

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

OMB APPROVAL	
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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>CARSTAIRS ILFRYN</u>  (Last) (First) (Middle) 6 BATTERY ROAD #21-01  (Street) SINGAPORE U0 049909  (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 02/19/2020	3. Issuer Name and Ticker or Trading Symbol <u>LILIS ENERGY, INC. [ LLEX ]</u>	
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable)  Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)	5. If Amendment, Date of Original Filed (Month/Day/Year)  6. Individual or Joint/Group Filing (Check Applicable Line) Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	23,594,401	I	See Footnotes <sup>(1)(2)</sup>

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Series E 8.25% Convertible Participating Preferred Stock	03/05/2019	(5)	Common Stock, \$0.0001 par value	25,696,698 <sup>(2)</sup>	1,000	I	See footnotes <sup>(1)(2)(3)(4)(6)(7)(8)</sup>

1. Name and Address of Reporting Person* <u>CARSTAIRS ILFRYN</u>  (Last) (First) (Middle) 6 BATTERY ROAD #21-01  (Street) SINGAPORE U0 049909  (City) (State) (Zip)		
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1. Name and Address of Reporting Person* <u>Varde Skyway Fund UGP, LLC</u>  (Last) (First) (Middle) 901 MARQUETTE AVE. S., SUITE 3300  (Street) MINNEAPOLIS MN 55402  (City) (State) (Zip)		
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1. Name and Address of Reporting Person* <u>VARDE INVESTMENT PARTNERS UGP, LLC</u>  (Last) (First) (Middle) 901 MARQUETTE AVE. S., SUITE 3300  (Street) MINNEAPOLIS MN 55402  (City) (State) (Zip)		
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**Explanation of Responses:**

1. On February 19, 2020, Ilfryn Carstairs was appointed Co-Chief Executive Officer of Varde Partners, Inc. Pursuant to the Transaction Agreement, dated as of March 5, 2019 (the "Transaction 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"), The Varde Skyway Mini-Master Fund, L.P. ("Mini-Master"), The Varde Skyway Fund, L.P. ("Varde 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 Issuer issued to the Varde Parties, as consideration for the termination of the Credit Agreement, dated as of April 26, 2017, by and among the Issuer, the lenders from time to time party thereto, the guarantors from time to time party thereto, Varde Partners, Inc. as lead lender, and Wilmington Trust, National Association.
2. (Continued from Footnote 1) as Administrative Agent for the existing lenders (the "Term Loan Credit Agreement"), including the cancellation of the convertible debt securities issued thereunder (the "Convertible Debt"), and the satisfaction in full of all indebtedness, liabilities and other Obligations (as defined in the Term Loan Credit Agreement), together with accrued and unpaid interest thereon and the Make-Whole Amount (as defined in the Term Loan Credit Agreement), (i) 9,891,638 shares of the Issuer's common stock (the "Common Stock"), and (ii) 60,000 shares of the Issuer's Series E 8.25% Convertible Participating Preferred Stock (the "Series E Preferred Stock").
3. The amount reported reflects the amount of shares of the Common Stock issuable upon conversion of the Series E Preferred Stock. The Issuer has the right to redeem the Series E 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 E Stated Value") then in effect multiplied by (a) 105% if redeemed after the first anniversary of March 5, 2019 (the "Original Issue Date") and on or prior to the second anniversary of the Original Issue Date or (b) 100% if redeemed after the second anniversary of the Original Issue Date, plus (ii) accrued and unpaid dividends thereon and any other amounts payable by the Issuer in respect thereof (the "Series E Optional Redemption Amount").
4. (Continued from Footnote 3) Each share of 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 Amount divided by (ii) a conversion price of \$2.50, subject to adjustment (the "Series E Conversion Price"). Following the closing of the Transaction Agreement, the aggregate number of shares of Series E Preferred Stock became immediately convertible into 24,000,000 shares of Common Stock, based on an initial Series E Conversion Price of \$2.50.
5. The Series E Preferred Stock is perpetual and has no expiration date.
6. 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., L.P. ("Skyway Fund GP") is the general partner of Mini-Master and Varde Skyway Fund, and The Varde Skyway Fund UGP, LLC ("Skyway UGP") is the general partner of Skyway Fund GP. Varde Investment Partners G.P., L.P. ("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 Investment Partners UGP, LLC ("VIP UGP") is the general partner of VIP GP. Varde Partners, L.P. ("Managing Member") is the managing member of each of Fund XI GP, Fund XII UGP, Skyway UGP and VIP UGP.
7. (Continued from Footnote 6) Varde Partners, Inc. ("General Partner") is the general partner of the Managing Member. Following the transaction described above, Ilfryn Carstairs may be deemed to beneficially own all of the securities which may be acquired upon conversion of the Series E Preferred Stock because, as the Co-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,
8. (Continued from Footnote 7) pursuant to Rule 16a-1(a)(4) under the Securities Exchange Act of 1934, 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:**

/s/ Ilfryn Carstairs 02/20/2020  
The Varde Skyway Fund UGP,  
LLC, By: Varde Partners, L.P.,  
Its Managing Member, By:  
Varde Partners, Inc., Its 02/20/2020  
General Partner, By: /s/ David  
A. Marple, Name: David A.  
Marple, Title: General Counsel  
Varde Investment Partners  
UGP, LLC, By: Varde Partners,  
L.P., Its Managing Member,  
By: Varde Partners, Inc., By: 02/20/2020  
/s/ David A. Marple, Name:  
David A. Marple, Title:  
General Counsel

\*\* 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 5 (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.

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