



Code of Business Conduct

I. Purpose and Expectations

A high standard of ethical business conduct is the responsibility of each employee of Lilis Energy, Inc. and its subsidiaries (the “Company”). The good name of any company depends on the way it conducts its business and the way the public perceives that conduct. All employees are, and will be held, responsible for the observance of this code (this “Code”). Unethical actions, and the appearance of unethical actions, are not acceptable and will not be tolerated.

The purpose of this Code is to convey the basic principles of ethical business conduct expected of all employees the Company. This Code is not intended to be all-inclusive, and the fact that a certain circumstance or activity is not mentioned as improper does not imply that it is permissible.

Employees are expected to work safely, honestly, and to treat others with respect. This Code and the separate policies referenced herein provide some level of detail, but the following principles of behavior in carrying out business duties provide a good starting point:

- **Compliance with Applicable Laws** – The Company, its employees, and all parties with whom the Company transacts business, are expected to comply with all laws, rules, and regulations applicable to the Company’s activities.
- **Observance of Ethical Standards** – In conducting business, each employee must adhere to high ethical standards. These standards include honest (*i.e.* truthful dealing with everyone, including customers, suppliers, shareholders, and fellow employees), fairness (*i.e.* treating another in the same manner as one would expect to be treated), integrity, and respect. No employee should take advantage of any party through manipulation, concealment, or abuse of confidential information, misrepresentation or material facts, or any other unfair practice.
- **Good Faith and Loyalty** – An employee may not (i) act for his or her future interest at the expense of the Company, (ii) act for his or her personal, indirect or direct, benefit, or (iii) take a course of action designed to hurt or damage the Company or its properties. The employee must maintain confidential information of the Company and not share such information with others, unless expressly permitted herein. No employee should, or appear to be, subject to influences, interests, or relationships, that conflict with the best interests of the Company. Employee should follow the “chain of command” as it provides for accountability and clear lines of

authority in accordance with the delegation of authorities approved by the Board of Directors.

- ***Interpretations, Reporting, and Enforcement*** – Any employee’s question about this Code should be directed to his or her immediate supervisor or to a Manager or the Compliance Officer. Failure to comply with any provision of this Code subjects the employee to disciplinary measures, up to and including termination of employment. Should any employee become aware that another employee has violated this Code, he or she is obligated to report the violation to his or her Manager or through the Lilis Ethics Hotline, 855-214-6579. No one has authority to retaliate against any employee who in good faith reports a possible violation of this Code.

II. Key Company Policies

A. Safety

Safety is a primary goal of the Company. All officers and employees of the Company are responsible for compliance with applicable rules and regulations related to the safety of our employees, our customers, and the communities we serve. All Officers and employees of the Company are expected to regularly assess safety rules, practices, and operations of the Company for their effectiveness and to report to the appropriate supervisor any perceived problems or areas of improvement.

B. Protection of Corporate Assets

1. Ownership and Security

All physical property and business information the Company acquires and produces, in any form, constitutes a corporate asset. The ownership, usage, dissemination, storage, or formulation of information, as well as all physical and computer systems used to process, transmit, or store data, belong to the Company. It is the responsibility of every user and employee to guard against unauthorized use or disclosure of Company assets.

An employee may not divert to his or her personal benefit any invention, know-how, proprietary information, landowner or lease information, geophysical or geological information, technology or computer program that the employee developed or learned of in the course of his or her employment and that the employee has reason to know may be useful to the Company in its ongoing business.

2. Confidentiality

Employees are expected to maintain the confidentiality of information entrusted to them by the Company and any other confidential, proprietary

(i.e. trade secrets), privileged or other nonpublic information that comes to them, from whatever source, in the course of their work for the Company, except when disclosure is authorized or legally mandated.

Confidential Information includes:

- Information about the Company, including information concerning its wells, completion techniques, geophysical or geological information, landowner and lease information, operational techniques, and information about contracts, finances, operations, customers, business or drilling plans, strategies, measures, metrics, legal proceedings, unreported or anticipated earnings, or acquisitions;
- Information received from or relating to third parties with whom the Company has or is contemplating a relationship, such as customers or suppliers; and
- Communications that are privileged under any privilege, including the attorney-client privilege or protected by the work product doctrine.

Employees may not use confidential information for the benefit of anyone other than the Company.

Reasonable prudence and care should be exercised in dealing with confidential information in order to avoid inadvertent disclosures.

3. Integrity of Records and Financial Reporting

Accurate and reliable preparation and maintenance of all Company records is of critical importance to proper management decisions and fulfillment of the Company's financial, legal, and reporting obligations. All transactions must be properly documented and accounted for on the books and records of the Company. No off-book funds or transactions are allowed. Diligence in accurately preparing and maintaining the Company's financial records allows the Company to fulfill its financial reporting obligations and to provide shareholders with information that is complete, accurate, and understandable. All reports, vouchers, bills, invoices, payroll and service records, business measurement and performance records, and other essential data are to be prepared and maintained with care and honesty. Such data must not be falsified or altered to conceal or distort assets, liabilities, revenues, expenses, or performance measures. Employees are responsible for safeguarding Company assets and properties under their control and for providing an auditable record of transactions relating to the use or disposition of such assets and properties.

4. Insider Trading

Trading in securities of the Company (including within the Company's 401(k) plan) or another entity, or tipping others who may engage in such trading, while the employee has material nonpublic information, violates the policy of the Company and is illegal. In addition to discipline by the Company, such trading can result in civil penalties of up to three times the profit made or loss avoided on the trade, or criminal penalties including fines of up to \$5 million and imprisonment for up to 20 years. "Material information" for this purpose is any information that could affect a decision to buy or sell securities. Examples are: proposed major acquisitions or divestitures, changes in current or anticipated earnings or dividends, major changes in contractual arrangements or other significant business developments. Information is considered "nonpublic" if it has not been distributed in a manner that makes it available to investors generally. Further information on insider trading is set forth in the Company's Insider Trading Policy.

5. Computer & Communication Systems, Software, Internet

The Company's computer systems (for example, network, personal computers, laptops, servers, collaboration workspaces), software, communication systems (for example, voice, telephone, e-mail, messaging (e.g. IM, SMS, MMS, and TXT), internet and intranets are made available to employees for their business use to enhance their performance in achieving the overall goals of the Company. **No person using the Company's computer systems, software, communication systems, internet, and intranet has any proprietary interest or expectation of privacy in their use of these Company systems.** Because the duplication of copyrighted software is generally a violation of federal copyright law, employees are prohibited from loading any software onto the Company's computers without prior appropriate management approval.

Employees should use the Company's computer systems, communication systems, internet, and intranet primarily for business-related purposes, though some limited personal use is authorized. Illegal or unauthorized use may subject employees to discipline, including termination. **Persons using the Company's computer systems, communication systems, software, internet, and intranet should have no expectation of privacy related to such use, and all such users are subject to having their usage and content monitored or audited by the Company at any time and without notice.**

6. Theft, Fraud, Waste, Misappropriation, Alteration, and Damage to Company Assets.

Any employee found to be engaging in or attempting theft of Company property, facilities, or physical resources, including documents, equipment, intellectual property, personal property of other employees, cash, or any other items of value will be subject to dismissal and possible criminal prosecution. Employees are prohibited from engaging in fraud, waste, misappropriation, unauthorized alteration and intentional damage to Company assets. If any employee knows or reasonable suspects these actions are occurring, then the employee must report such information either through his or her manager or through the Lilis Ethics Hotline, 855-214-6579.

7. Record Retention

The Company is committed to the efficient management of its business records to comply with all legal and business requirements. Business records should be retained in compliance with the Company's separate retention policy and associated procedures.

Records relevant or related to an ongoing or anticipated legal proceeding, government investigation, or tax audit should not be destroyed, even if scheduled for destruction, until advised such destruction is permissible.

C. Conflict of Interest

A conflict of interest is a conflict between the private interests of an employee and his or her responsibilities as an employee of the Company. All such conflicts should be avoided. No employee shall place himself or herself in a position that would have the appearance of being, or construed to be, in conflict with the interests of the Company. Full disclosure of all facts must be made to the Company in advance by completing the Annual Report to the Chief Executive Officer and Compliance Officer, attached as Exhibit A hereto, and a determination is made or mitigation plan is adopted, to protect the Company's interests.

As a general rule, employees and their relatives may not have a significant financial ownership in a customer, supplier, contractor, vendor, or competitor of the Company. A "relative" shall include parents, step-mothers, step-fathers, spouses, domestic partners, sons, daughters, step-sons, step-daughters, brothers, step-brothers, sisters, step-sisters, aunts, uncles, nephews, nieces, cousins, grandchildren, grandparents, fathers-in-law, mothers-in-law, daughters-in-law, sons-in-law, brothers-in-law, and sisters-in-law.

A conflict of interest includes, but is not limited to the following:

1. Interests in Other Businesses

Employees and their relatives must avoid acquiring any direct or indirect interest in:

- Any transaction or contractual arrangement where the Company is or may become a party;
- Hiring or contracting with a relative;
- Any property that the Company may acquire; or
- Any entity in which the Company is or may be dealing.

An employee interest, financial or otherwise, may be stock, a note or other equity or creditor interest, employment or other affiliate, or other relationship providing remuneration or some personal benefit. For purposes of this Code, an interest does not include ownership of securities in publicly traded companies, unless both of the following two conditions are met: (i) the employee's ownership represents more than one percent (1%) of the stock of the organization in question, and (ii) the employee's ownership of that organization's stock represents more than five percent (5%) of his or her own net worth.

2. Outside Activities

An employee may not acquire any direct or indirect interest in land or other property in which, to the employee's knowledge, the Company has an interest or may wish to acquire an interest, whether as a purchaser, lessee, or otherwise.

Involvement in any outside business enterprise that may require attention during business hours and prevent full-time devotion to the employee's duty to the Company is prohibited. Even if the outside involvement does not affect full-time performance of duties, there are legal considerations that relate to service by employees of the Company, as directors or officers of another company, that are problematic and must be disclosed by such employee. The matter must first be disclosed to and approved by the Company prior to acceptance of an invitation to serve as a director or officer of any other company. Outside engagements of a non-business nature that are commitments to social welfare, health, education, or religious organizations need not receive prior approval; provided such commitments would not collectively adversely affect your performance and your primary duty to the Company as an employee, or officer or director..

Employees may not take advantage of or divert to others any business or financial opportunity in which they could reasonably anticipate the Company might be interested.

3. Gifts and Entertainment

Employees should not accept gifts or entertainment from customers, contractors, vendors, and suppliers, and similarly situated third-parties if (1) it will influence the employee's decision on whether or how much to use the third party in business; or (2) the acceptance of the gift gives the appearance of improper influence in dealing fairly with customers, contractors, vendors, suppliers, or others; .

Employees are allowed to accept an occasional and non-recurring gift worth up to \$50 or entertainment with a value not to exceed \$100 in any single day (or \$200 annually) from an establishment as described above without notification or reporting of such gifts. For gifts or entertainment valued greater than these amounts:

- Pertinent information relating to such gifts and entertainment must promptly be reported to the Company's Compliance Officer and, to the extent the recipients of such gifts and entertainment are senior officers, such gifts and entertainment must promptly be reported to the Chairman of the Audit Committee; and
- In addition, a single or cumulative calendar year gift(s) from one establishment worth more than \$200 or entertainment worth more than \$1000 may not be accepted without pre-approval from the Board, the Company's Compliance Officer, or Chief Executive Officer. Note that receipt of cash or a gift card from a third-party (or the type mentioned above) is typically not allowed, but, if kept, the item must be reported to the Company's Compliance Officer.

4. Employee Relationships

Employees may not do indirectly that which is prohibited explicitly by this policy. Employees and their relatives or agents may not acquire any direct or indirect interest in, or have material dealings with, any person or entity, which, to the knowledge of the employee, supplies or is likely to supply the Company with property, materials, or services, or is otherwise contracting or is likely to contract with the Company. Borrowings by an employee from a commercial bank or savings and loan institution are not covered by this policy.

D. Working with the Government

1. Legal and Regulatory Compliance

The Company's operations are subject to laws and regulation by various authorities, and all officers and employees will seek to comply with all

applicable laws and regulations. In conducting business with the government, the Company will endeavor to assure that all requests for payment are lawful and that the information supporting the request is truthful. Employees are expected to consult with their supervisors with respect to any inquiries by any governmental agencies or compliance questions, and officers are expected to consult with counsel to the Company where appropriate concerning such matters.

2. Political Activity and Contributions

It is the policy of the Company to encourage its employees to participate actively in community, civic, and political affairs. It is also policy of the Company to make its position known, within lawful limitations, on issues affecting the Company, its employees, its shareholders, and the communities in which the Company operates. Federal law and state laws prohibit or limit companies from contributing to political candidates for elective offices. Federal and foreign laws similarly may prohibit corporate contributions in foreign countries. No direct or indirect use of Company funds shall be made for any illegal political purpose, no matter how small the amount and regardless of whether the payment is though necessary to promote a legitimate Company activity.

3. Obstruction of Justice

Employees may not testify falsely under oath or obstruct justice by refusing to testify, make false statements (for example, in interviews or in responding to subpoenas or interrogatories), or destroying, altering, or falsifying documents or evidence related to legal proceedings (for example, in litigation and regulatory hearings) and government investigations.

E. Fair Trade

1. Antitrust Compliance

Compliance with the antitrust laws is the policy of the Company. Employees are expected to maintain a basic familiarity with the principles and purposes of the antitrust laws as they may be applied to the Company's business and to abstain from any activity that violates antitrust laws. Such activity may include, among other things, any understanding or agreement between competitors regarding prices, terms of sale, division of markets, or any other activity that restrains competition.

2. Anti-Bribery

The Company will not tolerate its employees or any entity or person authorized to act on its behalf engaging in the offering, promising, or

payment or anything of value, intended to influence illegally any government official, political party, or any other person in the United States to obtain or retain business or a business advantage, including beneficial treatment for any business purpose.

F. Workplace Behavior

1. Employee Privacy

The Company is committed to complying with all applicable laws regarding the collecting, protection, and dissemination of personal identification information collected from employees. The Company will limit the personal information it requires employees to extent to extent appropriate and necessary to carry out its business. The Company is committed to providing access to such personal information only to those persons and entities that need the information for the Company to carry out its business. However, employees do not have any expectation of privacy in information contained or disseminated with the Company's computer systems, communication systems, internet, and intranet.

2. Equal Employment Opportunity

The Company, through its policy and practice, provides equal opportunity to all employees and applicants for employment without regard to race, color, gender, pregnancy, national origin, age, disability, religion, veteran status, sexual orientation, or any other protected status. This policy applies to all terms and conditions of employment, including hiring, placement, promotion, demotion, termination, transfer, leaves of absences, compensation, and training, as more fully explained in the Company's Equal Employment Opportunity Policy.

3. Respectful Work Environment

The Company is committed to ensuring a work environment free from all forms of unlawful discrimination and harassment. All employees should be treated with dignity and respect, which include creating a work environment free of personally offensive behavior and statements directed at the person's race, national origin, gender, religion, disability, or any other status protected under law. In addition, the Company prohibits its employees from exhibiting threatening or violent behavior toward other employees and those outside the Company with whom they have dealings.

4. Employee Time

Limited personal use of Company computer systems, printers, and communications systems is permitted. Employees may not use other Company assets, including supplies, equipment, and labor for personal,

charitable, or other non-business purposes, unless prior appropriate management approval is obtained.

5. Retaliation

The Company prohibits unlawful retaliation against employees based on:

- Making a good faith report of:
 - Alleged violations of our policies against discrimination, harassment, or offensive behavior;
 - Any safety or security concern, including report of personal injury;
 - Another's misconduct, including fraud or conflict of interest.
- For opposing any practice believed in good faith to be unlawfully discriminatory; or
- For participating in an internal or government investigation of possible misconduct or discrimination.

III. Compliance, Guidance, and Reporting

A. Compliance Reporting and Responsibility

Every employee shall disclose immediately any situation that is, or that may be, in conflict with this policy whether or not the employee is actually involved in the situation. Employees are encouraged to report issues to their managers. If, however, an employee believes that the manager cannot or will not resolve the issues, the employee should contact the Lilis Ethics Hotline, 855-214-6579, or other resources noted below. The Company will take appropriate steps to investigate all contacts made through the hotline and will take appropriate action. In addition, employees will be required to review this policy periodically. Communicating this policy and overseeing compliance is the responsibility of the Chief Executive Officer and other officers of the Company, with assistance of the Company's Compliance Officer.

B. Reporting Questionable Accounting Activity

Employees with concerns about questionable accounting or auditing matters should contact either the Compliance Officer or the Lilis Ethics Hotline, 855-214-6579. Employees may either provide their names when reporting, or complaints may be reported anonymously. The employees will be encouraged to provide their names to facilitate the investigation of complaints and follow-up, but anonymous complaints will be accepted.

C. Employee Questions and Reporting Misconduct

Questions of interpretation may arise from time to time with respect to a particular situation. Employees are encouraged to contact the Lilis Ethics Hotline, 855-214-6579 with questions about particular conduct or the interpretation of the Code, or to report violations or possible violations of this Code. Employees may also contact the Company's Compliance Officer with respect to legal interpretation. Compliance with this Code will be audited periodically.

D. Enforcement

An employee's failure to comply with this Code or any interpretations can result in severe consequences for the employee. The Company will impose appropriate discipline for violations up to and including summary dismissal and loss of benefits or rights. Waivers of this policy will only be granted to executive officers only in exceptional circumstances following review by the Compliance Officer and upon approval by the Board of Directors or Audit Committee, with prompt disclosures to the shareholders. In addition, violations of law may subject employees and the Company to civil and criminal penalties.

E. Employees-At-Will

Employment with the Company is voluntary and "at will." Nothing contained in this policy, express or implied, is intended to create a contract or provide assurance of continued employment for a specific or unlimited period of time. Just as the employee is free to leave the employ of the Company at any time and for any reason, the Company has the right to terminate employment at any time, with or without notice, for any reason or no reason.

ADOPTED BY THE BOARD OF DIRECTORS OF LILIS ENERGY, INC.

ANNUAL REPORT TO THE CHIEF EXECUTIVE OFFICER AND COMPLIANCE OFFICER

The undersigned hereby acknowledges that I have received and reviewed the Code of Business Conduct for Lilis Energy Inc. and its subsidiaries (the "Company"). I hereby certify that I have read the Code of Business Conduct and understand the expectations and standards set forth therein. I agree to comply with such expectations and standards contained therein as required as part of my continued employment.

I understand that the Company will ask for this report by me at least annually; however I agree to report promptly any potential violation or exception of which of I become aware to my supervisor, and Chief Executive Officer and Compliance Officer, using this form or otherwise providing the relevant information. I understand that any violation of the Code of Business Conduct or any corporate ethics or compliance policy or procedures is grounds for disciplinary action, up to and including discharge from employment with the Company.

Brief Description of Violation or Exception to the Code of Business Conduct:

Factual Background:

Provision of Code of Business Conduct that Applies:

Proposed Resolution of such Violation or Exception:

Signature
Employee Name (printed):
Date: