ERIN ENERGY

STONEGATE CAPITAL PARTNERS

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Laura S. Engel, CPA
laura@stonegateinc.com
214-987-4121

MARKET STATISTICS

Exchange / Symbol	NYSE: ERN
Price:	$3.30
Market Cap (mm):	$710.6
Enterprise Value (mm):	$958.1
Shares Outstanding (mm):	215.3
Float (%):	41.3%
Volume (3-month avg.):	38,900
52-week Range:	$1.15 - $4.00
Industry:	Oil and Gas

CONDENSED BALANCE SHEET

($mm, except per share data, @ 12/31/17)

Cash & Cash Equivalent:	$22.1
Cash/Share:	$0.10
Debt:	$269.6
Equity (Book Value):	($362.8)
Equity/Share:	($1.68)

CONDENSED INCOME STATEMENTS

($mm, except per share data)

FY - 12/31	Revenue	Income	Adj. EBITDA	EPS
FY15	$68.4	($430.9)	($51.1)	($2.04)
FY16	$77.8	($142.4)	($40.5)	($0.67)
Fy17	101.2	($152.0)	$5.2	($0.71)
FY18E	106.9	($73.6)	$13.9	($0.34)

LARGEST SHAREHOLDERS

Dr. Kase Lukman Lawal	121,004,900
Public Investment Corp.	62,814,100
CAMAC International Corp.	1,456,000
Babatunde Omidele	1,142,100
Heidi Wong	641,100
The Vanguard Group, Inc.	573,000
Daniel Ogbonna	368,500
Sakiru A Ayoade	287,600
John Daniel Hofmeister	268,900
Lee Patrick Brown	256,800

STOCK CHART

COMPANY DESCRIPTION

Erin Energy Corporation is an independent oil and gas exploration and production company, originally founded in 1986 as Camaroon-American Company (CAMAC). The Company has an asset portfolio of five licenses located in three countries in Africa, covering approximately 1.5 million acres. The Company's asset portfolio includes production and exploration projects in offshore Nigeria and exploration licenses in offshore Ghana. In The Gambia, Erin Energy has offshore licenses and a farm-out agreement with FAR Ltd. (AUX: FAR), an Australian-based oil and gas exploration company. Erin Energy Corporation trades on the New York Stock Exchange as well as the Johannesburg Stock Exchange under the ticker symbol ERN and is headquartered in Houston, Texas, with 61 full-time employees, 26 of which were employed in the U.S. and 35 in Africa as of year-end 2017.

SUMMARY

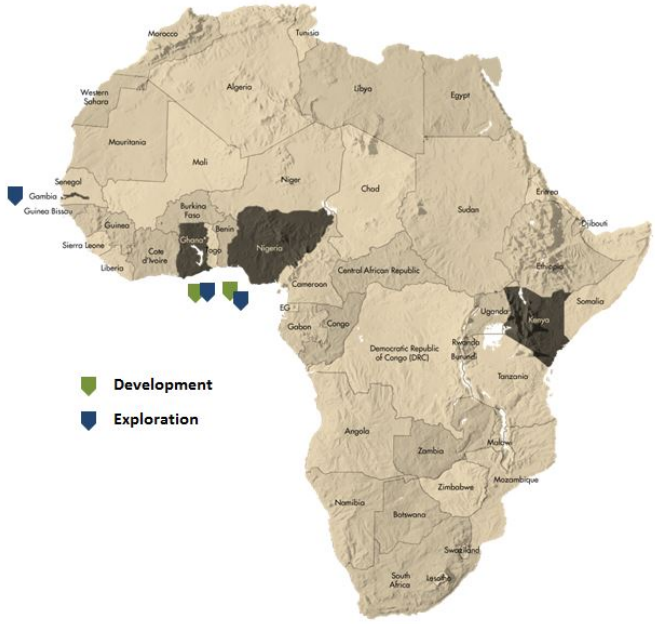
The next 6 -12 months should provide some important catalysts for Erin Energy.

- ERN's average net daily production for 2017 was ~ 4,900 barrels of oil per day from its Oyo-8 well; exploration and production are currently concentrated in the Oyo Field located in oil mining leases (OML) 120/121 blocks offshore Nigeria.
- During Q317, the Company commenced drilling operations on its Oyo-9 well in Nigeria, and results of the drilling phase indicate the presence of target channels as well as over 85 feet of net hydrocarbon sand. However, due to funding issues with the project's credit facility, completion and hookup of the well have been suspended. When finished, the Oyo-9 well is expected to increase production of the Company's Oyo Field by 6,000 to 7,000 barrels of oil per day (BOPD).
- A planned tie back of the Company's Oyo-7 well to its floating production storage and offloading (FPSO) unit could add an additional 1,200- 2,000 BOPD. These plans are on hold along with drilling operations at Oyo-9 until funding issues are resolved, but together these two should more than double Erin Energy's production once complete and provide additional cash flow.
- Located offshore of Nigeria, the Niger Delta system, where more than 40 billion barrels of oil have been discovered, is one of the largest tertiary deltas and most prolific hydrocarbon systems in the world. Erin Energy has 100% interest and ownership of OML 120/121 blocks in the Western Niger Delta.
- ERN recently spudded a high-impact exploration well (Oyo NW) following funding from James Street Capital and reported that it had discovered hydrocarbons; an appraisal of the discovery is planned for 2H18. The Miocene formation, where Oyo NW is located, is a recognized significant producing formation, and Erin Energy's OML 120/121 blocks in the Miocene formation are surrounded by Chevron (NYSE: CVX), Exxon Mobil (NYSE: XOM), and Royal Dutch Shell (NYSE: RDS) fields that have produced a number of significant hydrocarbon (primarily oil-based) discoveries.
- The quality of the light, sweet oil that is produced in Nigeria is superior to standard Brent crude oil, and therefore, commands a $1-$2 premium to the price of Brent oil.
- Management is actively pursuing multiple actions to address the Company's financial structure, including restructuring the debt (has engaged European investment firm to assist), seeking deferment of debt, reducing operating costs, minimizing projected capital costs, pursuing additional public or private funding, and finding additional farming-out opportunities.
- Based on ERN's current reserves and our analysis of precedent transactions, we believe that the Company's share price could trade in the $4 - $5 range, assuming that ERN continues to make progress on its capital structure, successfully sources funding as needed, and moves forward with the drilling of additional wells in the near-term . See pages 9 - 12 for detail.

BUSINESS OVERVIEW

Erin Energy Corporation is global exploration and production company that focuses on energy resources in Sub-Saharan Africa. The Company's operating subsidiaries include Erin Petroleum Nigeria Limited, Erin Energy Kenya Limited, Erin Energy Gambia Ltd., and Erin Energy Ghana Limited. The Company also conducts business through its majority shareholder, CAMAC Energy Holding Limited, and its affiliates, CAMAC Nigeria and Allied Energy Plc.

Exhibit 1: Erin Energy Operates in Three African Countries



**Kenya leases expired as of July 2017*

Source: Company Reports

ERN's business strategy involves the exploration and development of high-potential assets through strategic partnerships with oil companies and indigenous local partners. The Company seeks to limit capital exposure by sharing risks and cost through farm-outs at various stages of exploration and development.

Erin Energy's exploration and production are currently concentrated in the Oyo Field wells located in OML 120 and 121 blocks offshore Nigeria. The Company's average net daily production for 2017 was approximately 4,900 barrels of oil per day from its Oyo-8 well. In February 2017, the Company entered into a three-year secured Pre-Export Finance Facility Agreement with The Mauritius Commercial Bank Limited for $100 million. The Facility is designated to fund the Company's drilling of the Oyo-9 well and the remedial work to Oyo-7.

Drilling operations for the Oyo-9 development well located in offshore Nigeria began Q317 but have been put on hold due to funding issues with the project's credit facility. However, initial results were in-line with pre-drill predictions and confirm the field extension to the western area. Once completed, this operation has the potential to increase production in the Company's Oyo Field by 6,000 to 7,000 BOPD, which would double Erin Energy's current production.

Once funding issues are resolved, concurrent with the completion of Oyo-9, the Company could add another approximately 1,200-2,000 BOPD to their total production with a planned tie back of its Oyo-7 well to its floating production storage and offloading vessel, *Armada Perdana*. In addition, management has recently spudded a well in the prolific Miocene geological zone, with funding secured through James Street Capital; drilling began December 2017, and management has reported the discovery of hydrocarbons. The Company now has plans for an appraisal of the discovery in the 2H18.

ASSET PORTFOLIO

Erin's asset portfolio is comprised of five licenses in three countries (Nigeria, The Gambia, and Ghana) encompassing an area of approximately 1.5 million acres. The Company currently has 7.1 million barrels of proved undeveloped reserves per its 12/31/17 report by DeGolyer and MacNaughton.

Exhibit 2: Erin Energy's Asset Portfolio

NIGERIA

Offshore	Gross Acres	Interest	Partner	Status	2P / 2C Contingent
OML 120	230,000	100%	-	Production	14.4 MMbbls (2P) / 43.3MMbbls (Uncertified 2C)
OML 121	217,000	100%	-	Exploration	

GAMBIA

Offshore	Gross Acres	Interest	Partner	Status	
Block A2	320,000	20%	FAR	Exploration	1+ Bbbls
Block A5	343,000	20%	FAR	Exploration	

GHANA

Offshore	Gross Acres	Interest	Partners	Status	
Expanded Shallow Water Tano Block	373,000	30% 30% 25% 15%	Ultramar Energy GNPC Base Energy	Exploration Appraisal	16.2 MMbbls (Certified 2C) + 25.2MMbbls (yet to be certified)

Source: Company Reports

Nigeria

With a maximum crude oil production capacity of 2.5 million barrels per day, Nigeria ranks has Africa's largest producer of oil. The evolution of the Niger Delta has formed a nearly perfect petroleum system, with thick oil-prone Akata shale source rock lying beneath a succession of increasingly shallower facies in a sand-prone delta system. The weight of the thick delta rocks causes gravitational collapse on the underlying, over-pressured Akata shale. The result is structural traps in up-dip extensional and down-dip contractual systems.

According to the Society of Exploration Geophysicists (SEG), deepwater plays fall into four broad types of basins:

(1) Basins with mobile substrates (salt, shale) fed by large rivers
(2) Basins with mobile substrates fed by small rivers
(3) Basins with nonmobile substrates fed by small rivers
(4) Basins containing non-deepwater reservoirs

According to the SEG, 75% of the discoveries in deep water occur in the first two categories. Erin Energy's offshore Nigeria blocks fall within the parameters of these two categories. The blocks are located in the thick Akata mobile shale belt with mobile substrates (salt and Akata shale) fed by the Niger and Benue Rivers.

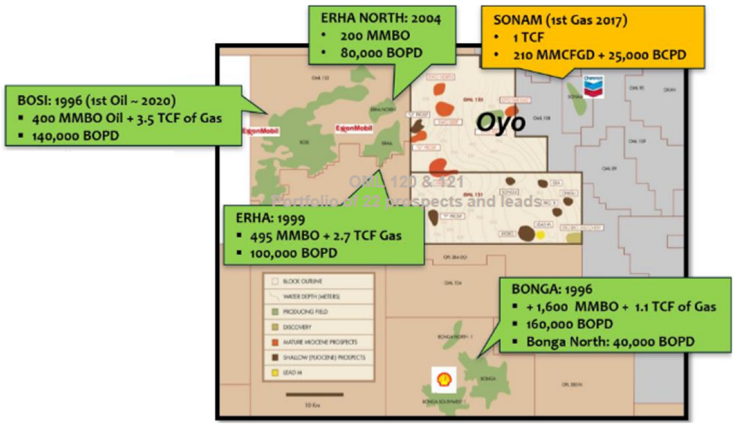
Nigeria is recognized for the high quality of its oil. The grade of Nigerian petroleum known as Bonny Light is in high demand, specifically by American and European refineries. Bonny Light is generally classified as "light" and "sweet" and is largely free of sulfur. The very low sulfur content makes it highly desirable for its low corrosiveness to refineries and the lower environmental impact of its byproducts. These characteristics enable sweet oil to command a premium of $1 to $2 per barrel over the Brent oil price. Nigeria is the largest producer of sweet oil in OPEC.

The Company has five prospects offshore Nigeria located in the OML 120 and 121 blocks:

- G Prospect (targeted for drilling 2H 2018)
- Ereng
- Oyo NW (appraisal scheduled 2H 2018)
- Prospect P
- Ewo Deep

OML 120/121 is located in a prolific oil producing area where Chevron, Exxon Mobil, and Royal Dutch Shell operate producing fields in the neighboring areas with some large production rates on a per well and a global scale basis.

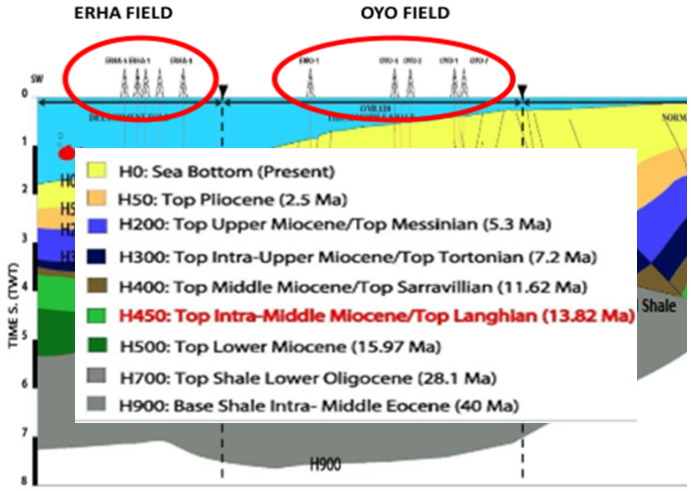
Exhibit 3: OML 120/121 – Flanked by Giant Oil-producing Fields



Source: Company Reports

The 120 block is located just east of OML 133, which contains Exxon's giant Erha and Erha North fields. The Erha discovery was made in December 1999. Three appraisal wells were drilled subsequently and two wells confirmed the presence of oil in Miocene turbidite sands. The Erha field had estimated recoverable reserves of 495 million barrels of oil at the time of its discovery in 1999, and the Erha North field had estimated recoverable reserves of close to 200 million barrels of oil at the time of its discovery in 2004.

Exhibit 4: Erin Energy's Oyo Field in the 120 Block is near Exxon's Prolific Erha Field



Source: Company Reports

With the Miocene formation being offshore Nigeria's most prolific producing zone, the Company's geoscientists and engineers have identified multiple prospects lying below current production and in surrounding areas.

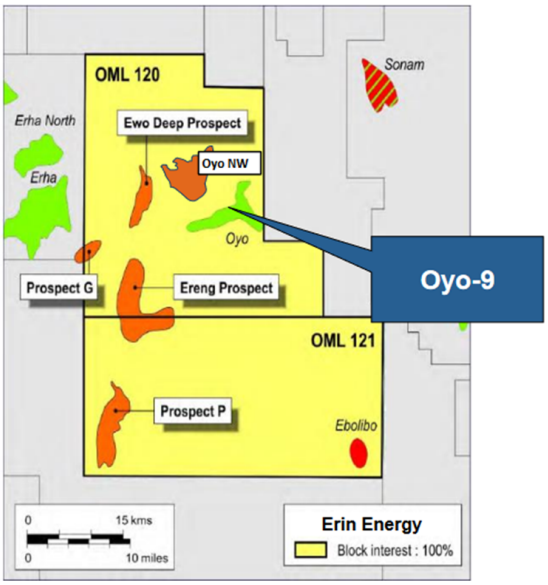
The Oyo Field - OML 120 contains the Oyo Field, which in 1995, became the first deepwater discovery in Nigeria. The field is located in 1,000 feet of water and is approximately 46 miles offshore. The Oyo Field began production in December 2009.

Oyo- 8
Oyo-8 was drilled in August 2014 to a total depth of 6,059 feet and successfully encountered four oil and gas reservoirs with total gross hydrocarbon thickness of 112 feet. Following a temporary shut-in of the well, in May 2016, the Company utilized a light intervention vessel to complete well repair operations of Oyo-8. The well successfully resumed production, and it accounted for ~4,600 BOPD most recently in Q417.

Oyo-9
In early 2017, the Company, obtained financing to enable the execution of a drilling services contract with an offshore drilling company, Pacific Drilling, for use of the *Pacific Bora*, a sixth generation deepwater drill ship. The *Pacific Bora*, which will cost the Company a base operating rate of $195,000 per day, can be used for both drilling and well completion.

In October 2017, ERN announced the successful completion of the drilling phase of the Oyo-9 well in the Oyo Field. Results indicated the presence of the target channel system and over 85 feet of net oil sand. However, due to chronic delay of funds in violation of the project's credit facility agreement, the work has been put on hold, with completion and hookup suspended until the issues with the lender are resolved. The *Pacific Bora* and other drilling services have been demobilized in the meantime for Oyo-9. The Company notes that once up and running, production is expected in the 6,000-7,000 range. Importantly, the well will be tied back to the existing infrastructure, which will significantly reduce costs and shorten the time to first production.

Exhibit 5: The Oyo-9 Well



Source: Company Reports

Oyo-7
In conjunction with the Oyo-9 project, Erin Energy plans to relocate and install a gas lift line to bring the Oyo-7 well back into production, once issues with the lender are resolved and funding resumes. In July 2016, well Oyo-7 was shut in due to high water production in the Oyo Field. The shut-in resulted in the loss of approximately 1,400 BOPD. We note that in Q4 2013, Oyo-7 drilling data confirmed the presence of hydrocarbons in the Miocene formation. This was the first time in the Oyo Field that a well had had successfully drilled into the deeper Miocene formation.

Combining the relocation of the gas lift line with the Oyo-9 subsea equipment installation is the most cost-effective means of accomplishing the Company's goal of increasing production in the Oyo Field. The expected production from Oyo-7 following repairs will be 1,200-2,000 BOPD, combined with the expected production from Oyo-9, should result in total field production of 12,000 to 13,500 barrels of oil per day—potentially doubling the Company's oil production.

The Company obtained the option to drill up to two additional wells with the *Pacific Bora*, subject to capital availability, so that the rig could be used to drill one or two offshore exploration prospects in the Miocene geological zone. The Company recently announced that it had secured funding and spudded a well at Oyo Northwest, exercising this option.

G Prospect - The G Prospect is 850 – 900 meters underwater and has an estimated drill depth of 2,600 meters. Erin Energy's goal is to build an exploration well to tap the 160 million barrels of oil (DeGolyer and MacNaughton) in the Miocene formation. The principle objective of drilling an exploratory well in the G Prospect is to target the same Miocene-age sediments as those found in the Oyo-7 exploratory drilling objective. Capital requirements are estimated at approximately $26 million. Assuming funding of the operation, the drilling could begin 2H 2018.

Oyo Northwest - The Company recently announced that funding had been confirmed from James Street Capital to drill an exploration well that will tap into the Miocene formation at Oyo NW, and drilling began December 2017, using the same rig as used at Oyo-9. The well was successfully drilled to a depth of 12,218 feet and penetrated multiple sands units with total gross thickness of 260 feet in depth range of 7,052 – 10,873 feet TVDSS as interpreted from wireline log data, including ~115.2 feet of gross hydrocarbons in the two Miocene targets, U7.0 and U8.0. The Oyo NW is just nine kilometers from the Oyo Field that is currently producing. Additionally, the Company has existing infrastructure in place, which upon discovery, would substantially decrease the time to production. An appraisal of the discovery is planned for 2H18, subject to the availability of funding and drilling resources.

Ereng – Ereng, located in the southern part of OML 120, is another Miocene play with mean unrisked recoverable resources of 1.7 billion barrels of recoverable oil and up to 2.1 billion cubic feet of associated gas.

Ewo Deep – Ewo Deep is centrally located in the OML 120 block. According to an independent assessment from DeGolyer and MacNaughton, this prospect has approximately 340 million barrels of unrisked recoverable oil.

P Prospect - The P Prospect is located near the western border of OML 121. Independent assessors DeGolyer and MacNaughton have estimated the prospect has approximately 253 million barrels of unrisked recoverable oil.

The Oyo Field wells are connected to the floating production, storage and offloading vessel, the *Armada Perdana*. This vessel, owned by Malaysian contractor Bumi Armada, has the capacity of 40,000 BOPD, and can store up to 1.1 million barrels of crude oil. The FPSO also has gas treatment and re-injection capabilities. The FPSO has been contracted for a period of seven years from January 2014.

Exhibit 6: The Armada Perdana FPSO

Source: Company Reports

The Gambia

In March 2017, the Company announced that it had entered a definitive farm-out agreement with FAR, Ltd., an oil and gas company listed on the Australian Securities Exchange. Per the agreement, FAR acquired 80% interest and will operate the Company's offshore A2/A5 blocks in The Gambia, with Erin Energy retaining 20% working interest in the blocks. Additionally, FAR will fund Erin Energy through the first exploration well to be drilled in 2H 2018. FAR paid a purchase price of $5.18 million and will carry the Company's share of the costs of exploration. These blocks (A2/A5) are on trend and nearby one of the oil industry's largest recent offshore discoveries.

In February 2018, the Company announced that a subsidiary of Petroliam Nasional Berhad (PETRONAS) had signed a farm-out agreement with FAR, assigning a 40% interest in the A2 and A5 offshore blocks to PETRONAS, with FAR retaining operatorship and a 40% interest in each block. Erin Energy retains its 20% ownership in the blocks.

Ghana

The Company is currently conducting geotechnical subsurface studies of 3-D seismic data of its Tano Shallow block. The Tano block contains three discovered fields: South Tano 1978, North Tano 1980 and West Tano 2000, with in-place oil volumes of 500 million barrels. The Company expects field operations to take place early 2018 following the resolution of the Ghana-Cote d'Ivoire maritime border dispute arbitration, which recently ruled in favor of Ghana, very closely maintaining ERN's boundary with minimal change.

INDUSTRY OVERVIEW

The EIA March 2018 short-term energy outlook notes Brent spot prices averaged ~$54/B in 2017 and will rise to ~$62/B in 2018. In 2018, West Texas Intermediate crude oil prices are projected to average $4/B less than Brent prices. Below we summarize historical as well as projected pricing through 2018.

Exhibit 7: Price Summary and Projections

PRICE SUMMARY

	2015	2016	2017	2018
WTI Crude Oil* (dollars per barrel)	48.67	43.33	50.79	58.17
Brent Crude Oil (dollars per barrel)	52.32	43.74	54.15	62.13

* West Texas Intermediate.

Source: U.S. Energy Information Administration (EIA)

In response to a changing set of dynamics, a number of trends have been shaping the oil and gas sector in recent years:

Cost cutting measures - Plummeting oil prices, beginning in June 2014, prompted a surge in cost reduction measures among upstream companies, with IOCs cutting cap ex by roughly 40% between 2014 and 2016. Projects during that time were canceled or delayed. As a result of cutting costs, combined with efficiency improvements, many projects are now in the position to break even with much lower oil prices.

Recent price gains – In 2016, OPEC, Russia and their allies struck a deal to end the price slump and re-balance an oversupplied market; they set a target of bringing oil inventories held by members back in line with the five-year average. After more than a year of supply curbs, they've made significant progress. However, recent news suggests that they might be re-evaluating their original metrics and could continue to push for further restrictions and continue supply curbs.

Free cash flow - Given the unpredictability of the market, companies' business plans emphasize profitability that is sustainable under multiple price scenarios. Growth in production and reserves has often been the key metric driving oil and gas companies. However, in the current climate, with the specter of rising interest rate and cost of debt, free cash flow from earnings is a priority.

Specialization - Companies are specializing in capabilities that are key to their growth. The scenario involving large oil companies discovering, developing and operating fields until depletion has given way to ownership changes that match the specialized capabilities of companies with the life cycle of the field.

Mergers and acquisitions - M&A should increase for upstream companies as they re-evaluate their portfolios in the current environment. This strategy enables companies to divest of noncore assets and add properties that match their strategic direction, strengths and capabilities.

Short-term EIA outlook – The U.S. Energy Information Administration (EIA) reports that global petroleum and liquid fuels inventories (OECD countries) declined by 0.6 million barrels per day in 2017 but predicts global growth by about 0.4M barrels per day in 2018. EIA projects that U.S. crude oil production will average 10.7 million barrels per day in 2018, which would mark the highest annual average U.S. crude oil production average, surpassing the 1970 record.

RISKS

Debt levels – Erin Energy has a substantial level of debt. With the year-end 2017 balance sheet showing current liabilities of $398.3 million and current assets of $51.3 million, the Company's working capital deficit is $347.0 million. Management has indicated publicly that it is pursuing multiple actions including restructuring the debt with lenders (e.g. converting debt to equity), seeking deferment of debt, reducing operating costs, minimizing projected capital costs for the upcoming exploration and development campaign, pursuing additional public or private funding, and finding additional farming-out opportunities. Additionally, the Company has engaged a European investment firm to assist in restructuring/reducing the debt. However, these efforts may not be successful.

Environmental and government regulation – Federal, state and international laws and regulations relating to the release of materials into the environment and the disposal of wastes from oil and gas production may affect the Company's business and increase costs.

Price volatility - Prices for crude oil sales have historically been unpredictable and volatile, and that volatility is expected to continue.

Political and economic instability – The country of Nigeria has historically experienced instability. The Company's business may be adversely affected by changes in political and economic conditions in Nigeria, or terrorist attacks.

Third-party storage and transportation – Erin Energy relies on third parties to store and transport oil and gas, which exposes the Company to price changes and contract changes that could adversely affect its business. In mid-2017, Malaysian contractor Bumi Armada, owner of the vessel *Armada Perdana*, unexpectedly shut down Oyo production, citing payment issues; per management, production has resumed, and the matter is being negotiated further towards resolution.

Future funding - The implementation of programs in Erin Energy's business plan may be delayed, scaled back or eliminated if the Company is unable to obtain sufficient financing. The Company may also opt to license commercialization rights to third parties for assets that it would otherwise have developed itself. Additional funding may also lead to shareholder dilution.

Reserve estimates – Reserve estimates in the oil industry, particularly for new discoveries, are inherently imprecise. Inaccuracies in assumptions could affect the estimated quantities.

Management turnover – In February 2017, Babatunde Omidele resigned from his CEO position as well as his Board membership; the Company appointed an interim CEO (Erin's general counsel Jean-Michel Malek) to serve while the Board conducted a search for a permanent replacement. Just recently, Femi Ayoade was named to the CEO position (previously VP, Production Operations and Country Manager, Nigeria). Since that placement, Mr. Malek as well as the Company's SVP and CFO Daniel Ogbonna have both left ERN as well. The departure of ERN's C-level executives could cause disruptions or delays to operational plans moving forward as the searches are on-going.

We do note, however, that Frank Ingriselli was recently elected as the non-executive Chairman of Erin. Mr. Ingriselli was the original founder of the predecessor company to Erin, and in his first public comments on his role, he indicated that he will focus on financial and investor relation matters in order to grow shareholder value.

Change of control – As reported in the Company's filings, in April 2017, 116M shares previously held by Allied Energy Plc. were transferred to Oltasho Nigeria, Ltd. representing 53.9% of ERN shares outstanding. As such, the transaction represented a change in control of the Company. However, in July 2017, Oltasho signed a 10-year voting agreement with Dr. Kase Lawal, the Company's former Chairman and CEO, authorizing Dr. Lawal to vote the foreclosed shares at future meetings and via proxy. As such, the voting agreement represented another change in control of the Company.

STONEGATE CAPITAL PARTNERS

BALANCE SHEETS

Erin Energy Corporation (AMEX: ERN)
Consolidated Balance Sheets (in millions $)
Fiscal Year: December

ASSETS	FY 2014	FY 2015	FY 2016	FY 2017
Current Assets				
Cash and cash equivalents	25.1	8.4	7.2	22.1
Accounts receivable - trade	-	1.0	-	6.7
Accounts receivable - related party	0.6	1.2	2.0	2.9
Accounts receivable-other	0.1	0.0	0.0	0.1
Crude oil inventory	1.1	4.8	9.4	3.6
Prepaid and other current assets	2.9	0.7	0.9	2.5
Restricted cash	1.5	8.7	2.6	11.7
Accounts receivable - partners	0.5	0.3	0.7	1.8
Total Current Assets	**31.8**	**25.0**	**22.7**	**51.3**
Oil & gas properties, net	595.3	368.9	265.7	199.4
Other PPE	1.1	1.2	0.7	0.4
Debt issuance costs	1.3	-	-	-
Restricted cash	8.9	-	-	-
Other assets	0.1	0.1	0.1	0.0
Total Assets	**$ 638.4**	**$ 395.2**	**$ 289.2**	**$ 251.1**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	108.0	213.1	245.0	277.4
Accounts payable and accrued liabilities - related party	9.4	30.1	29.5	40.7
Current portion of long-term debt, net	6.2	96.6	12.6	78.2
Short-term Notes Payable, Related Party	-	-	-	0.2
Asset retirement obligations	12.7	-	-	-
Derivative liability	-	-	-	1.8
Total Current Liabilities	**136.3**	**339.8**	**287.1**	**398.3**
Long-Term Liabilities				
Long-term notes payable - related party	61.2	-	74.4	129.8
Long-term debt, net	93.0	120.0	129.8	61.3
Other long-term liabilities	0.1	-	-	-
Asset retirement obligation - long-term portion	13.8	20.6	22.5	24.4
Total Long-Term Liabilities	**168.1**	**140.6**	**226.7**	**215.6**
Stockholders' Equity				
Common stock	0.2	0.2	0.2	0.2
Additional paid-in capital	778.1	789.6	793.0	807.5
Retained earnings (accumulated deficit)	(445.0)	(875.9)	(1,018.3)	(1,170.2)
Treasury stock	-	-	(0.2)	(0.9)
Non-controlling interest in consolidated subsidiary	0.7	0.8	0.7	0.7
Total Stockholders' Equity (Deficit)	**334.0**	**(85.3)**	**(224.6)**	**(362.8)**
Total Liabilities and Stockholders' Equity	**$ 638.4**	**$ 395.2**	**$ 289.2**	**$ 251.1**
Ratios				
Liquidity				
Current Ratio	0.2x	0.1x	0.1x	0.1x
Quick Ratio	0.2x	0.0x	0.0x	0.1x
Working Capital	$ (104.5)	$ (314.8)	$ (264.4)	$ (347.0)
Leverage				
Debt To Equity	48.0%	-254.0%	-96.5%	-74.3%
Debt To Capital	32.4%	164.9%	-2797.9%	-289.2%

Source: Company Reports, Stonegate Capital Partners

STONEGATE CAPITAL PARTNERS

INCOME STATEMENTS

Erin Energy Corporation (AMEX: ERN)
Consolidated Statements of Income (in millions $, except per share amounts)
Fiscal Year: December

	FY 2015	FY 2016	FY 2017	Low FY 2018 E	Mid FY 2018 E	High FY 2018 E
Revenues						
Revenues	$ 68.4	$ 77.8	$ 101.2	$ 98.6	$ 106.9	$ 115.1
Total revenues	**68.4**	**77.8**	**101.2**	**98.6**	**106.9**	**115.1**
Cost of revenues						
Cost of sales	88.5	101.0	82.3	74.0	78.0	80.6
Total cost of revenues	88.5	101.0	82.3	74.0	78.0	80.6
Gross (loss) profit	**(20.1)**	**(23.2)**	**18.9**	**24.7**	**28.9**	**34.5**
Operating expenses						
Exploratory expenses	16.4	39.3	4.6	5.0	5.0	5.0
DD&A	97.2	58.1	55.3	59.2	62.0	64.5
G&A	15.9	13.8	11.1	14.0	14.0	14.0
Accretion of asset retirement obligations	1.9	1.9	1.9	1.9	1.9	1.9
Impairment of O&G properties	261.2	0.6	78.7	-	-	-
Loss on settlement of asset retirement obligations	3.7	0.2	-	-	-	-
Total operating expenses	396.3	113.8	151.6	80.1	82.9	85.4
Income (loss) from operations	**(416.4)**	**(137.0)**	**(132.7)**	**(55.4)**	**(54.0)**	**(50.8)**
Other income (expense)						
Currency transaction gain	2.5	15.7	5.2	-	-	-
Interest expense	(18.0)	(21.9)	(27.7)	(20.0)	(20.0)	(20.0)
Other income/(expense)	-	-	2.2	-	-	-
Total other income (expense)	(15.5)	(6.3)	(20.3)	(20.0)	(20.0)	(20.0)
Pre-tax income (loss)	**(431.9)**	**(143.2)**	**(153.0)**	**(75.4)**	**(74.0)**	**(70.8)**
Provision for taxes (benefit)	-	-	-	-	-	-
Net loss (income) noncontrolling interest	1.0	0.8	1.0	0.4	0.4	0.4
Net income (loss)	**$ (430.9)**	**$ (142.4)**	**$ (152.0)**	**(75.0)**	**(73.6)**	**(70.4)**
Basic EPS (loss)	**$ (2.04)**	**$ (0.67)**	**$ (0.71)**	**$ (0.35)**	**$ (0.34)**	**$ (0.33)**
Diluted EPS (loss)	**$ (2.04)**	**$ (0.67)**	**$ (0.71)**	**$ (0.35)**	**$ (0.34)**	**$ (0.33)**
Basic shares outstanding	211.6	212.3	213.7	214.5	214.5	214.5
Diluted shares outstanding	211.6	212.3	213.7	214.5	214.5	214.5
EBITDA	(56.1)	(43.4)	3.3	5.7	9.9	15.5
Adjusted EBITDA	(51.1)	(40.5)	5.2	9.7	13.9	19.5
Margin Analysis						
Gross margin	-29.4%	-29.8%	18.7%	25.0%	27.0%	30.0%
Exploratory expenses	24.0%	50.5%	4.5%	5.1%	4.7%	4.3%
DD&A	142.0%	74.6%	54.7%	60.0%	58.0%	56.0%
G&A	23.2%	17.7%	10.9%	14.2%	13.1%	12.2%
Operating margin	-608.6%	-176.0%	-131.2%	-56.2%	-50.6%	-44.2%
EBITDA margin	-82.0%	-55.8%	3.2%	5.7%	9.2%	13.5%
Pre-tax margin	-631.2%	-184.1%	-151.2%	-76.5%	-69.3%	-61.5%
Net income margin	-629.8%	-183.0%	-150.2%	-76.1%	-68.9%	-61.2%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Growth Rate Analysis Y/Y						
Total revenues	27.1%	13.7%	30.0%	-2.5%	5.7%	13.8%
Total cost of revenues	-6.6%	14.1%	-18.5%	-10.1%	-5.2%	-2.1%
Exploratory expenses	15.1%	138.9%	-88.3%	9.2%	9.2%	9.2%
DD&A	350.1%	-40.3%	-4.7%	7.0%	12.0%	16.5%
G&A	11.1%	-13.4%	-19.7%	26.7%	26.7%	26.7%
Operating margin	-346.2%	67.1%	3.1%	58.2%	59.3%	61.7%
EBITDA	19.3%	22.6%	107.5%	74.2%	203.3%	378.1%
Pre-tax income	-348.5%	66.8%	-6.8%	50.7%	51.6%	53.7%
Net income	-348.6%	67.0%	-6.7%	50.6%	51.5%	53.6%
EPS - fully diluted	-312.8%	67.1%	-6.0%	50.8%	51.7%	53.8%
Share count - fully diluted	8.7%	0.3%	0.7%	0.4%	0.4%	0.4%

Source: Company Reports, Stonegate Capital Partners estimates

EARNINGS ESTIMATES AND VALUATION

As last reported, the Company had cash on hand of $22.1M, as well as restricted cash of $11.7M, no preferred stock and limited dilution potential from outstanding options and warrants (approximately 12M shares total). However, ERN reported a working capital deficit of $347.0 million as of 12/31/17 and has not been able to generate sufficient cash from operations to satisfy certain obligations as they are coming due. The Company is currently operating as a going concern, and management is pursuing various options to alleviate its current capital deficit situation. On the Company's Q4 2017 earnings call, management reported recent progress with both lender discussions as well as vendor negotiations, noting a reduction in net debt with a recent equity conversion of $50+ million in 2014 convertible notes.

Exhibit 8: Capital Structure Details as of 12/31/17

Description	Type	Principal Due (USD)	Coupon/Base Rate	Floating Rate	Maturity	Seniority	Secured	Convertible
Borrowing Facility with Allied in The Form of a Convertible Note	Bonds and Notes	48.5	NA	LIBOR + 5.00%	Dec-01-2019	Senior	No	Convertible
Convertible Subordinated Note	Bonds and Notes	50.0	NA	1-Month LIBOR + 5.00%	Dec-01-2019	Subordinated	No	Convertible
JSC Loan Agreement	Term Loans	11.7	NA	3-Month LIBOR + 5.00%	-	Senior	No	No
Pre Export Finance Facility Agreement with The Mauritius Commercial Bank Limited	Term Loans	65.6	NA	3-Month LIBOR + 6.00%	Dec-31-2019	Senior	Yes	No
Promissory Note	Bonds and Notes	6.4	NA	1-Month LIBOR + 7.00%	Apr-01-2023	Senior	No	No
Promissory Note Loan	Term Loans	24.9	NA	1-Month LIBOR + 2.00%	Dec-01-2019	Senior	Yes	Convertible
Short-term Loan Agreement	Term Loans	0.2	5.00%	NA	Jun-30-2018	Senior	No	No
Term Loan Facility with Zenith Bank PLC	Term Loans	78.0	9.00%	LIBOR	Feb-01-2021	Senior	Yes	No

Source: Capital IQ, Stonegate Capital Partners

As we look at current as well as future production potential, in addition to its present cash flow from Oyo-8, Erin has the following near-term opportunities to consider.

Exhibit 9: Near-term Opportunities in Nigeria

Well/Prospect	Current Production	Est. Production	Total Resources	Capital Requirements	Timing
Oyo-7	-	1,200 - 2,000 BOPD	-	Funded*	TBD
Oyo-8	~4,900 BOPD	-	-	N/A	N/A
Oyo-9	-	6,000 - 7,000 BOPD	-	Funded*	TBD
Oyo NW	-	-	1.1B Bbls Total	Funded	Appraisal 2H18
G Propect	-	-	239M Bbls Total	$26M	Begin 2H18

**Currently on hold until dispute with lender is resolved*

Source: Company Reports, Stonegate Capital Partners

To frame the potential for FY 2018, we have created three scenarios driven by different levels of production for ERN within our income statement estimates.

- We assume that Oyo-9 and Oyo-7 come into play Q418 (thus only Oyo-8 in production through Q318).
- Management estimates that production should more than double once this happens, increasing from ~4,900 BOPD to over 12,000 BOPD, and thus we have selected this metric to drive our mid-case scenario (with 10K BOPD used for "low", 12K BOPD used for "mid", and 14K used for "high").
- Scheduled liftings drive the recognition of sales, but on an annual basis this activity should not have such an effect on the top line as it can quarter-over-quarter.
- We note that all of the Oyo Field assets can be tied back to current facilities, so bringing these two additional wells on-line adds minimally to fixed production costs.
- Again, we assume that exploratory expense levels are similar to prior year's activity, and that overhead expenses hold fairly steady Y-O-Y.
- We factor in rising prices for 2018 as forecasted by the EIA outlook.

All of these assumptions factored into our mid-case scenario result in approximately $14M adjusted EBITDA for the Company in FY2018.

To calculate a potential valuation for ERN, we utilize a precedent transactions approach, considering the current opportunities offered by the Company's 2P and 2C reserves. For these, average prices/boe for historical transaction valuations (specific to Africa) were utilized. For Potential Prospective reserves, where considered, we assigned a conservative value $0.75, or approximately 1% of the $62/barrel average forecasted for 2018 for Brent crude oil.

Exhibit 10: Prices per BOE Selected for Valuation as A Percentage of 2018 Forecasted P/BBL

	Assigned Price/Boe	% of 2018 Forecasted Avg.
2P	$12.00	19%
2C Certified	$3.00	5%
2C Uncertified	$2.00	3%
Potential Prospective	$0.75	1%

Source: Capital IQ, Moyes & Co., Stonegate Capital Partners

Based on the detail above, we applied this pricing to ERN's reserves most recently reported in Nigeria, The Gambia, and Ghana. We chose to only assign a value to the Potential Prospective reserves at Oyo NW and The Gambia, given the third-party sourcing of information. At this time, no value has been given to reserves at G Prospect/Downthrown, Ereng, Ewo Deep or P Prospect.

Exhibit 11: ERN Valuation

	Reserve	Category	Pricing/boe	ERN Interest	Total
Nigeria					
Oyo	14.4M	2P	$12.00	100%	$172,800,000
Oyo	43.3M	2C Uncertified	$2.00	100%	$86,600,000
Oyo NW	1.1B*	Potential Prospective	$0.75	100%	$825,000,000
G Prospect/Downthrown	239M	Potential Prospective	-	100%	-
Ereng	1.7B	Potential Prospective	-	100%	-
Ewo Deep	340M	Potential Prospective	-	100%	-
P Prospect	253M	Potential Prospective	-		-
					$1,084,400,000
The Gambia					
	1B**	Potential Prospective	$0.75	20%	**$150,000,000**
Ghana					
	16.2M	2C Certified	$3.00	30%	$14,580,000
	25.2M	2C Uncertified	$2.00	30%	$15,120,000
					$29,700,000
Implied Firm Value					**$1,264,100,000**
Shares Outstanding					**215,337,614**
Per Share Value					**$5.87**
Net Debt Per Share					**($1.15)**
Net Value					**$4.72**

*Based on Ikon Sciences Study

**Per FAR, Ltd. press release

Source: Company Reports, DeGolyer & MacNaughton, Stonegate Capital Partners

CONCLUSION

ERN currently trades at $3.30, leaving healthy upside for investors willing to assume above-average risk in the short-term as the Company and its partners ramp production over the next 6 – 12 months. Public focus will especially be on additional Oyo NW drilling progress, which began December 2017, and upcoming appraisal results (and on G Prospect as it comes into play if funding is obtained) as well as on a resolution of the funding issues for Oyo-9/Oyo-7. However, given continued positive newsflow, the above valuation could quickly become understated.

In summary, we present the diagram below of near-term catalysts to the ERN share price.

Exhibit 12: ERN Near-term Catalysts

Oyo-NW	• Discovered hydrocarbon in the Miocene formation • Drilling commenced in 4Q 2017 and reached TD January 31, 2018 • Fully-funded • Discovered hydrocarbons in Miocene with gross thickness of 115.2 feet in depth range from 10,731-10,840 feet TVDSS(1)
Oyo-9	• Production expected in 2H 2018 • ~7,000 BOPD tied back to existing infrastructure (FPSO in place with excess capacity) • Well drilled and waiting for completion and tie-back phase when funds released • Significantly reduces breakeven cost per barrel
Ereng & G-Prospects	• Exploration wells to tap into Miocene formation with 1,900 MMbbls Mean Resources(2) • Drilling expected late-2018/early-2019 • Capital requirement of ~$50m • High % chance of success in relation to benchmarked projects
M&A	• Considering strategic acquisitions • Focus on producing assets • Targeting 10,000 – 20,000 BOPD

(1) Source: Management estimates (un-risked) based on Ikon Science Study Inputs
(2) Source: DeGolyer and MacNaughton – G Prospect downthrown target & Ereng Prospect

Source: Company Reports

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CORPORATE TIMELINE

February 2018 – FAR Limited announces PETRONAS farm-in at 40% to Gambian blocks A2 and A5
January 2018 – Company announces hydrocarbons discovered at Oyo NW
December 2017 – Drilling begins at Oyo NW and is expected to take 60 days to drill and log
October 2017 - Funding secured to drill high-impact Miocene exploration well, and Oyo-9 well successfully drilled with positive results; however, further work at Oyo-9 put on hold due to funding issues
September 2017 - Final judgment issued by ITLOS in favor of Ghana on the maritime boundary dispute between Ghana and Cote d'Ivoire
August 2017 - *Pacific Bora* arrives at Oyo Field, ready to commence drilling of Oyo-9
March 2017 - Announces farm-out deal with FAR for Gambia blocks
February 2017 - Secures $100 million debt financing
June 2015 - Commences production from the Oyo-7 well
April 2015 - Changes name from CAMAC Energy, Inc. to Erin Energy Corporation
September 2014 - Secures $100 million credit facility
August 2014 - Drills the Oyo-8 development well offshore Nigeria and commences re-development of the Oyo Field
February 2014 - Closes the PIC transaction ($270 million equity investment)
February 2014 - Acquires remaining interest in OMLs 120 & 121 from Allied resulting in 100% interest and operatorship
February 2014 - Begins trading on the Johannesburg Stock Exchange (JSE)
October 2013 - Successfully confirms the presence of hydrocarbons in the Miocene formation in Nigeria
May 2010 - Completes public transaction with Pacific Asia Petroleum, Inc. and changes name to CAMAC Energy, Inc.
November 2009 - Begins trading on the New York Stock Exchange (NYSE)
July 1995 - Makes oil discovery in OPL 210, and the Oyo Field becomes the first deep-water Nigeria discovery
1991 - Company partners with CONOCO on four licenses offshore Nigeria
1986 - Cameroon-American Company ("CAMAC") founded as a privately held agricultural commodities trading company

ERIN ENERGY GOVERNANCE

Femi Ayoade – Chief Executive Officer - Mr. Ayoade joined the Erin Energy as technical manager in September 2011 and most recently served as Production Operations and Country Manager, Nigeria. His previous experience includes serving as technical manager of Allied Energy Plc, where he was involved at the management level in drilling, petroleum engineering and project/petroleum operations. Mr. Ayoade attended the Petroleum Training Institute of Nigeria, where he earned a HND degree in petroleum engineering. He earned an MBA degree in petroleum engineering from the University of Houston.

TBD - Chief Financial Officer – The Company is currently searching for a new CFO.

Heidi Wong - Senior Vice President, Corporate Services - Ms. Wong has been with the Company since 2008. In addition to her current role as Senior Vice President, she has served as VP of Business Planning and Strategy and Managing Director of the Company's China operations. Her previous experience includes working in business development, governmental liaison and commercial affairs in the Chinese energy market with Texaco and Chevron. Ms. Wong has an MBA degree from Wuhan University.

Carl Scharpf - Vice President, Geosciences and Exploration – Mr. Scharpf joined Erin Energy in 2015. He has 26 years of global experience in the oil and gas industry. Prior to joining Erin, Mr. Scharpf was the Offshore Gulf of Mexico Exploration Manager for Apache. He served in exploration management positions for Murphy Oil and for Marathon Oil in Indonesia. In addition, he held management and technical positions at Burlington Resources, Union Texas Petroleum and Amoco. Mr. Scharpf earned a BS degree in geology from Rider University and an MS degree in geology from the University of Cincinnati.

Ojay Uzoh - Vice President, Technical - Mr. Uzoh joined Erin Energy in 2016. He has over 29 years of engineering experience in the oil and gas industry, spanning five continents. His previous experience includes serving in various production roles for 20 years at Shell International E&P and Shell Oil U.S. Before joining ERN, he was a technical consultant to upstream oil and gas companies on deepwater business development, and shale gas development workflows and technologies. He was also a technical advisor to a hedge fund facilitating global oil and gas transactions. Mr. Uzoh has an MBA degree in petroleum engineering from University of Houston.

Olu Marinho - Vice President, Engineering Projects – Mr. Marinho has over 20 years of global experience in the oil and gas sector. His experience includes planning and executing multi-billion dollar projects for offshore deep-water applications in Nigeria, Angola and the Republic of Congo. Mr. Marinho has a BS degree in civil engineering from Case Western Reserve University and an MS in structural engineering from Stanford University.

Board of Directors:

Frank Ingriselli - Independent Director, Chairman - Mr. Ingriselli serves as the President and CEO of Blackhawk Energy Ventures Inc., a position he has held since founding the company in 2016, and has more than 36 years of experience in the energy industry with wide ranging oil and natural gas exploration and production company experience in diverse geographies, business climates and political environments. Mr. Ingriselli was the founder in 2011 of PEDEVCO Corp., a NYSE MKT listed company, and the founder of Pacific Asia Petroleum, Inc. in 2005 (Erin Energy's predecessor entity), and he has recently returned to Erin to serve as Board Chairman. Mr. Ingriselli graduated from Boston University in 1975 with a BS in Business Administration. He also earned his MBA from New York University in both Finance and International Finance and his JD degree from Fordham University School of Law.

Mahmud Ahmed – *Independent Director*
Lee P. Brown – *Independent Director*
John Rudley – *Independent Director*
Femi Ayoade – *Director*
Dudu Hlatshwayo – *Independent Director*
Mike Stinson – *Independent Director*

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CONTACT INFORMATION

Erin Energy Corp.
Femi Ayoade, CEO
1330 Post Oak Boulevard
Suite 2250
Houston, Texas 77056
Phone: 713 797 2940

www.erinenergy.com

Investor Relations
Stonegate Capital Partners
8201 Preston Road
Suite 325
Dallas, Texas 75225
Phone: 214-987-4121

www.stonegateinc.com