



OTC | LLEX

Corporate Presentation
September 2016

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Premium Assets

Top Shale Plays

Delaware Basin and DJ Basin

Permian Growth Story

Re-entry program allows Permian production ramp with efficient use of capital

High-Quality Reserve Base

Over 500 possible¹ horizontal locations in Delaware Basin with net resource potential² of over 130 Mboe

Operational Summary

Net Acreage	~ 11,200
<i>Delaware Basin</i>	~ 4,000
<i>DJ Basin</i>	~ 7,200
Net Daily Production	~ 550 boe/d
YE 2015 Proved Reserves	860 Mboe

Permian Entry

In June 2016, Lilis entered the Permian Basin through a merger with a distressed Delaware Basin operator

- Acquired producing Permian asset at attractive valuation³
 - \$30,000 per flowing barrel and \$4,100 per acre
- Expanded management team adds value, experience
- Completed \$24 million equity raise
- Recapitalized balance sheet for growth

Market Stats

Share Price⁴	\$2.50
Shares Outstanding	17.2 million
Market Cap	\$43.0 million
Adjusted Shares Outstanding⁵	37.0 million
Adjusted Market Cap	\$92.5 million
Total Enterprise Value⁶	\$96.2 million

1. Possible locations are calculated using required spacing as determined by observing results on wells, how they are being drilled within the play and analysis of Permeability and Porosity on well logs
2. See forward looking statements for explanations of EUR and resource potential
3. Based on transaction value of \$28.3 million, transaction value = consideration paid plus approx fair value of net assets assumed
4. Closing price on September 14, 2016
5. Assumes 18.2 million of potentially converted preferred shares and 1.6 million of potentially converted notes
6. Adjusted Mkt Cap minus cash, plus note payable & LT debt

Investment Highlights

Continue Dual Growth Strategy
Acquire & Develop

- **Acquire:** Target financially distressed companies with economic production and attractive acreage primarily in core area of Permian Basin
- **Develop:** Pursue drilling and recompletion opportunities on a highly selective basis

Proven Management Team

- New management and board have extensive experience and track records of creating substantial shareholder value
- Expanded operating and technical teams bring experience in core basins
- New management and board are highly invested in the company and aligned with shareholders

Strategically
Building Scale

- Built-in economic advantages through existing vertical wellbores, providing attractive well level rates of return
- Selectively expanding position in the Permian Basin, through strategic and acreage acquisitions
- The Delaware Basin is especially attractive for its multi-stack resource plays and favorable economics

Investment Opportunity

- Well positioned for growth following the recapitalization and equity raise
- Management well-aligned with shareholders with substantial equity investment in company
- The company is trading at a discount to Delaware Basin peers

Recent Activity

Increased net production ~250 boe/d during first 45 post closing

Completed

Eight Niobrara wells, Weld County, CO

- Participated in the drilling of 8 Noble operated wells in Wattenberg
- Current production is ~ 90 boe/d

Wolfe #3H & Wolfe #5 Workovers

- Replaced jet pump and repaired ESP
- 100% increase in oil production, initial net production increase ~100 boe/d

Tubb Estate 21-2 Workover

- Replaced rod pump
- Increased production 25 bo/d, up from 4 bo/d

Near-term Capital Plans

Shammo #1 Recompletion

- Testing the lower Wolfcamp
- Complete both C & D formations with uphole recompletion on existing vertical wellbore
- Commence in 4th quarter

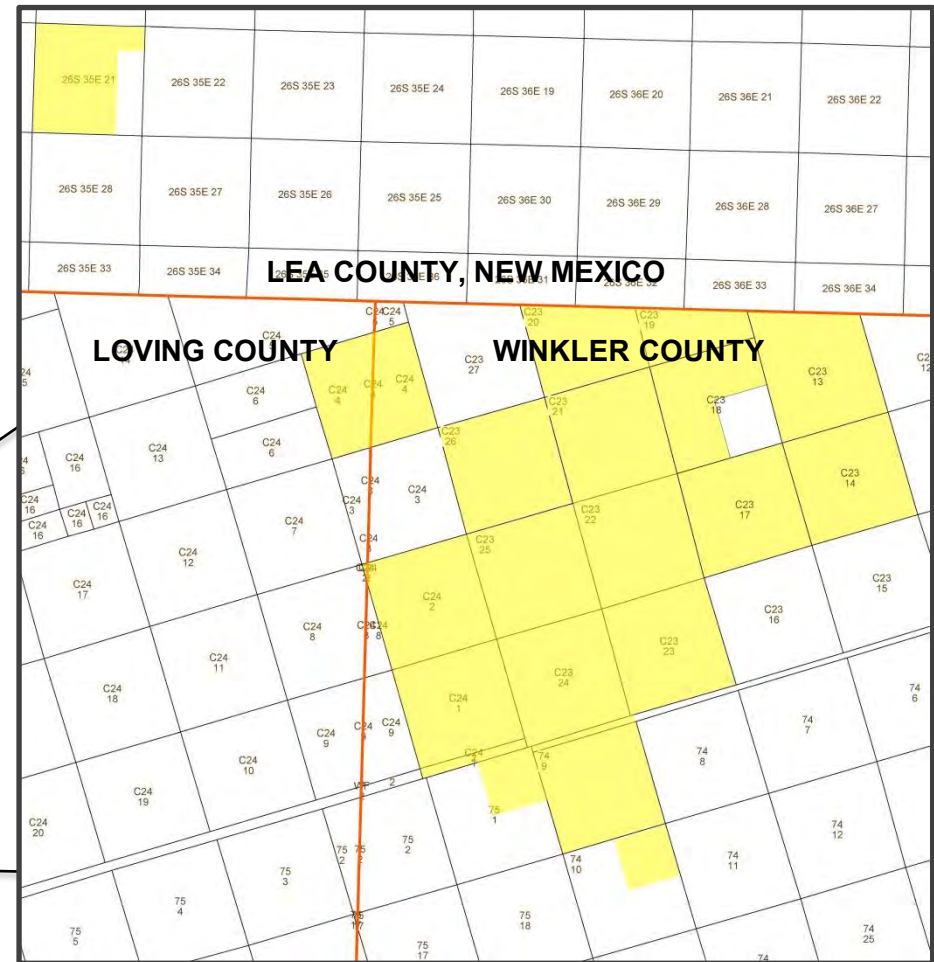
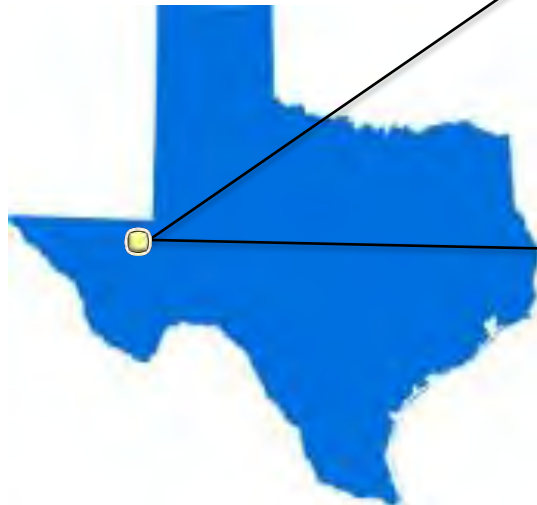
Bison #1H

- Wolfcamp Re-Entry
- Spud in late September

Rig planned to move to next Wolfcamp Re-Entry location

Permian Asset Overview

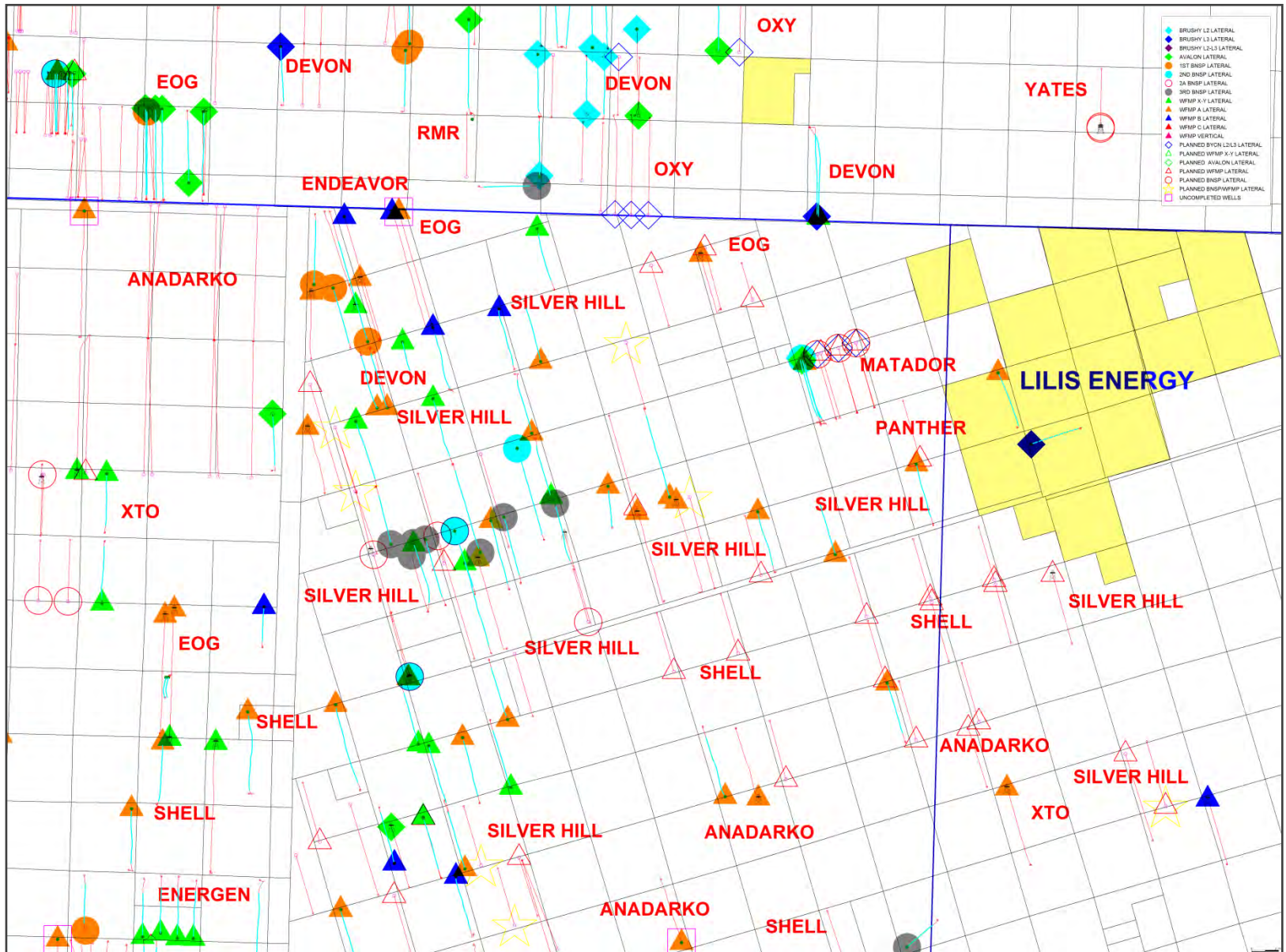
- Contiguous acreage on Loving-Winkler County line in Texas and Lea County, New Mexico
- 10,330 Gross Acres / 3,933 Net acres, 91% HBP
- Current production ~ 450 Boe/d
- 19 vertical wells & 2 Horizontal producing from multiple formations: Wolfcamp, Brushy Canyon, Bell Canyon, Strawn & Atoka
- 12 Horizontal Re-Entries, targeting Wolfcamp, Bone Springs and Avalon
- Over 500 possible¹ Horizontal Locations with net resource potential² of over 130 Mboe



 Lilis Acreage

1. Possible locations are calculated using required spacing as determined by observing results on wells, how they are being drilled within the play and analysis of Permeability and Porosity on well logs
 2. See forward looking statements for explanations of EUR and resource potential

Delaware Offset Map



Strategic Advantage

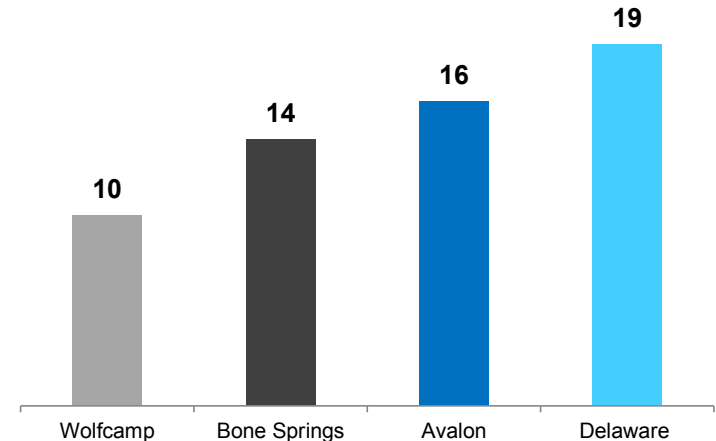
Significant Value in Delaware

- Vertical wellbores allow for horizontal Re-Entry
- Extensive well control
 - No seismic or pilot holes required
- Full suite of logs penetrate **entire** Wolfcamp interval
- Target formation cuttings scientifically analyzed
- Existing ROW agreements in-place, no new ROWs issued
- Field infrastructure in-place

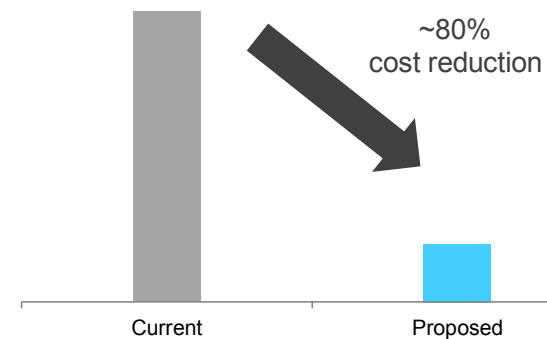
Cost Reduction Initiatives

- Awaiting approvals for salt water disposal well
- Evaluating gas gathering options
 - Ensuring capacity
 - Removing existing rentals

Existing Well Logs

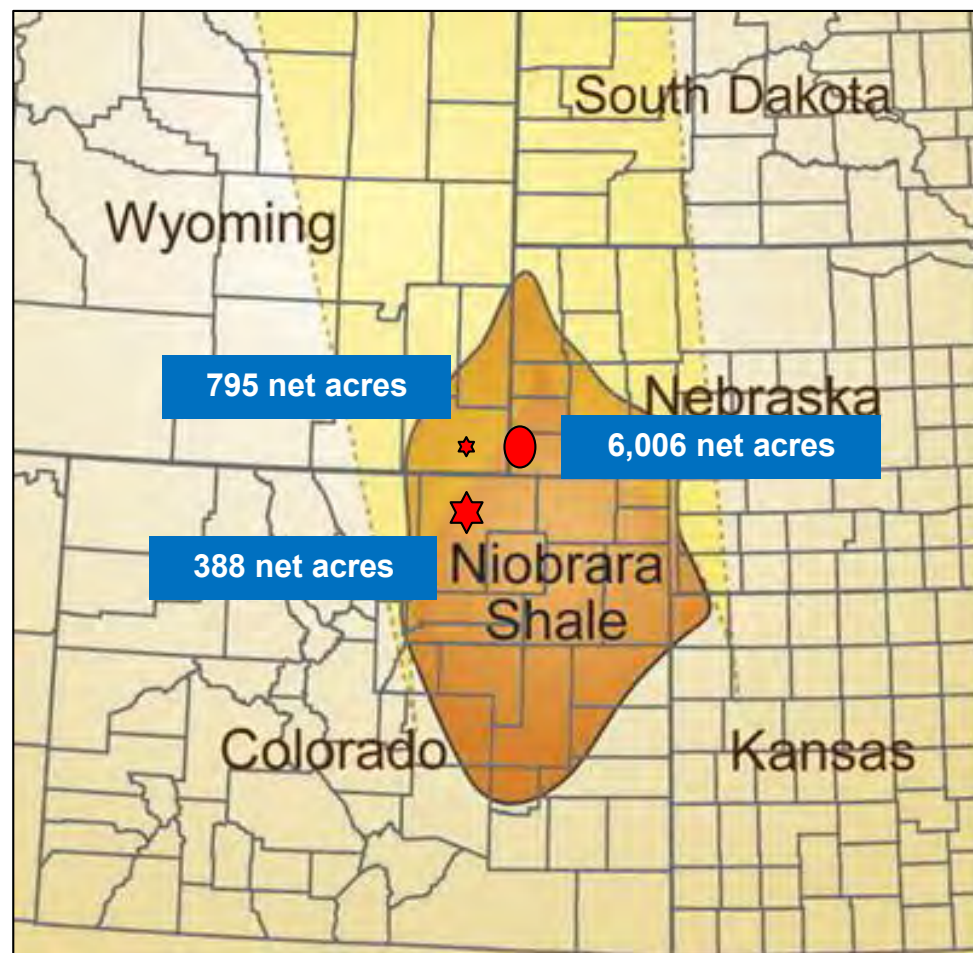


Anticipated SWD Savings



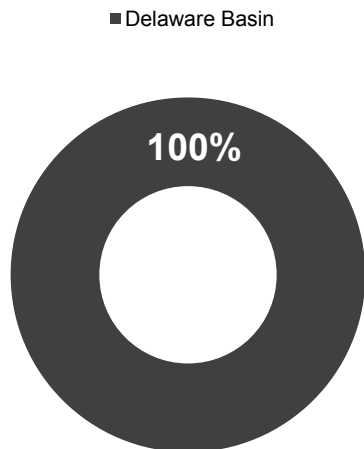
DJ Basin Asset Overview

- Core Wattenberg acreage in Weld County, Colorado
 - 388 Net acres
- Additional DJ Basin acreage in Laramie County, Wyoming and Nebraska
 - 6,801 Net acres
- Current production ~ 100 Boe/d
- 16 producing wells from the Niobrara, Codell, and J Sand
- Recently participated in the drilling of eight new wells
 - Operated by Noble
 - Current Production ~ 90 boe/d
- Near term horizontal development in Weld County, both Niobrara and Codell
- Reviewing strategic alternatives with respect to DJ postion

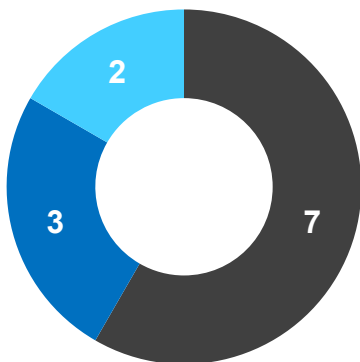


18-Month Development Plans

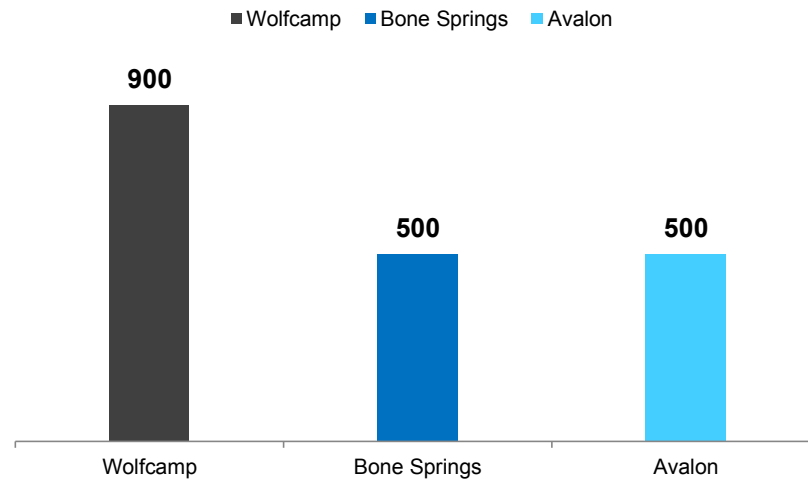
2016 – 2017 Capital Allocation



■ Wolfcamp ■ Bone Springs ■ Avalon



EUR¹ by Formation (Mboe)



Minimizing D&C Cost

- Utilize 12 vertical wellbores to complete re-entry program, targeting three Permian formations
- Re-entry removes need to drill vertical section, ~\$2 million of cost savings per well, enhances returns

Maximizing Resource Recovery

- Evolving drilling and completion techniques, lateral length and well spacing generating significant production and EUR enhancement
- 6 Re-Entry locations capable of testing extended laterals
- Exit 2017 production rate projected over 3,000 boe/d

1. See forward looking statements for explanations of EUR and resource potential

Transaction Comp Valuation

Selected 2016 M&A Permian Basin Transactions ¹

Number of Transactions	15
Mean Transaction Value (\$mm)	\$332.7
Avg. price per boe (\$/boe)	\$52.16
Avg. price per boe/d (\$/boe/d)	\$256,347
Avg. price per Acre (\$/acre)	\$20,366

Implied Permian Asset Value

Implied Value per boe (\$/boe)	\$133 million ²
Implied Value per boe/d (\$/boe/d)	\$115 million ³
Implied Value per Acre (\$/acre)	\$80 million ⁴
Average Implied Asset Value	\$109 million⁵
<i>LLEX Approx Transaction Value</i>	<i>\$28.3 million⁶</i>

1. Source: Credit Suisse

2. Calculated based on Av \$/boe times Proved Reserves plus 6 engineered PUD locations

3. Calculated based on Av \$/boe/d times current Permian production

4. Calculated based on Av \$/acre times Permian net acreage

5. Calculated based on Av of implied values

6. Transaction value of \$28.3 million, transaction value = consideration paid plus approx. fair value of net assets assumed

Conclusion

- Ground floor opportunity to participate in a high-quality E&P company
- Shareholders alignment with a strong management and Board of Directors
- Highly desirable assets in one of the best North American basins which generates attractive economics at \$35 oil
- Low-risk, near-term growth in production, cash flow and reserves
- Substantially discounted equity valuation compared to industry comparables
- Ability to grow organically and to be an opportunistic acquirer

Appendix

Management

- **Ronald D. Ormand, Executive Chairman of the Board** | Brings more than 34 years of industry experience. He has completed over \$25 billion of capital markets and \$10 billion of financial advisory transactions as both a principal and banker. Mr. Ormand was a Co-founder and senior executive at Magnum Hunter Resources Corporation (NYSE: MHR). While with MHR, Mr. Ormand executed a strategy to grow MHR from sub-\$30 million enterprise value to over \$3.2 billion in 4 ½ years. Mr. Ormand has served as a member of numerous Board of Directors, most recently the Executive Chairman of the Board of MLV & Co., where he oversaw and led the acquisition of MLV by FBR Capital Markets (NASDAQ:FBRC).
- **Abraham “Avi” Mirman, Chief Executive Officer and Director** | 20-year background in the securities industry and was appointed CEO in April 2014, after serving as the Company’s President beginning in September 2013. He was appointed to Lilis Energy’s Board of Directors in September 2014. Previously, Mr. Mirman served as the Managing Director, Investment Banking at T.R. Winston & Company, LLC from April 2013 to October 2014. He and TRW completed over \$85.0 million of financing and debt restructuring for Lilis Energy. Between 2006 and 2011, Mr. Mirman served as Chairman of the Board of Cresta Capital Strategies LLC; between 2011 and 2012, he served as Head of Investment Banking at BMA Securities; and between 2012 and February 2013, he served as Head of Investment Banking at John Thomas Financial. Mr. Mirman has extensive experience in financial and securities matters, and obtaining financing for and providing financial advisory services to micro-cap public companies, including oil and gas and other energy companies. He graduated from the State University of New York at Buffalo with a B.S. in Political Science.
- **Michael Pawelek, President and Director** | Over 35 years of exploration and production and oilfield services industries experience. Prior to Lilis, he was the CEO and President of Brushy Resources, Inc., Impetro Resources LLC as well as its predecessor, South Texas Oil Company, a public company. He began his career as a geophysicist with Clayton Williams Company; was a district geophysicist with TXO Production Corporation; founded CPX Petroleum which drilled over 60 wells under his management; founded and was the CEO of Universal Seismic Associates, Inc., which generated annual revenue of \$65 million and had over 400 employees; served as VP of Operations of Amenix USA, Inc., a private exploration and production company focused on oil and natural gas exploration in Louisiana; was President of BOSS Exploration & Production Corporation, a privately held Gulf Coast production company; and served as President of Sonterra Resources, Inc., a company that has oil and natural gas assets in Texas state waters in Matagorda Bay. He received a BS degree in Engineering from Texas A&M.

Management

- **Ed Shaw, Chief Operating Officer** | Mr. Shaw served as the COO of Starboard Resources. He began his career as a systems analyst before becoming involved in the oil and gas industry. He has prior experience in Saudi Arabia and in New Zealand researching and developing methods of monitoring oil wells to optimize production, including using existing products integrated with emerging telemetry technologies. With a strong background in computing and software, Mr. Shaw ensures that the company takes advantage of all softwares and technological advances in the industry. He holds a Diploma in Electrical Engineering.
- **Kevin Nanke, Executive Vice President and Chief Financial Officer** | Joined Lilis Energy in March 2015. Mr. Nanke has served in diverse finance and accounting executive positions in the oil and gas industry for more than 25 years. He previously served as Treasurer and Chief Financial Officer of Delta Petroleum Corporation from 1999 to 2012, and as its Controller from 1995 to 1999. During his tenure, Mr. Nanke helped raise \$1.4 billion in public and private financings and was instrumental in preserving a \$1.3 billion tax loss carry-forward when the company successfully completed a reorganization and emerged as Par Petroleum Corporation in 2011. Concurrent to his positions, Mr. Nanke served as Treasurer and CFO of Delta's E&P subsidiary, Amber Resources, and as Treasurer, CFO and Director of Delta's E&P subsidiary, DHS Drilling Company. Prior to joining Delta, Mr. Nanke was employed by KPMG LLP, a leading global audit, tax and advisory firm. Mr. Nanke received a Bachelor of Arts degree in Accounting from the University of Northern Iowa in 1989 and is a Certified Public Accountant (inactive).
- **Joe Pawelek, Vice President of Corporate Finance and Investor Relations** Prior to joining Lilis Energy, Mr. Pawelek served as Associate and Head of Business Development at Brushy Resources, Inc. since 2012. Mr. Pawelek earned a degree from Baylor University with a Bachelor of Business Administration in Finance and Economics and a Masters in Business Administration from The University of Texas at San Antonio.
- **Ariella Fuchs, General Counsel & Secretary** | Joined Lilis Energy in March 2015. Previously, Ms. Fuchs served as an associate with Baker Botts L.L.P. from April 2013 to February 2015, specializing in securities transactions and corporate governance. From January 2010 to March 2013, she was an associate at White & Case LLP and Dewey and LeBoeuf LLP in the firm's mergers and acquisitions groups. Ms. Fuchs received a J.D. degree from New York Law School and a B.A. degree in Political Science from Tufts University.



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