

**FORM 5**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL	
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Form 3 Holdings Reported.

Form 4 Transactions Reported.

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Hicks George G</u>  (Last) (First) (Middle) <u>901 MARQUETTE AVE. S., SUITE 3300</u>  (Street) <u>MINNEAPOLIS MN 055402</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>LILIS ENERGY, INC. [ LLEX ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)
	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) <u>12/31/2018</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	12/26/2018		J	773,859	D	(1)(2)	47,486,944	I	See footnotes(1)(2)(4)(15)(16)(17)
Common Stock	12/26/2018		J	627,929	A	(1)(2)	47,486,944	I	See footnotes(1)(2)(4)(15)(16)(17)
Common Stock	12/26/2018		J	145,930	A	(1)(2)	47,486,944	I	See footnotes(1)(2)(4)(15)(16)(17)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Series C-1 9.75% Convertible Participating Preferred Stock	\$6.15	12/26/2018		J		13,000	01/30/2018	(12)	Common Stock, \$0.001 par value	2,642,276(5)(6)	(1)(2)	100,000	I	See footnotes(1)(2)(5)(6)(15)(16)(17)
Series C-1 9.75% Convertible Participating Preferred Stock	\$6.15	12/26/2018		J		10,549	01/30/2018	(12)	Common Stock, \$0.001 par value	2,144,106(5)(6)	(1)(2)	100,000	I	See footnotes(1)(2)(5)(6)(15)(16)(17)
Series C-1 9.75% Convertible Participating Preferred Stock	\$6.15	12/26/2018		J		2,451	01/30/2018	(12)	Common Stock, \$0.001 par value	498,171(5)(6)	(1)(2)	100,000	I	See footnotes(1)(2)(5)(6)(15)(16)(17)
Series C-2 9.75% Convertible Participating Preferred Stock	\$6.15	12/26/2018		J		3,250	10/10/2018	(13)	Common Stock, \$0.001 par value	660,569(7)(8)	(1)(2)	25,000	I	See footnotes(1)(2)(7)(8)(15)(16)(17)
Series C-2 9.75% Convertible Participating Preferred Stock	\$6.15	12/26/2018		J		2,637	10/10/2018	(13)	Common Stock, \$0.001 par value	535,976(7)(8)	(1)(2)	25,000	I	See footnotes(1)(2)(7)(8)(15)(16)(17)
Series C-2 9.75% Convertible Participating Preferred Stock	\$6.15	12/26/2018		J		613	10/10/2018	(13)	Common Stock, \$0.001 par value	124,593(7)(8)	(1)(2)	25,000	I	See footnotes(1)(2)(7)(8)(15)(16)(17)
Series D 8.25% Convertible Participating Preferred Stock	\$5.5	12/26/2018		J		5,103	10/10/2018	(14)	Common Stock, \$0.001 par value	1,159,773(9)(10)	(1)(2)	39,254	I	See footnotes(1)(2)(9)(10)(15)(16)(17)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Series D 8.25% Convertible Participating Preferred Stock	\$5.5	12/26/2018		J	4,141		10/10/2018	(14)	Common Stock, \$0.001 par value	841,667 <sup>(9)(10)</sup>	(1)(2)	39,254	I	See footnotes <sup>(1)(2)(9)(10)(15)(16)(17)</sup>
Series D 8.25% Convertible Participating Preferred Stock	\$5.5	12/26/2018		J	962		10/10/2018	(14)	Common Stock, \$0.001 par value	195,528 <sup>(9)(10)</sup>	(1)(2)	39,254	I	See footnotes <sup>(1)(2)(9)(10)(15)(16)(17)</sup>
Convertible Debt	\$5.5	12/27/2018		J		\$14,216,843	10/10/2018	04/26/2021	Common Stock, \$0.001 par value	1,821,958 <sup>(11)</sup>	(3)	\$109,360,329	I	See footnotes <sup>(3)(11)(15)(16)(17)</sup>
Convertible Debt	\$5.5	12/27/2018		J	\$11,535,916.05		10/10/2018	04/26/2021	Common Stock, \$0.001 par value	1,478,385 <sup>(11)</sup>	(3)	\$109,360,329	I	See footnotes <sup>(3)(11)(15)(16)(17)</sup>
Convertible Debt	\$5.5	12/27/2018		J	\$2,680,926.95		10/10/2018	04/26/2021	Common Stock, \$0.001 par value	343,573 <sup>(11)</sup>	(3)	\$109,360,329	I	See footnotes <sup>(3)(11)(15)(16)(17)</sup>

1. Name and Address of Reporting Person\*

Hicks George G

(Last) (First) (Middle)

901 MARQUETTE AVE. S., SUITE 3300

(Street)

MINNEAPOLIS MN 055402

(City) (State) (Zip)

1. Name and Address of Reporting Person\*

Varde Investment Partners (Offshore) Master, L.P.

(Last) (First) (Middle)

901 MARQUETTE AVE. S., SUITE 3300

(Street)

MINNEAPOLIS MN 055402

(City) (State) (Zip)

1. Name and Address of Reporting Person\*

Varde Fund VI-A, L.P.

(Last) (First) (Middle)

901 MARQUETTE AVE. S., SUITE 3300

(Street)

MINNEAPOLIS MN 055402

(City) (State) (Zip)

1. Name and Address of Reporting Person*		
<a href="#">VARDE INVESTMENT PARTNERS LP</a>		
(Last)	(First)	(Middle)
901 MARQUETTE AVE. S., SUITE 3300		
(Street)		
MINNEAPOLIS	MN	055402
(City) (State) (Zip)		
1. Name and Address of Reporting Person*		
<a href="#">Varde Investment Partners G.P., LLC</a>		
(Last)	(First)	(Middle)
901 MARQUETTE AVE. S., SUITE 3300		
(Street)		
MINNEAPOLIS	MN	055402
(City) (State) (Zip)		
1. Name and Address of Reporting Person*		
<a href="#">VARDE PARTNERS LP</a>		
(Last)	(First)	(Middle)
901 MARQUETTE AVE. S., SUITE 3300		
(Street)		
MINNEAPOLIS	MN	055402
(City) (State) (Zip)		
1. Name and Address of Reporting Person*		
<a href="#">VARDE PARTNERS INC</a>		
(Last)	(First)	(Middle)
901 MARQUETTE AVE. S., SUITE 3300		
(Street)		
MINNEAPOLIS	MN	055402
(City) (State) (Zip)		

**Explanation of Responses:**

- Pursuant to the Assignment and Assumption Agreement, dated as of December 26, 2018 (the "Common and Preferred Stock Assignment and Assumption Agreement"), by and among The Varde Skyway Master Fund, L.P. ("Skyway Fund"), The Varde Skyway Mini-Master Fund, L.P. ("Mini-Master") and The Varde Skyway Fund, L.P. ("Varde Skyway Fund"), Skyway Fund assigned all of the Skyway Fund's rights and interest in and to the Securities Purchase Agreement, dated as of January 30, 2018 (the "Securities Purchase Agreement"), by and among the Issuer and The Varde Fund XI (Master), L.P. ("Fund XI"), The Varde Fund XII (Master), L.P. ("Fund XII"), Skyway Fund, Varde Investment Partners, L.P. ("VIP"), Varde Investment Partners (Offshore) Master, L.P. ("VIPO") and the Varde Fund VI-A L.P. ("Fund VI-A" and, collectively with Fund XI, Fund XII, VIP, VIPO, and Fund VI-A, the "Varde Parties"), the Registration Rights Agreement, dated as of April 26, 2017,
- (Continued from Footnote 1) by and among the Issuer and the Varde Parties (the "Registration Rights Agreement"), the Transaction Agreement, dated as of October 10, 2018 (the "Transaction Agreement"), by and among the Issuer and the Varde Parties, and the Registration Rights Agreement, dated as of October 10, 2018, by and among the Issuer and the Varde Parties (the "October 10, 2018 Registration Rights Agreement") to each of Mini-Master Skyway Fund and Varde Skyway Fund and each of Mini-Master Skyway Fund and Varde Skyway Fund, respectively, assumed Skyway Fund's duties and obligations under each of the Securities Purchase Agreement, the Registration Rights Agreement, the Transaction Agreement and the October 10, 2018 Registration Rights Agreement.
- Pursuant to the Assignment and Assumption dated as of December 27, 2018, by and among Skyway Fund and Mini-Master Skyway Fund, and the Assignment and Assumption dated as of December 27, 2018, by and among Skyway Fund and Varde Skyway Fund (collectively, the "Term Loan Assignments and Assumptions"), Skyway Fund assigned all of the Skyway Fund's rights and interest in and to the Credit Agreement, dated as of April 26, 2017, by and among the Issuer, certain subsidiaries of the Issuer, as guarantors, and VIP, VIPO, Fund XII, Fund XI, Skyway Fund and Fund VI-A as lenders (the "Term Loan Credit Agreement") to each of Mini-Master Skyway Fund and Varde Skyway Fund and each of Mini-Master Skyway Fund and Varde Skyway Fund, respectively, assumed Skyway Fund's duties and obligations under the Term Loan Credit Agreement.
- Pursuant to the Common Stock and Preferred Stock Assignment and Assumption Agreement, Skyway Fund assigned (i) 627,929 shares of Common Stock to Mini-Master for no consideration and (ii) 145,930 shares of Common Stock to Varde Skyway Fund for no consideration. The assignment of the securities may not be considered a sale of securities under Section 16(b).
- Pursuant to the Common Stock and Preferred Stock Assignment and Assumption Agreement, Skyway Fund assigned (i) 10,549 shares of Series C-1 9.75% Convertible Participating Preferred Stock ("Series C-1 Preferred Stock") to Mini-Master for no consideration and (ii) 2,451 shares of Series C-1 Preferred Stock to Varde Skyway Fund for no consideration. The assignment of the securities may not be considered a sale of securities under Section 16(b). The amount reported reflects the amount of shares of Common Stock issuable upon conversion of the Series C-1 Preferred Stock. The Issuer has the right to redeem the Series C-1 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) stated value of \$1,000, subject to increase in connection with the payment of dividends (the "Series C-1 Stated Value") then in effect multiplied by (a) 120% if redeemed during 2018, (b) 125% if redeemed during 2019,

6. (Continued from Footnote 5) or (c) 130% if redeemed after 2019 plus (ii) accrued and unpaid dividends thereon and any other amounts payable by the Issuer in respect thereof (the "Series C-1 Optional Redemption Amount"). Each share of Series C-1 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-1 Optional Redemption Amount divided by (ii) a conversion price of \$6.15, subject to adjustment (the "Series C-1 Conversion Price"). Following the closing of the Share Purchase Agreement (the "Closing Date"), the aggregate number of shares of Series C-1 Preferred Stock became immediately convertible into 23,325,203 shares of Common Stock, based on an initial Series C-1 Conversion Price of \$6.15 and the Initial Series C-1 Optional Redemption Amount of 120% of the Series C-1 Stated Value.
7. Pursuant to the Common Stock and Preferred Stock Assignment and Assumption Agreement, Skyway Fund assigned (i) 2,637 shares of Series C-2 9.75% Convertible Participating Preferred Stock ("Series C-2 Preferred Stock") to Mini-Master for no consideration and (ii) 613 shares Series C-2 Preferred Stock to Varde Skyway Fund for no consideration. The assignment of the securities may not be considered a sale of securities under Section 16(b). The amount reported reflects the amount of shares of Common Stock issuable upon conversion of the Series C-2 Preferred Stock. The Issuer has the right to redeem the Series C-2 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) stated value of \$1,000, subject to increase in connection with the payment of dividends (the "Series C-2 Stated Value") then in effect multiplied by (a) 120% if redeemed during 2018, (b) 125% if redeemed during 2019,
8. (Continued from Footnote 7) or (c) 130% if redeemed after 2019 plus (ii) accrued and unpaid dividends thereon and any other amounts payable by the Issuer in respect thereof (the "Series C-2 Optional Redemption Amount"). Each share of Series C-2 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-2 Optional Redemption Amount divided by (ii) a conversion price of \$6.15, subject to adjustment (the "Series C-2 Conversion Price"). Following the closing of the Transaction Agreement (the "Closing Date"), the aggregate number of shares of Series C-2 Preferred Stock became immediately convertible into 4,878,049 shares of Common Stock, based on an initial Series C-2 Conversion Price of \$6.15 and the initial Series C-2 Optional Redemption Amount of 120% of the Series C-2 Stated Value.
9. Pursuant to the Common Stock and Preferred Stock Assignment and Assumption Agreement, Skyway Fund assigned (i) 4,141 shares of Series D 8.25% Convertible Participating Preferred Stock ("Series D Preferred Stock") to Mini-Master for no consideration and (ii) 962 shares of Series D Preferred Stock to Varde Skyway Fund for no consideration. The assignment of the securities may not be considered a sale of securities under Section 16(b). The amount reported reflects the amount of shares of Common Stock issuable upon conversion of the Series D Preferred Stock. The Issuer 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) stated value of \$1,000, subject to increase in connection with the payment of dividends (the "Series D Stated Value") then in effect multiplied by 117.5%, plus (ii) accrued and unpaid dividends thereon and any other amounts payable by
10. (Continued from Footnote 9) the Issuer in respect thereof (the "Series D Optional Redemption Amount"). 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 applicable Series D Optional Redemption Amount divided by (ii) a conversion price of \$5.50, subject to adjustment (the "Series D Conversion Price"). Following the Closing Date, the aggregate number of shares of Series D Preferred Stock became immediately convertible into 8,386,082 shares of Common Stock, based on an initial Series D Conversion Price of \$5.50 and the initial Series D Optional Redemption Amount of 117.5% of the Series D Stated Value.
11. Pursuant to the Term Loan Assignments and Assumptions, Skyway Fund assigned (i) \$11,535,916.05 of principal amount of the Term Loan (as defined in the the Term Loan Credit Agreement) to Mini-Master for no consideration and (ii) \$2,680,926.95 in principal amount of the Term Loan to Varde Skyway Fund for no consideration. The amount reported reflects the amount of shares of Common Stock issuable to the Reporting Persons upon conversion of the Term Loan as of October 31, 2018.
12. The Series C-1 Preferred Stock is perpetual and has no expiration date.
13. The Series C-2 Preferred Stock is perpetual and has no expiration date.
14. The Series D Preferred Stock is perpetual and has no expiration date.
15. Reflects securities held directly or indirectly by Fund XI, Fund XII, Skyway Fund, Mini-Master, Varde Skyway Fund, VIPO, Fund VI-A and VIP. The Varde Fund XI G.P., LLC ("Fund XI GP") is the general partner of Fund XI. The Varde Fund XII G.P., L.P. ("Fund XII GP") is the general partner of Fund XII, and The Varde Fund XII UGP, LLC ("Fund XII UGP") is the general partner of Fund XII GP. The Varde Skyway Fund G.P., LLC ("Skyway Fund GP") is the general partner of Skyway Fund, Mini-Master and Varde Skyway Fund. Varde Investment Partners G.P., LLC ("VIP GP") is the general partner of VIPO. VIP GP is the general partner of Fund VI-A. VIP GP is the general partner of Fund VIP. Varde Partners, L.P. ("Managing Member") is the managing member of each of Fund XI GP, Fund XII UGP, Skyway Fund GP and VIP GP. Varde Partners, Inc. ("General Partner") is the general partner of the Managing Member. Following the transaction described above,
16. (Continued from Footnote 15) George G. Hicks may be deemed to beneficially own all of the securities which may be acquired upon conversion of the Series C-1 Preferred Stock, Series C-2 Preferred Stock, the Series D Preferred Stock and the Term Loan because, as the chief executive officer of the General Partner, he may be deemed to have voting and/or dispositive power over such securities. Each of the Reporting Persons (other than to the extent it directly holds securities reported herein) disclaims beneficial ownership of the securities held by the other Reporting Persons, except to the extent of such Reporting Person's pecuniary interest therein, and, pursuant to Rule 16a-1(a)(4) under the Securities Exchange Act of 1934,
17. (Continued from Footnote 16) each of the Reporting Persons (other than to the extent it directly holds securities reported herein) states that the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of all of the reported securities for purposes of Section 16 or for any other purpose.

**Remarks:**

Due to limitations of the electronic filing system, certain Reporting Persons are filing a separate Form 4. Markus Specks, Managing Director of Varde Partners, Inc., and John Johanning, Director of Varde Partners, Inc., serve on the Issuer's Board of Directors as the Varde Parties' representatives. Therefore, for purposes of Section 16 of the Securities Exchange Act of 1934, the Reporting Persons may be deemed directors by deputization of the Issuer.

[VARDE INVESTMENT PARTNERS \(OFFSHORE\) MASTER, L.P., By: Varde Investment Partners G.P., LLC, Its General Partner, By: Varde Partners, L.P., By: Varde Partners, Inc., By: /s/ David A. Marple, Name: David A. Marple, Title: General Counsel](#)

[THE VARDE FUND VI-A, L.P., By: Varde Investment Partners G.P., LLC, Its General Partner, By: Varde Partners, L.P., Its Managing Member, By: Varde Partners, Inc., Its General Partner, By: /s/ David A. Marple, Name: David A. Marple, Title: General Counsel](#) 02/14/2019

[VARDE INVESTMENT PARTNERS, L.P., By: Varde Investment Partners G.P., LLC, Its General Partner, By: Varde Partners, L.P., Its Managing Member, By: Varde Partners, Inc., By: /s/ David A. Marple, Name: David A. Marple, Title: General Counsel](#) 02/14/2019

VARDE INVESTMENT PARTNERS G.P., LLC, By: Varde Partners, L.P., Its Managing Member, By: Varde Partners, Inc., Its General Partner, By: /s/ David A. Marple, Name: David A. Marple, Title: General Counsel 02/14/2019

VARDE PARTNERS, L.P., By: Varde Partners, Inc., Its General Partner, By: /s/ David A. Marple, Name: David A. Marple, Title: General Counsel 02/14/2019

VARDE PARTNERS, INC., By: /s/ David A. Marple, Name: David A. Marple, Title: General Counsel 02/14/2019

\*\* Signature of Reporting Person      Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.**