

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission File Number: 01-34525

ERIN ENERGY CORPORATION

Delaware
(State or Other jurisdiction of
incorporation or organization)

1330 Post Oak Blvd.,
Suite 2250, Houston, Texas
(Address of principal executive offices)

30-0349798
(I.R.S. Employer
Identification No.)

77056
(Zip Code)

(713) 797-2940
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At November 1, 2017, there were 214,954,229 shares of common stock, par value \$0.001 per share, outstanding.

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PART I. – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ERIN ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except for share and per share amounts)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,132	\$ 7,177
Restricted cash	13,761	2,600
Accounts receivable - trade	14,691	—
Accounts receivable - partners	2,232	674
Accounts receivable - related party	2,821	1,956
Accounts receivable - other	5	29
Crude oil inventory	1,333	9,398
Prepays and other current assets	2,462	872
Total current assets	55,437	22,706
Property, plant and equipment:		
Oil and gas properties (successful efforts method of accounting), net	173,594	265,713
Other property, plant and equipment, net	425	716
Total property, plant and equipment, net	174,019	266,429
Other non-current assets		
	35	66
Total assets	\$ 229,491	\$ 289,201
LIABILITIES AND CAPITAL DEFICIENCY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 261,742	\$ 244,963
Accounts payable and accrued liabilities - related party	33,388	29,513
Accounts payable - partners	87	—
Short-term note payable - related party	200	—
Current portion of long-term debt, net	69,080	12,627
Derivative liability	1,751	—
Total current liabilities	366,248	287,103
Long-term notes payable - related party, net	129,821	129,796
Long-term debt, net	68,786	74,446
Asset retirement obligations	23,910	22,476
Total liabilities	588,765	513,821
Commitments and contingencies (Note 9)		
Capital deficiency:		
Preferred stock \$0.001 par value - 50,000,000 shares authorized; none issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	—	—
Common stock \$0.001 par value - 416,666,667 shares authorized; 214,954,229 and 212,622,218 shares outstanding as of September 30, 2017 and December 31, 2016, respectively	215	213
Additional paid-in capital	798,210	792,972
Accumulated deficit	(1,157,434)	(1,018,292)
Treasury stock at cost, 304,481 and 99,932 shares as of September 30, 2017 and December 31, 2016, respectively	(936)	(228)
Total deficit - Erin Energy Corporation	(359,945)	(225,335)
Non-controlling interest	671	715
Total capital deficiency	(359,274)	(224,620)
Total liabilities and capital deficiency	\$ 229,491	\$ 289,201

See accompanying notes to unaudited consolidated financial statements.

ERIN ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Crude oil sales, net of royalties	\$ 33,643	\$ 28,619	\$ 79,509	\$ 56,699
Operating costs and expenses:				
Production costs	22,358	24,928	59,548	69,615
Crude oil inventory decrease	4,100	636	4,017	534
Workover expenses	—	207	(713)	7,792
Exploratory expenses	1,313	1,672	3,711	4,934
Depreciation, depletion and amortization	13,059	18,925	50,229	38,593
Accretion of asset retirement obligations	489	472	1,434	1,385
Impairment of oil and gas properties	—	—	78,711	—
Loss on settlement of asset retirement obligations	—	—	—	205
General and administrative expenses	2,354	3,596	9,026	10,950
Total operating costs and expenses	43,673	50,436	205,963	134,008
Loss on disposal of other property and equipment	—	—	149	—
Gain on sale of oil and gas properties	—	—	(2,348)	—
Operating loss	(10,030)	(21,817)	(124,255)	(77,309)
Other income (expense):				
Currency transaction gain	1,542	3,282	5,027	14,610
Interest expense	(5,963)	(5,038)	(20,837)	(16,417)
Gain (loss) on fair value of derivative liability	(22)	—	15	—
Total other expense, net	(4,443)	(1,756)	(15,795)	(1,807)
Loss before income taxes	(14,473)	(23,573)	(140,050)	(79,116)
Income tax expense	—	—	—	—
Net loss before non-controlling interest	(14,473)	(23,573)	(140,050)	(79,116)
Net loss attributable to non-controlling interest	403	102	908	662
Net loss attributable to Erin Energy Corporation	\$ (14,070)	\$ (23,471)	\$ (139,142)	\$ (78,454)
Net loss attributable to Erin Energy Corporation per common share:				
Basic	\$ (0.07)	\$ (0.11)	\$ (0.65)	\$ (0.37)
Diluted	\$ (0.07)	\$ (0.11)	\$ (0.65)	\$ (0.37)
Weighted average common shares outstanding:				
Basic	213,732	212,524	213,293	212,220
Diluted	213,732	212,524	213,293	212,220

See accompanying notes to unaudited consolidated financial statements.

ERIN ENERGY CORPORATION
CONSOLIDATED STATEMENT OF CAPITAL DEFICIENCY
For the Nine Months Ended September 30, 2017
(Unaudited)
(In thousands)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Non-controlling Interest	Total Equity
Balance at December 31, 2016	\$ 213	\$ 792,972	\$ (1,018,292)	\$ (228)	\$ 715	\$ (224,620)
Common stock issued	2	3,619	—	—	—	3,621
Stock-based compensation	—	1,619	—	—	—	1,619
Transfer to treasury arising from withholding taxes upon vesting of restricted stock and exercise of stock options	—	—	—	(708)	—	(708)
Non-controlling interest	—	—	—	—	864	864
Net loss	—	—	(139,142)	—	(908)	(140,050)
Balance at September 30, 2017	\$ 215	\$ 798,210	\$ (1,157,434)	\$ (936)	\$ 671	\$ (359,274)

See accompanying notes to unaudited consolidated financial statements.

ERIN ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2017	2016
Cash flows from operating activities		
Net loss, including non-controlling interest	\$ (140,050)	\$ (79,116)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation, depletion and amortization	50,229	38,593
Accretion of asset retirement obligations	1,434	1,385
Impairment of oil and gas properties	78,711	—
Amortization of debt discount and debt issuance costs	3,602	2,640
Unrealized foreign currency transaction gain	(2,372)	(10,442)
Loss on disposal of other property and equipment	149	—
Gain on sale of oil and gas properties	(2,348)	—
Gain on fair value of derivative liability	(15)	—
Settlement of accounts payable and accrued expenses	(6,934)	—
Share-based compensation	1,619	2,288
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(12,144)	730
Decrease in crude oil inventory	4,017	534
Increase in prepaids and other current assets	(1,466)	(467)
Increase in accounts payable and accrued liabilities	40,121	54,700
Net cash provided by operating activities	14,553	10,845
Cash flows from investing activities		
Capital expenditures	(41,656)	(16,475)
Net cash used in investing activities	(41,656)	(16,475)
Cash flows from financing activities		
Proceeds from exercise of stock options and warrants	—	364
Payments for treasury stock arising from withholding taxes upon restricted stock vesting and exercise of stock options	(708)	(206)
Proceeds from MCB Finance Facility	63,191	—
Repayments of MCB Finance Facility	(141)	—
Repayments of term loan facility	(4,668)	(6,492)
Proceeds from short-term notes payable	—	504
Proceeds from short-term notes payable - related party	200	—
Repayment of short-term notes payable	—	(449)
Proceeds from notes payable - related party, net	—	6,829
Debt issuance costs	(8,655)	(1,040)
Funds restricted for debt service	(11,161)	—
Funds released from restricted cash	—	6,061
Net cash provided by financing activities	38,058	5,571
Net increase in cash and cash equivalents	10,955	(59)
Cash and cash equivalents at beginning of period	7,177	8,363
Cash and cash equivalents at end of period	\$ 18,132	\$ 8,304
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest, net of amounts capitalized	\$ 7,731	\$ 10,090
Supplemental disclosure of non-cash investing and financing activities:		
Discount on notes payable pursuant to issuance of warrants	\$ 1,766	\$ 53
Reduction in oil and gas properties arising from settlements of accounts payable and accrued liabilities	\$ 11,328	\$ 9,540
Shares issued from settlement of accounts payable and accrued liabilities	\$ 3,527	\$ —
Shares issued for services	\$ 94	\$ —

See accompanying notes to unaudited consolidated financial statements.

ERIN ENERGY CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Company Description

Erin Energy Corporation (NYSE American: ERN; JSE: ERN) (the "Company") is an independent oil and gas exploration and production company engaged in the acquisition and development of energy resources in Africa. The Company's asset portfolio consists of five licenses across three countries covering an area of approximately 1.5 million acres (approximately 6,000 square kilometers). The Company owns producing properties and conducts exploration activities offshore Nigeria, and conducts exploration activities offshore Ghana and The Gambia.

The Company is headquartered in Houston, Texas and has offices in Lagos, Nigeria, Nairobi, Kenya, Banjul, The Gambia, and Accra, Ghana.

The Company's operating subsidiaries include Erin Petroleum Nigeria Limited ("EPNL"), Erin Energy Kenya Limited ("EEKL"), Erin Energy Gambia Ltd., and Erin Energy Ghana Limited. The terms "we," "us," "our," "the Company," and "our Company" refer to Erin Energy Corporation and its consolidated subsidiaries.

On February 16, 2017, Babatunde (Segun) Omidale informed the Company that he would resign from service as a member of the Board of Directors ("the Board") and as the Chief Executive Officer of the Company. The Board accepted his resignation effective as of February 22, 2017. The Board appointed Jean-Michel Malek, the Company's Senior Vice President, General Counsel and Secretary, to serve as Interim Chief Executive Officer effective February 22, 2017 while the Board conducted a search for a permanent replacement for Mr. Omidale. Effective on May 18, 2017, the Board appointed Sakiru Adefemi (Femi) Ayoade as the Company's Chief Executive Officer to replace the then Interim Chief Executive Officer, Jean-Michel Malek.

Changes in Control during 2017

The Company was advised by Oltasho Nigeria Limited ("Oltasho") and Latmol Investment Limited ("Latmol") that on (a) April 3, 2017, an aggregate of 116,108,833 shares of the Company's common stock previously held by Allied Energy Plc. ("Allied"), were transferred to Oltasho; and (b) April 13, 2017, an aggregate of 1,515,927 shares of the Company's common stock previously held by CAMAC Int'l (Nigeria) Ltd. ("CAMAC International"), were transferred to Latmol. Prior to April 2017, the shares of common stock previously held by Allied and CAMAC International were beneficially owned by Dr. Kase Lawal, the Company's former Chairman and former Chief Executive Officer, due to his ownership of equity interests in such entities and voting and dispositive control over the securities held by such entities.

The shares transferred to Oltasho and Latmol represented approximately 54.6% of the Company's outstanding voting shares (53.9% owned by Allied and 0.7% owned by CAMAC International) as of the dates of transfer and as such, represented a change in control of the Company. The Company has been advised that the shares held by Oltasho are beneficially owned by Alhaji Murhi Busari, its Chairman, and the shares held by Latmol are beneficially owned by Alhaji Murhi Busari, its Chairman.

On July 5, 2017, Oltasho and Latmol entered into a Voting Agreement with Dr. Lawal (the "Voting Agreement") resulting in another change in control of the Company. Pursuant to the Voting Agreement, Oltasho and Latmol provided complete authority to Dr. Lawal to vote the 117,624,760 shares foreclosed upon (and any other securities of the Company obtained by Oltasho and/or Latmol in the future) at any and all meetings of stockholders of the Company and via any written consents. Those 117,624,760 shares represent approximately 54.6% of the Company's common stock as of the parties' entry into the Voting Agreement. The Voting Agreement has a term of approximately 10 years , through July 31, 2027, but can be terminated at any time with the mutual consent of the parties. In connection with their entry into the Voting Agreement, Oltasho and Latmol each provided Dr. Lawal an irrevocable voting proxy to vote the shares covered by the Voting Agreement. Additionally, during the term of such agreement, Oltasho and Latmol agreed not to transfer the shares covered by the Voting Agreement except pursuant to certain limited exceptions. According to the Voting Agreement, Oltasho and Latmol have no desire to control the Company and believe that voting control of the Company was best determined by Dr. Lawal, a United States resident, who has extensive knowledge of United States laws and the assets and operations of the Company, as Dr. Lawal was, until he retired in 2015, the Chairman and Chief Executive Officer of the Company. Due to the Voting Agreement, Dr. Lawal will continue to hold voting control over the Company.

The Company conducts certain business transactions with CAMAC Energy Holdings Limited ("CEHL"), and its affiliates, which include Allied, which are entities controlled by Dr. Lawal. These entities are deemed to be related parties for financial reporting purposes. See *Note 8 - Related Party Transactions* for further information.

2. Basis of Presentation and Recently Issued Accounting Standards

ERIN ENERGY CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned direct and indirect subsidiaries, and have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). All significant intercompany transactions and balances have been eliminated in consolidation. The unaudited consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the consolidated financial position and results of operations for the indicated periods. All such adjustments are of a normal recurring nature. This Form 10-Q should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 16, 2017.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates based on certain assumptions. Estimates affect the reported amounts of assets and liabilities, disclosure of contingent liabilities, and the reported amounts of revenues and expenses attributable to the reporting periods. Accordingly, accounting estimates in conformity with U.S. GAAP require the exercise of judgment. These estimates and assumptions used in the preparation of the Company's consolidated financial statements are based on information available as of the date of the consolidated financial statements, and while management believes that the estimates and assumptions are appropriate, actual results could differ from management's estimates.

Estimates that may have a significant effect on the Company's financial position and results from operations include share-based compensation assumptions, oil and natural gas reserve quantities, impairments, depletion and amortization relating to oil and natural gas properties, asset retirement obligation assumptions, calculations related to derivative liabilities, and income taxes. The accounting estimates used in the preparation of the Company's consolidated financial statements may change as new events occur, more experience is acquired, additional information is obtained and our operating environment changes.

Restricted Cash

Restricted cash consists of cash deposits that are contractually restricted for withdrawal or required to be maintained in a reserve bank account for a specific period of time, as provided for under certain agreements with third parties.

Restricted cash as of September 30, 2017 totaling \$13.8 million consists of \$2.6 million held in a debt service reserve account to secure certain interest and principal repayments pursuant to the Term Loan Facility in Nigeria and \$11.2 million held in a debt service reserve account as required under the MCB Finance Facility (see *Note 7 - Debt* for further information and definitions of the Term Loan Facility and MCB Finance Facility). Restricted cash as of December 31, 2016 consists of \$2.6 million held in a debt service reserve account to secure certain interest and principal repayments pursuant to the Term Loan Facility in Nigeria.

Successful Efforts Method of Accounting for Oil and Gas Activities

The Company follows the successful efforts method of accounting for its costs of acquisition, exploration and development of oil and gas properties. Under this method, oil and gas lease acquisition costs and intangible drilling costs associated with exploration efforts that result in the discovery of proved reserves and costs associated with development drilling, whether or not successful, are capitalized when incurred. Drilling costs of exploratory wells are capitalized pending determination that proved reserves have been found. If the determination is dependent upon the results of planned additional wells and require additional capital expenditures to develop the reserves, the drilling costs will be capitalized as long as sufficient reserves have been found to justify completion of the exploratory well as a producing well, and additional wells are underway or firmly planned to complete the evaluation of the well. Exploratory wells not meeting the criteria for continued capitalization are expensed when such a determination is made. Other exploration costs are expensed as incurred.

Capitalized Interest

The Company capitalizes interest costs for qualifying oil and gas properties. The capitalization period begins when expenditures are incurred on qualified properties, activities begin which are necessary to prepare the property for production, and interest costs have been incurred. The capitalization period continues as long as these events occur. Capitalized interest is added to the cost of the underlying assets and is depleted using the unit-of-production method in the same manner as the underlying assets.

During the nine months ended September 30, 2017 and 2016, the Company capitalized \$2.2 million and nil, respectively, of interest

ERIN ENERGY CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

costs as additions to property, plant and equipment.

Treasury Stock

Treasury stock is reported at cost and is included in the accompanying consolidated balance sheets. Pursuant to the Company's withholding tax policy with respect to vested restricted stock awards, the Company may withhold, on a cashless basis, a number of shares needed to settle statutory withholding tax requirements. During the nine months ended September 30, 2017, 204,549 shares were withheld for payroll taxes at a total cost of \$0.7 million. During the nine months ended September 30, 2016, 90,347 shares were withheld for payroll taxes at a total cost of \$0.2 million.

The following table sets forth certain information with respect to the withholding and related repurchases of our common stock during the nine months ended September 30, 2017.

	Total Number of Shares Purchased (1)	Average Price Paid Per Share
January 1 - January 31, 2017	12,650	\$ 3.55
February 1 - February 28, 2017	158,264	3.82
May 1 - May 31, 2017	33,635	1.75
Total	204,549	\$ 3.46

- (1) All shares repurchased were surrendered by employees to settle tax withholding obligations upon the vesting of restricted stock awards and the exercise of stock options. The price paid was the closing price on the dates in which the shares of common stock vested or when the stock options were exercised.

Net Loss Per Common Share

Basic net earnings or loss per common share is computed by dividing net earnings or loss by the weighted average number of shares of common stock outstanding at the end of the reporting period. Diluted net earnings or loss per share is computed by dividing net earnings or loss by the fully dilutive common stock equivalent, which consists of shares outstanding, augmented by potentially dilutive shares issuable upon the exercise of the Company's stock options, stock warrants, non-vested restricted stock awards, as well as the conversions of the 2011 Promissory Note, the 2014 Convertible Subordinated Note and the 2016 Promissory Note (collectively, the "Convertible Notes", each defined and described in greater detail under *Note 7 - Debt*), calculated using the treasury stock method.

The table below sets forth the number of stock options, stock warrants, non-vested restricted stock, and shares issuable upon conversion of the Convertible Notes that were excluded from dilutive shares outstanding during the three and nine months ended September 30, 2017 and 2016, respectively, as these securities are anti-dilutive because the Company was in a loss position during each period.

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Stock options	98	206	140	249
Stock warrants	4	7	7	2
Unvested restricted stock awards	1,408	2,128	1,759	1,889
	1,510	2,341	1,906	2,140

Upon the occurrence of certain events, the Company is also contingently liable to make additional payments to Allied, under a Transfer Agreement entered into in November 2013 by the Company, its affiliates and Allied (the "Transfer Agreement"), up to an additional amount totaling \$50.0 million in cash, or the equivalent in shares of the Company's common stock, at Allied's option. See *Note 9 - Commitments and Contingencies* for further information.

Fair Value Measurements

Fair value is defined as the amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in an orderly transaction between market participants at the measurement date. The established framework for measuring fair value establishes

ERIN ENERGY CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

a fair value hierarchy based on the quality of inputs used to measure fair value, and includes certain disclosure requirements. Fair value estimates are based on either (i) actual market data or (ii) assumptions that other market participants would use in pricing an asset or liability, including estimates of risk.

There are three levels of valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company considers active markets as those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. Substantially all of these inputs are observable in the marketplace throughout the term, can be derived from observable data, or supported by observable levels at which transactions are executed in the marketplace.

Level 3 - Inputs that are unobservable and significant to the fair value measurement (including the Company's own assumptions in determining fair value).

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Fair Value on a Recurring Basis

The Company uses discounted cash flow techniques to determine the estimated fair value of its oil and gas properties as part of the Company's analysis for impairment. Accordingly, the Company estimated the present value of expected future net cash flows from the Oyo field, discounted using risk-adjusted cost of capital. Significant Level 3 assumptions used in the calculation include the Company's estimate of future crude oil prices, production costs, development costs, and anticipated production of proved reserves, as well as appropriate risk-adjusted probable and possible reserves.

As discussed under *Note 7 - Debt*, the Company recognized a derivative liability relating to the portion of the amount drawn from the MCB Financing Facility as of September 30, 2017 in which issuance of stock warrants is expected on the day the Company receives funds under the MCB Finance Facility. The Company utilized a combination of a lattice-binomial option-pricing model and the Black-Scholes valuation model to determine the estimated fair value of this derivative liability.

The following table sets forth the Company's oil and gas properties and derivative liability that is accounted for at fair value using Level 3 assumptions on a recurring basis as of September 30, 2017 and December 31, 2016 :

(in thousands)	Level 3	
	September 30, 2017	December 31, 2016
Liabilities:		
Derivative liability	\$ 1,751	\$ —

The fair value of the derivative liability is estimated using a combination of a lattice-binomial option-pricing model and the Black-Scholes valuation model with the following assumptions as of September 30, 2017 :

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	September 30, 2017
Estimated market value of common stock on measurement date	\$ 2.85
Estimated exercise price	\$ 2.85
Risk-free interest rate (1)	1.62%
Expected warrant term (years)	3
Expected volatilities (2)	10.0% - 38.9%
Expected annual dividend yield	—

(1) The risk-free rate for periods within the contractual life of the warrants is based on the U.S. Treasury yield curve in effect at the time of grant.

(2) Expected volatilities are based on historical volatility of the Oil & Gas Exploration & Production Select Industries Index, among other factors.

The following table sets forth a reconciliation of changes in the fair value of the Company's financial liability that is accounted for at fair value using Level 3 inputs, and is classified as level 3 in the fair value hierarchy:

	Three Months Ended	Nine Months Ended
(in thousands)	September 30, 2017	September 30, 2017
Beginning balance	\$ 656	\$ —
Loss (gain) on fair value of derivative liability	22	(15)
Additions	1,073	1,977
Revisions	—	(211)
Transfers	—	—
Ending balance	\$ 1,751	\$ 1,751
Change in unrealized loss (gain) included in earnings relating to derivatives still held as of September 30, 2017	\$ 22	\$ (15)

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, restricted cash, accounts receivable, inventory, deposits, accounts payable and accrued liabilities, and debts at floating interest rates, approximate their fair values at September 30, 2017 and December 31, 2016, respectively, principally due to the short-term nature, maturities or nature of interest rates of the above listed items.

Reclassification

Certain amounts in prior periods have been reclassified to conform with current period presentation.

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842). ASU 2016-02 is aimed at making leasing activities more transparent and comparable, and requires substantially all leases be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. ASU 2016-02 is effective for the Company in the fiscal year beginning after December 15, 2018, and interim periods within those fiscal years with early adoption permitted. The Company is still evaluating the impact of this standard. However, due to the nature of its operations, the adoption of this standards update could have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"). This ASU clarifies the definition of a business with the objective of adding guidance to assist entities with

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evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This guidance is to be applied using a prospective method and is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. The adoption of this standards update is not expected to have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*. ASU 2017-04 eliminates step 2 of the goodwill impairment test. An entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for annual reporting periods and interim reporting periods within those annual reporting periods, beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The adoption of this standards update is not expected to have a material impact on the Company's consolidated financial statements.

In February 2017, the FASB issued ASU 2017-05, *Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*. This ASU clarifies the scope and application of ASC 610-20 on the sale or transfer of nonfinancial assets and in substance nonfinancial assets to noncustomers, including partial sales. The Company is required to adopt this guidance at the same time that it adopts the guidance in ASU 2014-09. The adoption of this standards update is not expected to have a material impact on the Company's consolidated financial statements.

In March 2017, the FASB issued ASU 2017-08, *Receivables-Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities*. This ASU shortens the amortization period for certain callable debt securities held at a premium to the earliest call date. However, the amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. ASU 2017-08 is effective for the Company in the fiscal year beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. The adoption of this standards update is not expected to have a material impact on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. This pronouncement is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted. The adoption of this standards update is not expected to have a material impact on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-10, *Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services*. ASU No. 2017-10 provides clarity on determining the customer in a service concession arrangement. ASU No. 2017-10 is effective for interim and annual periods beginning after December 15, 2017, and the Company will adopt this standards update, as required, beginning with the first quarter of 2018. The adoption of this standards update is not expected to have a material impact on the Company's consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features*. ASU No. 2017-11 amendments simplify the accounting for certain financial instruments with down round features. The amendments require companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. Companies that provide earnings per share (EPS) data will adjust their basic EPS calculation for the effect of the feature when triggered (i.e., when the exercise price of the related equity-linked financial instrument is adjusted downward because of the down round feature) and will also recognize the effect of the trigger within equity. ASU No. 2017-11 is effective for interim and annual periods beginning after December 15, 2018, and the Company will adopt this standards update, as required, beginning with the first quarter of 2019. The adoption of this standard update is not expected to have a material impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Improvements to Accounting for Hedging Activities*. ASU No. 2017-12 amends and better aligns an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. To meet that objective, the amendments expand and refine hedge accounting for both non-financial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. ASU No. 2017-12 is effective for interim and annual periods beginning after December

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15, 2018, and the Company will adopt this standards update, as required, beginning with the first quarter of 2019. The adoption of this standard update is not expected to have a material impact on the Company's consolidated financial statements.

3. Liquidity Matters and Going Concern

The Company incurred losses from operations for the three and nine months ended September 30, 2017. As of September 30, 2017, the Company's total current liabilities of \$366.2 million exceeded its total current assets of \$55.4 million, resulting in a working capital deficit of \$310.8 million. As a result of the current low commodity prices, the Company has not been able to generate sufficient cash from operations to satisfy certain obligations as they became due.

Well Oyo-7 is currently shut-in as a result of an emergency shut-in of the Oyo field production that occurred in early July 2016. This has resulted in a loss of approximately 1,400 barrels of oil per day (BOPD). The Company is currently working on relocating an existing gaslift line to well Oyo-7 to enable continuous gaslift operation to assist in restoring lost production volumes. For cost effectiveness, the relocation of the gaslift line to well Oyo-7 is now planned to be combined with the Oyo-9 subsea equipment installation scheduled for the second half of 2018. During an approximately two (2) week period starting from late June 2017 to early July 2017, the owners of the floating, production, storage, and offloading vessel ("FPSO") *Armada Perdana* suspended its operations due to an impasse in contract negotiations that led to a temporary shut-in of the Oyo-8 well during this period. The FPSO operation was fully restored and the production from the Oyo-8 well was re-established on July 6, 2017. Contract negotiations have resumed.

The Company is currently pursuing a number of actions, including (i) obtaining additional funds through public or private financing sources, (ii) restructuring existing debts from lenders, (iii) obtaining forbearance of debt from trade creditors, (iv) reducing ongoing operating costs, (v) minimizing projected capital costs for the remaining 2017 exploration and development campaign, (vi) farming-out a portion of its rights to certain of its oil and gas properties and (vii) exploring potential business combination transactions. There can be no assurances that sufficient liquidity can be raised from one or more of these actions or that these actions can be consummated within the period needed to meet certain obligations.

The Company's consolidated financial statements have been prepared under the assumption that it will continue as a going concern, which assumes the continuity of operations, the realization of assets and the satisfaction of liabilities as they come due in the normal course of business. Although the Company believes that it will be able to generate sufficient liquidity from the measures described above, its current circumstances raise substantial doubt about its ability to continue to operate as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

4. Property, Plant and Equipment

Property, plant and equipment were comprised of the following:

(In thousands)	September 30, 2017	December 31, 2016
Wells and production facilities	\$ 308,451	\$ 318,739
Proved properties	386,196	386,196
Work in progress and exploration inventory	81,951	34,712
Oilfield assets	776,598	739,647
Accumulated depletion	(609,204)	(483,754)
Oilfield assets, net	167,394	255,893
Unevaluated leaseholds	6,200	9,820
Oil and gas properties, net	173,594	265,713
Other property and equipment	2,895	3,040
Accumulated depreciation	(2,470)	(2,324)
Other property and equipment, net	425	716
Total property, plant and equipment, net	\$ 174,019	\$ 266,429

All of the Company's oilfield assets are located offshore Nigeria in the Oil Mining Leases 120 and 121 (the "OMLs"). "Work-in-progress and exploration inventory" includes warehouse inventory items purchased as part of the redevelopment plan of the Oyo field.

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The Company's unevaluated leasehold costs include costs to acquire the rights to the exploration acreage in its various oil and gas properties.

The Gambia Sale Agreement

In March 2017, the Company entered into a sale agreement with FAR Ltd. ("FAR"), an Australian Securities Exchange listed oil and gas company (the "Sale Agreement"), whereby FAR agreed to acquire an 80% interest and operatorship of the Company's offshore A2 and A5 blocks in The Gambia. The Company will retain a 20% working interest in both blocks.

Under the terms of the Sale Agreement, which was approved by the Government of the Republic of The Gambia in June 2017, upon closing of the transaction, FAR paid the Company the purchase price of \$5.2 million and will carry \$8.0 million of the Company's share of costs in a planned exploration well to be drilled in late 2018. In addition, if the Company's share of the exploration well is less than \$8.0 million, the balance is to be paid in cash to the Company. Any amount in excess of the \$8.0 million representing the Company's share of the exploration well will be borne by the Company.

Impairment of Oil and Gas Properties

The Company uses discounted cash flow techniques to determine the estimated fair value of its oil and gas properties as part of the Company's analysis for impairment. Accordingly, the Company estimated the present value of expected future net cash flows from the Oyo field, discounted using risk-adjusted cost of capital. Significant Level 3 assumptions used in the calculation include the Company's estimate of future crude oil prices, production costs, development costs, and anticipated production of proved reserves, as well as appropriate risk-adjusted probable and possible reserves.

In June 2017, the Company concluded that the carrying value of its oilfield assets would not be recoverable under the then current market conditions. Accordingly, the Company recorded a non-cash impairment charge of \$78.1 million to reduce the carrying value of its oil and gas properties to their estimated fair values. In addition, in June 2017, the Company recorded a non-cash impairment charge of \$0.6 million to write-off the carrying value of its onshore leases in Kenya.

5. Accounts Payable and Accrued Liabilities

The table below sets forth a summary of the Company's accounts payable and accrued liabilities at September 30, 2017 and December 31, 2016 :

<i>(In thousands)</i>	September 30, 2017	December 31, 2016
Accounts payable - vendors	\$ 179,467	\$ 173,306
Amounts due to government entities	77,139	66,573
Accrued payroll and benefits	1,164	3,074
Accrued interest	3,972	1,204
Other liabilities	—	806
	<u>\$ 261,742</u>	<u>\$ 244,963</u>

6. Asset Retirement Obligations

The Company's asset retirement obligations primarily represent the estimated fair value of the amounts that will be incurred to plug, abandon and remediate its producing properties at the end of their productive lives. Significant inputs used in determining such obligations include, but are not limited to, estimates of plugging and abandonment costs, estimated future inflation rates and changes in property lives. The inputs used in the fair value determination were based on Level 3 inputs, which were essentially management's assumptions.

On a quarterly basis, the Company reviews the assumptions used to estimate the expected cash flows required to settle the asset retirement obligations, including changes in estimated probabilities, amounts and timing of the settlement of the asset retirement obligations, as well as changes in the legal obligation for each of its properties. Changes in any one or more of these assumptions may cause revisions in the estimated liabilities. The following summarizes changes in the Company's asset retirement obligations during the nine months ended September 30, 2017 (*in thousands*):

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Balance at January 1, 2017	\$	22,476
Accretion expense		1,434
Balance at September 30, 2017	\$	<u>23,910</u>

7. Debt

Short-Term Debt:

Short-Term Borrowing - Glencore Advance

In February 2017, the Company received \$13.6 million as an advance (the "February Advance") under a stand-alone spot oil sales contract with Glencore Energy UK Ltd. ("Glencore"). Interest accrued on the February Advance at the rate of LIBOR plus 6.5% . Repayment of the February Advance was made from the February 2017 crude oil lifting.

In September 2017, the Company received \$23.5 million as an advance (the "September Advance") under an exclusive off-take contract with Glencore (the "Off-take Contract"). Interest accrued on the September Advance at the rate of LIBOR plus 6.5% . Repayment of the September Advance was made from the September 2017 crude oil lifting.

Short-Term Debt - Related Party

On September 19, 2017, the Company, through its wholly-owned subsidiary EPNL, borrowed \$0.2 million under a short-term loan agreement (the "2017 Short-Term Note") entered into with CAMAC Nigeria Limited, an affiliated company, at the flat interest rate of 5% and matures November 30, 2017.

Long-Term Debt :

Term Loan Facility

In September 2014, the Company, through its wholly-owned subsidiary EPNL, entered into the Term Loan Facility (as amended or modified, the "Term Loan Facility") with Zenith Bank PLC ("Zenith") for a five -year senior secured term loan providing initial borrowing capacity of up to \$100.0 million . Of the total commitment provided, 90.0% of the Term Loan Facility was available in U.S. dollars, while the remaining 10% was available in Nigerian Naira. U.S. dollar borrowings under the Term Loan Facility currently bear interest at the rate of LIBOR plus 9.0% . The obligations under the Term Loan Facility include a legal charge over the OMLs and an assignment of proceeds from oil sales. The obligations of EPNL have been guaranteed by the Company and rank in priority with all its other obligations, subject to the provisions under the Override Deed (defined below). Proceeds from the Term Loan Facility were used for the further expansion and development of the Oyo field offshore Nigeria.

In June 2016, the Term Loan Facility was modified contingent upon the signing of a loan agreement, which was signed in August 2016. The modification put in place a moratorium on principal payments until June 2017 and extended the term of the Term Loan Facility until February 2021. Additionally, it reduced the funding requirement of the debt service reserve account ("DSRA") to an amount equal to one quarter of interest until the price of oil exceeds \$55 per barrel, at which time an amount equal to two quarters of interest will then be required.

Upon executing the Term Loan Facility, the Company paid fees totaling \$2.6 million . Upon modification of the Term Loan Facility, additional fees of \$1.4 million were incurred. These fees were recorded as debt issuance cost and are being amortized over the life of the Term Loan Facility using the effective interest method. As of September 30, 2017 , \$1.7 million of the debt issuance costs remained unamortized.

Under the Term Loan Facility, the following events, among others, constitute events of default: EPNL failing to pay any amounts due within thirty days of the due date; bankruptcy, insolvency, liquidation or dissolution of EPNL; a material breach of the Term Loan Facility by EPNL that remains unremedied within thirty days of written notice by EPNL; or a representation or warranty of

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EPNL proves to have been incorrect or materially inaccurate when made. Upon any event of default, all outstanding principal and interest under any loans will become immediately due and payable. Further, Zenith has the right to review the terms and conditions of the Term Loan Facility.

During the nine months ended September 30, 2017, the Company made payments of \$0.4 million and \$4.2 million for the principal repayment of the Naira portion of the loan and for the U.S. dollar principal, respectively.

As of September 30, 2017, the Company recognized an unrealized foreign currency gain of \$5.0 million on the Naira portion of the loan, reducing the balance under the Term Loan Facility to \$82.3 million, net of debt discount. Of this amount, \$59.7 million was classified as long-term and \$22.6 million as short-term. Accrued interest for the Term Loan Facility was \$2.1 million as of September 30, 2017.

MCB Finance Facility and Related Agreements

On February 6, 2017, the Company and its subsidiary, EPNL, entered into a Pre-export Finance Facility Agreement (the "MCB Finance Facility") with The Mauritius Commercial Bank Limited, as mandated lead arranger, agent, security agent, original lender and issuing bank ("MCB"). The MCB Finance Facility provides for a total commitment of \$100.0 million and is supported by a guarantee from The Standard Bank of South Africa Limited ("SBSA"), as named guarantor, which guarantee is facilitated by the South African Public Investment Corporation (SOC) Limited ("PIC"), the Company's second largest shareholder. The PIC guarantee is made with recourse to the Company pursuant to the Company's entry into the Financing Support Agreement with PIC (the "Financing Support Agreement").

In connection with the MCB Finance Facility, and as a condition precedent to the initial drawdown thereunder, EPNL entered into the Off-take Contract with Glencore dated January 18, 2017 for EPNL's entire volumes of oil produced from the OMLs located offshore Nigeria. Pursuant to the MCB Finance Facility, EPNL is required to comply with the terms of the Off-take Contract, ensure payments and deliveries of oil and notify MCB of any failures under such contract and ensure that it receives a fair market price for delivered oil.

The MCB Finance Facility is supported by the SBSA guarantee as facilitated by PIC, the assignment of the Off-take Contract and the assignment by way of security of certain accounts, including a debt service reserve account, as set forth in the MCB Finance Facility. EPNL was required to deposit \$10.0 million (see Note 2 – *Basis of Presentation and Recently Issued Accounting Standards*

- *Restricted Cash*) at the closing of the MCB Finance Facility into the debt service reserve account with MCB and maintain that balance for so long as borrowings are outstanding under the MCB Finance Facility. The aforementioned guarantee and security agreements were entered into by the parties thereto before the initial drawdown on the MCB Finance Facility.

EPNL may make drawdowns under the MCB Finance Facility by way of loans and/or letters of credit until June 30, 2017 after which the remaining balance of MCB's commitment as of that date may be drawn and deposited into a capital expenditure reserve account for payment of invoices expected to be payable within six months after June 30, 2017. Borrowings under the MCB Finance Facility bear interest at the three-month LIBOR plus 6%. Additionally the Company is required to pay an unused commitment fee of 2% per annum. After a grace period that ended on June 30, 2017, the MCB Finance Facility will be repaid over a period starting from June 30, 2017 and ending on December 31, 2019.

The MCB Finance Facility includes customary fees, including a commitment fee, structuring fee, underwriting fee, management fee, fees payable in respect of utilization of the MCB Finance Facility by way of letter of credit and other fees, and subjects EPNL to certain covenants under the terms of the MCB Finance Facility, and is subject to customary events of default.

The Company did not draw down the remaining Available Facility on June 30, 2017 as expected and is currently in discussions with MCB to amend the agreement. The Company is seeking to extend the Availability period, including the Grace Period, as well as a revised repayment schedule.

The Company did not make the principal payment due and a portion of interest due on September 30, 2017. Also, on June 27, 2017, a vendor filed a suit against a wholly-owned subsidiary of the Company seeking an amount in excess of \$10.0 million (see Note 9 - *Commitments and Contingencies* for further information). These constitute events of default under the MCB Finance Facility. In October 2017, the Company obtained a waiver of default on these events from MCB.

The Company made its initial drawdown under the MCB Finance Facility in March 2017 (the "March 2017 drawdown"). As part of the March 2017 drawdown, the Company incurred debt issuance costs amounting to \$8.7 million. As of September 30, 2017,

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\$7.5 million of the debt issuance costs remained unamortized, which is shown as a discount to long-term debt on the consolidated balance sheet. As of September 30, 2017, the amount drawn under the MBC Finance Facility was \$63.2 million. Accrued interest and unused commitment fees under the MCB Finance Facility was \$1.9 million as of September 30, 2017.

During the nine months ended September 30, 2017, the Company paid \$0.1 million for the principal repayment of the MCB Finance Facility.

Under the MCB Finance Facility, the Company is required to maintain specified financial ratios. Maintenance of these financial ratios (the "cover ratios"), including a debt service cover ratio and a life cover ratio, commenced during the quarter after the initial drawdown. As of September 30, 2017, the Company is in compliance with the cover ratios.

Also on February 6, 2017, the Company and PIC also entered into the Financing Support Agreement. Pursuant to the Financing Support Agreement, PIC agrees to apply for, request and authorize SBSA, or any other reputable commercial bank acceptable to MCB, to issue a bank guarantee in favor of MCB in the amount of \$100.0 million. The issuance of a guarantee in favor of MCB by SBSA or another reputable commercial bank was a condition precedent to the closing of the MCB Finance Facility.

In consideration for this undertaking, the Company agreed to pay PIC an upfront fee equal to 250 basis points on the guarantee amount and issue to PIC warrants to purchase a number of shares of the Company's common stock in an amount equal to the guarantee amount multiplied by 20% divided by the closing market price of the Company's common stock on the day that EPNL receives the funds available under the MCB Finance Facility (the "warrants issuance date), with an exercise price equal to such closing market price. The Company recognized a derivative liability for the warrants that are expected to be issued for the portion of the amount drawn under the MCB Finance Facility at September 30, 2017. See Note 2 – Basis of Presentation and Recently Issued Accounting Standards - Fair Value Measurements for further information. The Company also has agreed to indemnify PIC from and against certain claims and losses. The amount of any and all indemnifiable losses suffered by PIC agreed or otherwise required to be paid by the Company will be paid in cash or, at the option of PIC, may be paid in newly issued shares of the Company's common stock. In March 2017, the Company paid \$2.5 million to PIC in fees under the Financing Support Agreement which is recorded as debt issuance costs as discussed above and is being amortized to interest expense over the life of the MCB Financing Facility.

On February 8, 2017, and in connection with the MCB Finance Facility, the Company, EPNL, MCB and Zenith, the Company's existing secured lender, also entered into an Override Deed (the "Override Deed"). The Override Deed establishes, inter alia, pro-rata rights of MCB and Zenith in respect of the proceeds from the Off-take Contract, governs the mechanics of any enforcement action by the creditors and sets out pro-rata sharing of enforcement proceeds between MCB and Zenith. The Override Deed also grants the necessary consents to EPNL's entry into the MCB Finance Facility and related documents.

Long-Term Debt Maturities

Scheduled principal repayments on the outstanding balance on the Term Loan Facility and the MCB Finance Facility are as follows (in thousands):

Scheduled payments by year	Principal
2017 (remainder)	\$ 24,931
2018	62,054
2019	21,277
2020	26,597
2021 and thereafter	12,198
Total principal payments	147,057
Less: Unamortized debt issuance costs	(9,191)
Total Long term debt, net	<u>\$ 137,866</u>

Long-Term Debt – Related Party:

As of September 30, 2017, the Company's long-term related party debt was \$129.8 million, consisting of \$24.9 million owed under a 2011 Promissory Note, \$50.0 million owed under a 2014 Convertible Subordinated Note, \$48.5 million, net of discount,

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owed under a 2015 Convertible Note, and \$6.4 million owed under a 2016 Promissory Note.

Allied, a related party, was the holder of each of the 2011 Promissory Note, the 2014 Convertible Subordinated Note, and the 2015 Convertible Note (collectively the "Related Party Notes"). During the nine months ended September 30, 2017, Oltasho became the holder of each of the Related Party Notes. Please also see *Note 1 - Company Description* for changes in control in the Company which occurred during 2017.

Each of the Related Party Notes contains certain default and cross-default provisions, including failure to pay interest and principal amounts when due and default under other indebtedness. As of September 30, 2017, the Company was not in compliance with certain default provisions of the Related Party Notes with respect to the payment of quarterly interest. Further, the risk of cross-default exists for each of the Related Party Notes if the holder of the Term Loan Facility exercises its right to terminate the Term Loan Facility and accelerate its maturity. In July 2017, Oltasho agreed to waive through their respective maturity dates its rights under all default provisions of each of the Related Party Notes.

2011 Promissory Note

EPNL, the Company's wholly owned subsidiary, has a \$25.0 million borrowing facility under a promissory note (the "2011 Promissory Note"). Interest accrues on the outstanding principal under the 2011 Promissory Note at a rate of the 30-day LIBOR plus 2% per annum, payable quarterly. In March 2017, the 2011 Promissory Note became convertible, at the sole option of the holder, into shares of the Company's common stock at a conversion price of \$3.415 per share. In July 2017, the 2011 Promissory Note was amended to extend the maturity date to December 2019. The entire \$25.0 million facility amount can be utilized for general corporate purposes. The stock of the Company's subsidiary that holds the exploration licenses in The Gambia and Kenya were pledged as collateral to secure the 2011 Promissory Note, pursuant to an Equitable Share Mortgage arrangement. As of September 30, 2017, the outstanding principal and accrued interest under the 2011 Promissory Note were \$24.9 million and \$2.2 million, respectively.

As referred to above, this Note was transferred to Oltasho during the nine months ended September 30, 2017.

2014 Convertible Subordinated Note

As partial consideration in connection with the February 2014 acquisition of interests in Oil Mining Leases ("OMLs") located offshore Nigeria from Allied, the Company issued a \$50.0 million Convertible Subordinated Note in favor of Allied (the "2014 Convertible Subordinated Note"). Interest on the 2014 Convertible Subordinated Note accrues at a rate per annum of one-month LIBOR plus 5%, payable quarterly in cash until the maturity of the 2014 Convertible Subordinated Note five years from the acquisition date.

At the election of the holder, the 2014 Convertible Subordinated Note is convertible into shares of the Company's common stock at an initial conversion price of \$4.2984 per share, subject to anti-dilution adjustments. The 2014 Convertible Subordinated Note is subordinated to the Company's existing and future senior indebtedness and is subject to acceleration upon an Event of Default (as defined in the 2014 Convertible Subordinated Note). The following events, among others, constitute an Event of Default under the 2014 Convertible Subordinated Note: the Company failing to pay interest within thirty days of the due date; the Company failing to pay principal when due; bankruptcy, insolvency, liquidation or dissolution of the Company; a material breach of the 2014 Convertible Subordinated Note by the Company that remains unremedied within ten days of such material breach; or a representation or warranty of the Company proves to have been incorrect or materially inaccurate when made. Upon any event of default, all outstanding principal and interest under any loans will become immediately due and payable. As of September 30, 2017, the Company owed \$10.5 million in accrued interest under the 2014 Convertible Subordinated Note.

The Company may, at its option, prepay the 2014 Convertible Subordinated Note in whole or in part, at any time, without premium or penalty. Further, the 2014 Convertible Subordinated Note is subject to mandatory prepayment upon (i) the Company's issuance of capital stock or incurrence of indebtedness, the proceeds of which the Company does not apply to repayment of senior indebtedness or (ii) any capital markets debt issuance to the extent the net proceeds of such issuance exceed \$250.0 million. The holder may assign all or any part of its rights and obligations under the 2014 Convertible Subordinated Note to any person upon written notice to the Company. In July 2017, the 2014 Convertible Subordinated Note was amended to extend the maturity date to December 2019. As of September 30, 2017, the outstanding principal under the 2014 Convertible Subordinated Note was \$50.0 million.

As referred to above, this Note was transferred to Oltasho during the nine months ended September 30, 2017.

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2015 Convertible Note

In March 2015, the Company entered into a borrowing facility with Allied in the form of a Convertible Note (the "2015 Convertible Note"), allowing the Company to borrow up to \$50.0 million for general corporate purposes. In July 2017, the maturity date of the 2015 Convertible Note was extended to December 2019. Interest accrues at the rate of LIBOR plus 5% , and is payable quarterly.

The 2015 Convertible Note is convertible into shares of the Company's common stock upon the occurrence and continuation of an event of default, at the sole option of the holder. The number of shares issuable upon conversion is equal to the sum of the principal amount and the accrued and unpaid interest divided by the conversion price, defined as the volume weighted average of the closing sales prices on the NYSE American for a share of common stock for the five complete trading days immediately preceding the conversion date.

As of September 30, 2017 , the Company had borrowed \$48.5 million under the note and issued to Allied warrants to purchase approximately 2.7 million shares of the Company's common stock at prices ranging from \$2.00 to \$7.85 per share. The total fair market value of the warrants amounting to \$5.0 million based on the Black-Scholes option pricing model was recorded as a debt discount, and is being amortized using the effective interest method over the life of the note. As of September 30, 2017 , the debt discount has been fully amortized.

Additional warrants are issuable in connection with future borrowings, with the per share price for those warrants determined based on the market price of the Company's common stock at the time of such future borrowings. As of September 30, 2017 , the outstanding balance of the 2015 Convertible Note, net of discount, was \$48.5 million . Accrued interest on the 2015 Convertible Note was \$7.3 million as of September 30, 2017 .

As referred to above, this Note was transferred to Oltasho during the nine months ended September 30, 2017 .

2016 Promissory Note

In March 2016, the Company borrowed \$3.0 million under a short-term Promissory Note agreement entered into with an entity related to the Company's then majority shareholder, which accrued interest at a rate of the 30 -day LIBOR plus 7% per annum.

In April 2016, the Company borrowed an additional sum of \$1.0 million from the same lender, under another short-term Promissory Note, which also accrued interest at a rate of the 30 -day LIBOR plus 7% per annum.

In May 2016, the Lender of the two Promissory Notes agreed to combine both notes into a \$10.0 million borrowing facility (the "2016 Promissory Note"). Interest accrues at a rate of the 30 -day LIBOR plus 7% per annum.

Subsequent to the combination of both notes into the 2016 Promissory Note, the Company had additional drawings under the 2016 Promissory Note totaling \$2.4 million .

As of September 30, 2017 , the outstanding balance under the 2016 Promissory Note was \$6.4 million . Accrued interest on the 2016 Promissory Note was \$0.8 million as of September 30, 2017 . In March 2017, the 2016 Promissory Note became convertible, at the sole option of the holder, into shares of the Company's common stock at a conversion price of \$3.415 per share. In July 2017, the maturity date of the 2016 Promissory Note was extended to April 2023.

8. Related Party Transactions

Assets and Liabilities

The Company has transactions in the normal course of business with its shareholders, CEHL and their affiliates. Effective April 3, 2017, Oltasho became a majority shareholder of the Company and the holder of the Related Party Notes. The following table sets forth the related party assets and liabilities as of September 30, 2017 and December 31, 2016 :

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(In thousands)	September 30, 2017	December 31, 2016
Accounts receivable	\$ 2,821	\$ 1,956
Accounts payable and accrued liabilities	\$ 33,388	\$ 29,513
Short-term note payable - related party	\$ 200	\$ —
Long-term notes payable - related party	\$ 129,821	\$ 129,796

As of September 30, 2017 and December 31, 2016 , the related party receivable balances of \$2.8 million and \$2.0 million , respectively, were for advance payments made for certain transactions on behalf of affiliates.

As of September 30, 2017 and December 31, 2016 , the Company owed \$33.4 million and \$29.5 million , respectively, to affiliates primarily for logistical and support services in relation to the Company's oilfield operations in Nigeria, as well as accrued interest on the various related party notes payable. As of September 30, 2017 and December 31, 2016 , accrued and unpaid interest on the various related party notes payable was \$21.1 million and \$15.2 million , respectively.

As of September 30, 2017 , the Company had a related party short term note payable balance of \$0.2 million under a short term loan agreement entered into with an affiliate.

As of September 30, 2017 , the Company had a combined note payable balance of \$129.8 million owed to Oltasho and an affiliate, consisting of a \$50.0 million 2014 Convertible Subordinated Note, \$24.9 million in borrowings under the 2011 Promissory Note, a \$48.5 million borrowing under the 2015 Convertible Note, net of discount, and \$6.4 million under the 2016 Promissory Note. As of December 31, 2016 , the Company had a combined note payable balance of \$129.8 million owed to affiliates, consisting of the \$50.0 million 2014 Convertible Subordinated Note, \$24.9 million in borrowings under the 2011 Promissory Note, \$48.5 million borrowing under the 2015 Convertible Note, net of discount, and \$6.4 million under the 2016 Promissory Note. See *Note 7 – Debt* for further information relating to the notes payable transactions.

Results from Operations

The table below sets forth a summary of transactions included in the Company's results of operations that were incurred with affiliates during the three and nine months ended September 30, 2017 and 2016 :

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Total operating expenses	\$ 2,333	\$ 4,825	\$ 7,058	\$ 8,844
Interest expense	\$ 2,084	\$ 1,525	\$ 6,031	\$ 4,987

Certain affiliates of the Company provide procurement and logistical support services to the Company's operations. In connection therewith, during the three months ended September 30, 2017 and 2016 , the Company incurred operating costs amounting to approximately \$2.3 million and \$4.8 million , respectively, and during the nine months ended September 30, 2017 and 2016 , the Company incurred operating costs amounting to approximately \$7.1 million and \$8.8 million , respectively.

During the three months ended September 30, 2017 and 2016 , the Company incurred interest expense, excluding debt discount amortization, totaling approximately \$2.1 million and \$1.5 million , respectively, in relation to related party notes payable. During the nine months ended September 30, 2017 and 2016 , the Company incurred interest expense totaling approximately \$6.0 million and \$5.0 million , respectively.

9. Commitments and Contingencies

Commitments

In February 2014, a long-term contract was signed for the floating, production, storage, and offloading vessel ("FPSO") *Armada Perdana*, which is the vessel currently connected to the Company's productive wells, Oyo-7 and Oyo-8, offshore Nigeria. The contract provides for an initial term of seven years beginning January 1, 2014, with an automatic extension for an additional term of two years unless terminated by the Company with prior notice. The FPSO can process up to 40,000 barrels of liquid per day, with a storage capacity of approximately one million barrels. The annual minimum contractual commitment per the terms of the agreement is approximately \$48.4 million per year through 2020.

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The Company also has commitments related to four production sharing contracts with the Government of the Republic of Kenya (the “Kenya PSCs”), two Petroleum Exploration, Development & Production Licenses with the Republic of The Gambia (the “Gambia Licenses”), and one Petroleum Agreement with the Republic of Ghana (the “Ghana Petroleum Agreement”). In all cases, the Company entered into these commitments through a subsidiary. To maintain compliance and ownership, the Company is required to fulfill certain minimum work obligations and to make certain payments as stated in each of the Kenya PSCs, the Gambia Licenses, and the Ghana Petroleum Agreement. Among the Kenya PSCs in which the Company has remaining obligations, production sharing contracts related to offshore blocks L27 and L28 expired in February 2017, with the Company having no intention to renew or extend these leases. In June 2017, the Company farmed out 80% of its interest and operatorship of its offshore A2 and A5 blocks under the Gambia Licenses and will retain a 20% working interest in both blocks. See *Note 4 – Property, Plant and Equipment* for further information relating to the Sale Agreement.

In March 2017, the Company entered into a drilling services contract with Pacific Drilling using the Pacific Bora drilling rig. The Company used this rig to drill well Oyo-9 on the Oyo field in the deepwater offshore Nigeria. Under the contract, the Company has the option to drill up to two additional wells. The option to extend the contract, if exercised, would be used to drill two of its offshore Nigeria exploration prospects in the prolific Miocene geological zone. The Pacific Bora is a highly efficient sixth generation double-hulled drillship currently in Nigeria and was mobilized to the Oyo field and on site August 1, 2017. The contract provides for a base operating rate of \$195,000 per day. The rig can be used for both drilling and well completion. In October 2017, the Company successfully completed the drilling phase of the Oyo-9 well. However, due to chronic delays in the release of the remaining funds and improper interference by the guarantor of the MCB Finance Facility, the Company temporarily suspended the completion and hookup of the Oyo-9 well.

Contingencies

Legal Contingencies and Proceedings

From time to time, the Company may be involved in various legal proceedings and claims in the ordinary course of business. As of September 30, 2017, and through the filing date of this report, the Company does not believe the ultimate resolution of such actions or potential actions of which the Company is currently aware will have a material effect on its consolidated financial position or results of operations.

On January 22, 2016, a request for arbitration was filed with the London Court of International Arbitration by Transocean Offshore Gulf of Guinea VII Limited and Indigo Drilling Limited, as Claimants, against the Company and its Nigerian subsidiary, EPNL, as Respondents (the “Arbitration”). The Arbitration was in relation to a drilling contract entered into by the Claimants and EPNL, and a parent company guarantee provided by the Company in relation thereto. On July 19, 2017, the London Court of International Arbitration issued a “First Partial Final Award by Consent” (the “Consent Award”) in a proceeding between the Claimants and Respondents to resolve claims by the Claimants arising out of a contract for oilfield services done in relation to the Company's ordinary course of business. Pursuant to the Consent Award, the Respondents are liable to pay Claimants approximately \$14.0 million and 11.8 million Nigerian Naira (NGN), equal to approximately \$33,000 U.S. dollars.

On February 5, 2016, a class action and derivative complaint was filed in the Delaware Chancery Court purportedly on behalf of the Company and on behalf of a putative class of persons who were stockholders as of the date the Company (1) acquired interests in Oil Mining Leases located offshore Nigeria from Allied pursuant to the Transfer Agreement and (2) issued shares to PIC in a private placement (collectively the “February 2014 Transactions”). The complaint alleges the February 2014 Transactions were unfair to the Company and purports to assert derivative claims against (1) the seven individuals who served on our Board at the time of the February 2014 Transactions and (2) our then majority shareholder, CEHL. The complaint also purports to assert a direct breach of fiduciary duty claim on behalf of the putative class against the seven individuals who served on our Board at the time of the February 2014 Transactions on the grounds that they purportedly caused the Company to disseminate a false and misleading proxy statement in connection with the February 2014 Transactions, and a direct claim for aiding and abetting against Dr. Kase Lawal, the former Executive Chairman of the Board of Directors and former Chief Executive Officer of the Company. The plaintiff is seeking, on behalf of the Company and the putative class, an undisclosed amount of compensatory damages. The Company is named solely as a nominal defendant against whom the plaintiff seeks no recovery. On March 3, 2016, all of the defendants, including the Company, filed motions to dismiss the complaint, which motions were heard on January 18, 2017. The plaintiffs filed a motion to supplement their petition to include a claim relating to what Allied paid or did not pay Nigerian Agip Exploration Limited for the asset. On May 23, 2017, the court granted plaintiffs’ motion to supplement petition. On June 23, 2017, the defendants filed short motions to dismiss the supplemental allegations. The plaintiffs filed their response on July 12, 2017 and the defendants filed a reply on July 21, 2017.

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On June 27, 2017, BGP Kenya Limited ("BGP") filed suit against EEKL in the High Court of Kenya. BGP is seeking approximately \$12.2 million, which includes interest of approximately \$2.7 million for allegedly unpaid amounts in connection with BGP's performance of seismic services in Kenya done in relation to the Company's ordinary course of business. EEKL is contesting the proceedings.

On July 13, 2017, Multiplan Nigeria Limited ("Multiplan") entered into a settlement agreement and release (the "Multiplan Settlement Agreement") with EPNL for \$3.0 million, to resolve claims by Multiplan for work done in relation to the Company's ordinary course of business. As a result thereof, the Company decreased its accounts payable and accrued liabilities by \$0.2 million with a corresponding decrease to its oil and gas properties as of September 30, 2017. As part of the Multiplan Settlement Agreement, the Company paid \$1.0 million to Multiplan in July 2017, and all remaining amounts claimed by Multiplan are due to be discharged by EPNL prior to the end of 2017.

On July 14, 2017, Aker Solutions Inc. ("Aker") entered into a settlement agreement and release (the "Aker Settlement Agreement") with EPNL for \$2.5 million, to resolve claims by Aker for work done in relation to the Company's ordinary course of business. As a result thereof, the Company decreased its accounts payable and accrued liabilities by \$10.2 million with a corresponding decrease to its oil and gas properties as of September 30, 2017. As part of the Aker Settlement Agreement, EPNL paid \$1.0 million to Aker in July 2017, and all remaining amounts claimed by Aker are due to be discharged by EPNL prior to the end of 2017.

In September 2017, the Company entered into a Mutual Release Agreement and Stock Purchase Agreement, (collectively, the "September 2017 Settlement Agreement") with a vendor, to resolve claims by the vendor for work done in relation to the Company's ordinary course of business. As part of the September 2017 Settlement Agreement, the Company issued 1,282,355 shares of restricted common stock to the vendor at a fair value of \$3.5 million.

Unrecognized Loss Contingency

As of September 30, 2017, the Company has not accrued penalty and interest related to certain outstanding transactional tax obligations in Nigeria, including withholding taxes, value-added taxes, Nigerian Oil and Gas Industry Content Development Act (NCD) tax, Cabotage taxes, and Niger Delta Development Corporation taxes (NDDC). As of the date of this report, the Company believes that, based on its experience with local practices in Nigeria, the likelihood of being assessed penalty and interest is reasonably possible, with an estimated liability up to \$22.1 million.

Contingency under the Allied Transfer Agreement

As provided for under the Transfer Agreement with Allied, the Company is required to make the following additional payments upon the occurrence of certain future events: (i) \$25.0 million cash or the equivalent in shares of the Company's common stock within fifteen days following the approval of a development plan by the Nigerian Department of Petroleum Resources ("DPR") with respect to a first new discovery of hydrocarbons in a non-Oyo field area; and (ii) \$25.0 million cash or the equivalent in shares of the Company's common stock within fifteen days starting from the commencement of the first hydrocarbon production in commercial quantities in a non-Oyo field area. The number of shares to be issued shall be determined by calculating the average closing price of the Company's common stock over a period of thirty days, counted back from the first business day immediately prior to the approval of a development plan by DPR or the date of the first hydrocarbon production in commercial quantities, as applicable.

Contingency under the 2015 Convertible Note

As part of the condition to the extension of the maturity date of the 2015 Convertible Note, which extension was entered into in March 2016, the Company is required to (i) pay to Allied an amount equal to ten percent (10%) towards existing liabilities of any successful debt fundraising event completed during the remaining term of the 2015 Convertible Note; and (ii) pay to Allied an amount equal to twenty percent (20%) towards existing liabilities of any successful equity fundraising event completed during the remaining term of the 2015 Convertible Note. Despite the 2015 Convertible Note being transferred to Oltasho (See *Note 7 - Debt*) the amounts due under the provision of this extension remain due to Allied. The execution of the MCB Financing Facility in February 2017 triggered item (i) above of which a payment is due to Allied under these provisions.

10. Stock-Based Compensation

Stock Options

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The table below sets forth a summary of stock option activity for the nine months ended September 30, 2017 .

	Shares Underlying Options (In Thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding at December 31, 2016	1,147	\$2.54	2.0
Granted	745	\$2.26	1.0
Exercised	(511)	\$1.81	—
Forfeited	(639)	\$2.69	—
Expired	(145)	\$3.55	—
Outstanding at September 30, 2017	597	\$2.40	1.8
Expected to vest	145	\$1.88	4.7
Exercisable at September 30, 2017	452	\$2.57	0.9

During the nine months ended September 30, 2017 , the Company issued 183,160 shares of common stock as a result of the exercise of stock options, all of which were issued as a result of the cashless exercise of options to purchase 510,555 shares of common stock. Also, during the nine months ended September 30, 2017 , options to purchase 638,891 shares of common stock were forfeited and options to purchase 145,000 shares of common stock expired.

The estimated fair value of stock options granted during the nine months ended September 30, 2017 was approximately \$0.9 million , and was computed using the Black-Scholes option pricing model.

Stock Warrants

The table below sets forth a summary of stock warrant activity for the nine months ended September 30, 2017 .

	Shares Underlying Warrants (In Thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding at December 31, 2016	2,983	\$3.59	3.2
Granted	—	\$—	—
Exercised	—	\$—	—
Forfeited	—	\$—	—
Expired	—	\$—	—
Outstanding at September 30, 2017	2,983	\$3.59	2.5
Expected to vest	—	\$—	—
Exercisable at September 30, 2017	2,983	\$3.59	2.5

Restricted Stock Awards

The table below sets forth a summary of restricted stock awards ("RSAs") activity for the nine months ended September 30, 2017 .

	Shares (In Thousands)	Weighted-Average Grant Date Price Per Share
Non-vested at December 31, 2016	2,072	\$ 2.25
Granted	1,122	\$ 3.00
Vested	(1,038)	\$ 2.39
Forfeited	(746)	\$ 2.98
Non-vested as of September 30, 2017	1,410	\$ 2.36

During the nine months ended September 30, 2017 , the Company granted officers, directors, and employees a total of approximately 1.1 million shares of restricted common stock, including 0.2 million performance-based restricted stock awards ("PBRSA"), with

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vesting periods varying from immediate vesting to 36 months . During the same period, 0.7 million shares of restricted common stock were forfeited.

The fair value of RSAs granted during the nine months ended September 30, 2017 was approximately \$3.4 million , which is being amortized to expense over the respective vesting periods of each grant.

With regards to the PBRSA, each grant will vest if the individuals remain employed three years from the date of grant and the Company achieves specific performance objectives at the end of the designated performance period. Up to 50% additional shares may be awarded if performance objectives are exceeded. None of the PBRsAs will vest if certain minimum performance goals are not met. The performance conditions are based on the Company's total shareholder return over the performance period compared to an industry peer group of companies. Total estimated compensation expense is \$0.1 million over three years.

Issuance of Common Shares

During September 2017, the Company issued 33,333 shares of restricted common stock to a consultant for services rendered with a fair value of \$0.1 million .

Also during September 2017, the Company issued 1,282,355 shares of restricted common stock to a vendor under the September 2017 Settlement Agreement with a fair value of \$3.5 million (See Note 9 - Commitments and Contingencies).

11. Segment Information

The Company's current operations are based in Nigeria, Kenya, The Gambia, and Ghana. Management reviews and evaluates the operations of each geographic segment separately. Operations include exploration for and production of hydrocarbons where commercial reserves have been found and developed. Revenues and expenditures are recognized at the relevant geographical location. The Company evaluates each segment based on operating income (loss).

Segment activity for the three and nine months ended September 30, 2017 and 2016 are as follows:

(In thousands)	Nigeria	Kenya	The Gambia	Ghana	Corporate and Other	Total
Three months ended September 30,						
2017						
Revenues	\$ 33,643	\$ —	\$ —	\$ —	\$ —	\$ 33,643
Operating loss	\$ (6,861)	\$ (109)	\$ (207)	\$ (807)	\$ (2,046)	\$ (10,030)
2016						
Revenues	\$ 28,619	\$ —	\$ —	\$ —	\$ —	\$ 28,619
Operating loss	\$ (17,323)	\$ (434)	\$ (728)	\$ (210)	\$ (3,122)	\$ (21,817)
Nine months ended September 30,						
2017						
Revenues	\$ 79,509	\$ —	\$ —	\$ —	\$ —	\$ 79,509
Operating loss	\$ (114,576)	\$ (1,404)	\$ 1,591	\$ (1,820)	\$ (8,046)	\$ (124,255)
2016						
Revenues	\$ 56,699	\$ —	\$ —	\$ —	\$ —	\$ 56,699
Operating loss	\$ (63,777)	\$ (1,485)	\$ (1,251)	\$ (1,328)	\$ (9,468)	\$ (77,309)

Total assets by segment as of September 30, 2017 and December 31, 2016 , are as follows:

(In thousands)	Nigeria	Kenya	The Gambia	Ghana	Corporate and Other	Total
Total Assets						
As of September 30, 2017	\$ 218,827	\$ 61	\$ 4,069	\$ 5,230	\$ 1,304	\$ 229,491
As of December 31, 2016	\$ 281,050	\$ 698	\$ 3,034	\$ 3,648	\$ 771	\$ 289,201

12. Subsequent Events

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On October 27, 2017 the Company, through its wholly-owned subsidiary, EPNL, entered into a loan agreement, (the "2017 Loan Agreement"), with James Street Capital Partners Limited, ("JSC") as the lender, allowing the Company to borrow up to \$20.0 million to be used for capital expenditures in relation to the drilling of an exploration well in the Miocene formation of the OMLs.

Interest accrues on the outstanding principal of the 2017 Loan Agreement at LIBOR plus 5% per annum, payable quarterly in cash or issuance of the Company's restricted common stock. The Company is required to repay one third of the principal amount outstanding under the loan agreement, on each of December 31, 2018, 2019 and 2020. Amounts outstanding under the 2017 Loan Agreement may be paid at any time without penalty.

In consideration for this undertaking, the Company issued a stock purchase warrant to JSC to purchase up to 7,017,544 shares of the Company's common stock at \$2.85 per share. The warrants include a repurchase right such that upon repayment in full of the amounts borrowed under the 2017 Loan Agreement the Company may repurchase the warrants at their fair market value (as defined in the warrant agreement). The warrants expire on September 30, 2020 and include cashless exercise rights in the event the shares of common stock issuable upon exercise thereof are not registered under the Securities Act of 1933, as amended.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. All statements, other than statements of historical fact, in this report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans and objectives of management for future operations, are, or may be deemed to be, forward-looking statements. Such forward-looking statements involve assumptions, known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company, to be materially different from historical earnings and those presently anticipated or projected or any future results, performance or achievements expressed or implied by such forward-looking statements contained in this report.

In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "objective," "plan," "potential," "predict," "project," "should," "will," "will likely," or similar expressions. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. We caution you not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Important factors that could affect our financial performance and that could cause actual results for future periods to differ materially from our expectations include, but are not limited to:

- the supply, demand and market prices of oil and natural gas;
- our current and future indebtedness;
- our ability to raise capital to fund our current and future operations;
- our ability to develop oil and gas reserves;
- competition from other companies in the energy market;
- political instability and foreign government regulations over international operations;
- our lack of diversification of production and reserves;
- compliance and enforcement of restriction on production and exports;
- compliance and enforcement of environmental laws and regulations;
- our ability to achieve profitability;
- our dependency on third parties to enable us to produce and deliver oil and gas; and
- other factors disclosed under *Item 1. Description of Business*, *Item 1A. Risk Factors*, *Item 2. Properties*, *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Item 7A. Quantitative and Qualitative Disclosures About Market Risk* of our Annual Report on Form 10-K for the year ended December 31, 2016, and elsewhere in this report.

We have based our forward-looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements. You should consider carefully the statements under the "Risk Factors" section of this report and other sections of this report which describe factors that could cause our actual results to differ from those set forth in the forward-looking statements, and the following factors:

- the possibility that our future acquisitions may involve unexpected costs;
- the volatility in commodity prices for oil and gas;
- the accuracy of internally estimated proved reserves;
- the presence or recoverability of estimated oil and gas reserves;
- the ability to replace oil and gas reserves;
- the availability and costs of drilling rigs and other oilfield services;
- risks inherent in natural gas and oil drilling and production activities, including risks of fire, explosion, blowouts, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks;
- delays in receipt of drilling permits;
- risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in natural gas and oil prices;
- risks relating to unexpected adverse developments in the status of properties;
- risks relating to the absence or delay in receipt of government approvals or other third party consents;
- environmental risks;

- exploration and development risks;
- competition;
- the inability to realize expected value from acquisitions;
- the availability and cost of alternative fuel sources;
- our ability to maintain the listing of our common stock on the NYSE American;
- our ability to meet the covenants in our loan agreements and the consequences of not meeting such covenants;
- the ability of our management team to execute its plans to meet its goals; and
- other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors that may negatively impact our businesses, operations and pricing.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on our forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and, except as required by law, we undertake no duty to update or revise any forward-looking statement.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see “Risk Factors” in Item 1A of Part II of this report and in our Quarterly Reports on Form 10-Q for the quarterly period ended June 30, 2017 and March 31, 2017, and in our Annual Report on Form 10-K for the year ended December 31, 2016.

Review of Information and Definitions

This information should be read in conjunction with the interim unaudited financial statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the consolidated financial statements and notes thereto and Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2016.

Certain capitalized terms used below and otherwise defined below, have the meanings given to such terms in the footnotes to our consolidated financial statements included above under “Part I - Financial Information” - “Item 1. Financial Statements”.

Certain abbreviations and oil and gas industry terms used throughout this Quarterly Report are described and defined in greater detail under “Glossary of Selected Oil and Gas Terms” beginning on page 3 of our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on March 16, 2017.

Unless the context requires otherwise, references to the “Company,” “we,” “us,” “our,” “Erin,” “Erin Energy” and “Erin Energy Corporation” refer specifically to Erin Energy Corporation and its consolidated subsidiaries.

In addition, unless the context otherwise requires and for the purposes of this report only:

- “Bbl” means a barrel of oil;
- “BOPD” refers to barrels of oil per day;
- “Exchange Act” refers to the Securities Exchange Act of 1934, as amended;
- “SEC” or the “Commission” refers to the United States Securities and Exchange Commission; and
- “Securities Act” refers to the Securities Act of 1933, as amended.

Our Business

Erin Energy Corporation, a Delaware corporation, is an independent oil and gas exploration and production company focused on energy resources in Africa. Our strategy is to acquire and develop high-potential exploration and production assets in Africa, and to explore and develop those assets through strategic partnerships with national oil companies, indigenous local partners and other independent oil companies. We seek to build and operate a strategic portfolio of high-impact exploration and near-term development projects with significant production, reserves and resources growth potential.

We actively manage investments and on-going operations by limiting capital exposure through farm-outs at various stages of exploration and development to share risks and costs. We prioritize on building a strong technical and operational team and place

an emphasis on the utilization of modern oil field technologies that mature our assets, reduce the cost of our projects and improve the efficiency of our operations.

Our shares are traded on both the NYSE American and on the Johannesburg Stock Exchange ("JSE") under the symbol "ERN".

Our asset portfolio consists of five licenses across three countries covering an area of approximately 1.5 million acres (approximately 6,000 square kilometers). We own producing properties offshore Nigeria and conduct exploration activities as an operator offshore Nigeria and conduct exploration activities as an operator offshore Ghana, and as a non-operator offshore The Gambia.

Our operating subsidiaries include Erin Petroleum Nigeria Limited, Erin Energy Kenya Limited, Erin Energy Gambia Ltd., and Erin Energy Ghana Limited.

On February 16, 2017, Babatunde (Segun) Omidele informed the Company that he would resign from service as a member of the Board and as the Chief Executive Officer of the Company. The Board accepted his resignation effective as of February 22, 2017. The Board appointed Jean-Michel Malek, the Company's Senior Vice President, General Counsel and Secretary, to serve as Interim Chief Executive Officer effective February 22, 2017 while the Board conducted a search for a permanent replacement for Mr. Omidele. Effective on May 18, 2017, the Board appointed Sakiru Adefemi (Femi) Ayoade as the Company's Chief Executive Officer to replace the then Interim Chief Executive Officer, Jean-Michel Malek.

Changes in Control during 2017

We were advised by Oltasho Nigeria Limited ("Oltasho") and Latmol Investment Limited ("Latmol") that on (a) April 3, 2017, an aggregate of 116,108,833 shares of the Company's common stock previously held by Allied Energy Plc. ("Allied"), were transferred to Oltasho; and (b) April 13, 2017, an aggregate of 1,515,927 shares of the Company's common stock previously held by CAMAC Int'l (Nigeria) Ltd. ("CAMAC International"), were transferred to Latmol. Prior to April 2017, the shares of common stock previously held by Allied and CAMAC International were beneficially owned by Dr. Kase Lawal, our former Chairman and former Chief Executive Officer, due to his ownership of equity interests in such entities and voting and dispositive control over the securities held by such entities.

The shares foreclosed upon represented approximately 54.6% of our outstanding voting shares (53.9% owned by Allied and 0.7% owned by CAMAC International) as of the dates of transfer and as such, represented a change in control of the Company. The Company has been advised that the shares held by Oltasho are beneficially owned by Alhaji Murhi Busari, its Chairman, and the shares held by Latmol are beneficially owned by Alhaji Murhi Busari, its Chairman.

On July 5, 2017, Oltasho and Latmol entered into a Voting Agreement with Dr. Lawal (the "Voting Agreement") resulting in another change in control of the Company. Pursuant to the Voting Agreement, Oltasho and Latmol provided complete authority to Dr. Lawal to vote the 117,624,760 shares foreclosed upon (and any other securities of the Company obtained by Oltasho and/or Latmol in the future) at any and all meetings of stockholders of the Company and via any written consents. Those 117,624,760 shares represent approximately 54.6% of the Company's common stock as of the parties' entry into the Voting Agreement. The Voting Agreement has a term of approximately 10 years, through July 31, 2027, but can be terminated at any time with the mutual consent of the parties. In connection with their entry into the Voting Agreement, Oltasho and Latmol each provided Dr. Lawal an irrevocable voting proxy to vote the shares covered by the Voting Agreement. Additionally, during the term of such agreement, Oltasho and Latmol agreed not to transfer the shares covered by the Voting Agreement except pursuant to certain limited exceptions. According to the Voting Agreement, Oltasho and Latmol have no desire to control the Company and believe that voting control of the Company was best determined by Dr. Lawal, a United States resident, who has extensive knowledge of United States laws and the assets and operations of the Company, as Dr. Lawal was, until he retired in 2015, the Chairman and Chief Executive Officer of the Company. Due to the Voting Agreement, Dr. Lawal will continue to hold voting control over the Company.

We conduct certain business transactions with CAMAC Energy Holdings Limited ("CEHL"), and its affiliates, which include Allied, which are entities controlled by Dr. Lawal. These entities are deemed to be related parties for financial reporting purposes. See *Note 8 - Related Party Transactions* to the Notes to Unaudited Consolidated Financial Statements for further information.

Nigeria

The Company currently owns 100% of the economic interests in the Oil Mineral Leases ("OMLs"), which include the currently producing Oyo field.

In early July 2016, the Oyo-7 well was shut-in as a result of an emergency shut-in of the Oyo field production. This has resulted in a loss of approximately 1,400 BOPD. The Company is currently working on relocating an existing gaslift line to well Oyo-7 to enable continuous gaslift operation. For cost effectiveness, the relocation of the gaslift line to well Oyo-7 is now planned to be combined with the Oyo-9 subsea equipment installation scheduled for the second half of 2018.

Daily production from the Oyo-8 well during the three months ended September 30, 2017 was approximately 5,700 BOPD (approximately 5,000 BOPD net to the Company after royalty, over the number of days production occurred).

In early August 2017, the Pacific Bora drilling rig arrived on the Oyo field and immediately commenced drilling of the Oyo-9 well. In October 2017, the Company successfully completed the drilling phase of the Oyo-9 well. The well results indicate presence of the target channel system and 85.3 feet of net oil sand. The results are in line with predictions and confirm field extension to the western part of the field. Both the engineering and manufacturing of the subsea equipment are at various stages of completion. However, due to chronic delays in the release of the remaining funds and improper interference by the guarantor of the MCB Finance Facility, the Company temporarily suspended the completion and hookup of the development program. On several occasions, the Company has demanded the guarantor cease and desist from interfering in the disbursement of funds for the project. Consequently, the Pacific Bora drilling rig and all drilling services has been demobilized. The Oyo-9 well will be tied in to the field's current production facility, and is expected to add an additional 6,000 to 7,000 barrels of oil per day from the field.

In October 2017, the Company obtained funding commitment to drill our potential high-impact exploration well in the Miocene formation of the OMLs. Site survey of the drilling location has been completed and the well is planned to be spud during the last quarter of 2017. Following the commitment to fund the drilling of the Miocene exploration well, the first option well of the drilling contract has been exercised with the drilling contractor.

Kenya

In May 2012, the Company, through a wholly owned subsidiary, entered into four production sharing contracts with the Government of the Republic of Kenya, covering onshore exploration blocks L1B and L16, and offshore exploration blocks L27 and L28 (the "Kenya PSCs"). Each block requires specific work commitments to be completed by the end of the respective license periods. The Company is the operator of all blocks with the Government having the right to participate up to 20%, either directly or through an appointee, in any area subsequent to declaration of a commercial discovery. The Company is responsible for all exploration expenditures.

Blocks L1B and L16

The First Additional Exploration Period for both onshore blocks ended in July 2017. In accordance with the Kenya PSCs, the Company was obligated, for each block, to (i) acquire, process and interpret high density 300 square kilometer 3-D seismic data at a minimum expenditure of \$12.0 million and (ii) drill one exploration well to a minimum depth of 3,000 meters at a minimum expenditure of \$20.0 million.

In June 2017, the Company wrote off the costs related to onshore blocks L1B and L16 that had been capitalized to that date.

Blocks L27 and L28

In August 2015, the Company received approval from the Kenya Ministry of Energy and Petroleum for an 18-month extension of the Initial Exploration Period for offshore blocks L27 and L28, which lasted through February 2017. The remaining contractual obligation under the initial exploration period was for the Company to acquire, process and interpret 1,500 square kilometers of 3-D seismic data over both offshore blocks.

In December 2016, the Company wrote off the costs related to offshore blocks L27 and L28 that had been capitalized to that date as the Company no longer intends to renew or extend its leases on these offshore blocks.

The Gambia

In May 2012, the Company, through a wholly owned subsidiary, signed two Petroleum Exploration, Development & Production Licenses with The Republic of The Gambia, for offshore exploration blocks A2 and A5 (the "Gambia Licenses"). For both blocks, the Company is the operator, with the Gambian National Petroleum Company ("GNPCo") having the right to elect to participate up to a 15% interest, following approval of a development and production plan. The Company is responsible for all expenditures prior to such approval even if the GNPCo elects to participate.

The term of the initial exploration period for both blocks A2 and A5, now extended through December 2018, require for the Company to (i)interpret the approximately 1,500 square kilometers of 3-D seismic data that was acquired and processed in 2015 and 2016 (ii) drill one exploration well on either block A2 or A5 and evaluate the drilling results. The Company is currently interpreting the recently acquired and processed 3-D seismic data.

In March 2017, the Company entered into a Sale Agreement with FAR Ltd. (FAR), an Australian Securities Exchange listed oil and gas company, whereby FAR will acquire an 80% interest and operatorship of Erin Energy's offshore A2 and A5 blocks, with the Company retaining a 20% working interest in both blocks. Under the terms of the Sale Agreement, which was approved by the Government of the Republic of The Gambia in June 2017, upon closing of the transaction, FAR paid the Company the purchase price of \$5.2 million (the remaining \$3.6 million was received on July 3, 2017) and will carry \$8.0 million of the Company's share of costs in a planned exploration well to be drilled in late 2018. In addition, if the Company's share of the exploration well is less than \$8.0 million, the balance is to be paid in cash to the Company. Any amount in excess of the \$8.0 million representing the Company's share of the exploration well will be borne by the Company.

The Company and FAR are currently interpreting the recently acquired 3-D seismic data to further mature identified prospects on blocks A2 and A5.

Ghana

In April 2014, the Company, through an indirect 50%-owned subsidiary, signed a Petroleum Agreement with the Republic of Ghana (the "Petroleum Agreement") relating to the Expanded Shallow Water Tano block offshore Ghana ("ESWT"). The Contracting Parties, which hold 90% of the participating interest in the block, are Erin Energy Ghana Limited as the operator, GNPC Exploration and Production Company Limited, and Base Energy (collectively the "Contracting Parties"), holding 60%, 25%, and 15% share of the participating interest of the Contracting Parties, respectively. The Ghana National Petroleum Corporation initially has a 10% carried interest through the exploration phase, and will have the option to acquire an additional paying interest of up to 10% following a declaration of commercial discovery. The Company owns 50% of its subsidiary Erin Energy Ghana Limited. The remaining 50% interest is owned by an affiliated company.

The ESWT block contains three previously discovered fields (the "Fields") and the work program requires the Contracting Parties to determine, within nine months of the effective date of the Petroleum Agreement, the economic viability of developing the Fields. In addition, the Petroleum Agreement provides for an initial exploration period of two years from the effective date of the Petroleum Agreement, with specified work obligations during that period, including the reprocessing of existing 2-D and 3-D seismic data and the drilling of one exploration well on the ESWT block.

The Petroleum Agreement became effective in January 2015. Having completed the initial technical and commercial evaluation of the Fields, the Contracting Parties concluded that certain fiscal terms in the Petroleum Agreement had to be adjusted in order to achieve commerciality of the Fields under current economic conditions. The Contracting Parties have presented this conclusion to the relevant government entities. The Ghanaian Government is currently reviewing the requests for adjustment of the fiscal terms, and has granted Erin Energy an extension of the Initial Exploration Period for eighteen months until the end of July 2018.

Following the recent decision of the Special Chamber of the International Tribunal of the Law of the Sea (ITLOS) in Hamburg concerning the maritime boundary dispute between Ghana and Côte d'Ivoire, the Company is working with the Ghanaian Government and its partners to progress the development activities in its ESWT block, offshore Ghana. The 3D seismic data, which is planned to be acquired during the second quarter of 2018, will be used to improve subsurface definition and optimization of drilling targets.

Results of Operations

The following discussion pertains to the Company's results of operations, financial condition, liquidity and capital resources and should be read together with our unaudited consolidated financial statements and the notes thereto contained in this report, and our audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2016 , filed on March 16, 2017 with the SEC.

Three months ended September 30, 2017 , compared to three months ended September 30, 2016

Revenues

Revenue is recognized when an oil lifting occurs. Crude oil revenues for the three months ended September 30, 2017 were \$33.6 million , as compared to \$28.6 million for the same period in 2016 . For the three months ended September 30, 2017 , the Company sold approximately 600,000 net barrels of oil at an average price of \$56.09/Bbl. For the three months ended September 30, 2016 , the Company sold approximately 583,000 net barrels of oil at an average price of \$49.07/Bbl.

During the three months ended September 30, 2017 and 2016 , the average daily production from the Oyo field, net of royalty, over the number of days production occurred, was approximately 5,000 BOPD and 6,100 BOPD, respectively.

Operating Costs and Expenses

Production costs for the three months ended September 30, 2017 were \$22.4 million , as compared to \$24.9 million for the same period in 2016 . Production costs include costs directly related to the production of hydrocarbons. The Company matches production expenses with crude oil sales. Any production expenses associated with unsold crude oil inventory are capitalized with a corresponding offset to operating costs. The capitalized crude oil inventory costs are subsequently expensed when crude oil is sold.

During the three months ended September 30, 2017 , the Company did not incur workover expenses, as compared to expenditures of \$0.2 million for the same period in 2016 . The workover expenses in 2016 were mainly due to the light intervention of well Oyo-8.

During the three months ended September 30, 2017 , the Company incurred \$1.3 million of exploration expenses, including \$0.1 million spent in Kenya, \$0.2 million spent in Nigeria, \$0.8 million spent in Ghana, and \$0.2 million spent in The Gambia. During the three months ended September 30, 2016 , the Company incurred \$1.7 million of exploration expenses, including \$0.2 million spent in Ghana, \$0.4 million spent in Kenya, \$0.4 million spent in Nigeria, and \$0.7 million spent in The Gambia.

Depreciation, depletion and amortization ("DD&A") expense for the three months ended September 30, 2017 , was \$13.1 million , as compared to \$18.9 million for the same period in 2016 . DD&A expense was lower during the three months ended September 30, 2017 mainly due to the lower depletion rates in 2017 as compared to the same period in 2016. The average depletion rate for the three months ended September 30, 2017 was \$21.77/Bbl, as compared to \$28.55/Bbl in the same period in 2016. The decrease in the average depletion rate during the three months ended September 30, 2017 as compared to the same period in 2016 was primarily due to the impairment of oil and gas properties recorded in June 2017 which reduced the overall depletion base.

Accretion of asset retirement obligations ("ARO") for the three months ended September 30, 2017 and 2016 was \$0.5 million . ARO accretion expense for both 2017 and 2016 relates to the abandonment costs of the Company's developed properties in the Oyo field.

There was no impairment charge during the three months ended September 30, 2017 and 2016.

There was no plug and abandonment ("P&A") activity during the three months ended September 30, 2017 and 2016.

General and administrative ("G&A") expenses for the three months ended September 30, 2017 were \$2.4 million , as compared to \$3.6 million in the same period in 2016 . G&A decreased in 2017 mainly due to the ongoing cost reduction initiatives, primarily related to employee costs and professional and consulting fees.

Other Income (Expense), Net

Other expense for the three months ended September 30, 2017 was \$4.4 million , consisting of \$6.0 million in interest expense on borrowings, partially offset by a \$1.5 million gain on foreign currency transactions. Other expense for the same period in 2016 was \$1.8 million , consisting of \$5.0 million in interest expense on borrowings, partially offset by a \$3.3 million gain on foreign currency transactions.

Income Taxes

The Company had no income taxes for each of the three months ended September 30, 2017 and 2016 . The Company did not have any taxable income from its oil and gas activities in Nigeria in these respective periods and as such had no corresponding taxes.

Nine Months Ended September 30, 2017 , compared to Nine Months Ended September 30, 2016

Revenues

Revenue is recognized when an oil lifting occurs. Crude oil revenues for the nine months ended September 30, 2017 were \$79.5 million , as compared to \$56.7 million for the same period in 2016 . For the nine months ended September 30, 2017 , the Company sold approximately 1,506,000 net barrels of oil at an average price of \$52.80/Bbl. For the nine months ended September 30, 2016 , the Company sold approximately 1,253,000 net barrels of oil at an average price of \$45.27/Bbl. The increase in average daily production is mainly attributed to that the current period's production is from the Oyo-8 well as compared to that during the 2016 period, when production was mainly from the Oyo-7 well.

During the nine months ended September 30, 2017 and 2016 , the average daily production from the Oyo field, net of royalty, over the number of days production occurred, was approximately 5,200 BOPD and 4,500 BOPD, respectively.

Operating Costs and Expenses

Production costs for the nine months ended September 30, 2017 were \$59.5 million , as compared to \$69.6 million for the same period in 2016 . Production costs include costs directly related to the production of hydrocarbons. The Company matches production expenses with crude oil sales. Any production expenses associated with unsold crude oil inventory are capitalized with a corresponding offset to operating costs. The capitalized crude oil inventory costs are subsequently expensed when crude oil is sold.

During the nine months ended September 30, 2017 , the Company incurred a net credit of \$0.7 million of workover expenses, as compared to expenditures of \$7.8 million for the same period in 2016 . The decrease in workover expenses is due to the light intervention of well Oyo-8 during 2016 . Further, during the current period in 2017 , the Company reduced certain costs due to vendor settlements of outstanding invoices.

During the nine months ended September 30, 2017 , the Company incurred \$3.7 million of exploration expenses, including \$0.7 million spent in Kenya, \$0.5 million spent in Nigeria, \$1.8 million spent in Ghana, and \$0.7 million spent in The Gambia. During the nine months ended September 30, 2016 , the Company incurred \$4.9 million of exploration expenses, including \$1.2 million spent in Ghana, \$1.4 million spent in Kenya, \$1.1 million spent in Nigeria, and \$1.2 million spent in The Gambia.

Depreciation, depletion and amortization ("DD&A") expense for the nine months ended September 30, 2017 , was \$50.2 million , as compared to \$38.6 million for the same period in 2016 . DD&A expense was higher during the nine months ended September 30, 2017 mainly due to the higher sales volumes in 2017 as compared to that in 2016. The Company sold approximately 1,506,000 net barrels during the nine months ended September 30, 2017 , as compared approximately 1,253,000 net barrels during the same period in 2016 .

Accretion of asset retirement obligations ("ARO") for the nine months ended September 30, 2017 and 2016 was \$1.4 million . ARO accretion expense for both 2017 and 2016 relates to the abandonment costs of the Company's developed properties in the Oyo field.

During the nine months ended September 30, 2017 , the Company recorded an impairment charge of \$78.7 million , including a charge of \$78.1 million to write down the carrying value of its oil and gas properties to their estimated fair market value and \$0.6 million to write-off the carrying value of its onshore leases in Kenya which had expired. There was no impairment charge for the nine months ended September 30, 2016 .

There was no P&A activity during the nine months ended September 30, 2017 . The Company incurred P&A expenses of \$0.2 million during the nine months ended September 30, 2016 .

General and administrative ("G&A") expenses for the nine months ended September 30, 2017 were \$9.0 million , as compared to \$11.0 million in the same period in 2016 . G&A decreased in 2017 mainly due to the ongoing cost reduction initiatives, primarily related to employee costs and professional and consulting fees.

During the nine months ended September 30, 2017 , the Company recorded a \$2.3 million gain on disposal of oil and gas properties arising from the sale of our Gambian blocks and a loss on asset disposal related to office furniture and leasehold improvements of \$0.1 million . There were no such transactions during the nine months ended September 30, 2016 .

Other Income (Expense), Net

Other expense for the nine months ended September 30, 2017 was \$15.8 million, consisting of \$20.8 million in interest expense on borrowings, partially offset by a \$5.0 million gain on foreign currency transactions. Other expense for the same period in 2016 was \$1.8 million consisting of \$16.4 million in interest expense on borrowings, partially offset by a \$14.6 million gain on foreign currency transactions.

Income Taxes

We had no income taxes for each of the nine months ended September 30, 2017 and 2016. The Company did not have any taxable income from its oil and gas activities in Nigeria in these respective periods and as such had no income taxes.

Headline Earnings

In addition to the Company's primary listing on the NYSE American, the Company's common stock is also traded on the Johannesburg Stock Exchange (JSE). The JSE requires the Company to file certain documents that it files with the SEC. The JSE also requires that we calculate Headline Earnings Per Share ("HEPS") which, per the SEC, is considered a non-GAAP measurement.

As defined in the Circular 3/2009 of The South African Institute of Chartered Accountants, headline earnings is an additional earnings number that excludes certain separately identifiable re-measurements, net of related tax, and related non-controlling interest.

Basic and diluted HEPS is calculated using net loss adjusted for impairment on oil and gas properties for the three and nine months ended September 30, 2017. For the three and nine months ended September 30, 2016, there were no separately identifiable remeasurements based on the criteria outlined in circular 3/2009 and HEPS was the same as net loss per share as disclosed on the unaudited consolidated statements of operations. The number of shares used to calculate basic and diluted HEPS is the same as basic and diluted loss per share as reported under U.S. GAAP.

Reconciliation of net loss used to calculate basic and diluted loss per share and basic and diluted HEPS are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<i>(In thousands, except for per share amounts)</i>				
Net loss attributable to Erin Energy Corporation	\$ (14,070)	\$ (23,471)	\$ (139,142)	\$ (78,454)
Adjustments:				
Impairment of oil and gas properties	—	—	78,711	—
Loss on disposal of other property and equipment	—	—	149	—
Gain on sale of oil and gas properties	—	—	(2,348)	—
Net loss used to calculate HEPS	\$ (14,070)	\$ (23,471)	\$ (62,630)	\$ (78,454)
Weighted average number of shares used to calculate basic net loss per share and basic HEPS	213,732	212,524	213,293	212,220
Weighted average number of shares used to calculate dilutive net loss per share and diluted HEPS	213,732	212,524	213,293	212,220
Headline earnings per share:				
Basic	\$ (0.07)	\$ (0.11)	\$ (0.29)	\$ (0.37)
Diluted	\$ (0.07)	\$ (0.11)	\$ (0.29)	\$ (0.37)

Liquidity

Cash Flows from Operating Activities

Net cash provided by operating activities was \$14.6 million for the nine months ended September 30, 2017 , as compared to \$10.8 million in the same period in 2016 . Cash provided by operating activities in the nine months ended September 30, 2017 increased by \$3.7 million as compared to the same period in 2016 primarily due to a combination of higher revenues and higher non-cash adjustments to net loss, offset by a decrease in vendor financing.

Cash Flows from Investing Activities

Cash used in investing activities for the nine months ended September 30, 2017 was \$41.7 million , as compared to cash used of \$16.5 million for the same period in 2016. Cash used in investing activities for both periods was used primarily to settle outstanding liabilities associated with additions to property, plant, and equipment for the Oyo field redevelopment campaign in the OMLs.

Cash Flows from Financing Activities

Net cash provided by financing activities of \$38.1 million in the nine months ended September 30, 2017 , consisted of \$63.2 million of proceeds from the drawdowns under the MCB Finance Facility and \$0.2 million borrowed under a short-term loan agreement with a related party, partially offset by \$11.2 million funds restricted for debt service, \$8.7 million payment for debt issuance costs, \$4.7 million principal repayment of our Term Loan Facility, \$0.1 million for principal repayment to our MCB Finance Facility and \$0.7 million payment to settle withholding tax obligations upon vesting of restricted stock awards and exercise of stock options. Net cash provided by financing activities of \$5.6 million for the nine months ended September 30, 2016 consisted of \$6.1 million funds released from restricted cash, \$6.8 million inflows from short-term borrowings from related parties, \$0.5 million proceeds from a short-term note payable, and \$0.4 million proceeds from the exercise of stock options, partially offset by \$6.5 million principal repayment of our Term Loan Facility, \$1.0 million payment for debt issuance costs, \$0.4 million repayment of short-term note payable, and \$0.2 million payment to settle withholding tax obligations upon vesting of restricted stock awards.

Capital Resources

Our primary cash requirements are for capital expenditures for the continued development of the Oyo field in Nigeria, operating expenditures for the Oyo field, exploration activities in unevaluated leaseholds, working capital needs, and interest and principal payments under current indebtedness. As of the date of this report, \$65.7 million of the MCB Finance Facility has been drawn of which proceeds are restricted to the development of the Oyo field which we are currently drilling the Oyo-9 well. It is expected that the full \$100.0 million available under this facility will be drawn by the end of the fourth quarter of 2017.

We incurred losses from operations for the three and nine months ended September 30, 2017 . As of September 30, 2017 , the Company's total current liabilities of \$366.2 million exceeded its total current assets of \$55.4 million , resulting in a working capital deficit of \$310.8 million . As a result of the current low commodity prices, we have not been able to generate sufficient cash from operations to satisfy certain obligations as they became due.

Well Oyo-7 is currently shut-in as a result of an emergency shut-in of the Oyo field production that occurred in early July 2016. This has resulted in a loss of approximately 1,400 BOPD from the field. The Company is currently working on relocating an existing gaslift line to well Oyo-7 to enable continuous gaslift operation to assist in restoring lost production. For cost effectiveness, the relocation of the gaslift line to well Oyo-7 is now planned to be combined with the Oyo-9 subsea equipment installation scheduled for the second half of 2018. During an approximately two (2) week period starting from late June 2017 to early July 2017, the owners of the floating, production, storage, and offloading vessel ("FPSO") *Armada Perdana* suspended its operations due to an impasse in contract negotiations that led to a temporary shut-in of the Oyo-8 well during this period. The FPSO operation was fully restored and the production from the Oyo-8 well was re-established on July 6, 2017. Contract negotiations have resumed.

We are currently pursuing a number of actions, including (i) obtaining additional funds through public or private financing sources, (ii) restructuring existing debts from lenders, (iii) obtaining forbearance of debt from trade creditors, (iv) reducing ongoing operating costs, (v) minimizing projected capital costs for the 2017 exploration and development campaign, (vi) farming-out a portion of our rights to certain of our oil and gas properties and (vii) exploring potential business combination transactions. However, sufficient capital may not be raised from one or more of these actions or these actions may not be consummated within the period needed to meet certain obligations.

On February 2017, we, together with our subsidiary, EPNL, entered into the MCB Finance Facility, which provides for a total commitment of USD \$100.0 million. The proceeds from the MCB Finance Facility will be used to fund EPNL's planned drilling of the Oyo-9 well offshore Nigeria.

In February 2017, we lifted and sold approximately 332,000 Bbls of crude oil (approximately 292,000 Bbls net to the Company). Net proceeds to us were approximately \$15.9 million.

In March 2017, we lifted and sold approximately 346,000 Bbls of crude oil (approximately 304,000 Bbls net to the Company). Net proceeds to us were approximately \$15.4 million.

In June 2017, we lifted and sold approximately 352,000 Bbls of crude oil (approximately 309,000 Bbls net to the Company). Net proceeds to us were approximately \$14.6 million.

In September 2017, we lifted and sold approximately 682,000 Bbls of crude oil (approximately 600,000 Bbls net to the Company). Net proceeds to us were approximately \$33.6 million.

Although we believe that we will be able to generate sufficient liquidity from the measures described above, our current circumstances raise substantial doubt about our ability to continue to realize the carrying value of our assets and operate as a going concern.

Off-Balance Sheet Arrangements

From time-to-time, we may enter into arrangements that can give rise to off-balance sheet obligations. As of September 30, 2017, material off-balance sheet obligations include operating leases for the FPSO and certain employment contracts. Other than the material off-balance sheet arrangements discussed above, no other arrangements are likely to have a current or future material effect on our financial condition, results from operations, liquidity, capital expenditures or capital resources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company may be exposed to certain market risks related to changes in foreign currency exchange, interest rates, and commodity prices.

Foreign Currency Exchange Risk

Our results of operations and financial conditions are affected by currency exchange rates. While oil sales are denominated in U.S. dollars, portions of our capital and operating costs in Nigeria are denominated in Naira, the Nigerian local currency. Similarly, portions of our exploration costs in Kenya, The Gambia, and Ghana are denominated in each country's respective local currency.

Historically, the exchange rate between the U.S. dollar and the local currencies in the countries in which we operate has fluctuated widely in response to international political conditions, general economic conditions, and other factors beyond our control.

The weighted average exchange rate between the U.S. dollar and the Nigerian Naira was 218.97 Naira per each U.S. dollar for the nine months ended September 30, 2017. For the nine months ended September 30, 2017, a 10% fluctuation in the weighted average exchange rate between the U.S. dollar and the Nigerian Naira would have had an approximate \$4.8 million impact on our capital and operating costs in Nigeria.

To date, we have not engaged in hedging activities to hedge our foreign currency exposure in our foreign operations. In the future, we may enter into hedging instruments to manage our foreign currency exchange risk or continue to be subject to exchange rate risk.

Commodity Price Risk

As an independent oil producer, our revenue, other income and profitability, reserve values, access to capital and future rate of growth are substantially dependent upon the prevailing prices of crude oil. Prevailing prices for such commodities are subject to wide fluctuations in response to relatively minor changes in supply and demand and a variety of additional factors beyond our control. Prices received for oil production have been volatile and unpredictable, and such volatility is expected to continue.

Historically, realized commodity prices received for our crude oil sales have been tied to the Brent oil prices. Prices received have been volatile and unpredictable. For the nine months ended September 30, 2017, a \$10.00 fluctuation in the prices received for our crude oil sales would have had an approximate \$15.1 million impact on our revenues based on the volumes lifted through September 30, 2017.

We do not currently engage in hedging activities to hedge our exposure to commodity price risks. In the future, we may enter into hedging instruments to manage our exposure to fluctuations in commodity prices.

Interest Rate Risk

We are exposed to changes in interest rates, primarily from possible fluctuations in the London Interbank Borrowing Rate ("LIBOR"). The interest rates on our debt obligations are stated at floating rates tied to the LIBOR. Currently, we do not use interest rate derivative instruments to manage exposure to interest rate changes. For the nine months ended September 30, 2017, the weighted average interest rate on our variable rate debt was 8.60%. Assuming our current level of borrowings, a 100 basis point increase in the interest rates we pay under our various debt facilities would result in an increase of our interest expense by \$2.8 million over a twelve month period.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company established and maintains a system of disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including its principal executive officer (PEO) and principal financial officer (PFO), as appropriate, to allow timely decisions regarding required disclosure.

Management of the Company, with the participation of its principal executive officer and principal financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2017. Based on their evaluation, as of the end of the period covered by this Form 10-Q, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports filed with the Commission pursuant to the Exchange Act, is recorded properly, processed, summarized and reported within the time periods specified in the rules and forms of the Commission and that such information is accumulated and communicated to our management, including our PEO and PFO, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The disclosures required in this Item 1 are included in *Note 9 - Commitments and Contingencies* in the Notes to the Unaudited Consolidated Financial Statements included in Part I, Financial Information, Item 1, Financial Statements and incorporated herein by reference.

Item 1A. Risk Factors

The following risk factors update the Risk Factors included in our Annual Report on Form 10-K filed with the SEC on March 16, 2017 for the fiscal year ended December 31, 2016 (the "Annual Report"). Except as set forth below, there have not been any material changes to the risk factors previously disclosed in Part I, Item 1A of the Annual Report.

We have substantial indebtedness and may incur substantially more debt. Higher levels of indebtedness make us more vulnerable to economic downturns and adverse developments in our business.

As of September 30, 2017, we had approximately \$24.9 million of outstanding principal under the 2011 Promissory Note, \$50.0 million of outstanding principal under the 2014 Convertible Subordinated Note, \$48.5 million of outstanding principal under the 2015 Convertible Note, \$84.0 million outstanding principal under the Term Loan Facility, \$6.4 million of outstanding principal under the 2016 Promissory Note and \$63.2 million of outstanding principal under the MCB Finance Facility, and we may incur additional indebtedness in the future. Our level of indebtedness has, or could have, important consequences to our business because:

- a substantial portion of our cash flows from operations will be dedicated to interest and principal payments and may not be available for operations, working capital, capital expenditures, expansion, acquisitions, general corporate or other purposes;
- it may impair our ability to obtain additional financing in the future for acquisitions, capital expenditures or general corporate purposes;
- it may limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- we may be substantially more leveraged than some of our competitors, which may place us at a relative competitive disadvantage and make us more vulnerable to downturns in our business, our industry or the economy in general.

In addition, the terms of the Term Loan Facility and the MCB Finance Facility restrict, and the terms of any future indebtedness including any future credit facility may restrict, our ability to incur additional indebtedness and grant liens because of debt or financial covenants we are, or may be, required to meet and compliance with certain negative covenants restricting the incurrence of additional indebtedness. Thus, we may not be able to obtain sufficient capital to grow our business or implement our business strategy and may lose opportunities to acquire interests in oil properties or related businesses because of our inability to fund such growth.

Our ability to comply with restrictions and covenants, including those in the Term Loan Facility, the MCB Finance Facility or in any future credit facility, is uncertain and will be affected by the levels of cash flow from our operations and events or circumstances beyond our control. Our failure to comply with any of the restrictions and covenants in the Term Loan Facility and the MCB Facility could result in a default, which could permit the lenders to accelerate repayments and foreclose on the collateral securing such indebtedness.

Due to our lack of liquidity, we may not be able to make the required principal and interest payments under the Term Loan Facility, the MCB Facility and other indebtedness or to satisfy our obligations under our trade payables.

As a result of the current low commodity prices and a prior history of low oil production volumes due to the shut-in of well Oyo-8 from September 2015 to May 2016 and the currently shut-in well Oyo 7, the Company has not been able to generate sufficient cash from operations to satisfy certain obligations as they become due. The Company has been relying on drawdowns under the MCB Facility and short-term promissory notes, such as the 2016 Promissory Note, with an entity related to the Company's majority shareholder which notes have been foreclosed on and transferred to an unrelated party to supplement the Company's liquidity needs, but we may not be able to continue to borrow funds under the MCB Facility in the future or the related party may not continue to provide such short-term loans in the future.

Pursuant to the Term Loan Facility, Zenith has the right to review the terms and conditions of the Term Loan Facility.

The Company did not pay the installment due and payable on September 30, 2017 and obtained a waiver from MCB to waive any event of default arising from the non-payment until December 31, 2017. The Company is currently in discussions with MCB on a revised principal repayment schedule. Our failure to make the required payments under the MCB Facility or the Term Loan Facility, or to comply with its applicable debt covenants could result in a default under the applicable facility and a cross-default under the other facility and the Related Party Notes (defined and described above under " *Note 7 - Debt - Long-Term Debt - Related Party* ", from the notes to the unaudited consolidated financial statements set forth above under " *Part I Financial Information* " - " *Item 1 - Financial Statements* "), which could result in the acceleration of the payment of such indebtedness, termination of commitments to make further loans to us, prevention of our development drilling on the Oyo field and other operations, loss of our ownership interests in the secured properties or otherwise materially adversely affect our business, financial condition and results of operations. Also, if we are unable to service our debt obligations or obligations under our trade payables generally, Company may be unable to continue in its current state or continue to operate as a going concern.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

In August 2017, the Company entered into a consulting agreement (the "Agreement") with Somerley Capital Limited ("Somerley"), pursuant to which Somerley has agreed to represent the Company to perform certain financial advisory services. Somerley agreed to communicate with prospective investors with respect to the Company's current and proposed activities, and to consult with the Company's management concerning such activities. As partial consideration under the Agreement, in September 2017, the Company issued 33,333 shares of the Company's restricted common stock.

In September 2017, the Company entered into the September 2017 Settlement Agreement (defined and described above under " *Note 9 - Commitments and Contingencies - Contingencies - Legal Contingencies and Proceedings* ", from the notes to the unaudited consolidated financial statements set forth above under " *Part I Financial Information - Item 1 - Financial Statements* ") with a vendor. As part of the September 2017 Settlement Agreement, the Company issued 1,282,355 shares of the Company's restricted common stock valued at \$3.5 million.

We claim an exemption from registration pursuant to Section 4(a)(2) and/or Rule 506 of Regulation D of the Securities Act, since the transactions above did not involve a public offering, the recipients were "accredited investors", and acquired the securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. The securities are subject to transfer restrictions, and the certificates evidencing the securities contain an appropriate legend stating that such securities have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption therefrom and are further subject to the terms of the escrow agreement. The securities were not registered under the Securities Act.

Use of Proceeds From Sale of Registered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 5. Other Information

On October 27, 2017 the Company, through its wholly-owned subsidiary, EPNL, entered into a loan agreement, (the "2017 Loan Agreement"), with James Street Capital Partners Limited, ("JSC") as the lender, allowing the Company to borrow up to \$20.0 million to be used for capital expenditures in relation to the drilling of an exploration well in the Miocene formation of the OMLs.

Interest accrues on the outstanding principal of the 2017 Loan Agreement at LIBOR plus 5% per annum, payable quarterly in cash or issuance of the Company's restricted common stock. The Company is required to repay one third of the principal amount outstanding under the loan agreement, on each of December 31, 2018, 2019 and 2020. Amounts outstanding under the 2017 Loan Agreement may be paid at any time without penalty.

In consideration for this undertaking, the Company issued a stock purchase warrant to JSC to purchase up to 7,017,544 shares of the Company's common stock at \$2.85 per share. The warrants include a repurchase right such that upon repayment in full of the amounts borrowed under the 2017 Loan Agreement the Company may repurchase the warrants at their fair market value (as defined in the warrant agreement). The warrants expire on September 30, 2020 and include cashless exercise rights in the event the shares of common stock issuable upon exercise thereof are not registered under the Securities Act of 1933, as amended.

Item 6. Exhibits

The following exhibits are filed with this report:

Exhibit Number	Description
<u>3.1</u>	Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Form 10-SB filed on August 16, 2007).
<u>3.2</u>	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 13, 2010).
<u>3.3</u>	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 19, 2014).
<u>3.4</u>	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 23, 2015).
<u>3.5</u>	Amended and Restated Bylaws of the Company as of April 11, 2011 (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q filed on May 3, 2011).
<u>3.6</u>	First Amendment to the Amended and Restated Bylaws of the Company adopted on March 11, 2016 (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 17, 2016).
<u>10.1</u>	Voting Agreement, dated as of July 5, 2017, by and among Dr. Kase Lawal, Latmol Investment Limited and Oltasho Nigeria Limited (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 7, 2017).
<u>10.2</u>	Separation Agreement, effective as of May 31, 2017, by and between Erin Energy Corporation and Jean-Michel Malek (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 24, 2017).
<u>10.3</u>	Consulting Agreement, effective as of June 1, 2017, by and between Erin Energy Corporation and Jean-Michel Malek (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 24, 2017).
<u>10.4*</u>	Loan Agreement, effective as of October 27, 2017, by and between Erin Energy Corporation or its designated affiliate Erin Petroleum Nigeria Limited and James Street Capital Partners Limited.
<u>31.1*</u>	Certification of Chief Executive Officer Pursuant to 15 U.S.C. § 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<u>31.2*</u>	Certification of Principal Financial Officer Pursuant to 15 U.S.C. § 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<u>32.1**</u>	Certification of Chief Executive Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<u>32.2**</u>	Certification of Principal Financial Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101. INS*	XBRL Instance Document.
101. SCH*	XBRL Schema Document.
101. CAL*	XBRL Calculation Linkbase Document.
101. DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101. LAB*	XBRL Label Linkbase Document.
101. PRE*	XBRL Presentation Linkbase Document.

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Erin Energy Corporation

Date: November 8, 2017

/s/ Dippo Bello

Dippo Bello

Vice President, Financial Planning and Treasurer
(Interim Principal Financial Officer)

LOAN AGREEMENT

This Loan Agreement (“Loan Agreement”), dated as of the Effective Date, between Erin Energy Corporation or its designated affiliate Erin Petroleum Nigeria Limited (“EPNL”) (collectively referred to herein as the “Borrower”) and James Street Capital Partners Limited, a company registered under the laws of the Federal Republic of Nigeria (the “Lender”). The Borrower wishes to obtain financing to fund the drilling of an exploration well in connection with Oil Mining License 120 in The Federal Republic of Nigeria held by EPNL (the “Project”), and the Lender has agreed, subject to the terms and conditions of this Loan Agreement, to provide such financing to the Borrower.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, hereby agree as follows:

1. DEFINITIONS

- 1.1. “Advance” or “Advances” shall have the meaning specified in Section 2.1.1.
- 1.2. “Advance Documentation” shall have the meaning specified in Section 4.1.7.
- 1.3. “Applicable Law” shall mean, with reference to any Person, all laws (including common law), statutes, regulations, ordinances, treaties, judgments, decrees, injunctions, writs and orders of any court, governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any Governmental Authority applicable to such Person or its property or in respect of its operations.
- 1.4. “Bankruptcy Code” shall mean Title 11 of the United States Code, as amended from time to time.
- 1.5. “Bankruptcy Exceptions” shall mean limitations on, or exceptions to, the enforceability of an agreement against a Person due to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally or the application of general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.
- 1.6. “Borrower” shall have the meaning assigned thereto in the preamble hereof.
- 1.7. “Business Day” shall mean any day other than (i) a Saturday or Sunday, (ii) a Federal holiday or other day on which banks in Houston, Texas are permitted to close, or (iii) a day on which trading in securities on the New York Stock Exchange or any other major securities exchange in the United States is not conducted.
- 1.8. “Contractual Obligation” shall mean, as to any Person, any material provision of any agreement, instrument or other undertaking to which such Person is a party or by which it

or any of its property is bound or any material provision of any security issued by such Person.

- 1.9. “Default” shall mean an event that with the giving of notice or the passage of time or both, would become an Event of Default.
- 1.10. “Designated Provider” shall mean a service provider, vendor or supplier for the Project.
- 1.11. “Dollar” or “Dollars” shall mean lawful currency of the United States.
- 1.12. “Effective Date” shall mean October 27, 2017.
- 1.13. “Electronic Transmission” shall mean the delivery of information by electronic mail, facsimile or other electronic format acceptable to the Lender and Borrower. An “Electronic Transmission” shall be considered written notice for all purposes hereof.
- 1.14. “EPNL” shall have the meaning assigned thereto in the preamble hereof.
- 1.15. “Event of Default” shall have the meaning provided in Section 6.1.
- 1.16. “Expiration Date” shall mean December 31, 2020.
- 1.17. “Funding Date” shall mean the date on which the Lender funds an Advance in accordance with the terms hereof for a Requested Funding in response to a Notice of Borrowing, which shall be no later than three (3) Business Days following acceptance and approval of a Notice of Borrowing by Lender.
- 1.18. “Governmental Authority” shall mean, with respect to any Person, any nation or government, any state or other political subdivision, agency or instrumentality thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any court or arbitrator having jurisdiction over such Person, any of its Subsidiaries or any of its properties.
- 1.19. “Interest Payment Date” shall mean the last Business Day of each calendar quarter, commencing upon completion of Project drilling phase but in no event later than March 31, 2018.
- 1.20. “Interest Period” shall mean, with respect to any Advance, (i) initially, the period commencing on the Funding Date with respect to such Advance and ending on the calendar day prior to the next succeeding Interest Payment Date, and (ii) thereafter, each period commencing on an Interest Payment Date and ending on the calendar day prior to the next succeeding Interest Payment Date. Notwithstanding the foregoing, no Interest Period may end after the Maturity Date.

- 1.21. “Lender” shall have the meaning assigned thereto in the preamble hereof.
- 1.22. “LIBOR” shall mean with respect to each Advance, the rate (adjusted for statutory reserve requirements for eurocurrency liabilities) for Eurodollar deposits for a period equal to three months appearing on Reuters Screen LIBOR01 Page or if such rate ceases to appear on Reuters Screen LIBOR01 Page, on any other service providing comparable rate quotations at approximately 11:00 a.m., London time. LIBOR shall be determined on the Effective Date and reset on each Interest Payment Date.
- 1.23. “Loan Documents” shall mean the (i) Loan Agreement, (ii) Note, together with all other such documentation entered into in connection with the transactions contemplated under such documents and to fully evidence and secure the Borrower’s obligations hereunder.
- 1.24. “Material Adverse Effect” shall mean a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or prospects of the Borrower (b) the ability of the Borrower to perform any of its obligations under any of the Loan Documents (c) the validity or enforceability in any material respect of any of the Loan Documents, or (d) the rights and remedies of the Lender under any of the Loan Documents.
- 1.25. “Maturity Date” shall mean the earlier of (i) the Expiration Date, or (ii) the occurrence of an Event of Default.
- 1.26. “Maximum Loan Amount” shall mean Twenty-Million Dollars (\$20,000,000) (U.S.).
- 1.27. “Note” shall mean the promissory note provided for by Section 2.2.1 and in the form attached hereto as Exhibit A for the Advances and any promissory note delivered in substitution or exchange therefor, in each case as the same shall be modified and supplemented and in effect from time to time.
- 1.28. “Notice of Borrowing” shall mean the form described in Section 2.3.1 and in the form attached hereto as Exhibit B.
- 1.29. “Person” shall mean any individual, corporation, company, voluntary association, partnership, joint venture, limited liability company, trust, unincorporated association or government (or any agency, instrumentality or political subdivision thereof).
- 1.30. “Post Default Rate” shall mean, in respect of any principal of any Advance or any other amount under this Loan Agreement, the Note or any other Loan Document that is not paid when due to the Lender a rate per annum during the period from and including the

due date to but excluding the date on which such amount is paid in full equal to 12.00% per annum, plus the interest rate otherwise applicable to such Advance or other amount.

- 1.31. “Principal Payment Date(s)” shall mean December 30, 2018, December 30, 2019, and December 30, 2020.
- 1.32. “Project” shall have the meaning assigned thereto in the preamble hereof.
- 1.33. “Property” shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.
- 1.34. “PXF Facility” means that certain “USD 100,000,000 Pre-Export Finance Facility Agreement” dated February 6, 2017 between The Mauritius Commercial Bank Limited, Erin Energy Corporation and Erin Petroleum Nigeria Limited, as amended, and all attachments, exhibits and ancillary documents and agreements appurtenant thereto.
- 1.35. “Requested Funding” shall have the meaning specified in Section 2.1.1.
- 1.36. “Requirements of Law” shall mean as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.
- 1.37. “Responsible Person” shall mean, as to any Person, the chief executive officer or, with respect to financial matters, the chief financial officer of such Person, an individual so designated from time to time by such Person’s board of directors or, in the event any such officer is unavailable at any time he or she is required to take any action hereunder, “Responsible Person” shall include any officer authorized to act on such officer’s behalf as demonstrated by a certificate of corporate resolution (or equivalent); provided that the Lender is notified in writing of the identity of such Responsible Person.
- 1.38. “Senior Debt” means the PXF Facility and the Zenith Facility.
- 1.39. “Security” shall have the meaning specified in Section 2.7.
- 1.40. “Security Agreement” shall mean the form of Security Agreement attached hereto as Exhibit D.
- 1.41. “Subsidiary” shall mean, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other

entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

- 1.42. “Warrant” shall mean that certain Warrant to Purchase Common Stock, dated as of October 27, 2017, issued by Borrower in favor of the Lender in the form set forth in the Warrant Agreement attached hereto as Exhibit C.
- 1.43. “Warrant Agreement” shall mean the Warrant Agreement, dated October 27, 2017, by and between the Borrower and the Lender attached hereto as Exhibit C.
- 1.44. “Zenith Facility” means that certain “Loan Agreement” dated August 3, 2016 between Zenith Bank PLC and Erin Petroleum Nigeria, as amended, and all attachments, exhibits and ancillary documents and agreements appurtenant thereto.

2. ADVANCES, NOTE, PAYMENTS

2.1. Advances.

- 2.1.1. Advances; Requested Fundings. Lender agrees, on the terms and conditions of this Loan Agreement, to make loans (individually, an “Advance”; collectively, the “Advances”) to Borrower’s Designated Provider, in Dollars, as requested by Borrower pursuant to a Notice of Borrowing (a “Requested Funding”), in an aggregate principal amount up to but not exceeding the Maximum Loan Amount, within three (3) Business Days of approval of a Notice of Borrowing by Lender.
- 2.1.2. Funding Dates. Lender shall fund Advances to Designated Providers in accordance with the terms hereof, within three (3) Business Days following approval of a Notice of Borrowing by Lender.
- 2.1.3. Term Loans. Each Advance shall be a term loan.

2.2. The Note.

- 2.2.1. Form of Note. The Advances made by the Lender shall be evidenced by a single promissory note of the Borrower substantially in the form of Exhibit A hereto (the “Note”), dated the date hereof, payable to the Lender in a principal amount equal to the amount of the Maximum Loan Amount as originally in effect and otherwise duly completed.

2.2.2. Amount, Date, Interest Rate of Advances. The date, amount and interest rate of each Advance made by the Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books and, prior to any transfer of the Note, noted by the Lender on the "Schedule of Loans" attached to the Note or any continuation thereof.

2.3. Procedure for Borrowing.

2.3.1. Form and Timing of Notice of Borrowing. The Borrower may request a borrowing to be made by delivering to the Lender a Notice of Borrowing substantially in the form of Exhibit B hereto (a " Notice of Borrowing ").

2.3.2. Response to Notice of Borrowing. Upon the Borrower's request for a borrowing pursuant to Section 2.3.1, the Lender shall, not later than 5:00 p.m. (Houston, Texas time) on the third Business Day following receipt of a Notice of Borrowing, notify Borrower of its approval or rejection of the Notice of Borrowing. Upon approval of a Notice of Borrowing, Lender shall make an Advance, in the amount requested, to the Designated Provider specified in the Notice of Borrowing. The Lender shall deliver the Advance to the Borrower's designee, in immediately available funds, via wire transfer no later than three (3) Business Days following approval of a Notice of Borrowing by Lender.

2.4. Repayment of Advances; Interest.

2.4.1. Principal Payment Date; Maturity Date. On each Principal Payment Date, Borrower shall repay, an amount equal to one-third (1/3) of the aggregate principal amount of all Advances outstanding under the Note as of December 31, 2017. On the Maturity Date, the Borrower shall repay to the Lender the aggregate principal amount of all Advances which remain outstanding under the Note, if any, together with all interest thereon.

2.4.2. Interest. Each Advance shall bear interest on the unpaid principal amount thereof at a rate per annum equal to LIBOR plus five percent (5%), payable in arrears (i) on each Interest Payment Date in respect of the previous Interest Period, (ii) on the Maturity Date and (iii) on payment or prepayment of an Advance in whole or in part, in the amount of interest accrued on the amount paid or prepaid.

2.4.3. Post Default Rate.

2.4.3.1. Post Default Rate Generally. If all or a portion of any Advance, any interest payable on any Advance or any fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the Post Default Rate, in each case from the date of such non-payment until such amount is paid in full.

2.4.3.2. Post Default Rate; Default; Event of Default. Upon the occurrence and continuance of any Default or Event of Default, at the option of the Lender, all Advances, any fee or other amount payable hereunder shall bear interest at a rate per annum equal to the Post Default Rate, in each case from the date of such Default or Event of Default until such amount is paid in full (as well after as before judgment).

2.5. Optional Prepayments. The Advances are prepayable without premium or penalty, in whole or in part at any time, in accordance herewith. Any amounts prepaid shall be applied (i) first, to pay accrued and unpaid interest and (ii) second, to repay the outstanding principal amount of any Advances until paid in full. If the Borrower intends to prepay an Advance in whole or in part from any source, the Borrower shall give two (2) Business Days' prior written notice thereof to the Lender. If such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount prepaid. Partial prepayments shall be in an aggregate principal amount of at least \$2,500,000 and in integral multiples of \$500,000 thereafter.

2.6. Use of Proceeds. Borrower shall apply all proceeds of the Advances to directly fund the Borrower's capital expenditures program in relation to the Project.

2.7. Security. This Agreement and the Note will be secured by a subordinated lien on Borrower's interest in the northwest field located within OML 120/121 offshore Nigeria where the Project is located (the "Security") in the manner described in the Security Agreement. Notwithstanding the foregoing, Borrower and Lender hereby acknowledge and agree that: (i) the Security Agreement will only be effective upon satisfaction of and/or subject to the subsequent conditions contained in this Section 2.7, (ii) the Security Agreement terms may be required to be altered or amended in order to comply with the terms of the PXF Facility and Zenith Facility, each as amended, (iii) the PXF Facility and Zenith Facility and the parties thereto may require the parties to enter into subordination or other similar or related types of agreements in order to comply with the terms thereof, and (iv) the Security will only be pledged and effective as of the date that the Borrower is no longer prohibited from pledging the Security under the PXF Facility and Zenith Facility.

3. PAYMENTS

3.1. Payments.

3.1.1. In Dollars; Designated Account. Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by the Borrower under the Loan Documents, shall be due as of the Interest Payment Date and Principal Payment Date, respectively, and made either, (i) in Dollars at the account set forth below on the date on which such payment shall be due: [**LENDER DESIGNATED ACCOUNT INFORMATION**], or (ii) at the sole option of Lender, in an equivalent amount of common stock shares of Erin Energy Corporation, in which case the share price shall be equal to

the closing price per share of the Common Stock on the NYSE American determined as of the Effective Date of this Agreement.

3.1.2. Payment and Pre-Payment of Interest in Common Stock Shares of Erin Energy Corporation. Borrower is a party to the PXF Facility. Under the terms of the PXF Facility no “Obligor” (as defined therein) (which includes Borrower) may “incur or allow to remain outstanding any Financial Indebtedness” other than “Permitted Financial Indebtedness” (as defined therein). “Permitted Financial Indebtedness” may not exceed \$20,000,000 under the PXF Facility. In an effort to avoid a potential breach of the terms of the PXF Facility, Borrower desires to prepay interest in an equivalent amount of common stock shares of Erin Energy Corporation such that the outstanding principal and interest hereunder shall not exceed the Maximum Loan Amount at any time during the term hereof. Accordingly, notwithstanding anything in this Agreement to the contrary, Borrower, in order to avoid a potential breach of the terms of the PXF Facility, may, from time to time, prepay interest in an equivalent amount of common stock shares of Erin Energy Corporation, in which case the share price shall be equal to the closing price per share of the Common Stock on the NYSE American determined as of the Effective Date of this Agreement.

3.1.3. Non-Business Days. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

3.2. Computations. Interest on the Advances shall be computed on the basis of a 360-day year for the actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable.

4. CONDITIONS PRECEDENT

4.1. Requested Funding. The obligation of the Lender to make the initial Advance hereunder is subject to the satisfaction, immediately prior to or concurrently with the making of such Advance, of the following conditions precedent or waiver of such conditions precedent by the Lender:

4.1.1. Loan Agreement. The Lender shall have received this Loan Agreement, duly executed and delivered by a Responsible Person of the Borrower.

4.1.2. Additional Loan Documents. The Lender shall have received the following documents, each of which shall be satisfactory to the Lender in form and substance:

4.1.2.1. Note. The original Note, duly completed and executed; and

4.1.2.2. Security Agreement. The Note will be secured pursuant to the terms of the Security Agreement and as described in Section 2.7 above.

4.1.2.3. Loan Documents. Each additional Loan Document, if any, duly executed and delivered by a Responsible Person of each of the parties thereto.

4.1.3. Notice of Borrowing. The Lender shall have received a duly executed Notice of Borrowing.

4.1.4. Organizational Documents. The Lender shall have received a certificate of a Responsible Person of Borrower attesting to the validity of a good standing certificate and copies of the charter and by-laws (or equivalent documents) of such Person and of all corporate or other authority for such Person with respect to the execution, delivery and performance of the Loan Documents and each other document to be delivered by such Person from time to time in connection herewith (and the Lender may conclusively rely on such certificate until it receives notice in writing to the contrary).

4.1.5. Incumbency Certificate. The Lender shall have received an incumbency certificate of a secretary or assistant secretary of each Loan Party certifying the names, true signatures and titles of such Person's representatives duly authorized to request an Advance hereunder, if applicable, and to execute the Loan Documents and the other documents to be delivered in connection therewith.

4.1.6. Warrant Agreement. The Lender shall have received a duly executed copy of the Warrant Agreement in the form attached hereto as Exhibit D.

4.1.7. Advance Documentation for Requested Funding. Each Requested Funding shall also be subject to receipt by Lender of an original copy (or certified copy) of the invoices, purchase orders, and/or authorizations for expenditure (AFE's) (" Advance Documentation ") which are the subject of Advances made hereunder. Advance Documentation should contain the following information: (a) name of the invoicing party, and (b) reference of the underlying contract, (c) amount of the invoice in USD, and (d) evidence that the relevant invoice is payable by the relevant Borrower. In the event the Advance Documentation does not contain one or more of the aforementioned items, Borrower will take reasonable measures to provide Lender with alternative, supporting documentation.

5. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to the Lender that as of the Effective Date:

- 5.1. Existence. Borrower (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite corporate or other power, and has all governmental licenses, authorizations, consents and approvals, necessary to

own its assets and carry on its business as now being or as proposed to be conducted, except where the lack of such licenses, authorizations, consents and approvals would not be reasonably likely to have a Material Adverse Effect, (c) is qualified to do business and is in good standing in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary, except where failure so to qualify would not be reasonably likely (either individually or in the aggregate) to have a Material Adverse Effect, and (d) is in compliance in all material respects with all Requirements of Law.

- 5.2. No Breach. Neither the execution and delivery of the Loan Documents nor the consummation of the transactions therein contemplated in compliance with the terms and provisions thereof will (a) conflict with or result in a breach of (i) the charter, by laws, operating agreement or similar organizational document of Borrower, (ii) any Requirement of Law, (iii) any Applicable Law, rule or regulation, or any order, writ, injunction or decree of any Governmental Authority, (iv) any material Contractual Obligation to which Borrower, or any of its Subsidiaries, is a party or by which any of them or any of their Property is bound or to which any of them or any of their Property is subject, or (b) constitute a default under any such Contractual Obligation.
- 5.3. Action, Binding Obligations. Borrower has all necessary corporate or other power, authority and legal right to execute, deliver and perform its obligations under each of the Loan Documents; the execution, delivery and performance by Borrower of each of the Loan Documents has been duly authorized by all necessary corporate or other action on its part; and each Loan Document has been duly and validly executed and delivered by Borrower and constitutes a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, subject to the Bankruptcy Exceptions.
- 5.4. Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority, or any other Person, are necessary for the execution, delivery or performance by Borrower of the Loan Documents for the legality, validity or enforceability thereof.

6. EVENTS OF DEFAULT.

- 6.1. Events of Default. Each of the following events shall constitute an event of default (an “Event of Default”) hereunder:
- 6.1.1. the Borrower shall default in the payment of any principal of or interest on any Advance when due and such default has not been remedied within the grace period of sixty (60) days; or
- 6.1.2. any representation, warranty or certification made or deemed made herein or in any other Loan Document by Borrower, shall prove to have been false or misleading in any material respect as of the time made or furnished; or

6.1.3. Borrower shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, or (vi) take any corporate or other action for the purpose of effecting any of the foregoing; or

6.1.4. Borrower shall fail to comply with any Applicable Laws, when such failure will result in a Material Adverse Effect on Borrower.

7. REMEDIES

7.1. Events of Default. Upon the occurrence and during the continuance of one or more Events of Default the Lender may immediately declare the principal amount of all Advances then outstanding under the Note to be immediately due and payable, together with all interest thereon. Upon such declaration or such automatic acceleration, the balance then outstanding on the Note shall become immediately due and payable, without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower and may thereupon exercise any remedies available to it at law and pursuant to the Loan Documents.

7.2. Exercise. Except as otherwise provided in this Loan Agreement, the Lender shall have the right to exercise any of its rights and/or remedies without presentment, demand, protest or further notice of any kind other than as expressly set forth herein, all of which are hereby expressly waived by Borrower.

8. MISCELLANEOUS

8.1. Notices. Except as otherwise expressly permitted by this Loan Agreement, all notices, requests and other communications provided for herein and under the other Loan Documents (including, without limitation, any modifications of, or waivers, requests or consents under, this Loan Agreement) shall be given or made in writing (including, without limitation, by telecopy or Electronic Transmission) delivered to the intended recipient at the "Address for Notices" specified on the signatures.

8.2. Amendments. Except as otherwise expressly provided in this Loan Agreement, any provision of this Loan Agreement may be modified or supplemented only by an instrument in writing signed by the Lender and the Borrower and any provision of this Loan Agreement may be waived by the Lender.

- 8.3. Successors and Assigns. This Loan Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.
- 8.4. Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Loan Agreement.
- 8.5. Counterparts and Facsimile. This Loan Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. The parties agree that this Loan Agreement, any documents to be delivered pursuant to this Loan Agreement and any notices hereunder may be transmitted between them by email and/or by facsimile. The parties intend that faxed signatures and electronically imaged signatures such as .pdf files shall constitute original signatures and are binding on all parties. The original documents shall be promptly delivered, if requested.
- 8.6. Governing Law. This Loan Agreement shall be construed in accordance with the laws of the State of Texas, without regard to any rule of conflicts of law that would result in the application of the substantive law of any jurisdiction other than the State of Texas.
- 8.7. Submission to Jurisdiction; Waivers. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY:
- 8.7.1. SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS LOAN AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE EXCLUSIVE GENERAL JURISDICTION OF ANY COURT OF HARRIS COUNTY, TEXAS;
- 8.7.2. CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;
- 8.7.3. AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH HEREIN OR AT SUCH OTHER ADDRESS OF WHICH THE PARTIES HAVE BEEN NOTIFIED; AND

8.7.4. AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

8.8. Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS LOAN AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

8.9. Acknowledgements. Each party hereby acknowledges that:

8.9.1. it has been advised by counsel in the negotiation, execution and delivery of this Loan Agreement, the Note and the other Loan Documents to which it is a party; and

8.9.2. no joint venture exists among or between the Lender and Borrower.

8.10. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. If any provision of any Loan Document shall be held invalid or unenforceable (in whole or in part) as against Borrower, then such Loan Document shall continue to be enforceable against Borrower without regard to any such invalidity or unenforceability.

8.11. Entire Agreement. This Loan Agreement and the other Loan Documents embody the entire agreement and understanding of the parties hereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein and therein. No alteration, waiver, amendments, or change or supplement hereto shall be binding or effective unless the same is set forth in writing by a duly authorized representative of the Lender.

[SIGNATURE PAGE FOLLOWS]

LENDER BORROWER

James Street Capital Partners Limited

By: 

Kamoru Lawal, Authorized Person

Erin Energy Corporation

By: 

Femi Ayoade, CEO

Notice Address : Notice Address :

Plot 1649, Olosa Street 1330 Post Oak Boulevard, Suite 2250
Victoria Island Houston, Texas 77056
L'lgos, Nigeria

Erin Petroleum Nigeria Limited

By: 

Dippo Bello, Authorized Person

Notice Address :

1330 Post Oak Boulevard, Suite 2250
Houston, Texas 77056

EXHIBIT A

FORM OF NOTE

[LOAN AMOUNT]

[DATE]

FOR VALUE RECEIVED, [BORROWER], a [BORROWER ENTITY TYPE AND JURISDICTION] (the “Borrower”), hereby promises to pay to the order of JAMES STREET CAPITAL PARTNERS LIMITED (the “Lender”), at the principal office of the Lender in [ADDRESS] in lawful money of the United States, and in immediately available funds, the principal sum of [LOAN AMOUNT] (or such lesser amount as shall equal the aggregate unpaid principal amount of the Advances made by the Lender to the Borrower under the Loan Agreement), on the dates and in the principal amounts provided in the Loan Agreement, and to pay interest on the unpaid principal amount of each such Advance, at such office, in like money and funds, for the period commencing on the date of the such Advance until such Advances shall be paid in full, at the rates per annum and on the dates provided in the Loan Agreement.

The date, amount and interest rate of each Advance made by the Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books and, prior to any transfer of this Note, endorsed by the Lender on the “Schedule of Loans” attached hereto or any continuation thereof.

This Note is the Note referred to in the Loan Agreement dated as of [DATE], 2017 (as amended, supplemented or otherwise modified and in effect from time to time, the “Loan Agreement”), between the Borrower and James Street Capital Partners Limited as Lender, and evidences the Advances made by the Lender thereunder. Terms used but not defined in this Note have the respective meanings assigned to them in the Loan Agreement.

The Borrower, and any indorsers or guarantors hereof, (a) severally waive presentment, protest and demand, dishonor and nonpayment of this Note, (b) expressly agree that this Note, or any payment hereunder, may be extended from time to time, and (c) expressly agree that it will be necessary for the Lender, in order to enforce payment of this Note, to first institute or exhaust the Lender’s remedies against the Borrower or any other party liable hereon. No extension of time for the payment of this Note, or any installment hereof, made by agreement by the Lender with any person now or hereafter liable for the payment of this Note, shall affect the liability under this Note of the Borrower; provided, however, that the Lender and the Borrower, by written agreement between them, may affect the liability of the Borrower.

The Borrower hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding relating to this Note or the Loan Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of any court of Harris County in the State of Texas. The Borrower consents that any such action or proceeding may be brought in such courts and, to the extent permitted by law, waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same. The Borrower agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to its address set forth in the Loan Agreement or at such other address of which the Lender shall have been notified.

This Note shall be construed in accordance with the laws of the State of Texas without regard to any rule of conflicts of law that would result in the application of the substantive law of any jurisdiction other than the State of Texas.

ERIN ENERGY CORPORATION

BY: _____
Femi Ayoade, CEO

SCHEDULE OF LOANS

This Note evidences the Advances made under the within-described Loan Agreement to the Borrower, on the dates, in the principal amounts and bearing interest at the rates set forth below, and subject to the payments and prepayments of principal set forth below:

LOAN GRID

Date of Advance and Rate	Advance Amount	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Payee	Payee Account	Notes
Funding Date __%	TBD					

EXHIBIT B

FORM OF NOTICE OF BORROWING

[insert date]

JAMES STREET CAPITAL PARTNERS LIMITED
[ADDRESS]

Ladies/Gentlemen:

Reference is made to the Loan Agreement, dated as of October 27, 2017 (the “Loan Agreement”; capitalized terms used but not otherwise defined herein shall have the meaning given them in the Loan Agreement), between [BORROWER] (the “Borrower”) and James Street Capital Partners Limited as Lender (the “Lender”).

In accordance with Section 2.3.1 of the Loan Agreement, the undersigned Borrower hereby requests that you, the Lender, make an Advance to the following part[y/ies] on [DATE]:

DESIGNATED PROVIDER	AMOUNT	DETAILS	SUPPORT
Vendor Company	\$_, ___, ___. __	Payment for _ services Payment Instructions: ABC Bank Account Number Bank Code Other Bank information	See attached __ in support of request
Vendor Company	\$_, ___, ___. __	Payment for _ services Payment Instructions: ABC Bank Account Number Bank Code Other Bank information	See attached __ in support of request
Vendor Company	\$_, ___, ___. __	Payment for _ services Payment Instructions: ABC Bank Account Number Bank Code Other Bank information	See attached __ in support of request

Very truly yours,

ERIN ENERGY CORPORATION

BY: _____

[NAME,

TITLE]

EXHIBIT C

WARRANT AGREEMENT

THIS AGREEMENT, dated as of this 27th day of October by and between Erin Energy Corporation (the “Borrower”) and James Street Capital Partners Limited (the “Lender”).

WHEREAS, the Borrower has entered into a Loan Agreement, dated as of the date hereof (the “Loan Agreement”), with the Lender pursuant to which the Lender has agreed, subject to the terms and conditions of such Loan Agreement, to provide financing to the Borrower;

WHEREAS, as additional consideration for the Lender to enter into the Loan Agreement, the Borrower has agreed to issue a warrant to purchase common stock of the Borrower (the “Warrant”) to the Lender in the form attached hereto as Exhibit A;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Article I

1 Issuance of Warrants; Additional Note; Closing

1.1 Issuance. On the terms and subject to the conditions set forth in this Agreement, the Borrower agrees to issue to the Lender, on the Closing Date (as hereinafter defined), the Warrant.

1.2 Number of Shares; Exercise Price. The holder of the Warrant is entitled, upon the terms and subject to the conditions set forth in the Warrant and hereinafter set forth, to acquire from the Borrower, pursuant to the Warrant, up to an aggregate of the number of fully paid and nonassessable shares of the common stock of the Borrower (the “Common Stock”) equal to 100% of the Maximum Loan Amount (as defined in the Loan Agreement) divided by the Exercise Price. “Exercise Price” shall be equal to the closing price per share of the Common Stock on the NYSE American determined as of the Closing Date (as defined in the Loan Agreement) (the “Exercise Price”). The number of shares of Common Stock issuable upon exercise of the Warrant (the “Warrant Shares”) and the Exercise Price are subject to adjustment as provided in the Warrant, and all references to “Common Stock,” “Warrant Shares” and “Exercise Price” herein, shall be deemed to include any such adjustment or series of adjustments.

1.3 Closing.

1.3.1 On the terms and subject to the conditions set forth in this Agreement, the Borrower shall issue the Warrants (the “Closing”) within three Business Days of the Closing Date.

1.3.2 Subject to the fulfillment or waiver of the conditions to the Closing in this Section 1.3, at the Closing the Borrower will deliver the Warrant as evidenced by one or more certificates dated the Closing Date and bearing appropriate legends as hereinafter provided.

Article II

2 Representations and Warranties of the Borrower

2.1 The Warrant and Warrant Shares. The Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity (" Bankruptcy Exceptions "). The Warrant Shares have been duly authorized and reserved for issuance upon exercise of the Warrant and when so issued in accordance with the terms of the Warrant will be validly issued, fully paid and non-assessable.

2.2 Authorization, Enforceability.

- 2.2.1 The Borrower has the corporate power and authority to execute and deliver the Warrant and to carry out its obligations thereunder (which includes the issuance of the Warrant and Warrant Shares). The execution, delivery and performance by the Borrower of the Warrant and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Borrower and its stockholders, and no further approval or authorization is required on the part of the Borrower. This Agreement is a valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to the Bankruptcy Exceptions.
- 2.2.2 The execution, delivery and performance by the Borrower of the Warrant and the consummation of the transactions contemplated thereby and compliance by the Borrower with the provisions thereof, will not, except as otherwise provided herein, (A) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or result in the creation of, any lien, security interest, charge or encumbrance upon any of the properties or assets of the Borrower or any Borrower Subsidiary under any of the terms, conditions or provisions of (i) its organizational documents or (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Borrower or any Borrower Subsidiary is a party or by which it or any Borrower Subsidiary may be bound, or to which the Borrower or any Borrower Subsidiary or any of the properties or assets of the Borrower or any Borrower Subsidiary may be subject, or (B) subject to compliance with the statutes and regulations referred to in the next paragraph, violate any statute, rule or regulation or any judgment, ruling, order, writ, injunction or decree applicable to the Borrower or any Borrower Subsidiary or any of their respective properties or assets except, in the case of clauses (A)(ii) and (B), for those occurrences that, individually or in the aggregate, have not had

and would not reasonably be expected to have a Borrower Material Adverse Effect.

- 2.2.3 Other than any current report on Form 8-K required to be filed with the Securities and Exchange Commission (the “SEC”), such filings and approvals as are required to be made or obtained under any state “blue sky” laws, and such as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Entity is required to be made or obtained by the Borrower in connection with the issuance of the Warrant or Warrant Shares except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Borrower Material Adverse Effect. The issuance of the Warrants and the Warrant Shares does not require the approval of the stockholders of the Borrower.
- 2.2.4 Offering of Securities. Neither the Borrower nor any person acting on its behalf has taken any action (including any offering of any securities of the Borrower) under circumstances which would require the integration of such offering with the offering of any of the Warrants or Warrant Shares under the Securities Act of 1933, as amended (“Securities Act”), and the rules and regulations of the SEC promulgated thereunder, which might subject the offering, issuance or sale of any of the Warrant or Warrant Shares to Lender pursuant to this Agreement to the registration requirements of the Securities Act.

Article III

3 Covenants

- 3.1 Commercially Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the transactions contemplated by this Agreement as promptly as practicable and otherwise to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.
- 3.2 Expenses. Unless otherwise provided in this Agreement or the Warrant, each of the parties hereto will bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated under this Agreement and the Warrant, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.
- 3.3 Sufficiency of Authorized Common Stock; Exchange Listing. During the period from the Closing Date until the date on which the Warrant has been fully exercised, the Borrower shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise. Nothing in this Section 3.3 shall preclude the Borrower from satisfying its obligations in respect of the exercise of the Warrant by delivery of shares of Common Stock which are held in the treasury of the Borrower. As soon as reasonably practicable following the Closing, the Borrower shall, at its expense, cause the Warrant Shares to be listed on the same national securities exchange

on which the Common Stock is listed, subject to official notice of issuance, and shall maintain such listing for so long as any Common Stock is listed on such exchange.

Article IV

4 Additional Agreements

4.1 Purchase for Investment. The Lender acknowledges that the Warrant and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. The Lender (a) is acquiring the Warrant pursuant to an exemption from registration under the Securities Act solely for investment with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws, (b) will not sell or otherwise dispose of the Warrant or any of the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws, (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the purchase and of making an informed investment decision, and (d) is an “accredited investor” as such term is defined in Section 501 of the Securities Act, and/or is not a “US Person” within the meaning of Regulation S promulgated under the Securities Act and the transaction relating hereto otherwise complies with Regulation S.

4.2 Legends.

- 4.2.1 The Lender agrees that all certificates or other instruments representing the Warrant and the Warrant Shares will bear a legend substantially to the following effect:

“THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.”

- 4.2.2 The Lender agrees that all certificates or other instruments representing the Warrant will also bear a legend substantially to the following effect:

“THIS INSTRUMENT IS ISSUED SUBJECT TO THE PROVISIONS OF A WARRANT AGREEMENT BETWEEN THE ISSUER OF THESE SECURITIES AND THE INVESTOR REFERRED TO THEREIN, A COPY OF WHICH IS ON FILE WITH THE ISSUER.”

- 4.2.3 In the event that any Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Borrower shall issue new certificates or other instruments

representing such Warrant Shares, which shall not contain the applicable legend in Section 4.2(a) above; provided that the Lender surrenders to the Borrower the previously issued certificates or other instruments and an opinion of counsel in connection therewith reasonably acceptable to the Borrower. Upon Transfer of all or a portion of the Warrant in compliance with Section 4.3 below, the Borrower shall issue new certificates or other instruments representing the Warrant, which shall contain the applicable legends in Section 4.2(a) above; provided that the Lender surrenders to the Borrower the previously issued certificates or other instruments and an opinion of counsel in connection therewith reasonably acceptable to the Borrower.

4.3 Transfer of Warrant Shares; Restrictions on Exercise of the Warrant. Subject to compliance with applicable securities laws, the Lender shall be permitted to transfer, sell, assign or otherwise dispose of (“Transfer”) all or a portion of the Warrant Shares at any time, and the Borrower shall take all steps as may be reasonably requested by the Lender to facilitate the Transfer of the Warrant Shares. Notwithstanding anything to the contrary, as a condition to the effectiveness of each Transfer of the Warrant (in whole or in part), each Person to whom or which the Warrant is Transferred shall have agreed in writing with the Borrower that the Warrant shall remain subject to all rights provided under Section 4.6.

4.4 Reserved.

4.5 Voting of Warrant Shares. Notwithstanding anything in this Agreement to the contrary, the Lender shall not exercise any voting rights with respect to the Warrant Shares.

4.6 Repurchase of Securities.

4.6.1 Following the repayment in whole of all loans made to the Borrower under the Loan Agreement, the Borrower may repurchase, in whole or in part, at any time (i) any Common Stock of the Borrower purchased by the Lender pursuant to this Agreement or the Warrant and then held by the Lender and (ii) the Warrant, upon notice given as provided in clause (b) below, at the Fair Market Value (as defined below) of the Warrant or such Common Stock, as applicable.

4.6.2 Notice of every repurchase of (a) Common Stock of the Borrower held by the Lender (“Borrower Common Stock”) or (b) the Warrant, shall be given at the address and in the manner set forth for such party in Section 5.6. Each notice of repurchase given to the Lender shall state: (i) the number and type of securities to be repurchased, (ii) the Board of Director’s determination of Fair Market Value of such securities and (iii) the place or places where certificates representing such securities are to be surrendered for payment of the repurchase price. The repurchase of the securities specified in the notice shall occur as soon as practicable following the determination of the Fair Market Value of the securities. “Fair Market Value” means, with respect to (a) each share of Borrower Common Stock, the average of the last five (5) Closing Sales Prices of the Common Stock on the five (5) Trading Days immediately prior to the date of determination; and (b) the Warrant, the number of shares of Common Stock issuable upon full exercise hereof, as of such applicable date of determination, multiplied by the average of the last five (5) Closing Sales Prices of the Common Stock on the five

(5) Trading Days immediately prior to the date of determination, less the aggregate Exercise Price payable to the Borrower in connection with the exercise of the portion of the Warrant purchased, with such Exercise Price payable in cash. “Closing Sales Price” means the last sales price of the Borrower’s Common Stock on the Principal Market as reported by NASDAQ.com (or a comparable reporting service of national reputation)(collectively, “NASDAQ.com”), or if the foregoing does not apply, the last reported sales price of such security on a national exchange or in the over-the-counter market on the electronic bulletin board for such security as reported by NASDAQ.com, or, if no such price is reported for such security by NASDAQ.com, the average of the bid prices of all market makers for such security as reported in the “pink sheets” by OTC Markets, in each case for such date or, if such date was not a Trading Day for such security, on the next preceding date that was a Trading Day. If the Closing Sales Price cannot be calculated for such security as of either of such dates on any of the foregoing bases, the Closing Sales Price of such security on such date shall be the fair market value as reasonably determined by the Borrower in good faith. “Trading Day” means any day on which the Common Stock is traded on the Trading Market, provided that “Trading Day” shall not include any day on which the Common Stock is scheduled to trade on the Trading Market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on the Trading Market (or if the Trading Market does not designate in advance the closing time of trading on the Trading Market, then during the hour ending at 4:00:00 p.m., New York City time) unless such day is otherwise designated as a Trading Day in writing by the Lender. “Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, OTCQB, The NASDAQ Global Market, The NASDAQ Global Select Market, The NASDAQ Capital Market, the New York Stock Exchange, NYSE Arca, or the OTCQX Marketplace or the OTCQB Marketplace operated by OTC Markets Group Inc. (or any successor to any of the foregoing)..

Article V

5 Miscellaneous

5.1 Termination. This Agreement may be terminated at any time prior to the Closing:

- 5.1.1 by either the Lender or the Borrower in the event that any Governmental Entity shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or
- 5.1.2 by the mutual written consent of the Lender and the Borrower.

In the event of termination of this Agreement as provided in this Section 5.1, this Agreement shall forthwith become void and there shall be no liability on the part of either party hereto except that nothing herein shall relieve either party from liability for any breach of this Agreement.

- 5.2 Survival of Representations and Warranties . The representations and warranties of the Borrower and Lender made herein or in any certificates delivered in connection with the Closing shall survive the Closing without limitation.
- 5.3 Amendment . No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.
- 5.4 Waiver of Conditions . The conditions to each party's obligation to consummate the transactions contemplated by this Agreement are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable law. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.
- 5.5 Governing Law: Submission to Jurisdiction, Etc. **This Agreement will be governed by and construed in accordance with the law of the State of Texas applicable to contracts made and to be performed entirely within such State, without regard to any rule of conflicts of law that would result in the application of the substantive law of any jurisdiction other than the State of Texas. Each of the parties hereto hereby and irrevocably and unconditionally (a) submits for itself and its property in any legal action or proceeding relating to this Agreement, the Warrant or the transactions contemplated hereby or thereby, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction and venue of any court of Harris County in the State of Texas (b) consents that any such action or proceeding may be brought in such courts and, to the extent permitted by law, waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to its address set forth in Section 5.6 or at such other address of which the Lender shall have been notified; and (d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction. To the fullest extent permitted by applicable law, each of the parties hereto hereby unconditionally waives any and all rights to trial by jury in any legal proceeding relating to this Agreement or the Warrant or the transactions contemplated hereby or thereby.**
- 5.6 Notices . Any notice, request, instruction or other communications provided for herein by any party to the other shall be given or made in writing (including, without limitation, by telecopy or Electronic Transmission) and will be deemed to have been duly given when transmitted by telecopier or Electronic Transmission or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as provided in the Loan Agreement.
- 5.7 Definitions .

- 5.7.1 When a reference is made in this Agreement to a subsidiary of a person, the term “subsidiary” means any corporation, partnership, joint venture, limited liability company or other entity (x) of which such person or a subsidiary of such person is a general partner or (y) of which a majority of the voting securities or other voting interests, or a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or persons performing similar functions with respect to such entity, is directly or indirectly owned by such person and/or one or more subsidiaries thereof.
- 5.7.2 The term “Affiliate” means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.
- 5.7.3 The term “Borrower Material Adverse Effect” means a material adverse effect on the business, results of operation or financial condition of the Borrower and its consolidated subsidiaries taken as a whole.
- 5.7.4 The term “Borrower Subsidiary” means a subsidiary of the Borrower.
- 5.7.5 The term “Business Combination” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Borrower’s stockholders.
- 5.7.6 The term “Electronic Transmission” shall mean delivery of information by electronic mail, facsimile or other electronic format acceptable to the Lender. An Electronic Transmission shall be considered written notice for all purposes hereof.
- 5.7.7 The term “Governmental Entity” means any United States and other governmental, regulatory or judicial authority.
- 5.7.8 Any capitalized terms not defined herein shall have the meaning set forth in the Loan Agreement.
- 5.8 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a Business Combination where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale or (b) as otherwise provided herein, which assignments shall not require the consent of Lender.
- 5.9 Severability. If any provision of this Agreement or the Warrant, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid,

void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.10 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Borrower and the Lender any benefit, right or remedies.

LENDER

James Street Capital Partners Limited

By: _____

[NAME, TITLE]

BORROWER

Erin Energy Corporation

By: _____

Femi Ayode, CEO

EXHIBIT A to Warrant Agreement

FORM OF WARRANT

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED UNLESS SUCH SALE OR TRANSFER IS IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND APPLICABLE LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND APPLICABLE LAWS.

COMMON STOCK PURCHASE WARRANT

Warrant No. [REDACTED]

Number of Shares: [REDACTED] shares
Common Stock

ERIN ENERGY CORPORATION

Effective as of [DATE], 2017

Void after December 31st, 2019

1. Issuance. This Common Stock Purchase Warrant (the “Warrant”) is issued to **James Street Capital Partners Limited**, a company incorporated in the Republic of Nigeria, by **Erin Energy Corporation**, a Delaware corporation (hereinafter with its successors called the “Company”).

2. Purchase Price; Number of Shares. The registered holder of this Warrant (the “Holder”), is entitled upon surrender of this Warrant with the subscription form annexed hereto duly executed, at the principal office of the Company, to purchase from the Company, at a price per share of \$ [REDACTED] (the “Purchase Price”), up to a maximum of [REDACTED] fully paid and nonassessable shares of the Company’s Common Stock, \$0.001 par value (the “Common Stock” and the shares of Common Stock issuable upon exercise hereof, the “Warrant Shares”). Until such time as this Warrant is exercised in full or expires, the Purchase Price and the securities issuable upon exercise of this Warrant are subject to adjustment as hereinafter provided. The person or persons in whose name or names any certificate representing shares of Common Stock is issued hereunder shall be deemed to have become the holder of record of the shares represented thereby as at the close of business on the date this Warrant is exercised with respect to such shares, whether or not the transfer books of the Company shall be closed.

3. Payment of Purchase Price. The Purchase Price may be paid in cash or by check.

4. Cashless Exercise Election. In the event the resale of the Warrant Shares are not registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, the Holder may elect to receive, without the payment by the Holder of any additional consideration, shares of Common Stock equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, with the cashless exercise election notice annexed hereto duly executed, at the principal office of the Company. Thereupon, the Company shall issue to the Holder such number of fully paid and nonassessable shares of Common Stock as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where: X = the number of shares of Common Stock to be issued to the Holder pursuant to this **Section 4**.

Y = the number of shares of Common Stock covered by this Warrant in respect of which the cashless exercise election is made pursuant to this **Section 4**.

A = the Fair Market Value (defined below) of one share of Common Stock as determined at the time the cashless exercise election is made pursuant to this **Section 4**.

B = the Purchase Price in effect under this Warrant at the time the cashless exercise election is made pursuant to this **Section 4**.

“Fair Market Value” of a share of Common Stock as of the date that the cashless exercise election is made (the “Determination Date”) shall mean:

- (a) If traded on a securities exchange or the Nasdaq National Market, the fair market value of the Common Stock shall be deemed to be the average of the closing or last reported sale prices of the Common Stock on such exchange or market over the five day period ending two trading days prior to the Determination Date;
- (b) If otherwise traded in an over-the-counter market, the fair market value of the Common Stock shall be deemed to be the average of the closing ask prices of the Common Stock over the five day period ending two trading days prior to the Determination Date; and
- (c) If there is no public market for the Common Stock, then fair market value shall be determined in good faith by the Company’s Board of Directors.

5. Partial Exercise. This Warrant may be exercised in part, and the Holder shall be entitled to receive a new warrant, which shall be dated as of the date of this Warrant, covering the number of shares in respect of which this Warrant shall not have been exercised.

6. Fractional Shares. In no event shall any fractional share of Common Stock be issued upon any exercise of this Warrant. If, upon exercise of this Warrant in its entirety, the Holder would, except as provided in this **Section 6**, be entitled to receive a fractional share of Common Stock, then the Company shall issue the next higher number of full shares of Common Stock, issuing a full share with respect to such fractional share.

7. Expiration Date. This Warrant shall expire (the “Expiration Date”) at the close of business on December 31st, 2019.

8. Reserved Shares; Valid Issuance. The Company covenants that it will at all times from and after the date hereof reserve and keep available such number of its authorized shares of Common Stock, free from all preemptive or similar rights therein, as will be sufficient to permit the exercise of this Warrant in full. The Company further covenants that such shares as may be issued pursuant to such exercise will, upon issuance, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof.

9. Stock Splits and Dividends. If after the date hereof the Company shall subdivide the Common Stock, by split-up or otherwise, or combine the Common Stock, or issue additional shares of Common Stock in payment of a stock dividend on the Common Stock, the number of shares of Common Stock issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination, and the Purchase Price shall forthwith be proportionately decreased in the case of a subdivision or stock dividend, or proportionately increased in the case of a combination.

10. [Reserved.]

11. Mergers and Reclassifications. If after the date hereof the Company shall enter into any Reorganization (as hereinafter defined), then, as a condition of such Reorganization, lawful provisions shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, so that the Holder shall thereafter have the right to purchase, at a total price not to exceed that payable upon the exercise of this Warrant in full, the kind and amount of shares of stock and other securities and property receivable upon such Reorganization by a holder of the number of shares of Common Stock which might have been purchased by the Holder immediately prior to such Reorganization, and in any such case appropriate provisions shall be made with respect to the rights and interest of the Holder to the end that the provisions hereof (including without limitation, provisions for the adjustment of the Purchase Price and the number of shares issuable hereunder and the provisions relating to the cashless exercise election) shall thereafter be applicable in relation to any shares of stock or other securities and property thereafter deliverable upon exercise hereof. For the purposes of this Section 11, the term “Reorganization” shall include without limitation any reclassification, capital reorganization or change of the Common Stock (other than as a result of a subdivision, combination or stock dividend provided for in Section 9 hereof), or any consolidation of the Company with, or merger of the Company into, another corporation or other business organization (other than a merger in which the Company is the surviving corporation and which does not result in any reclassification or change of the outstanding Common Stock), or any sale or conveyance to another corporation or other business organization of all or substantially all of the assets of the Company.

12. Certificate of Adjustment. Whenever the Purchase Price is adjusted, as herein provided, the Company shall promptly deliver to the Holder a certificate of the Company’s chief financial officer setting forth the Purchase Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

13. Notices of Record Date, Etc. In the event of:

(a) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase, sell or otherwise acquire or dispose of any shares of stock of any class or any other securities or property, or to receive any other right;

(b) any reclassification of the capital stock of the Company, capital reorganization of the Company, consolidation or merger involving the Company, or sale or conveyance of all or substantially all of its assets; or

(c) any voluntary or involuntary dissolution, liquidation or winding-up of the Company, then in each such event the Company will provide or cause to be provided to the Holder a written notice thereof. Such notice shall be provided at least twenty (20) days prior to the date specified in such notice on which any such action is to be taken.

14. Representations, Warranties and Covenants. This Warrant is issued and delivered by the Company and accepted by each Holder on the basis of the following representations, warranties and covenants made by the Company:

(a) The Company has all necessary authority to issue, execute and deliver this Warrant and to perform its obligations hereunder. This Warrant has been duly authorized issued, executed and delivered by the Company and is the valid and binding obligation of the Company, enforceable in accordance with its terms.

(b) The shares of Common Stock issuable upon the exercise of this Warrant have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable.

(c) The issuance, execution and delivery of this Warrant do not, and the issuance of the shares of Common Stock upon the exercise of this Warrant in accordance with the terms hereof will not, (i) violate or contravene the Company’s Articles or by-laws, or any law, statute, regulation, rule, judgment or order applicable to the Company, (ii) violate, contravene or result in a breach or default under any contract, agreement or instrument to which the Company is a party or by which the Company or any of its assets are bound or (iii) require the consent or approval of or the filing of any notice or registration with any person or entity.

(d) Except as set forth in the Company's filings with the U.S. Securities and Exchange Commission, there are no outstanding (i) options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its subsidiaries, or (ii) contracts, commitments, understandings or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional capital stock of the Company or any of its subsidiaries or (iii) options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of any of the Company or any of its subsidiaries as a result of this Warrant or the exercise thereof.

15. Amendment. The terms and provisions of this Warrant may be amended, modified or waived only by a written instrument duly executed by the Company and the Holder.

16. Representations and Covenants of the Holder. This Common Stock Purchase Warrant has been entered into by the Company in reliance upon the following representations and covenants of the Holder, which by its execution hereof the Holder hereby confirms:

(a) **Investment Purpose.** The right to acquire Common Stock contained herein will be acquired for investment and not with a view to the sale or distribution of any part thereof, and the Holder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption.

(b) **Accredited Investor.** Holder is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "1933 Act"), and/or is not a "US Person" within the meaning of Regulation S promulgated under the 1933 Act and the transaction relating hereto otherwise complies with Regulation S.

(c) **Private Issue.** The Holder understands (i) that the Common Stock issuable upon exercise of the Holder's rights contained herein is not registered under the 1933 Act or qualified under applicable state securities laws on the grounds that the issuance contemplated by this Warrant will be exempt from the registration and qualification requirements thereof, and (ii) that the Company's reliance on such exemption is predicated on the representations set forth in this Section 16.

(d) **Financial Risk.** The Holder has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment. The Holder has not relied upon any representations, warranties or agreements by the Company or any of its affiliates, other than those expressly set forth in this Common Stock Purchase Warrant. The Holder acknowledges that an investment in the Company is speculative and involves a high degree of risk. The Holder is able to bear the economic risk of holding its investment for an indefinite period of time and can afford to suffer a complete loss of its investment. The Holder is not relying on the Company or any of its representatives for legal, investment, tax or other advice.

(e) **Stockholder Rights.** Unless otherwise specified herein or in another agreement between the Company and Holder, until exercise of this Warrant, the Holder shall not have or exercise any rights by virtue hereof as a stockholder of the Company.

17. Notices, Transfers, Etc.

(a) Any notice or written communication required or permitted to be given to the Holder may be given by certified mail or delivered to the Holder at the address most recently provided by the Holder to the Company.

(b) Subject to compliance with Section 18 below and the applicable federal and state securities laws, this Warrant may be transferred by the Holder with respect to any or all of the shares purchasable hereunder. Upon surrender of this Warrant to the Company, together with the assignment notice annexed hereto duly executed, for transfer of this Warrant as an entirety by the Holder, and a legal opinion relating thereto, the Company shall issue a new warrant of the same denomination to the assignee. Upon surrender of this Warrant to the Company, together with the assignment hereof properly endorsed, by the Holder for transfer with respect to a portion of the shares of Common Stock purchasable hereunder, the Company shall issue a new warrant to the assignee, in such denomination as shall be requested by the

Holder hereof, and shall issue to such Holder a new warrant covering the number of shares in respect of which this Warrant shall not have been transferred.

(c) In case this Warrant shall be mutilated, lost, stolen or destroyed, the Company shall issue a new warrant of like tenor and denomination and deliver the same (i) in exchange and substitution for and upon surrender and cancellation of any mutilated Warrant, or (ii) in lieu of any Warrant lost, stolen or destroyed, upon receipt of an affidavit of the Holder or other evidence reasonably satisfactory to the Company of the loss, theft or destruction of such Warrant.

18. Transfer of Shares.

(a) “**Restricted Shares**” means (a) this Warrant, (b) the shares of Common Stock issued or issuable upon exercise of this Warrant, and (c) any other shares of capital stock of the Company issued in respect of such shares (as a result of stock splits, stock dividends, reclassifications, recapitalizations or similar events); provided, however, that shares of Common Stock which are Restricted Shares shall cease to be Restricted Shares (x) upon any sale pursuant to a registration statement under the 1933 Act, Section 4(1) of the 1933 Act or Rule 144 under the 1933 Act or (y) at such time as they become eligible for sale under Rule 144 under the 1933 Act.

(b) Restricted Shares shall not be sold or transferred unless either (i) they first shall have been registered under the 1933 Act, or (ii) the Company first shall have been furnished with an opinion of legal counsel, reasonably satisfactory to the Company if requested by the Company or its transfer agent, to the effect that such sale or transfer is exempt from the registration requirements of the 1933 Act.

(c) Notwithstanding the foregoing, no registration or opinion of counsel shall be required for (i) a transfer by the Holder to an Affiliated Party (as such term is defined below) of the Holder, (ii) a transfer by the Holder which is a partnership to a partner of such partnership; provided that the transferee in each case agrees in writing to be subject to the terms of this Section 19 to the same extent as if it were the original Holder hereunder, or (iii) a transfer made in accordance with Rule 144 under the 1933 Act. For purposes of this Agreement “Affiliated Party” shall mean, with respect to Holder, any person or entity which, directly or indirectly, controls, is controlled by or is under common control with Holder, including, without limitation, any general partner, officer, manager or director of Holder and any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company as, Holder.

(d) Each certificate representing Restricted Shares shall bear a legend substantially in the following form:

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL SUCH SHARES ARE REGISTERED UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.”

The foregoing legend shall be removed from the certificates representing any Restricted Shares, at the request of the holder thereof, at such time as they become eligible for resale pursuant to Rule 144 under the 1933 Act.

(e) The Holder shall have certain registration rights with respect to the Common Stock issued or issuable hereunder. The registration rights will be defined in a registration rights agreement between the Holder and the Maker.

19. No Impairment. The Company will not, without the prior written consent of the Holder by amendment of its Articles or through any reclassification, capital reorganization, consolidation, merger, sale or conveyance of assets, dissolution, liquidation, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance of performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder.

20. Governing Law. The provisions and terms of this Warrant shall be governed by and construed in accordance with the internal laws of the State of Texas.

21. Successors and Assigns. This Warrant shall be binding upon the Company’s successors and assigns and shall inure to the benefit of the Holder’s successors, legal representatives and permitted assigns.

22. Business Days. If the last or appointed day for the taking of any action required of the expiration of any rights granted herein shall be a Saturday or Sunday or a legal holiday in Texas, then such action may be taken or right may be exercised on the next succeeding day which is not a Saturday or Sunday or such a legal holiday.

23. Repurchase Rights . This Warrant and the shares of Common Stock issuable upon exercise hereof are subject to certain repurchase rights as described in the Warrant Agreement which this Warrant forms Exhibit A.

ERIN ENERGY CORPORATION

JAMES STREET CAPITAL PARTNERS LIMITED

By: _____
Femi Ayoade, CEO

By: _____
Name: _____
Title: _____

NOTICE OF EXERCISE

TO: ERIN ENERGY CORPORATION

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ [if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in Section 4, to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in Section 4.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity : _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is
_____.

_____, _____

Dated:

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

EXHIBIT D

FORM OF SECURITY AGREEMENT

SECURITY AGREEMENT

This SECURITY AGREEMENT (the “Agreement”) is made and entered into as of October 27, 2017 by and among James Street Capital Partners Limited (the “Secured Party”) and Erin Energy Corporation (“Erin”) and its affiliate Erin Petroleum Nigeria Limited (“EPNL”). Erin and EPNL are collectively referred to herein as the “Debtor”.

WITNESSETH:

WHEREAS, pursuant to the provisions of a Term Loan Agreement dated as of the date hereof, between the Debtor and the Secured Party (the “Loan Agreement”) and that certain Promissory Note contained therein, the Secured Party has agreed to lend to the Debtor, and Debtor has agreed to borrow from the Secured Party Twenty Million U.S. Dollars (\$20,000,000) under certain terms and conditions set forth in the Loan Agreement; and

WHEREAS, pursuant to the provisions of the Loan Agreement, the Debtor has also agreed to provide certain collateral to secure the Debtor's Obligations (as defined below) to the Secured Party pursuant to the Loan Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the covenants set forth herein, the Secured Party and the Debtor hereby agree as follows.

ARTICLE I

COLLATERAL

- 1.1 Grant and Description. As security for the Debtor's obligations under the Loan Agreement, the Debtor hereby grants to the Secured Party a continuing security interest in all of the Debtor's right, title and interest in, to and under all of the property of Debtor listed and described in Exhibit A attached hereto (the “Collateral”); provided, however, such security interest shall be subordinated to the security interest granted to the holders of the Senior Debt (as defined in the Loan Agreement). Notwithstanding the foregoing, such grant of a security interest shall not extend to, and the term “Collateral” shall not include any rights in any general intangibles representing rights under agreements between the Debtor and any other party, which are now or hereafter held by the Debtor.
- 1.2 Financing Statements; Further Assurances. The Debtor hereby authorizes the Secured Party to file, transmit, or communicate, as applicable financing statements in order to perfect the Secured Party's security interest in the Collateral; provided, however, such security interest shall be subordinated to the security interest granted to the holders of the Senior Debt.

ARTICLE II
OBLIGATIONS SECURED

- 2.1 Obligations Secured. The Collateral and the power of collection pertaining thereto shall secure the prompt and complete performance and repayment of any and all loans, advances or other obligations made by Secured Party to Debtor pursuant to the Loan Agreement (collectively the “Obligations”).

ARTICLE III
DUTIES OF THE DEBTOR REGARDING COLLATERAL

- 3.1 Duties of the Debtor Regarding Collateral. At all times hereafter the Debtor agrees that it shall:
- (a) Preserve the Collateral;
 - (b) Keep the Collateral free and clear at all times of all other security interests, liens, or encumbrances of any kind, except Permitted Liens;
 - (c) Take or cause to be taken such acts and actions as shall be necessary or appropriate to assure that the Secured Party’s security interest in the Collateral shall not become subordinate or junior to the security interests, liens or claims of any other Person (except with respect to the Senior Debt and Permitted Liens); and
 - (d) Promptly notify the Secured Party of any material change in any fact or circumstance warranted or represented by the Debtor herein or furnished in connection herewith to the Secured Party.
- 3.2 “Permitted Liens” means the following:
- (a) liens for taxes not yet payable;
 - (b) security interests existing as of the date hereof evidencing the Senior Debt;
 - (c) security interests being terminated substantially concurrently with this Agreement and liens created hereunder;
 - (d) liens of materialmen, mechanics, or other similar liens arising in the ordinary course of business and securing obligations which are not delinquent;
 - (e) liens incurred in connection with the extension, renewal, restructuring or refinancing of existing indebtedness;

- (f) liens in favor of customs, revenue and regulatory authorities; or
- (g) liens consented to in writing and in advance by the Secured Party.

ARTICLE IV EVENTS OF DEFAULT

- 4.1 Defined. The occurrence of any of the following events shall constitute an event of default under this Agreement (an “Event of Default”):
- (i) The failure of the Debtor to perform or comply with any act, duty or obligation required to be performed under this Agreement or the Loan Agreement if such failure is not remedied within sixty (60) days following receipt by Debtor of notice of such failure from Secured Party; or
 - (ii) If any of the representations or warranties of the Debtor set forth in this Agreement shall prove to have been incorrect when made, or if they become incorrect, if not cured within sixty (60) days of notice from Secured Party of such event.
- 4.2 Rights and Remedies Upon Default. If an Event of Default shall have occurred hereunder, the Secured Party may, at its sole option, without notice or demand, declare the Obligations to be immediately due and payable.

ARTICLE V REPRESENTATIONS AND WARRANTIES

- 5.1 Warranties. The Debtor represents and warrants:
- (a) That it is the owner of and, subject to the lien of the holders of the Senior Debt and other Permitted Liens, has good and marketable title to the Collateral secured hereby; and
 - (b) That it has the authority and capacity to perform its obligations hereunder, and this Agreement, when executed and delivered, will be the valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to the following qualifications:
 - (i) certain equitable remedies are discretionary and, in particular, may not be available where damages are considered an adequate remedy at law, and

- (ii) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws affecting enforcement of creditors' rights generally (insofar as any such law relates to the bankruptcy, insolvency or similar event of the Debtor).

ARTICLE VI WAIVERS

- 6.1 Waivers. The Debtor acknowledges that the Obligations arose out of a commercial transaction and hereby knowingly and intelligently waives any right to require the Secured Party to (a) proceed against any person, (b) proceed against any other collateral under any other agreement, (c) pursue any other remedy available to the Secured Party, and (d) make presentment, demand, dishonor, notice of dishonor, acceleration and/or notice of non-payment.
- 6.2 Waiver of Defense. The Debtor waives any defense which it may have to the exercise by Secured Party of its rights under this Agreement, other than payment in full of the Obligations.

ARTICLE VII MISCELLANEOUS

- 7.1 Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by e-mail (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one business day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Secured Party:

James Street Capital Partners Limited

[_____]

[_____]

[_____]

[_____]

If to the Debtor:

Erin Energy Corporation
1330 Post Oak Boulevard, Suite 2250
Houston, Texas 77056

Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) electronic mail or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, overnight or courier delivery or transmission by facsimile in accordance with clause (i), (ii) or (iii) above, respectively.

- 7.2 Fees and Expenses. On demand by Secured Party, without limiting any of the terms of the Loan Agreement, Debtor shall pay all reasonable fees, costs, and expenses (including, without limitation, reasonable attorneys' fees and legal expenses) incurred by Secured Party in connection with (a) filing or recording any documents (including all taxes in connection therewith) in public offices; and (b) paying or discharging any taxes, counsel fees, maintenance fees, encumbrances, or other amounts in connection with protecting, maintaining, or preserving the Collateral or defending or prosecuting any actions or proceedings arising out of or related to the Collateral.
- 7.3 No Waiver. No course of dealing between Debtor and Secured Party, nor any failure to exercise nor any delay in exercising, on the part of Secured Party, any right, power, or privilege under this Agreement, the Debenture, or under the Purchase Agreement or any other agreement, shall operate as a waiver. No single or partial exercise of any right, power, or privilege under this Agreement, the Loan Agreement or any other agreement by Secured Party shall preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege by Secured Party.
- 7.4 Rights Are Cumulative. All of Secured Party's rights and remedies with respect to the Collateral whether established by this Agreement, the Loan Agreement or any other documents or agreements, or by law shall be cumulative and may be exercised concurrently or in any order.
- 7.5 Indemnity. Debtor shall protect, defend, indemnify, and hold harmless Secured Party and Secured Party's officers, agents and assigns from all liabilities, losses, and costs (including, without limitation, reasonable attorneys' fees) incurred or imposed on Secured Party relating to the matters in this Agreement, including, without limitation, in connection with Secured Party's defense of any action brought by a third party against Secured Party relating to this Agreement or any of the Collateral, but otherwise not arising from Secured Party's gross negligence or willful misconduct.
- 7.6 Severability. The provisions of this Agreement are severable. If any provision of this Agreement is held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such provision, or part

thereof, in such jurisdiction, and shall not in any manner affect such provision or part thereof in any other jurisdiction, or any other provision of this Agreement in any jurisdiction.

- 7.7 Amendments; Entire Agreement. This Agreement is subject to modification only by a writing signed by the parties. To the extent that any provision of this Agreement conflicts with any provision of the Loan Agreement, the provision giving Secured Party greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Secured Party under the Loan Agreement. This Agreement, the Loan Agreement and the documents relating thereto comprise the entire agreement of the parties with respect to the matters addressed in this Agreement. Notwithstanding anything contained herein to the contrary, this Agreement is subject and subordinate to the Loan Agreement and, in the event of any conflict between the terms of this Agreement and the Loan Agreement, the Loan Agreement shall govern.
- 7.8 Successors. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties; provided that Debtor may not transfer any of the Collateral or any rights hereunder, without the prior written consent of Secured Party, except as specifically permitted hereby.
- 7.9 Governing Law. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS AND DECISIONS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN THE STATE OF TEXAS. ALL DISPUTES BETWEEN THE DEBTOR AND SECURED PARTY, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE AND FEDERAL COURTS LOCATED IN HOUSTON, TEXAS AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT SECURED PARTY SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST THE DEBTOR OR ITS PROPERTY IN ANY LOCATION REASONABLY SELECTED BY SECURED PARTY IN GOOD FAITH TO ENABLE SECURED PARTY TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF SECURED PARTY. THE PARTIES WAIVE ANY OBJECTION TO THE FORUM DESCRIBED HEREIN, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

- 7.10 Waiver of Right to Jury Trial. SECURED PARTY AND DEBTOR EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO: (I) THIS AGREEMENT; OR (II) ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN SECURED PARTY AND DEBTOR; OR (III) ANY CONDUCT, ACTS OR OMISSIONS OF SECURED PARTY OR DEBTOR OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH SECURED PARTY OR DEBTOR; IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.
- 7.11 Capitalized Terms. All terms capitalized herein and not otherwise defined shall have the meaning set forth in the Loan Agreement.

[*signature page follows*]

IN WITNESS WHEREOF, the Debtor and the Secured Party have duly executed this Security Agreement as of the day and year first written above.

SECURED PARTY:

JAMES STREET PARTNERS I, LLC

By: _____

Name: _____

Title: _____

DEBTOR:

ERIN ENERGY CORPORATION

By: _____

Femi Ayoade, CEO

ERIN PETROLEUM NIGERIA LIMITED

By: _____

Dippo Bello, Authorized Person

EXHIBIT A
COLLATERAL

Copies of OML 120/121 documents attached.

CERTIFICATION PURSUANT TO
15 U.S.C. § 7241
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

- I, Sakiru Adefemi (Femi) Ayoade, certify that:
1. I have reviewed this Quarterly Report on Form 10-Q of Erin Energy Corporation;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2017

/s/ Sakiru Adefemi (Femi) Ayoade

Sakiru Adefemi (Femi) Ayoade

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION PURSUANT TO
15 U.S.C. § 7241
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dippo Bello, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Erin Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2017

/s/ Dippo Bello

Dippo Bello
Vice President, Financial Planning and Treasurer
(Interim Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, in his capacity as the Principal Executive Officer of Erin Energy Corporation (the "Corporation"), that the Quarterly Report of the Corporation on Form 10-Q for the quarter ended September 30, 2017, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and the results of operations of the Corporation.

Date: November 8, 2017

/s/ Sakiru Adefemi (Femi) Ayoade

Sakiru Adefemi (Femi) Ayoade

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, in his capacity as the Principal Financial Officer of Erin Energy Corporation (the "Corporation"), that the Quarterly Report of the Corporation on Form 10-Q for the quarter ended September 30, 2017 , fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and the results of operations of the Corporation.

Date: November 8, 2017

/s/ Dippo Bello

Dippo Bello

Vice President, Financial Planning and Treasurer
(Interim Principal Financial Officer)