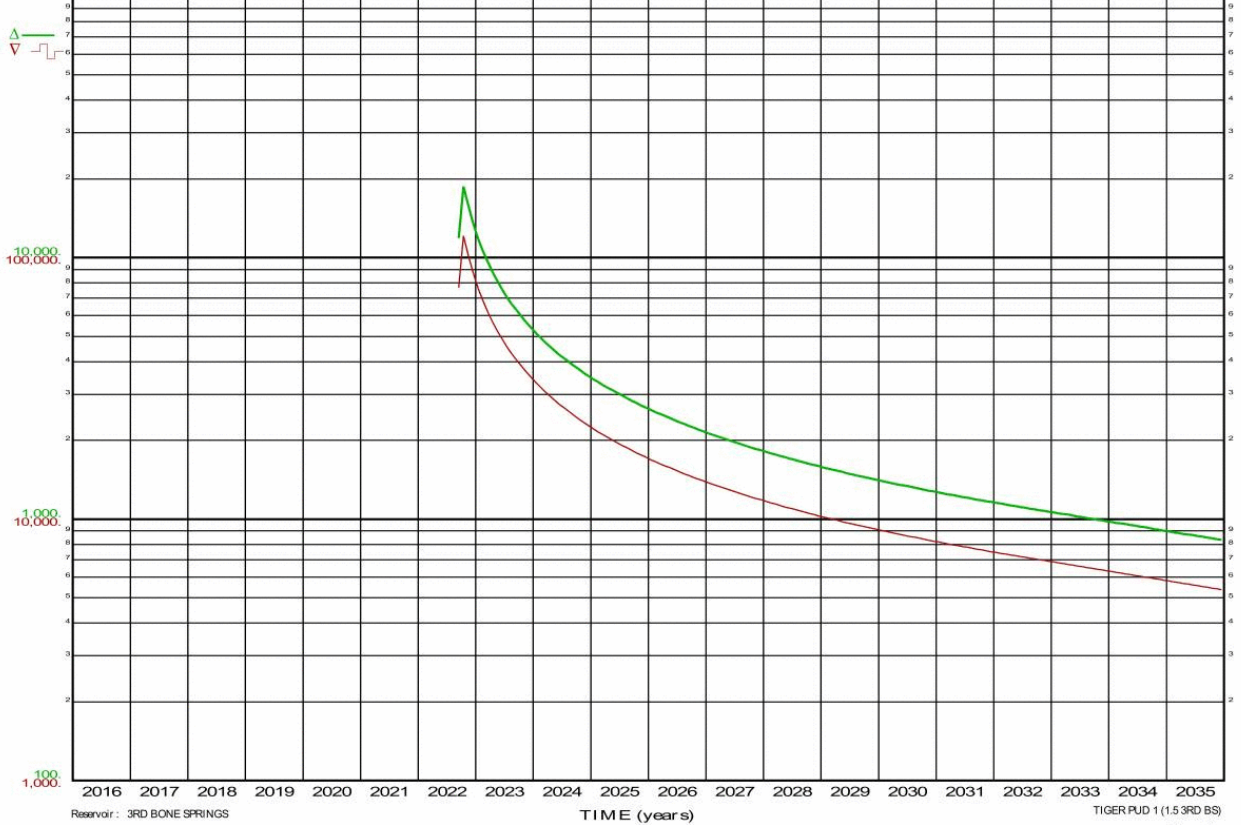
Figure 34  
 LILISENERGY, INC. -- TIGER PUD 1 (1.5 3RD BS)  
 PHANTOM (3RD BONE SPRINGS) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

	As of 01/2019				GOR - scf/bbl	Initial	Final	Oil - mmbbls	Gas - mscf	12/2018 Cumulatives	41.07 Year Life (01/2060) Remaining Reserve	Ultimate Recovery	Current Interest %	Net Oil Prod. Net Gas Sales msk/mmcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net CashFlow M\$	CashFlow Disc. @10.0% M\$
	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>															
Oil - bbls/mo	11,902	96.3	1.20	8.0	112	6,460	0.0	511.9	0.0	3,306.9	511.9	72.251 NI	369,855	21,337,959	1,463,364	4,616,950	11,791,711	3,196,446	
Gas - mcf/mo	76,885	0.0	0.00	8.0	726	6,460	0.0	3,306.9	0.0	3,306.9	3,306.9	87.056 WI	1,788,054	3,288,580	692,641	9,140,968			

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: 3RD BONE SPRINGS

TIGER PUD 1 (1.5 3RD BS)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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**Table 34**  
Reserve Estimates and Economic Forecasts as of December 31, 2018

Lilis Energy, Inc. Interests  
Proved Undeveloped Reserves  
LILIS ENERGY, INC. -- TIGER PUD 1 (1.5 3RD BS)  
PHANTOM (3RD BONE SPRINGS) FIELD -- WINKLER COUNTY, TEXAS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	0	0	0	0	0	0	0	0	0
12-2022	59.9	396.9	31.7	43,288	206,838	22,893	57.693	1,860	15,734
12-2023	93.3	602.9	49.4	67,432	322,350	35,678	57.693	1,860	15,734
12-2024	51.0	329.4	27.0	36,844	176,131	19,495	57.693	1,860	15,734
12-2025	36.2	233.8	19.1	26,149	125,005	13,836	57.693	1,860	15,734
12-2026	28.5	184.1	15.1	20,596	98,409	10,892	57.693	1,860	15,734
12-2027	23.7	152.9	12.5	17,105	81,770	9,050	57.693	1,860	15,734
12-2028	20.4	131.8	10.8	14,741	70,470	7,800	57.693	1,860	15,734
12-2029	17.9	115.6	9.5	12,934	61,831	6,844	57.693	1,860	15,734
12-2030	16.0	103.5	8.5	11,578	55,347	6,126	57.693	1,860	15,734
12-2031	14.5	93.9	7.7	10,500	50,194	5,556	57.693	1,860	15,734
12-2032	13.3	86.2	7.1	9,644	48,102	5,103	57.693	1,860	15,734
12-2033	12.2	79.1	6.5	8,846	42,230	4,681	57.693	1,860	15,734
12-2034	11.3	72.8	6.0	8,139	38,909	4,306	57.693	1,860	15,734
12-2035	10.4	67.0	5.5	7,489	35,798	3,962	57.693	1,860	15,734
12-2036	9.6	61.8	5.1	6,908	33,023	3,655	57.693	1,860	15,734
12-2037	8.8	56.7	4.6	6,388	30,296	3,353	57.693	1,860	15,734
S Tot	427.0	2,758.3	225.9	308,502	1,474,761	163,230	57.693	1,860	15,734
After	84.9	548.6	44.9	61,353	293,293	32,462	57.693	1,860	15,734
Total	511.9	3,306.9	270.8	369,855	1,768,054	195,692	57.693	1,860	15,734
Cum Ult	0	0	0	0	0	0	0	0	0

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue M\$	Gas Revenue M\$	NGL Revenue M\$	Hedge Revenue M\$	Other Revenue M\$	Total Revenue M\$	Production Taxes M\$	Ad Valorem Taxes M\$	\$/BOE6
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2022	2,496,250	394,779	369,217	0.00	0.00	3,260,246	171,194	81,030	3,165
12-2023	3,890,321	596,572	561,376	0.00	0.00	5,052,271	266,800	128,282	3,165
12-2024	2,125,654	327,603	306,735	0.00	0.00	2,759,991	145,778	69,000	3,740
12-2025	1,508,634	232,509	217,698	0.00	0.00	1,958,840	103,463	48,971	4,054
12-2026	1,187,662	183,041	171,381	0.00	0.00	1,542,084	81,450	38,552	4,347
12-2027	986,847	152,032	142,403	0.00	0.00	1,281,342	67,676	32,034	4,627
12-2028	850,474	131,074	122,725	0.00	0.00	1,104,273	58,326	27,607	4,892
12-2029	746,212	115,005	107,679	0.00	0.00	968,896	51,175	24,222	5,160
12-2030	667,965	102,946	96,388	0.00	0.00	867,300	45,809	21,682	5,417
12-2031	605,772	93,361	87,414	0.00	0.00	796,546	41,544	19,664	5,668
12-2032	556,383	85,749	80,287	0.00	0.00	722,419	38,157	18,060	5,907
12-2033	510,377	78,659	73,648	0.00	0.00	662,684	35,002	16,567	6,172
12-2034	469,574	72,370	67,760	0.00	0.00	609,704	32,204	15,243	6,450
12-2035	432,033	66,594	62,343	0.00	0.00	560,960	29,629	14,024	6,752
12-2036	398,537	61,422	57,509	0.00	0.00	517,498	27,332	12,937	7,089
12-2037	365,631	56,351	52,761	0.00	0.00	474,742	25,075	11,869	7,438
S Tot	17,798,325	2,743,056	2,568,321	0.00	0.00	23,109,703	1,220,615	577,743	4,375
After	3,539,634	545,524	510,774	0.00	0.00	4,595,932	242,749	114,898	13,154
Total	21,337,959	3,288,580	3,079,095	0.00	0.00	27,705,634	1,463,364	692,641	5,831

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense M\$	Wells Gross Count	Net	Workover Expense M\$	3rd Party COPAS M\$	Other Deductions M\$	Investment M\$	Future Net Cash Flow M\$	Cumulative Cash Flow M\$	Cum. Disc. @ 10. % M\$
12-2019	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2020	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2021	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12-2022	17,841	1	0.9	0.00	0.00	275,267	9,140,968	-6,445,116	-6,445,116	-4,653,211
12-2023	60,592	1	0.9	0.00	0.00	428,995	0.00	4,168,603	-2,276,515	-1,919,137
12-2024	60,592	1	0.9	0.00	0.00	234,401	0.00	2,250,221	-26,294	-582,129
12-2025	60,592	1	0.9	0.00	0.00	166,361	0.00	1,579,454	1,553,161	270,020
12-2026	60,592	1	0.9	0.00	0.00	130,966	0.00	1,230,524	2,783,685	873,270
12-2027	60,592	1	0.9	0.00	0.00	108,822	0.00	1,012,217	3,795,902	1,324,267
12-2028	60,592	1	0.9	0.00	0.00	93,784	0.00	863,965	4,659,867	1,674,116
12-2029	60,592	1	0.9	0.00	0.00	82,287	0.00	750,620	5,410,487	1,950,374
12-2030	60,592	1	0.9	0.00	0.00	73,658	0.00	665,558	6,076,046	2,173,045
12-2031	60,592	1	0.9	0.00	0.00	66,900	0.00	597,947	6,673,993	2,354,904
12-2032	60,592	1	0.9	0.00	0.00	61,354	0.00	544,296	7,218,249	2,505,367
12-2033	60,592	1	0.9	0.00	0.00	56,280	0.00	494,243	7,712,492	2,629,573
12-2034	60,592	1	0.9	0.00	0.00	51,781	0.00	449,885	8,162,377	2,732,361
12-2035	60,592	1	0.9	0.00	0.00	47,641	0.00	409,074	8,571,451	2,817,333
12-2036	60,592	1	0.9	0.00	0.00	43,948	0.00	372,661	8,944,112	2,887,702
12-2037	60,592	1	0.9	0.00	0.00	40,319	0.00	336,888	9,281,000	2,945,529
S Tot	926,714			0.00	0.00	1,962,663	9,140,968	9,281,000	9,281,000	2,945,529
After	1,337,249			0.00	0.00	390,324	0.00	2,510,711	11,791,711	3,196,446
Total	2,263,963			0.00	0.00	2,352,987	9,140,968	11,791,711	11,791,711	3,196,446

Evaluation Parameters (Gross)					Expenses (Gross)			Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Del	n Def	Initial	Final	Units	Final	Final	5.00	5,971,813	
Oil Rate	23,877.	111.	bbl/mo	96.3%	1.20	0.0%		Expense	87,0568	87,0568	8.00	4,092,212
Gas Rate	154,246.	719.	Mcf/mo	0.0%	0.00	0.0%		Revenue			10.00	3,196,446
GOR	6,460.	6,460.	scf/bbl					Oil	72,2518	72,2518	12.00	2,496,645
NGL Rate	6,206.	60.	bbl/mo					Gas	72,2518	72,2518	15.00	1,709,380
NGL Yield	40.2	84.2	bbl/MMcf								20.00	852,661
Gas Shrinkage	63.1	25.6	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	15.5		%									

Start Date: 09/2022    4 Months in year '22    37,403 Year Life(01/2060)

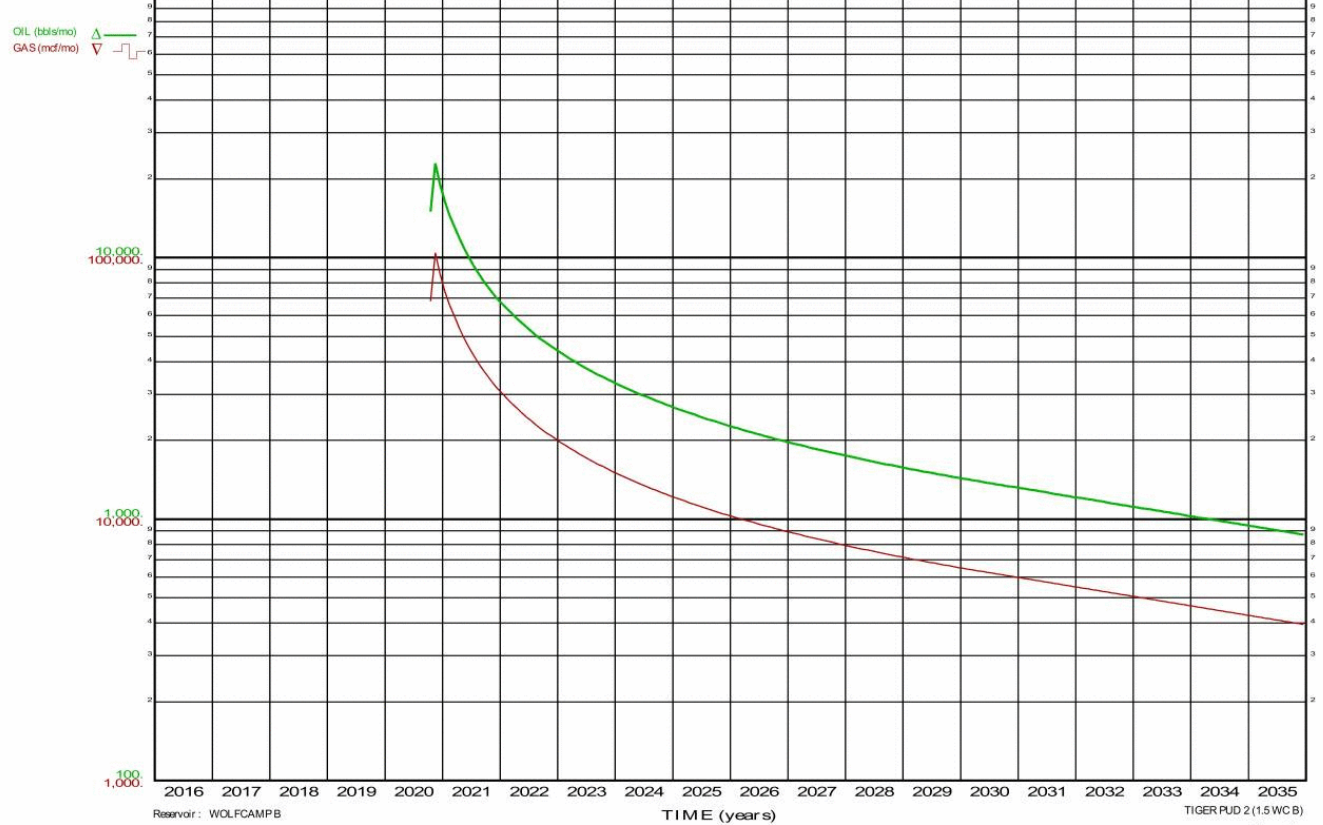
THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 628    DEFAULT 1/16/2019 12:12:37  
TEXAS REGISTERED ENGINEERING FIRM F-693.    Cawley, Gillespie & Associates, Inc.    Oil, PUD Table 34

Figure 35  
 LILISENERGY, INC. -- TIGER PUD 2 (1.5 WC B)  
 PHANTOM (WOLF CAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018 Cumulatives		40.71 Year Life (09/2059)		Current Interest %	Net Oil Prod. Net Gas Sales mbbbl/mcf	Oil Revenue Gas Revenue M\$	Prod. Tax Adv. Tax M\$	Expenses Investments M\$	Future Net Cash Flow M\$	Cash Flow Disc. @10.0% M\$			
Oil - bbls/mo	Q <sub>1</sub>	D <sub>95</sub>	n	D <sub>99</sub>	Q <sub>10</sub>	Initial	Final	Oil - mbbbls	Gas - mmcf	NI	WI								
14,984	96.3	1.20	8.1	121	550	4,540	4,540	0.0	0.0	631.7	631.7	72,251	87,056	456,402	26,331,115	1,630,186	5,261,938	15,023,996	5,531,958



Reservoir: WOLF CAMP B  
 TIGER PUD 2 (1.5 WC B)  
 TX OIL  
 MKR G:\CGA\8538\PHD\IPUD.out  
 (DEFAULT) ASN 629

Cawley, Gillespie & Associates, Inc.



**Table 35**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- TIGER PUD 2 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL		
12-2019	0	0	0	0	0	0	0	0	0		
12-2020	57.4	260.6	21.3	41,474	139,337	15,422	57.693	1,860	15,734		
12-2021	124.4	564.8	46.3	89,896	301,981	33,424	57.693	1,860	15,734		
12-2022	64.8	294.2	28.1	46,824	157,308	17,411	57.693	1,860	15,734		
12-2023	45.6	206.9	16.9	32,924	110,611	12,243	57.693	1,860	15,734		
12-2024	35.7	162.3	13.3	25,825	86,762	9,603	57.693	1,860	15,734		
12-2025	29.5	134.0	11.0	21,319	71,622	7,927	57.693	1,860	15,734		
12-2026	25.3	114.9	9.4	18,283	61,425	6,799	57.693	1,860	15,734		
12-2027	22.2	100.9	8.3	16,052	53,961	5,973	57.693	1,860	15,734		
12-2028	19.9	90.5	7.4	14,397	48,367	5,353	57.693	1,860	15,734		
12-2029	18.0	81.7	6.7	13,006	43,696	4,836	57.693	1,860	15,734		
12-2030	16.5	74.8	6.1	11,906	40,001	4,427	57.693	1,860	15,734		
12-2031	15.2	68.8	5.6	10,952	36,795	4,073	57.693	1,860	15,734		
12-2032	14.0	63.5	5.2	10,103	33,942	3,757	57.693	1,860	15,734		
12-2033	12.8	58.2	4.8	9,269	31,140	3,447	57.693	1,860	15,734		
12-2034	11.8	53.6	4.4	8,528	28,650	3,171	57.693	1,860	15,734		
12-2035	10.9	49.3	4.0	7,846	26,360	2,918	57.693	1,860	15,734		
12-2036	10.0	45.5	3.7	7,238	24,316	2,691	57.693	1,860	15,734		
12-2037	9.2	41.7	3.4	6,640	22,469	2,469	57.693	1,860	15,734		
S Tot	543.2	2,466.2	202.0	392,482	1,318,583	145,944	57.693	1,860	15,734		
After	88.5	401.6	32.9	63,920	214,746	23,769	57.693	1,860	15,734		
Total	631.7	2,867.8	234.9	456,402	1,533,329	169,712	57.693	1,860	15,734		
Cum Ult	0	0	0	0	0	0	0	0	0		
631.7	2,867.8	234.9	0	0	0	0	0	0	0		
(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6		
12-2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
12-2020	2,392.765	259.167	242.657	0.00	0.00	2,894.589	148.138	72.365	3,703		
12-2021	5,185.775	561.685	525.905	0.00	0.00	6,273.365	321.057	156.834	3,905		
12-2022	2,701.390	292.593	273.955	0.00	0.00	3,267.929	167.245	81.698	4,249		
12-2023	1,886.475	205.737	192.631	0.00	0.00	2,284.843	117.698	57.446	4,553		
12-2024	1,489.922	161.377	151.097	0.00	0.00	1,802.396	92.243	45.600	4,833		
12-2025	1,229.932	133.217	124.731	0.00	0.00	1,487.880	76.146	37.197	5,109		
12-2026	1,054.821	114.250	106.973	0.00	0.00	1,276.045	65.305	31.901	5,371		
12-2027	926.653	100.358	93.975	0.00	0.00	1,120.986	57.370	28.025	5,625		
12-2028	830.588	89.983	84.232	0.00	0.00	1,004.784	51.423	25.120	5,867		
12-2029	750.366	81.274	76.097	0.00	0.00	907.737	46.456	22.693	6,117		
12-2030	686.917	74.402	69.662	0.00	0.00	830.981	42.528	20.775	6,356		
12-2031	631.862	68.439	64.079	0.00	0.00	764.380	39.119	19.109	6,602		
12-2032	582.873	63.153	59.111	0.00	0.00	705.117	36.086	17.628	6,860		
12-2033	534.747	57.920	54.230	0.00	0.00	646.897	33.107	16.172	7,160		
12-2034	491.995	53.289	49.895	0.00	0.00	595.179	30.460	14.879	7,475		
12-2035	452.662	49.029	45.906	0.00	0.00	547.596	28.025	13.690	7,818		
12-2036	417.596	45.228	42.347	0.00	0.00	505.141	25.852	12.629	8,178		
12-2037	383.089	41.483	38.850	0.00	0.00	463.433	23.717	11.586	8,566		
S Tot	22,643.389	2,452.564	2,296.334	0.00	0.00	27,392.287	1,401.875	684.807	5,006		
After	3,687.726	399.427	373.983	0.00	0.00	4,461.136	228.311	111.528	14,954		
Total	26,331.115	2,851.991	2,670.317	0.00	0.00	31,853.423	1,630.186	796.336	6,399		
(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Cash Flow Disc. @ 10. % M\$	
12-2019	0.00	0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12-2020	12,868	1	0.9	0.00	0.00	263.856	9,140.968	-6,743.606	-6,743.606	-5,827.806	
12-2021	60,592	1	0.9	0.00	0.00	571.848	0.00	5,163.035	-1,580.570	-1,726.247	
12-2022	60,592	1	0.9	0.00	0.00	297.886	0.00	2,690.506	1,079.936	1,84,740	
12-2023	60,592	1	0.9	0.00	0.00	209,460	0.00	1,852,748	2,932.683	1,394,474	
12-2024	60,592	1	0.9	0.00	0.00	164,297	0.00	1,444,205	4,372.889	2,248,812	
12-2025	60,592	1	0.9	0.00	0.00	135,627	0.00	1,178,317	5,551.206	2,883,993	
12-2026	60,592	1	0.9	0.00	0.00	116,318	0.00	1,001,929	6,553.135	3,374,911	
12-2027	60,592	1	0.9	0.00	0.00	102,184	0.00	872,825	7,425.960	3,763,656	
12-2028	60,592	1	0.9	0.00	0.00	91,591	0.00	776,059	8,202.019	4,077,822	
12-2029	60,592	1	0.9	0.00	0.00	82,745	0.00	695,251	8,897.271	4,333,648	
12-2030	60,592	1	0.9	0.00	0.00	75,748	0.00	631,339	9,528.610	4,544,836	
12-2031	60,592	1	0.9	0.00	0.00	69,677	0.00	573,883	10,104.493	4,719,971	
12-2032	60,592	1	0.9	0.00	0.00	64,275	0.00	525,536	10,631.029	4,865,535	
12-2033	60,592	1	0.9	0.00	0.00	58,968	0.00	478,059	11,109.088	4,985,674	
12-2034	60,592	1	0.9	0.00	0.00	54,253	0.00	434,995	11,544.083	5,085,060	
12-2035	60,592	1	0.9	0.00	0.00	49,916	0.00	395,374	11,939.457	5,167,187	
12-2036	60,592	1	0.9	0.00	0.00	46,046	0.00	360,023	12,299.479	5,235,169	
12-2037	60,592	1	0.9	0.00	0.00	42,244	0.00	325,294	12,624.773	5,291,006	
S Tot	1,042,924			0.00	0.00	2,496,940	9,140.968	12,624.773	12,624.773	5,291,006	
After	1,315,420			0.00	0.00	406,654	0.00	2,399,223	15,023.996	5,531.958	
Total	2,358,344			0.00	0.00	2,903,594	9,140.968	15,023.996	15,023.996	5,531.958	
Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
Oil Rate	Initial	Final	Units	Initial	Final	Units	Initial	Final	Percent	Cum. Disc.	
	29,352	120	bbl/mo	96.3%	1.20	0.0%	3,179	5,799	87.0568	8.00	8,776,818
Gas Rate	133,258	545	Mcf/mo	0.0%	0.00	0.0%			87.0568	8.00	6,614,096
GOR	4,540	4,540	scf/bbl						10.00		5,531,958
NGL Rate	5,674	45	bbl/mo						12.00		4,650,973
NGL Yield	42.6	84.1	bbl/MMcf						15.00		3,604,829
Gas Shrinkage	62.2	25.7	%						20.00		2,356,103
Oil Severance	4.6	4.6	%								
Gas Severance	7.5	7.5	%								
NGL Severance	7.5	7.5	%								
Ad Valorem	15.6		%								

Start Date: 10/2020    3 Months in year '20    38,967 Year Life (09/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.  
 TEXAS REGISTERED ENGINEERING FIRM F-683.

ASN 629

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 Oil\_PUD  
 Table 35

Cawley, Gillespie & Associates, Inc.

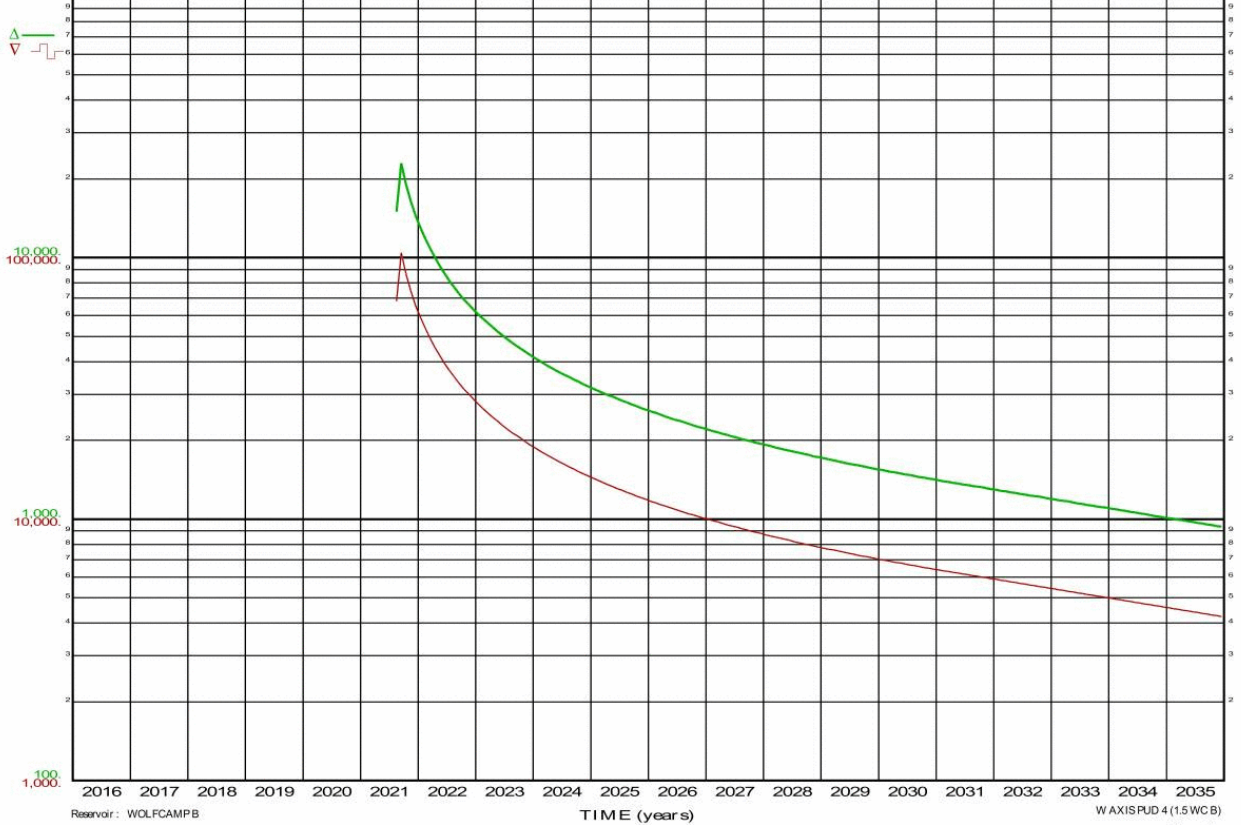
Figure 36  
 LILISENERGY, INC. -- WAXISPUD 4 (1.5 WC B)  
 PHANTOM (WOLF CAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

As of 01/2019				GOR - scf/bbl		12/2018		40.19 Year Life (03/2059)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow				
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>1</sub>	n	D <sub>1</sub>	Q <sub>1</sub>	GOR	Initial	Final	Oil - mbbls	Gas - mmcf	Remaining Reserve	Ultimate Recovery	Interest %	Net Gas Sales mbls/mmcf	Gas Revenue \$M	Adv. Tax \$M	Investments \$M	CashFlow \$M	Disc. @10.0%
14,984	68,029	96.3	1.20	7.8	135	615	4,540	4,540	4,540	0.0	0.0	629.6	629.6	73.867	465.079	26,831.694	1,661.177	5,649.623	13,795.287	4,230.645
		0.0	0.00	7.8								0.0	2,858.4	96.489	1,562.478	2,906.210	811.475	10,341.424		

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLF CAMP B

TIME (years)

WAXISPUD 4(1.5WC B)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

TX OIL  
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**Table 36**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- W AXIS PUD 4 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
End Mo-Year	Gross Oil Production MMBLS	Gross Gas Production MMCF	Gross NGL Production MMBLS	Net Oil Production MMBLS	Net Gas Sales MMCF	Net NGL Production MMBLS	Avg Oil Price \$/BBL	Avg Gas Price \$/MMCF	Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	88.4	401.2	32.9	65.275	219.299	24.272	57.693	1.860	15.734
12-2022	106.4	483.2	39.6	78.620	264.133	29.235	57.693	1.860	15.734
12-2023	90.4	274.2	22.5	44.609	149.867	16.588	57.693	1.860	15.734
12-2024	43.6	198.0	16.2	32.210	108.213	11.977	57.693	1.860	15.734
12-2025	34.4	156.3	12.8	25.425	85.417	9.454	57.693	1.860	15.734
12-2026	26.7	130.3	10.7	21.199	71.221	7.863	57.693	1.860	15.734
12-2027	24.7	112.3	9.2	18.255	61.364	6.732	57.693	1.860	15.734
12-2028	21.9	99.2	8.1	16.141	54.226	6.002	57.693	1.860	15.734
12-2029	19.5	88.7	7.3	14.424	48.459	5.364	57.693	1.860	15.734
12-2030	17.7	80.5	6.6	13.094	43.990	4.869	57.693	1.860	15.734
12-2031	16.2	73.8	6.0	12.003	40.324	4.463	57.693	1.860	15.734
12-2032	15.0	68.0	5.6	11.071	37.100	4.117	57.693	1.860	15.734
12-2033	13.8	62.4	5.1	10.157	34.124	3.777	57.693	1.860	15.734
12-2034	12.7	57.4	4.7	9.345	31.396	3.475	57.693	1.860	15.734
12-2035	11.6	52.8	4.3	8.598	28.886	3.197	57.693	1.860	15.734
12-2036	10.7	48.7	4.0	7.931	26.646	2.949	57.693	1.860	15.734
12-2037	9.9	44.7	3.7	7.276	24.646	2.706	57.693	1.860	15.734
S Tot	535.6	2,431.7	199.2	395.643	1,329.204	147.119	57.693	1.860	15.734
After	94.0	426.8	35.0	69.435	233.275	25.819	57.693	1.860	15.734
Total	629.6	2,858.4	234.1	465.079	1,562.478	172.938	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0
629.6	2,858.4	234.1	0	0	0	0	0	0	0

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
End Mo-Year	Oil Revenue MS	Gas Revenue MS	NGL Revenue MS	Hedge Revenue MS	Other Revenue MS	Total Revenue MS	Production Taxes MS	Ad Valorem Taxes MS	\$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	3,765.911	407.896	381.912	0.000	0.000	4,555.719	233.151	113.893	4.128
12-2022	4,535.834	491.288	459.982	0.000	0.000	5,487.114	290.818	137.178	4.362
12-2023	2,573.589	276.752	260.866	0.000	0.000	3,113.337	159.334	77.833	4.302
12-2024	1,858.286	201.276	188.454	0.000	0.000	2,248.016	115.048	56.200	5.089
12-2025	1,468.820	158.875	148.755	0.000	0.000	1,774.449	90.812	44.361	5.404
12-2026	1,223.042	132.471	124.032	0.000	0.000	1,479.545	75.720	36.989	5.702
12-2027	1,053.774	114.137	106.866	0.000	0.000	1,274.776	65.240	31.869	5.911
12-2028	931.193	100.880	94.435	0.000	0.000	1,126.488	57.651	28.162	6.265
12-2029	832.166	90.134	84.392	0.000	0.000	1,006.693	51.520	25.167	6.545
12-2030	755.414	81.821	76.609	0.000	0.000	913.844	46.768	22.846	6.813
12-2031	692.462	75.002	70.225	0.000	0.000	837.689	42.871	20.942	7.078
12-2032	636.731	68.183	64.776	0.000	0.000	772.689	39.544	19.317	7.344
12-2033	585.982	63.470	59.427	0.000	0.000	708.890	36.279	17.722	7.654
12-2034	539.144	58.396	54.676	0.000	0.000	652.216	33.379	16.305	7.979
12-2035	496.040	53.727	50.305	0.000	0.000	600.073	30.710	15.002	8.333
12-2036	457.582	49.582	46.405	0.000	0.000	553.549	28.329	13.838	8.705
12-2037	419.801	45.476	42.573	0.000	0.000	507.844	25.980	12.696	9.136
S Tot	22,825.781	2,472.319	2,314.831	0.000	0.000	27,612.931	1,413.167	690.323	5.483
After	4,005.913	433.891	406.252	0.000	0.000	4,846.055	248.010	121.151	15.520
Total	26,831.694	2,906.210	2,721.082	0.000	0.000	32,458.986	1,661.177	811.475	6.981

(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
End Mo-Year	Operating Expense MS	Wells Gross Count	Net	Workover Expense MS	3rd Party COPAS MS	Other Deductions MS	Investment MS	Future Net Cash Flow MS	Cumulative Cash Flow MS	Cum. Cash Flow Disc. @ 10. % MS
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	25.982	1	1.0	0.000	0.000	459.538	10,341.424	-6,618.269	-6,618.269	-5,328.776
12-2022	68.549	1	1.0	0.000	0.000	553.488	0.000	4,447.082	-2,171.188	-2,122.411
12-2023	68.549	1	1.0	0.000	0.000	314.044	0.000	2,493.577	322.390	-492.777
12-2024	68.549	1	1.0	0.000	0.000	226.758	0.000	1,781.460	2,103.849	564.483
12-2025	68.549	1	1.0	0.000	0.000	178.990	0.000	1,391.737	3,495.587	1,314.919
12-2026	68.549	1	1.0	0.000	0.000	149.242	0.000	1,149.045	4,644.632	1,878.026
12-2027	68.549	1	1.0	0.000	0.000	128.587	0.000	980.532	5,625.164	2,314.803
12-2028	68.549	1	1.0	0.000	0.000	113.629	0.000	858.497	6,483.661	2,662.379
12-2029	68.549	1	1.0	0.000	0.000	101.546	0.000	759.911	7,243.572	2,942.020
12-2030	68.549	1	1.0	0.000	0.000	92.180	0.000	683.501	7,927.072	3,170.670
12-2031	68.549	1	1.0	0.000	0.000	84.498	0.000	620.828	8,547.901	3,359.476
12-2032	68.549	1	1.0	0.000	0.000	77.941	0.000	567.337	9,115.237	3,518.319
12-2033	68.549	1	1.0	0.000	0.000	71.506	0.000	514.833	9,630.070	3,645.700
12-2034	68.549	1	1.0	0.000	0.000	65.789	0.000	468.193	10,098.264	3,752.672
12-2035	68.549	1	1.0	0.000	0.000	60.530	0.000	425.282	10,523.546	3,841.012
12-2036	68.549	1	1.0	0.000	0.000	55.837	0.000	386.395	10,910.541	3,914.087
12-2037	68.549	1	1.0	0.000	0.000	51.226	0.000	349.382	11,259.923	3,974.059
S Tot	1,122.764			0.000	0.000	2,785.330	10,341.424	11,259.923	11,259.923	3,974.059
After	1,452.705			0.000	0.000	488.824	4,004.424	2,535.365	13,795.287	4,230.645
Total	2,575.469			0.000	0.000	3,274.154	10,341.424	13,795.287	13,795.287	4,230.645

Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.	
Initial	Final	Units	Def	Initial	Final	Units	Def	Final	Final	5.00	7,423.493	
29.352	134.	bbl/mo	96.3%	3.180	5.334	\$/wmo		98.4898	98.4898	8.00	5,279.985	
Gas Rate	133.258	610.	Mcf/mo	0.0%	0.00	0.0%		Revenue		10.00	4,230.645	
GOR	4.540	4,540.	scf/bbl					Oil	73.8673	73.8673	12.00	3,392.500
NGL Rate	5.874	46.	bbl/mo					Gas	73.8673	73.8673	15.00	2,422.285
NGL Yield	42.6	75.8	bbl/MMcf							20.00	1,314.419	
Gas Shrinkage	62.2	25.8	%									
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	16.0		%									

Start Date: 08/2021    5 Months in year '21    37.611 Year Life (03/2059)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 633    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Oil, PUD    Table 36

Cawley, Gillespie & Associates, Inc.

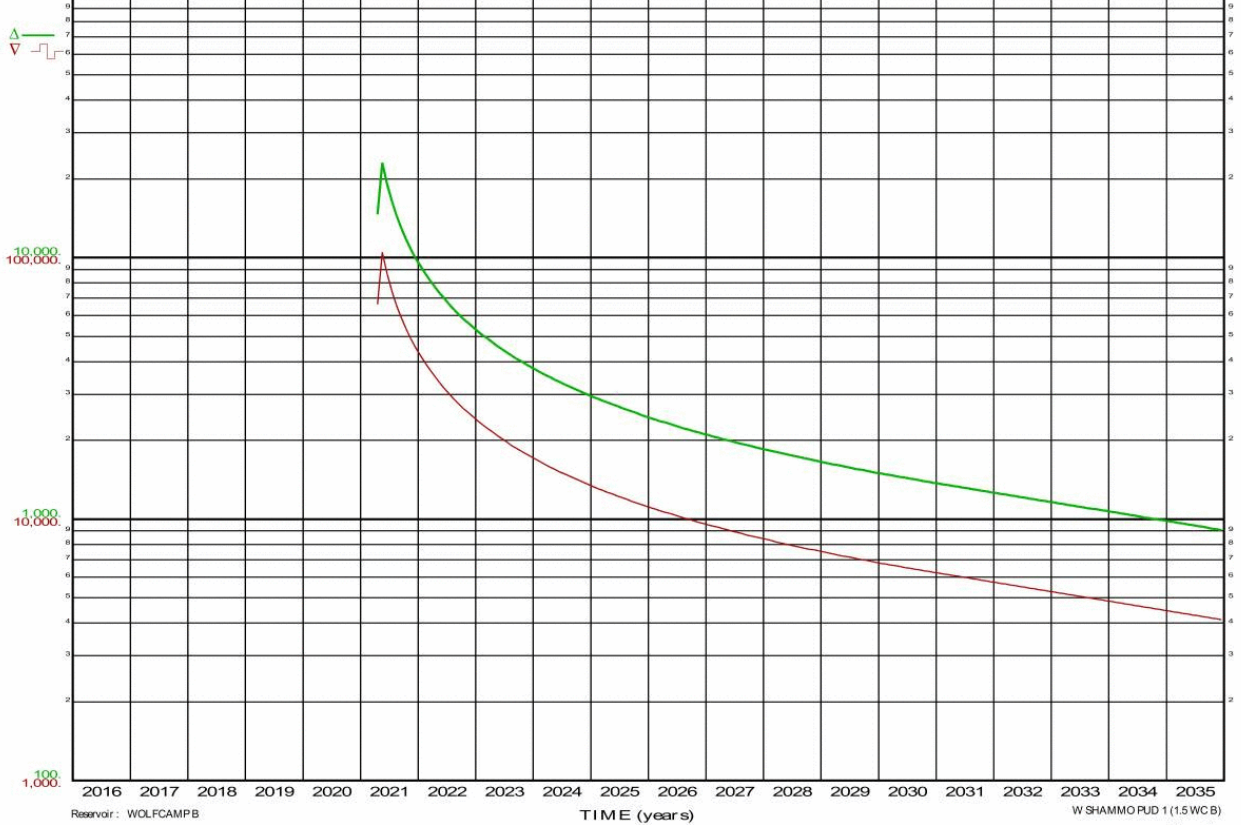
Figure 37  
 LILISENERGY, INC. -- WSHAMMO PUD 1 (1.5 WC B)  
 PHANTOM (WOLFCAMP B) FIELD  
 WINKLER COUNTY, TEXAS

Reserve Category: PUD

As of 01/2019

		As of 01/2019				GOR - scf/bbl		12/2018		39.86 Year Life (11/2058)		Current	Net Oil Prod.	Oil Revenue	Prod. Tax	Expenses	Future Net	Cash Flow
Oil - bbls/mo	Gas - mcf/mo	Q <sub>1</sub>	D <sub>14</sub>	n	D <sub>14</sub>	Initial	Final	Cumulatives	Remaining	Ultimate	Interest	Net Gas Sales	Gas Revenue	Adv. Tax	Investments	Cash Flow	Disc. @ 10.0%	
14,631	66,424	96.3	1.20	8.0	135	4,540	4,540	0.0	629.6	629.6	37.924 NI	238,775	13,775,622	852,963	3,002,905	7,082,960	2,242,366	
		0.0	0.00	8.0	614			0.0	2,858.4	2,858.4	50.565 WI	802,190	1,492,073	416,618	5,309,376			

OIL (bbls/mo) Δ  
 GAS (mcf/mo) ▽



Reservoir: WOLFCAMPB

TIME (years)

WSHAMMO PUD 1 (1.5 WC B)

• \* - Annual Averages Perf: 0 - 0 Status:  
 First Production 00/ 0 First Data 12/2049 Last Data 01/1900  
 01/16/2019 12:15:28 21 API:

Cawley, Gillespie & Associates, Inc.

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**Table 37**  
**Reserve Estimates and Economic Forecasts as of December 31, 2018**  
**Lilis Energy, Inc. Interests**  
**Proved Undeveloped Reserves**  
**LILIS ENERGY, INC. -- W SHAMMO PUD 1 (1.5 WC B)**  
**PHANTOM (WOLFCAMPB) FIELD -- WINKLER COUNTY, TEXAS**

(1) End Mo-Year	(2) Gross Oil Production MMBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MMBLS	(5) Net Oil Production MMBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MMBLS	(8) Avg Oil Price \$/BBL	(9) Avg Gas Price \$/MMCF	(10) Avg NGL Price \$/BBL
12-2019	0	0	0	0	0	0	0	0	0
12-2020	0	0	0	0	0	0	0	0	0
12-2021	133.9	607.9	49.8	50.783	170.609	18.883	57.693	1.860	15.734
12-2022	83.9	380.8	31.2	31.906	105.855	11.827	57.693	1.860	15.734
12-2023	53.3	242.0	19.9	20.212	67.905	7.916	57.693	1.860	15.734
12-2024	40.0	181.7	14.9	15.180	50.988	5.645	57.693	1.860	15.734
12-2025	32.2	146.4	12.0	12.228	41.082	4.547	57.693	1.860	15.734
12-2026	27.2	123.6	10.1	10.324	34.684	3.839	57.693	1.860	15.734
12-2027	23.7	107.4	8.8	8.971	30.135	3.335	57.693	1.860	15.734
12-2028	21.0	95.5	7.8	7.976	28.795	2.966	57.693	1.860	15.734
12-2029	18.9	85.7	7.0	7.161	24.057	2.663	57.693	1.860	15.734
12-2030	17.2	78.1	6.4	6.524	21.918	2.426	57.693	1.860	15.734
12-2031	15.8	71.7	5.9	5.993	20.133	2.226	57.693	1.860	15.734
12-2032	14.6	66.2	5.4	5.528	18.572	2.056	57.693	1.860	15.734
12-2033	13.4	60.7	5.0	5.072	17.038	1.886	57.693	1.860	15.734
12-2034	12.3	55.9	4.6	4.666	15.676	1.735	57.693	1.860	15.734
12-2035	11.3	51.4	4.2	4.293	14.423	1.596	57.693	1.860	15.734
12-2036	10.4	47.4	3.9	3.960	13.305	1.473	57.693	1.860	15.734
12-2037	9.6	43.5	3.6	3.633	12.206	1.361	57.693	1.860	15.734
S Tot	538.7	2,445.8	200.3	204.308	686.392	75.971	57.693	1.860	15.734
After	90.9	412.6	33.8	34.468	115.798	12.817	57.693	1.860	15.734
Total	629.6	2,858.4	234.1	238.775	802.190	88.788	57.693	1.860	15.734
Cum Ult	0	0	0	0	0	0	0	0	0
629.6	2,858.4	234.1	238.775	802.190	88.788	57.693	1.860	15.734	15.734

(11) End Mo-Year	(12) Oil Revenue M\$	(13) Gas Revenue M\$	(14) NGL Revenue M\$	(15) Hedge Revenue M\$	(16) Other Revenue M\$	(17) Total Revenue M\$	(18) Production Taxes M\$	(19) Ad Valorem Taxes M\$	(20) \$/BOE6
12-2019	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	2,929.785	317.333	297.118	0.000	0.000	3,544.236	181.386	88.606	4.181
12-2022	1,634.958	198.750	186.080	0.000	0.000	2,219.808	113.605	55.495	4.322
12-2023	1,188.106	128.304	118.288	0.000	0.000	1,416.688	72.185	35.657	4.174
12-2024	875.757	94.855	88.813	0.000	0.000	1,059.425	54.219	28.486	5.194
12-2025	705.476	76.412	71.544	0.000	0.000	853.432	43.677	21.336	5.505
12-2026	595.612	64.512	60.403	0.000	0.000	720.527	36.875	18.013	5.800
12-2027	517.537	56.056	52.485	0.000	0.000	626.078	32.041	15.652	6.065
12-2028	460.143	49.839	46.694	0.000	0.000	556.646	28.488	13.916	6.357
12-2029	413.120	44.746	41.896	0.000	0.000	499.761	25.577	12.494	6.636
12-2030	376.379	40.767	38.170	0.000	0.000	455.315	23.302	11.383	6.902
12-2031	345.727	37.447	35.061	0.000	0.000	418.235	21.404	10.456	7.167
12-2032	318.923	34.543	32.343	0.000	0.000	385.809	19.745	9.645	7.441
12-2033	292.590	31.691	29.672	0.000	0.000	353.954	18.115	8.849	7.759
12-2034	269.198	29.158	27.300	0.000	0.000	325.656	16.666	8.141	8.094
12-2035	247.676	26.826	25.118	0.000	0.000	299.620	15.334	7.491	8.458
12-2036	228.474	24.747	23.170	0.000	0.000	276.391	14.145	6.910	8.840
12-2037	209.609	22.703	21.257	0.000	0.000	253.570	12.977	6.339	9.294
S Tot	11,787.079	1,276.689	1,195.363	0.000	0.000	14,259.131	729.750	356.478	5.505
After	1,988.543	215.384	201.664	0.000	0.000	2,405.591	123.113	60.140	15.724
Total	13,775.622	1,492.073	1,397.027	0.000	0.000	16,664.722	852.863	416.618	6.980

(21) End Mo-Year	(22) Operating Expense M\$	(23) Wells Gross Count	(24) Net	(25) Workover Expense M\$	(26) 3rd Party COPAS M\$	(27) Other Deductions M\$	(28) Investment M\$	(29) Future Net Cash Flow M\$	(30) Cumulative Cash Flow M\$	(31) Cum. Disc. @ 10. % M\$
12-2019	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2020	0.000	0	0.0	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2021	25,027.1	1	0.5	0.000	0.000	357.509	5,309.376	-2,417.668	-2,417.668	-2,075.495
12-2022	35,194.1	1	0.5	0.000	0.000	223.913	0.000	1,791.601	-626.067	-785.688
12-2023	35,194.1	1	0.5	0.000	0.000	142.295	0.000	1,125.718	499.651	-50.314
12-2024	35,194.1	1	0.5	0.000	0.000	106.865	0.000	836.662	1,336.313	446.124
12-2025	35,194.1	1	0.5	0.000	0.000	86.086	0.000	667.140	2,003.453	805.807
12-2026	35,194.1	1	0.5	0.000	0.000	72.680	0.000	557.765	2,561.218	1,079.127
12-2027	35,194.1	1	0.5	0.000	0.000	63.153	0.000	480.039	3,041.257	1,292.948
12-2028	35,194.1	1	0.5	0.000	0.000	56.149	0.000	422.900	3,464.157	1,464.158
12-2029	35,194.1	1	0.5	0.000	0.000	50.411	0.000	376.086	3,840.242	1,602.550
12-2030	35,194.1	1	0.5	0.000	0.000	45.928	0.000	339.509	4,179.751	1,716.123
12-2031	35,194.1	1	0.5	0.000	0.000	42.188	0.000	306.993	4,486.745	1,810.093
12-2032	35,194.1	1	0.5	0.000	0.000	38.917	0.000	282.308	4,771.053	1,889.139
12-2033	35,194.1	1	0.5	0.000	0.000	35.703	0.000	256.093	5,027.146	1,952.497
12-2034	35,194.1	1	0.5	0.000	0.000	32.849	0.000	232.805	5,259.952	2,005.688
12-2035	35,194.1	1	0.5	0.000	0.000	30.223	0.000	211.380	5,471.331	2,049.596
12-2036	35,194.1	1	0.5	0.000	0.000	27.880	0.000	192.253	5,663.584	2,085.901
12-2037	35,194.1	1	0.5	0.000	0.000	25.578	0.000	173.482	5,837.076	2,115.679
S Tot	588,124			0.000	0.000	1,438.326	5,309.376	5,837.076	5,837.076	2,115.679
After	733,802			0.000	0.000	242.653	0.000	1,245.884	7,082.960	2,242.366
Total	1,321,926			0.000	0.000	1,680.979	5,309.376	7,082.960	7,082.960	2,242.366

	Evaluation Parameters (Gross)				Expenses (Gross)				Percent Interests		Percent	Cum. Disc.
	Initial	Final	Units	Def	Initial	Final	Units	Final	Final			
Oil Rate	29.352	134.	bbl/mo	96.3%	1.20	0.0%				5.00		3,874.004
Gas Rate	133.258	610.	Mcf/mo	0.0%	0.00	0.0%				8.00		2,781.444
GOR	4.840	4,540.	scf/bbl							10.00		2,242.366
NGL Rate	5.362	51.	bbl/mo							12.00		1,808.984
NGL Yield	40.2	83.9	bbl/MMcf							15.00		1,303.099
Gas Shrinkage	63.1	26.2	%							20.00		717.246
Oil Severance	4.6	4.6	%									
Gas Severance	7.5	7.5	%									
NGL Severance	7.5	7.5	%									
Ad Valorem	9.1		%									

Start Date: 04/2021    9 Months in year '21    37.610 Year Life (11/2058)

THESE DATA ARE PART OF A CG&A REPORT AND ARE SUBJECT TO THE CONDITIONS IN THE TEXT OF THE REPORT.    ASN 634    DEFAULT 1/16/2019    12:12:37  
 TEXAS REGISTERED ENGINEERING FIRM F-683.    Cawley, Gillespie & Associates, Inc.    Oil\_PUD Table 37

APPENDIX  
Explanatory Comments for Summary Tables

HEADINGS

Table I  
Description of Table Information  
Identity of Interest Evaluated  
Property Description – Location  
Reserve Classification and Development Status  
Effective Date of Evaluation

FORECAST

(Columns)

- (1) (11) (21) Calendar or Fiscal years/months commencing on effective date.
- (2) (3) (4) Gross Production (8/8th) for the years/months which are economical. These are expressed as thousands of barrels (Mbbbl) and millions of cubic feet (MMcf) of gas at standard conditions. Total future production, cumulative production to effective date and ultimate recovery at the effective date are shown following the annual/monthly forecasts.
- (5) (6) (7) Net Production accruable to evaluated interest is calculated by multiplying the revenue interest times the gross production. These values take into account changes in interest and gas shrinkage.
- (8) Average (volume weighted) gross liquid price per barrel before deducting production-severance taxes.
- (9) Average (volume weighted) gross gas price per Mcf before deducting production-severance taxes.
- (10) Average (volume weighted) gross NGL price per barrel before deducting production-severance taxes.
- (12) Revenue derived from oil sales -- column (5) times column (8).
- (13) Revenue derived from gas sales -- column (6) times column (9).
- (14) Revenue derived from NGL sales -- column (7) times column (10).
- (15) Revenue derived from hedge positions.
- (16) Revenue derived from other sources not included in column (12) through column (15); may include revenue from electrical sales, pipeline gas transportation, 3<sup>rd</sup> party saltwater disposal, etc.
- (17) Total Revenue -- sum of column (12) through column (16).
- (18) Production-Severance taxes deducted from gross oil, gas and NGL revenue.
- (19) Ad Valorem taxes.
- (20) \$/BOE6 -- is the total of column (22), column (25), column (26), and column (27) divided by Barrels of Oil Equivalent ("BOE"). BOE is net oil production column (5) plus net gas production column (6) converted to oil at six Mcf gas per one bbl oil plus net NGL production column (7) converted to oil at one bbl NGL per 0.65 bbls of oil.
- (22) Operating Expenses are direct operating expenses to the evaluated working interest and may include combined fixed rate administrative overhead charges for operated oil and gas producers known as COPAS.
- (23) Average gross wells.
- (24) Average net wells are gross wells times working interest.
- (25) Workover Expenses are non-direct operating expenses and may include maintenance, well service, compressor, tubing, and pump repair.
- (26) 3<sup>rd</sup> Party COPAS are combined fixed rate administrative overhead charges for non-operated oil and gas producers.
- (27) Other Deductions may include compression-gathering expenses, transportation costs and water disposal costs.
- (28) Investments, if any, include re-completions, future drilling costs, pumping units, etc. and may include either tangible or intangible or both, and the costs for plugging and the salvage value of equipment at abandonment may be shown as negative investments at end of life.
- (29) (30) Future Net Cash Flow is column (17) less the total of column (18), column (19), column (22), column (25), column (26), column (27) and column (28). The data in column (29) are accumulated in column (30). Federal income taxes have not been considered.
- (31) Cumulative Discounted Cash Flow is calculated by discounting monthly cash flows at the specified annual rates.

MISCELLANEOUS

- DCF Profile • The cumulative cash flow discounted at six different interest rates are shown at the bottom of columns (30-31). Interest has been compounded monthly. The DCF's for the "Without Hedge" case may be shown to the left of the main DCF profile.
- Life • The economic life of the appraised property is noted in the lower right-hand corner of the table.
- Footnotes • Comments regarding the evaluation may be shown in the lower left-hand footnotes.
- Price Deck • A table of oil and gas prices, price caps and escalation rates may be shown in the lower middle footnotes.
- Differentials • Total annual price adjustments may be shown in gray font to the left of column (8), column (9) and column (10).

## APPENDIX

### Methods Employed in the Estimation of Reserves

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The four methods customarily employed in the estimation of reserves are (1) *production performance*, (2) *material balance*, (3) *volumetric* and (4) *analogy*. Most estimates, although based primarily on one method, utilize other methods depending on the nature and extent of the data available and the characteristics of the reservoirs.

Basic information includes production, pressure, geological and laboratory data. However, a large variation exists in the quality, quantity and types of information available on individual properties. Operators are generally required by regulatory authorities to file monthly production reports and may be required to measure and report periodically such data as well pressures, gas-oil ratios, well tests, etc. As a general rule, an operator has complete discretion in obtaining and/or making available geological and engineering data. The resulting lack of uniformity in data renders impossible the application of identical methods to all properties, and may result in significant differences in the accuracy and reliability of estimates.

A brief discussion of each method, its basis, data requirements, applicability and generalization as to its relative degree of accuracy follows:

*Production performance.* This method employs graphical analyses of production data on the premise that all factors which have controlled the performance to date will continue to control and that historical trends can be extrapolated to predict future performance. The only information required is production history. Capacity production can usually be analyzed from graphs of rates versus time or cumulative production. This procedure is referred to as "decline curve" analysis. Both capacity and restricted production can, in some cases, be analyzed from graphs of producing rate relationships of the various production components. Reserve estimates obtained by this method are generally considered to have a relatively high degree of accuracy with the degree of accuracy increasing as production history accumulates.

*Material balance.* This method employs the analysis of the relationship of production and pressure performance on the premise that the reservoir volume and its initial hydrocarbon content are fixed and that this initial hydrocarbon volume and recoveries therefrom can be estimated by analyzing changes in pressure with respect to production relationships. This method requires reliable pressure and temperature data, production data, fluid analyses and knowledge of the nature of the reservoir. The material balance method is applicable to all reservoirs, but the time and expense required for its use is dependent on the nature of the reservoir and its fluids. Reserves for depletion type reservoirs can be estimated from graphs of pressures corrected for compressibility versus cumulative production, requiring only data that are usually available. Estimates for other reservoir types require extensive data and involve complex calculations most suited to computer models which makes this method generally applicable only to reservoirs where there is economic justification for its use. Reserve estimates obtained by this method are generally considered to have a degree of accuracy that is directly related to the complexity of the reservoir and the quality and quantity of data available.

*Volumetric.* This method employs analyses of physical measurements of rock and fluid properties to calculate the volume of hydrocarbons in-place. The data required are well information sufficient to determine reservoir subsurface datum, thickness, storage volume, fluid content and location. The volumetric method is most applicable to reservoirs which are not susceptible to analysis by production performance or material balance methods. These are most commonly newly developed and/or no-pressure depleting reservoirs. The amount of hydrocarbons in-place that can be recovered is not an integral part of the volumetric calculations but is an estimate inferred by other methods and a knowledge of the nature of the reservoir. Reserve estimates obtained by this method are generally considered to have a low degree of accuracy; but the degree of accuracy can be relatively high where rock quality and subsurface control is good and the nature of the reservoir is uncomplicated.

*Analogy.* This method which employs experience and judgment to estimate reserves, is based on observations of similar situations and includes consideration of theoretical performance. The analogy method is a common approach used for "resource plays," where an abundance of wells with similar production profiles facilitates the reliable estimation of future reserves with a relatively high degree of accuracy. The analogy method may also be applicable where the data are insufficient or so inconclusive that reliable reserve estimates cannot be made by other methods. Reserve estimates obtained in this manner are generally considered to have a relatively low degree of accuracy.

Much of the information used in the estimation of reserves is itself arrived at by the use of estimates. These estimates are subject to continuing change as additional information becomes available. Reserve estimates which presently appear to be correct may be found to contain substantial errors as time passes and new information is obtained about well and reservoir performance.

**APPENDIX**  
**Reserve Definitions and Classifications**

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The Securities and Exchange Commission, in SX Reg. 210.4-10 dated November 18, 1981, as amended on September 19, 1989 and January 1, 2010, requires adherence to the following definitions of oil and gas reserves:

"(22) **Proved oil and gas reserves.** Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations— prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

"(i) The area of a reservoir considered as proved includes: (A) The area identified by drilling and limited by fluid contacts, if any, and (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

"(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

"(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

"(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when: (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (B) The project has been approved for development by all necessary parties and entities, including governmental entities.

"(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

"(6) **Developed oil and gas reserves.** Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

"(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and

"(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

"(31) **Undeveloped oil and gas reserves.** Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

"(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

"(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

"(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

"(18) **Probable reserves.** Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

"(i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.

"(ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.

"(iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

"(iv) See also guidelines in paragraphs (17)(iv) and (17)(vi) of this section (below).

"(17) **Possible reserves.** Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

"(i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.

"(ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.

"(iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.

"(iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.

"(v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.

"(vi) Pursuant to paragraph (22)(iii) of this section (above), where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations."

Instruction 4 of Item 2(b) of Securities and Exchange Commission Regulation S-K was revised January 1, 2010 to state that "a registrant engaged in oil and gas producing activities shall provide the information required by Subpart 1200 of Regulation S-K." This is relevant in that Instruction 2 to paragraph (a)(2) states: "The registrant is *permitted, but not required*, to disclose probable or possible reserves pursuant to paragraphs (a)(2)(iv) through (a)(2)(vii) of this Item."

"(26) **Reserves.** Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

"*Note to paragraph (26):* Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations)."

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## Professional Qualifications of Primary Technical Person

The evaluation summarized by this report was conducted by a proficient team of geologists and reservoir engineers who integrate geological, geophysical, engineering and economic data to produce high quality reserve estimates and economic forecasts. This report was supervised by Todd Brooker, President of Cawley, Gillespie & Associates (CG&A).

Prior to joining CG&A, Mr. Brooker worked in Gulf of Mexico drilling and production engineering at Chevron. Mr. Brooker has been an employee of CG&A since 1992. His responsibilities include reserve and economic evaluations, fair market valuations, field studies, pipeline resource studies and acquisition/divestiture analysis. His reserve reports are routinely used for public company SEC disclosures. His experience includes significant projects in both conventional and unconventional resources in every major U.S. producing basin and abroad, including oil and gas shale plays, coalbed methane fields, waterfloods and complex, faulted structures.

Mr. Brooker graduated with honors from the University of Texas at Austin in 1989 with a Bachelor of Science degree in Petroleum Engineering, and is a registered Professional Engineer in the State of Texas. He is also a member of the Society of Petroleum Engineers (SPE) and the Society of Petroleum Evaluation Engineers (SPEE).

Based on his educational background, professional training and more than 20 years of experience, Mr. Brooker and CG&A continue to deliver professional, ethical and reliable engineering and geological services to the petroleum industry.

CAWLEY, GILLESPIE & ASSOCIATES, INC.  
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