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

SCHEDULE 13D

under the Securities Exchange Act of 1934
(Amendment No. 10)

LILIS ENERGY, INC.
(Name of Issuer)

Common Stock, Par Value \$0.0001
(Title of Class of Securities)

532403201
(CUSIP Number)

David A. Marple
Värde Partners, Inc.
901 Marquette Ave. S, Suite 3300
Minneapolis, MN 55402
(952) 893-1554
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

Copies to:

Julian J. Seiguer
Kirkland & Ellis LLP
609 Main Street
Houston, TX 77002
(713) 836-3600

January 10, 2020
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended ("Securities Exchange Act") or otherwise subject to the liabilities of that section of the Securities Exchange Act but shall be subject to all other provisions of the Securities Exchange Act (however, see the Notes).

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person The Värde Fund XI (Master), L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 20,505,097 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 9,815,271 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 20,505,097 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 20.0%* | |
| (14) | Type of reporting person (see instructions): PN | |

* The ownership percentage has been calculated based on an aggregate total of 91,736,516 shares of Common Stock (as defined below) issued and outstanding as of November 6, 2019, plus the 25,696,698 shares of Common Stock, rounded up to the nearest share, beneficially owned in connection with the Series E Preferred Stock as of the date hereof.

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person The Värde Fund XI G.P., LLC | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 20,505,097 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 9,815,271 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 20,505,097 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 20.0%* | |
| (14) | Type of reporting person (see instructions): OO | |

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person The Värde Fund XII (Master), L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 14,590,166 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 6,983,943 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 14,590,166 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 14.7%* | |
| (14) | Type of reporting person (see instructions): PN | |

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person The Värde Fund XII G.P., L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 14,590,166 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 6,983,943 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 14,590,166 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 14.7%* | |
| (14) | Type of reporting person (see instructions): PN | |

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person The Värde Fund XII UGP, LLC | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 14,590,166 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 6,983,943 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 14,590,166 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 14.7%* | |
| (14) | Type of reporting person (see instructions): OO | |

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person The Värde Skyway Mini-Master Fund, L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Cayman Islands | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 5,199,438 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 2,488,865 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 5,199,438 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 5.5%* | |
| (14) | Type of reporting person (see instructions): PN | |

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|---|---|------------------------------------|
| (1) | Name of reporting person The Värde Skyway Fund, L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 1,208,404 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 578,407 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 1,208,404 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 1.3%* | |
| (14) | Type of reporting person (see instructions): PN | |

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|---|---|--------------------------------------|
| (1) | Name of reporting person The Värde Skyway Fund G.P., LLC | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 6,407,842 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 3,067,272 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 6,407,842 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 6.7%* | |
| (14) | Type of reporting person (see instructions): OO | |

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person Värde Investment Partners (Offshore) Master, L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Cayman Islands | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 2,957,466 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 1,415,664 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 2,957,466 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 3.2%* | |
| (14) | Type of reporting person (see instructions): PN | |

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|---|---|------------------------------------|
| (1) | Name of reporting person The Värde Fund VI-A, L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 1,478,733 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 707,832 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 1,478,733 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 1.6%* | |
| (14) | Type of reporting person (see instructions): PN | |

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person Värde Investment Partners, L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 3,351,795 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 1,604,419 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 3,351,795 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 3.6%* | |
| (14) | Type of reporting person (see instructions): PN | |

| | | |
|---|---|--------------------------------------|
| (1) | Name of reporting person Värde Investment Partners G.P., LLC | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 7,787,994 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 3,727,915 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 7,787,994 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 8.1%* | |
| (14) | Type of reporting person (see instructions): OO | |

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|---|---|---------------------------------------|
| (1) | Name of reporting person Värde Partners, L.P. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 49,291,099 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 23,594,401 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 49,291,099 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 42.0%* | |
| (14) | Type of reporting person (see instructions): PN | |

| | | |
|---|---|---------------------------------------|
| (1) | Name of reporting person Värde Partners, Inc. | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: Delaware | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 49,291,099 |
| | (8) | Shared voting power: 0 |
| | (9) | Sole dispositive power: 23,594,401 |
| | (10) | Shared dispositive power: 0 |
| (11) | Aggregate amount beneficially owned by each reporting person: 49,291,099 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 42.0%* | |
| (14) | Type of reporting person (see instructions): CO | |

| | | |
|---|---|---|
| (1) | Name of reporting person George G. Hicks | |
| (2) | Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| (3) | SEC use only: | |
| (4) | Source of funds (see instructions): OO | |
| (5) | Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e): <input type="checkbox"/> | |
| (6) | Citizenship or place of organization: United States | |
| Number of shares beneficially owned by each reporting person with | (7) | Sole voting power: 0 |
| | (8) | Shared voting power: 49,291,099 |
| | (9) | Sole dispositive power: 0 |
| | (10) | Shared dispositive power: 23,594,401 |
| (11) | Aggregate amount beneficially owned by each reporting person: 49,291,099 | |
| (12) | Check if the aggregate amount in Row (11) excludes certain shares: (see instructions) <input type="checkbox"/> | |
| (13) | Percent of class represented by amount in Row (11): 42.0%* | |
| (14) | Type of reporting person (see instructions): IN | |

SCHEDULE 13D**Item 1. Security and Issuer**

This Schedule 13D relates to the common stock (the “Common Stock”), par value \$0.0001 per share, of Lilis Energy, Inc., a Nevada corporation (the “Issuer”). The Issuer has its principal executive offices at 201 Main St, Suite 700 Fort Worth, TX 76102.

This Amendment No. 10 (“Amendment No. 10”) amends and supplements the Schedule 13D filed by the Reporting Persons on May 8, 2017, as amended by Amendment No. 1 to Schedule 13D filed by the Reporting Persons on July 14, 2017, as amended by Amendment No. 2 to Schedule 13D filed by the Reporting Persons on August 12, 2017, as amended by Amendment No. 3 to Schedule 13D filed by the Reporting Persons on November 17, 2017, as amended by Amendment No. 4 to Schedule 13D filed by the Reporting Persons on January 8, 2018, as amended by Amendment No. 5 to Schedule 13D filed by the Reporting Persons on February 2, 2018, as amended by Amendment No. 6 to Schedule 13D filed by the Reporting Persons on October 16, 2018, as amended by Amendment No. 7 to Schedule 13D filed by the Reporting Persons on December 28, 2018, as amended by Amendment No. 8 to Schedule 13D filed by the Reporting Persons on March 29, 2019, and as amended by Amendment No. 9 to Schedule 13D filed by the Reporting Persons on December 10, 2019 (as so amended through this Amendment No. 10, the “Schedule 13D”).

Except as specifically provided herein, this Amendment No. 10 does not modify any of the information previously reported on the Schedule 13D. Capitalized terms used but not otherwise defined in this Amendment No. 10 shall have the meanings ascribed to them in the Schedule 13D. The filing of this Amendment No. 10 shall not be construed to be an admission by the Reporting Persons that a material change has occurred in the facts set forth in the Schedule 13D or that this Amendment No. 10 is required under Rule 13d-2 of the Securities Exchange Act.

Item 2. Identity and Background

No change.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 of the Schedule 13D is hereby supplemented as follows:

The Reporting Persons anticipate that approximately \$0.25 per share of Common Stock will be expended in acquiring all of the outstanding share capital of the Issuer not already owned by the Reporting Persons, excluding fees and expenses.

Item 4. Purpose of Transaction

Item 4 of the Schedule 13D is hereby supplemented by adding the following:

On January 10, 2020, certain of the Reporting Persons submitted a preliminary non-binding offer (the “Non-Binding Offer”) to a special committee of the board of directors of the Issuer for the acquisition of all of the outstanding publicly held shares of common stock of the Issuer not already owned by the Reporting Persons in cash (the “Acquisition”).

The Reporting Persons indicated in the Non-Binding Offer that it is prepared to expeditiously negotiate and finalize the terms of the Acquisition in definitive agreements. The Non-Binding Offer also provided that no binding obligation on the part of the Issuer or the Reporting Persons shall arise with respect to the Acquisition unless and until definitive agreements have been executed and the Non-Binding Offer and its terms may be rescinded or modified at any time.

If the Acquisition is completed, the Issuer’s Common Stock would become eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act and would be delisted from the NYSE American.

This summary of the Non-Binding Offer in this Amendment No. 10 is not intended to be complete and is qualified in its entirety by reference to the full text of the Non-Binding Offer, a copy of which is attached hereto as Exhibit A.

Item 5. Interest in Securities of the Issuer

The last three paragraphs of each of Items 5(a) and 5(b) of the Schedule 13D are hereby replaced in their entirety with the following.

(a) The Reporting Persons beneficially own 49,291,099 shares of Common Stock, representing 42.0% of the outstanding shares.

The number of shares of Common Stock beneficially owned in connection with the Series E Preferred Stock is based upon an initial aggregate stated value of \$60,000,000, plus \$4,241,744 of dividends paid-in-kind, divided by the initial conversion price of \$2.50, with respect to sole voting power. With respect to dispositive power, the Common Stock beneficially owned excludes 25,696,698 shares of Common Stock with respect to which the Reporting Persons may be entitled to shared dispositive power in connection with the Series E Preferred Stock.

The ownership percentage appearing on such cover pages has been calculated based on an aggregate total of 91,736,516 shares of Common Stock issued and outstanding as of November 6, 2019, plus the 25,696,698 shares of Common Stock beneficially owned by the Reporting Persons in connection with the Series E Preferred Stock as of the date hereof.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of Issuer

Item 6 of the Schedule 13D is hereby supplemented as follows:

The description of the Non-Binding Offer under Item 4 is incorporated herein by reference.

Item 7. Material to Be Filed As Exhibits

Item 7 of the Schedule 13D is hereby supplemented as follows:

Exhibit A Non-Binding Offer to the Issuer, dated January 10, 2020.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated as of January 13, 2020

THE VÄRDE FUND XI (Master), L.P.

By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: /s/ David A. Marple _____

Name: David A. Marple

Title: General Counsel

THE VÄRDE FUND XI G.P., LLC

By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: /s/ David A. Marple _____

Name: David A. Marple

Title: General Counsel

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

By: /s/ David A. Marple _____

Name: David A. Marple

Title: General Counsel

THE VÄRDE FUND XII G.P., L.P.

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

By: /s/ David A. Marple _____

Name: David A. Marple

Title: General Counsel

THE VÄRDE FUND XII UGP, LLC

By: Värde Partners, L.P., Its Managing Member

By: Värde Partners, Inc., Its General Partner

By: /s/ David A. Marple

Name: David A. Marple

Title: General Counsel

THE VÄRDE SKYWAY MINI-MASTER FUND, L.P.

By: Värde Skyway Fund G.P., LLC, Its General Partner

By: Värde Partners, L.P., Its Managing Member

By: Värde Partners, Inc., Its General Partner

By: /s/ David A. Marple

Name: David A. Marple

Title: General Counsel

THE VÄRDE SKYWAY FUND, L.P.

By: Värde Skyway Fund G.P., LLC, Its General Partner

By: Värde Partners, L.P., Its Managing Member

By: Värde Partners, Inc., Its General Partner

By: /s/ David A. Marple

Name: David A. Marple

Title: General Counsel

THE VÄRDE SKYWAY FUND G.P., LLC

By: Värde Partners, L.P., Its Managing Member

By: Värde Partners, Inc., Its General Partner

By: /s/ David A. Marple

Name: David A. Marple

Title: General Counsel

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

By: /s/ David A. Marple

Name: David A. Marple
Title: General Counsel

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

By: /s/ David A. Marple

Name: David A. Marple
Title: General Counsel

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

By: /s/ David A. Marple

Name: David A. Marple
Title: General Counsel

VÄRDE INVESTMENT PARTNERS G.P., LLC

By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: /s/ David A. Marple

Name: David A. Marple
Title: General Counsel

VÄRDE PARTNERS, L.P.

By: Värde Partners, Inc., Its General Partner

By: /s/ David A. Marple

Name: David A. Marple
Title: General Counsel

VÄRDE PARTNERS, INC.

By: /s/ David A. Marple

Name: **David A. Marple**

Title: **General Counsel**

GEORGE G. HICKS

By: /s/ George G. Hicks

Name: **George G. Hicks**



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January 10, 2020

Special Committee of the Board of Directors
Lilis Energy, Inc.
201 Main Street, Suite 700
Fort Worth, Texas 76102

Attn: Members of the Special Committee (the "Special Committee") of the Board of Directors of Lilis Energy, Inc. (the "Board")

Re: Possible acquisition of all outstanding publicly held shares of common stock of Lilis Energy, Inc.

Ladies and Gentlemen:

Värde Partners, Inc., on behalf of certain of its affiliated private funds and investment vehicles ("Värde"), is pleased to submit this non-binding offer (this "Non-Binding Offer") to Lilis Energy, Inc. ("Lilis" or the "Company") regarding a possible transaction pursuant to which an affiliate of Värde ("Värde SPV") would acquire all of the outstanding shares of common stock of Lilis ("Common Stock") not already owned by Värde and its affiliates (the "Transaction"), as described in more detail below.

Värde and certain of its affiliates beneficially own, as of January 10, 2020, in the aggregate on a non-voting basis, 49,291,099 shares of Common Stock, representing approximately 42.0% of the total shares of Common Stock of Lilis, and all of the issued and outstanding shares of Series C-1 Participating Preferred Stock, Series C-2 Participating Preferred Stock, Series D Participating Preferred Stock, Series E Convertible Participating Preferred Stock and Series F Participating Preferred Stock. Subject to confirmatory due diligence and the negotiation and execution of a definitive agreement containing terms and conditions customary for a transaction of the type set out in this letter and based on the current capitalization of Lilis, we are pleased to offer \$0.25 in cash in exchange for each issued and outstanding share of Common Stock of Lilis as of the date of this Non-Binding Offer that is not directly owned by Värde and its affiliates.

Although we have been and remain supportive of the Special Committee's work in exploring strategic alternatives, we believe that mounting liquidity concerns necessitate prompt action. Our proposed Transaction will enable the Company to address these and other concerns and forge a definitive, positive path forward for itself and its shareholders. Further, this Transaction presents an opportunity for Lilis shareholders to realize all-cash consideration for their shares of Common Stock at a fair price in this extremely challenging and volatile market. These opportunities may not otherwise be available given continuing issues facing Lilis and the industry and the lack of known viable and timely sale or third party financing opportunities. Accordingly, we believe the Transaction offers the best path forward for Lilis and its shareholders as compared to other strategic alternatives that may not be in the best interests of the Company and may ultimately be dilutive or value destructive to the shareholders.

1. Structure.

The Transaction would be structured as a merger between Lilis and a subsidiary of Värde SPV, with Lilis surviving the merger as a wholly owned subsidiary of Värde SPV.

2. Process and Timeline.

This Non-Binding Offer will expire on February 17, 2020. While we expect that the Special Committee will evaluate and negotiate the proposed Transaction with its independent advisors, we believe that time is of the essence. Given our familiarity with the Company, we believe we can complete our confirmatory due diligence in an expedited manner once we are provided the appropriate information. We anticipate negotiating definitive documentation while progressing due diligence, with the aim of entering into a merger agreement expeditiously. We understand that the Special Committee will continue its efforts to explore strategic alternatives consistent with the liquidity needs and timing of the Company, but we believe the Transaction presents the best opportunity for Lilis and its shareholders.

In connection with the proposed Transaction and delivery of this Non-Binding Offer, Värde also requests that the Special Committee facilitate communications among Lilis, its lenders and Värde to discuss the Transaction and the optimal post-Transaction capitalization of Lilis.

3. Key Assumptions.

The principal terms set out above are based on the following key assumptions:

- (a) Värde SPV and Lilis would enter into a definitive merger agreement or other similar agreement (the "Definitive Agreement") that would set out all of the terms and conditions relevant to the Transaction.
- (b) Värde SPV would obtain customary debt and equity financing on reasonable terms, which Värde expects to procure on an expedited basis and prior to signing.
- (c) The Transaction would be subject to customary closing conditions, such as customary regulatory and third party approvals (if required), a bring down of fundamental representations and warranties, absence of a material adverse effect and performance of covenants, among others.
- (d) The Transaction would be subject to the recommendation of the Special Committee and final approval by the Board and the Värde Investment Committee.
- (e) The closing of the Transaction would be subject to approval by the requisite Lilis shareholders.

4. Disclosures.

Monday morning, Värde and its affiliates intend to file an amended Schedule 13D as required under applicable securities laws and regulations, which such filing will disclose this Non-Binding Offer.

5. Legal Effect.

This Non-Binding Offer is not intended to, and does not, constitute or create any legally binding obligations or liabilities (including as to negotiations) on the part of Värde or any of its affiliates. A binding obligation of Värde or any of its affiliates to effect the Transaction shall be created only upon the execution and delivery by Värde SPV and Lilis of a Definitive Agreement. Värde and its affiliates reserve their right to withdraw this Non-Binding Offer at any time, for any reason, at their sole discretion. We continue to evaluate all options as a stockholder of Lilis and reserve all rights with respect thereto and under the Waiver Agreement dated December 10, 2019.

Värde is well positioned to negotiate and complete the Transaction, including obtaining any required financing, in an expeditious manner. After receipt of this Non-Binding Offer and, if this Non-Binding Offer is acceptable to Lilis, Värde and its affiliates, together with their advisors, are prepared to begin negotiating the Definitive Agreement and any related agreements with Lilis and the Special Committee in respect to the Transaction.

We look forward to receiving the Special Committee's response to this Non-Binding Offer and stand prepared to discuss our analysis of the potential Transaction with the Special Committee and its advisors and any other representatives of Lilis and the Special Committee at their convenience.

[Signature Page Follows]

Sincerely,

VÅRDE PARTNERS, INC., on behalf of certain of its
affiliated private funds and investment vehicles

By: /s/ Markus Specks

Name: Markus Specks

Title: Managing Director

[Signature Page to Non-Binding Offer]