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Case No. 11963-VCMR

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

ROBERT LENOIS, on behalf of himself and all other similarly situated stockholders of ERIN ENERGY CORPORATION, and derivatively on behalf of ERIN ENERGY CORPORATION,	)	
Plaintiff,	)	C.A. No. 11963-
v.	)	**PUBLIC VERSION FEBRUARY 10, 2016**
KASE LUKMAN LAWAL, LEE P. BROWN, WILLIAM J. CAMPBELL, J. KENT FRIEDMAN, JOHN HOFMEISTER, IRA WAYNE McCONNELL, HAZEL R. O'LEARY, and CAMAC ENERGY HOLDINGS, LIMITED,	)	
Defendants, and	)	
ERIN ENERGY CORPORATION,	)	
Nominal Defendant.	)	

VERIFIED CLASS ACTION AND DERIVATIVE COMPLAINT

Plaintiff Robert Lenois ("Plaintiff"), on behalf of himself and all other similarly situated public stockholders of Erin Energy Corporation ("Erin Energy" or the "Company"), and derivatively on behalf of nominal defendant Erin Energy, brings the following Verified Class Action and Derivative Complaint (the

"Complaint") against the Company's controlling stockholders – Kase Lukman Lawal ("Lawal"), and CAMAC Energy Holdings Limited ("CEHL") – and certain current and former members of the Erin Energy Board of Directors (the "Board" or "Erin Energy Board") for breaching their fiduciary duties in connection with the Transactions (as defined below). The allegations of the Complaint are based on the knowledge of Plaintiff as to himself, and on information and belief, including (a) the investigation of counsel, (b) the review of publicly available information, and (c) the review of certain confidential Company documents produced in response to Plaintiff's books and records request served under Section 220 of the Delaware General Corporation Law (the "Section 220 Demand").

NATURE OF THE ACTION

1. This case arises out of an unlawful plan and scheme in which Erin Energy's Board and its controlling stockholder Lawal, in breach of their fiduciary duties to the Company and its stockholders, agreed to purchase certain oil assets from Allied Energy Plc ("Allied") – another company controlled by Lawal – for the benefit of Lawal and to the detriment of the Company and its minority stockholders.

2. Lawal controls CEHL, which in turn owns Allied. Prior to the consummation of the Transactions (as defined in ¶7), Allied owned certain oil

mineral leases ("OMLs") in sub-Saharan Africa, including OMLs in an area off the coast of Nigeria called the Oyo Field. In April 2010, Lawal acquired control over Erin Energy by transferring a portion of Allied's interests in the Oyo Field to the Company in exchange for 89,467,120 shares of the Company's stock, giving him control over 62.74% of the equity of the Company. In connection with that transaction, Lawal became the Company's controlling stockholder and Chairman of the Board.

3. In 2013, Lawal devised a plan to unload Allied's remaining interest in the Oyo Field on the Company. To finance this transfer, Lawal secretly arranged to sell 30% of Erin Energy to the Public Investment Corporation Limited (the "PIC"), a South African quasi-public entity which manages the country's government employee pension fund, with the provision that the Company would funnel the proceeds of that investment plus hundreds of millions of shares of Company stock to Allied in exchange for Allied's remaining interest in the Oyo Field.

4. The Board formed a special committee (the "Special Committee"), ostensibly to evaluate and negotiate the proposed transactions with Allied and the PIC. The Special Committee's process, however, was fatally flawed. Among other problems, (a) Lawal negotiated directly with the PIC, promising concessions

against the Company's interests, which the Special Committee denounced but ultimately upheld; (b) Lawal repeatedly and unnecessarily rushed the Special Committee into reaching agreement with Allied, which prevented the Special Committee from properly evaluating the fairness of the Transactions before issuing its recommendation; (c) Lawal deprived the Special Committee of the information needed to perform its job adequately; (d) Lawal misled the Special Committee about the status of negotiations with the PIC; (e) Lawal took advantage of the Company's precarious financial situation while negotiating on behalf of Allied; and (f) the Special Committee relied heavily on the guidance and instruction of conflicted members of Company senior management who effectively work for Lawal.

5. In early November 2013, after months of relentless pressure from Lawal, the Special Committee caved and requested that its banker Canaccord Genuity Limited ("Canaccord") deliver a fairness opinion on the then-proposed transactions. But Canaccord was unable to render the fairness opinion because, among other reasons, the pending terms meant that the Company would be paying Allied consideration valued between $425.6 million and $647.0 million in exchange for assets valued at $217.3 million.

6. Canaccord's refusal to bless the lopsided deal did not deter Lawal. After some tweaks to the deal terms, the Special Committee again sought a fairness opinion from Canaccord. Despite Canaccord's calculation that under the "base case" scenario (*i.e.*, using the assumptions that Canaccord believed were most likely to prove accurate), the consideration the Company would be paying was valued at between $303.5 million and $416.1 million in exchange for the same assets (still valued at $217.3 million), Canaccord nonetheless opined that the deal was fair to the Company and its stockholders based on the rationale that the deal was equally "accretive" to the Company's public stockholders and Allied.

7. With Canaccord's fairness opinion in hand, the fatigued Special Committee and the remainder of the Board approved a $270 million investment in the Company by the PIC and the Company's purchase of Allied's remaining interest in the Oyo Field for mixed consideration of, among other things, $170 million in cash, a $50 million convertible subordinated note and 497,454,857 shares of Company common stock (together, the PIC investment and the Allied sale are referred to herein as the "Transactions").

8. Through this action, Plaintiff seeks to hold Lawal, CEHL, and the Director Defendants (as defined below, ¶18) accountable for their breaches of fiduciary duty to the Company and the Class (as defined below, ¶121).

PARTIES

9. Plaintiff is a stockholder of Erin Energy and has been a stockholder of the Company at all relevant times alleged in this Complaint.

10. Nominal Defendant Erin Energy is a Delaware corporation with its principal executive offices located at 1330 Post Oak Boulevard, Suite 2250, Houston, Texas. Erin Energy is an independent oil and gas exploration company focused on energy resources in sub-Saharan Africa. Erin Energy's stock trades on the New York Stock Exchange ("NYSE") under the ticker symbol "ERN".

11. Defendant Lawal has served on the Erin Energy Board since April 2010, as the Company's Chairman since May 2010, and as the Company's Chief Executive Officer ("CEO") since April 2011. Lawal and his family also own an indirect interest in CEHL and may be deemed to control CEHL. Lawal is also a director of CEHL, CAMAC International (Nigeria) Limited ("CINL"), and Allied. According to the Company's proxy statement filed with the U.S. Securities and Exchange Commission on April 30, 2015 (the "2015 Annual Meeting Proxy"), as of April 1, 2015, Lawal beneficially owned 134,669,967 shares of Erin Energy common stock, which constituted 59.54% of the Company's total outstanding

shares.[1] Lawal was financially interested in the Transactions. Lawal and his family have a controlling interest in CEHL and Allied, which were adverse to the Company in the Transactions. Lawal stood to and did gain personally and financially from his interest in CEHL/Allied as a result of orchestrating and forcing the Company to consummate the Transactions.

12. Defendant Dr. Lee Patrick Brown ("Brown") has served as an Erin Energy director since April 2010. Brown has a longstanding personal and business relationship with Lawal. Brown served as Mayor of the City of Houston for three consecutive terms commencing in 1997. While Brown was Houston's Mayor, Lawal was appointed to the Port Commission of the Port of Houston Authority. During his time in Houston, Brown was given a position as a professor at Texas Southern University, Lawal's alma mater and a school at which Lawal is one the largest benefactors.[2] After serving as Houston's mayor, Brown co-invested with Lawal to form Unity National Bank ("Unity National"), Houston's only

[1] On April 22, 2015, Erin Energy implemented a reverse stock split of its common stock pursuant to which each six shares of common stock were converted into one share of common stock. The beneficial ownership numbers provided in the 2015 Annual Meeting Proxy are on a split-adjusted basis.

[2] In January 2009, Lawal established a $1 million endowment at Texas Southern University to fund student scholarships.

African-American-owned bank. In connection with his investment, Brown was appointed Chairman of Unity National.

13. Defendant William J. Campbell ("Campbell") has served as an Erin Energy director since June 2011. Campbell has a personal and social relationship with Lawal. Both men have served as trustees of the Kinkaid School in Houston, where their sons were classmates and teammates.

14. Defendant J. Kent Friedman ("Friedman") served as an Erin Energy director from June 2011 to May 30, 2014.

15. Defendant John Hofmeister ("Hofmeister") has served as an Erin Energy director since April 2010. Hofmeister also served as the Chairman of the Special Committee that ostensibly evaluated and negotiated the Transactions. Hofmeister has a long personal and civic relationship with Lawal. Hofmeister and Lawal are both members of the board of the National Urban League. Hofmeister and Lawal have also both served as directors of the Greater Houston Partnership. On at least one occasion, Lawal hosted Hofmeister (who was then the President of Shell Oil) at his home.

16. Defendant Ira Wayne McConnell ("McConnell") has served as an Erin Energy director since June 2011. McConnell also served on the Special Committee that ostensibly evaluated and negotiated the Transactions. McConnell

is the Managing Partner of Houston, Texas-based McConnell & Jones LLP, Certified Public Accountants ("M&J LLP"). M&J LLP performs services for Lawal's clients, and McConnell receives a direct financial benefit from this business relationship with Lawal.

17. Defendant Hazel R. O'Leary ("O'Leary") has served as an Erin Energy director since April 2010. She also served on the Special Committee that ostensibly evaluated and negotiated the Transactions. O'Leary has a relationship with Lawal that extends beyond merely her service as a Company director. From 2004 to 2013, O'Leary was the President of Fisk University. Lawal was a member of the Fisk University Board of Trustees during O'Leary's tenure as President.

18. The Defendants listed above in paragraphs ¶¶11 - 17 are referred to herein as the "Director Defendants" or the "Individual Defendants."

19. Defendant CEHL is a Cayman Islands limited liability company with executive offices at 1330 Post Oak Boulevard, Suite 2200, Houston, Texas. CEHL is a holding company for subsidiaries engaged in the global oil and gas exploration and production business. According to the 2015 Annual Meeting Proxy, as of April 1, 2015, Defendant Lawal owned a 27.7% interest in CAMAC International Limited ("CIL"), which indirectly owns 100% of CEHL. According to the 2015 Annual Meeting Proxy, CEHL beneficially owned 133,150,860 shares of Erin

Energy common stock, which constituted 58.86% of the Company's total outstanding shares.

20. Non-Defendant Allied is a Nigerian registered company that focuses on upstream oil and gas business in Nigeria. Allied is headquartered at Plot 1649, Olosa Street, Victoria Island, Lagos, Nigeria. Allied is a wholly-owned subsidiary of CEHL. Defendant Lawal is deemed to control Allied through his ownership in CEHL.

SUBSTANTIVE ALLEGATIONS

I. Background Of The Company, CEHL And Allied

21. CEHL, which is controlled by Lawal, commenced its oil operations in sub-Saharan Africa in the early 1990s. Specifically, in 1992, the Nigerian government awarded Oil Prospecting License 210 ("OPL 210") to Allied, a wholly-owned subsidiary of CEHL. Allied then transferred OPL 210 to CINL, another wholly-owned subsidiary of CEHL.

22. In 2002, CEHL expanded its sub-Saharan Africa oil prospects when the Nigerian government awarded Allied and CINL Oil Mining Leases 120 and 121, each for 20-year terms. The OMLs included the Oyo Field, which is located off the coast of Nigeria.

23. In 2005, Allied and CINL assigned a 40% interest in the OMLs to Nigerian AGIP Exploration Limited ("NAE"). Allied, CINL and NAE entered into a production sharing contract (the "PSC"), which governed the parties' relationship with respect to the OMLs.

24. In December 2009, Allied, CINL and NAE began production (*i.e.*, drilling for oil) in the Oyo Field.

25. Prior to April 2010, the Company was named "Pacific Asia Petroleum, Inc." and none of its common stock was owned or controlled by CEHL or any of its affiliates.

26. In April 2010, Lawal acquired control over the Company in a transaction through which the Company purchased a portion of Allied and CINL's rights in the PSC relating to the Oyo Field (the "2010 Acquisition") in exchange for giving CEHL, and thus Lawal, majority control of the Company. Lawal, was also appointed Chairman of the Board.

27. Specifically, in the 2010 Acquisition, the Company (a) paid $32 million in cash to CEHL; (b) transferred 89,467,120 shares of the Company's common stock to CEHL, equal to 62.7% of the Company's outstanding stock; and (c) agreed to pay CEHL $6.84 million within six months of the consummation of the 2010 Acquisition. In exchange, CEHL transferred the rights in its PSC with

respect to the Oyo Field to the Company. In addition, CEHL gave the Company a "right of first refusal" for a period of five years with respect to any licenses, leases or other contract rights for exploration or production of oil or natural gas currently held or later acquired by CEHL that CEHL offers for sale, transfer, license or other disposition.

28. Following the closing of the 2010 Acquisition, the number of Company directors was expanded from five to seven, and CEHL nominated four new directors, including Lawal, who was named non-executive Chairman of the Board.

29. At that time, the Company changed its name from Pacific Asia Petroleum, Inc. to "CAMAC Energy, Inc."[3]

30. In February 2011, the Company purchased all of Allied's and CINL's rights in the PSC outside the Oyo Field (the "Non-Oyo Contract Rights") for $5 million in cash, with additional cash payments totaling up to $55 million, which would become due as certain milestones in exploration and development were reached (the "2011 Non-Oyo Contract Rights Acquisition").

[3] On April 23, 2015, the Company changed its name from "CAMAC Energy, Inc." to "Erin Energy Corporation."

31. In June 2012, Allied acquired all of NAE's participating interests in the OMLs and all of NAE's interest in the PSC for $250 million in cash, subject to certain adjustments. As a result of this transaction, Allied became the holder of 100% of the participating interest in the OMLs and the remainder of the interests in the PSC apart from the interests previously acquired by the Company in the 2010 Acquisition and the 2011 Non-Oyo Contract Rights Acquisition.

II. Lawal First Proposes That The Company Acquire Allied's Remaining Interests In The PSC Relating To The Oyo Field

32. In or about January 2013, Allied (*i.e.*, Lawal) proposed a potential transaction pursuant to which the Company would acquire all of Allied's remaining rights under the PSC. Under that proposed transaction, the Company would (a) re-domicile as an English company, listed on the London Stock Exchange ("LSE"), (b) raise funds through a public offering of newly issued shares on the LSE, and (c) apply the proceeds of that offering, together with newly issued shares of Company common stock, to purchase Allied's interests.

33. In response to Allied's proposal, the Company formed a special committee consisting of Defendants Hofmeister, Campbell and Friedman.

34. In April 2013, this committee's work discontinued when Allied informed the Company that Allied had instead begun to explore the possibility of entering into a transaction with the PIC and another energy company.

III. Lawal Orchestrates A Massive Investment By The PIC In The Company Without The Board's Knowledge Or Approval

35. In June 2013, Allied and the PIC, ***without the Board's knowledge***, negotiated the general terms of a potential transaction in which (a) the PIC would invest $300 million in the Company in exchange for a 30% equity interest in the Company, and (b) Allied would transfer its economic interests derived from its ownership of the OMLs to the Company in exchange for $300 million in cash and an unspecified number of shares of common stock of the Company.

36. On June 14, 2013, both Allied and the PIC presented the Board with letters conveying the potential transaction summarized in the immediately preceding paragraph.

IV. The Board Forms A Special Committee, But The Special Committee's Process Is Conflicted And Dysfunctional Almost From The Outset

37. On June 17, 2013, the Board formed the Special Committee composed of Defendants Hofmeister (who served as Chairman), McConnell and O'Leary to evaluate and consider the proposal from Allied and the PIC.

38. On June 26, 2013, the Special Committee convened for its first meeting to discuss the proposals from Allied and the PIC. At the meeting, the Special Committee determined to retain Andrews Kurth LLP ("Andrews Kurth") and Canaccord as its legal and financial advisors, respectively.

39. On June 28, 2015, the Special Committee convened for another meeting. Among other things, the Special Committee discussed next steps and noted that the Company's Chief Financial Officer ("CFO") Earl McNeil ("McNeil") and General Counsel Nicholas Evanoff ("Evanoff") would be asked to meet with the Special Committee to discuss the details and proposed timeline of the proposed transactions. This was the first of many instances in which the Special Committee relied on conflicted senior management (*i.e.*, executives who serve at the pleasure of the Company's Chairman, CEO and controller Lawal) to guide them through the process of acquiring assets from another Lawal-affiliated company.

40. The Special Committee met again on July 8, 2015. In advance of the meeting, the Special Committee received a timeline of the proposed transaction ***that had been created by Allied***. At the meeting, Special Committee Chairman Hofmeister "expressed his concern that certain steps noted for previous times in the draft timeline had seemingly been completed without the Special Committee's review and comment, even though the Special Committee is the party that should be responsible for making these decisions and driving the transaction. He also expressed his concern that the draft timeline should have been labeled as work product of Allied." (ERIN 000005) Hofmeister's concerns about (a) Allied

driving the deal process without any input from the Special Committee and (b) the failure to identify the timeline as Allied's work product were not disclosed in the definitive proxy statement (the "Transaction Proxy") filed by the Company with the SEC on January 15, 2014.

41. The dysfunction and conflicts continued to pervade the Special Committee's process. At its July 2013 meeting, the Special Committee requested that CFO McNeil prepare an outline of the material terms to be negotiated with Allied, as well as the most favorable possible outcome for the Company for each such term. However, as explained above, CFO McNeil served at the pleasure of Lawal, and was thus a conflicted member of the Company's senior management team. He was in no position to provide the Special Committee with independent advice regarding a strategy to negotiate against Allied and Lawal, and would not jeopardize his status with Lawal or the Company by disparaging Lawal's preferred plan.

42. Lawal and Allied pushed for a deal that was exorbitantly generous to themselves, at unfair terms to the Company and its minority stockholders, by unduly pressuring the Special Committee to move quickly and without thorough consideration. At the July 12, 2013 Special Committee meeting, General Counsel Evanoff requested that the Special Committee allow him to send a draft agreement

to Allied "in order to meet Allied's timing expectations and maintain a working relationship with Allied." (ERIN 000008) The Special Committee acceded to this wholly-concocted pressure and authorized Evanoff to send a draft agreement to Allied, even though no basis for these "timing expectations" was ever described to the Special Committee.

43. Later during the July 12, 2013 meeting, CFO McNeil summarized management's analysis of the most material terms to be addressed in the draft agreement for the proposed transaction. Among other things, McNeil explained that "the ownership interests and split in OML 120/121 were very complicated." (ERIN 000008) The complexities associated with the proposed transaction underscore the importance that the Special Committee should have been provided with adequate time to deliberate and seek independent advice in evaluating and negotiating the terms of the proposed transaction. Allied and Lawal, however, sought to hamstring the Special Committee's process, including by exerting undue pressure on the Special Committee to approve the proposed transaction hastily, without due consideration.

44. Also at the July 12 Special Committee meeting, CFO McNeil distributed a valuation exercise that he had prepared regarding the proposed transaction. Again, because McNeil was loyal and beholden to Lawal, he was

unable to provide the Special Committee with independent advice or analyses concerning the value of the proposed transaction.

45. On July 19, 2013, the Special Committee convened for another meeting. The purpose of this meeting was to consider various revisions to the draft purchase and sale agreement with Allied. The Special Committee sought the opinion of Lawal loyalists CFO McNeil and General Counsel Evanoff with respect to certain of the revisions.

46. Subjecting the Special Committee to Allied and Lawal's artificially expedited timeline deprived it of crucial information required to evaluate the fairness of the proposed transaction. The pressure felt by the Special Committee had real and substantially negative consequences on its deliberation process. For instance, during the Special Committee's July 26, 2013 meeting, O'Leary communicated her "concern that the Committee still did not have enough information on the working capital and capital expenditure requirements that could be expected with regard to the Company's future operation of OML 120/121." (ERIN 000014) This concern was omitted from the Transaction Proxy.

47. On August 5, 2013, the Special Committee met with Canaccord for the first time to discuss the proposed transaction. At the meeting, the Special Committee and CFO McNeil also discussed the problems that Nigerian oil

operators were experiencing with respect to theft of production. These problems highlight the risks posed by a potential acquisition of mineral rights in Nigeria, and the corresponding need for the Special Committee to conduct extensive and unconstrained deliberations and due diligence.

48. On August 30, 2013, the Special Committee discussed a draft technical report from Gaffney, Cline & Associates, the Company's reserve engineer, with CFO McNeil, and with representatives from Andrews Kurth. McNeil reported that Canaccord had been provided a copy of the technical report and was incorporating its results into its valuation analyses, and that he was doing the same.

V. Despite An Active Transaction Process, The Special Committee Inexplicably Goes Missing

49. Throughout September 2013, Allied, Lawal and certain Company executives worked extensively on the proposed transaction. Moreover, Lawal continued to communicate with the PIC regarding their potential investment in the Company. Oddly, the Special Committee did not convene any meetings in September 2013.

50. While the Special Committee lay dormant, on October 9, 2013, the PIC delivered a commitment letter (the "Commitment Letter") to the Company, promising an investment of $270 million in exchange for 30% of the outstanding

stock of the Company following consummation of the proposed transaction with Allied. The PIC stated that its investment proposal was based on its $900 million valuation of the assets that the Company would hold upon completion of the purchase from Allied.

51. The PIC's investment was also conditioned on its right to nominate one director to the Board, as long as it owned in excess of 20% of the Company's stock. Lawal conveyed this demand to General Counsel Evanoff.

52. Evanoff and the Company's counsel at Sidley Austin LLP ("Sidley Austin") revised the draft share purchase agreement (the "Share Purchase Agreement") accordingly, and on October 11, 2013, Evanoff – without the Special Committee's knowledge or approval – submitted the revised draft of the Share Purchase Agreement to the PIC.

VI. The Special Committee Finally Resurfaces

53. The Special Committee finally convened for another meeting on October 14, 2013, about six weeks after its previous meeting. At the meeting, the Special Committee received an update on the proposed transaction.

54. This was the first that the Special Committee learned of the PIC's Commitment Letter of October 9, which caused Special Committee member O'Leary "concern over the fact that the Committee was not able to deal directly

with PIC." (ERIN 000021-22) O'Leary's concern regarding the Special Committee's inability to deal directly with the PIC is omitted from the Transaction Proxy, which misleadingly portrays the deal process as pristine.

55. At the Special Committee's October 14 meeting, CFO McNeil also provided the Special Committee with, among other things, (a) a valuation framework for evaluating and negotiating the proposed transaction and (b) his view on the Company's strategic alternatives to the proposed transaction. McNeil's conflicted views on valuation and strategic alternatives had no place in the supposedly independent Special Committee's meeting, and were a poor substitute for legitimate independent advice.

56. On October 17, 2013, Canaccord delivered its first presentation to the Special Committee, which Canaccord described as an "early draft." (ERIN 000024) Despite the fact that Canaccord's analyses were in their early stages, the Special Committee directed CFO McNeil to seek a formal proposal from Allied and to draft a list of the issues and elements of a potential transaction.

57. On October 21, 2013, Allied communicated (and confirmed in writing the following day) a proposal to CFO McNeil and General Counsel Evanoff (the "October 21 Allied Proposal") pursuant to which Allied would transfer to the Company Allied's remaining interests in the PSC relating to OMLs 120 and 121,

in exchange for $270 million in cash (funded by the PIC investment). In addition, Allied proposed that the Company issue to Allied a sufficient number of shares such that Allied and CEHL would own 63.6%.

58. Also on October 21, 2013, the PIC delivered to the Company an ***executed copy*** of the Share Purchase Agreement with the number of shares to be purchased from the Company by the PIC filled in as 376,884,422. As explained below, Lawal had promised the PIC that exact number of shares, but the Special Committee believed a significantly lower number of shares was appropriate, and thus never agreed to the PIC's demands. Lawal's promise to the PIC, however, eviscerated any leverage the Special Committee had in its negotiations, and locked the Company into the higher number.

59. Later that same day, the Board convened for a special meeting. Attempting to short-circuit the Special Committee process, Lawal threatened his fellow Board members that if a deal could not be reached between the Special Committee and Allied in the near term, then the PIC might abandon its commitment to make the $270 million investment in the Company. According to the Transaction Proxy, there was "substantial doubt about the Company's ability to continue as a going concern" absent the PIC's investment, giving particular force to Lawal's threat.

60. Soon thereafter, on October 24, 2013, the Special Committee convened for a meeting to evaluate the October 21 Allied Proposal. At the meeting, Hofmeister:

> expressed his concern that the audited financial statements for OMLs 120/121 had not been received by the Committee, and that part of the evaluation of the Proposed Transaction would revolve around the Committee and its advisors' ability to perform diligence on the assets to be acquired. (ERIN 000027)

In other words, the Special Committee did not have access to critical information necessary to determine the fairness of Allied's proposal, yet Allied and Lawal were pressing the Special Committee to make a final decision quickly.

61. On October 25, 2013, the Special Committee convened for a meeting to discuss the terms of a counterproposal to Allied and the PIC (the "October 25 Counterproposal"). The Special Committee determined that the Company should retain $100 million of the cash proceeds received from the PIC to fund the Company's operating expenses. Thus, the Special Committee determined to (a) lower the cash portion of its offer to Allied to $170 million and (b) offer Allied with a number of shares that would leave Allied and CEHL as majority owners but below the 63% demanded by Lawal.

62. The Special Committee also decided to make a separate counterproposal to the PIC. In exchange for its potential $270 million investment,

the Special Committee proposed offering the PIC 176,473,091 shares of Company common stock – far lower than the 376,884,422 shares listed in the executed Stock Purchase Agreement, to which Lawal had singlehandedly bound the Company. The Special Committee's counterproposal to the PIC is omitted from the Transaction Proxy.

63. Additionally, at that October 25, 2013 meeting, the Special Committee discussed the fact that it had not engaged directly with the PIC regarding the potential investment. The Special Committee decided that it would need to discuss with Lawal the background of his contacts with the PIC and questioned whether an introduction to the PIC was desirable or feasible. The Special Committee was correct to have such concerns.

64. Consistent with that concern, later in the day on October 25, 2013, Hofmeister, on behalf of the Special Committee, had a telephone conversation with Lawal during which he communicated the October 25 Special Committee Counterproposal and requested that the members of the Special Committee meet with Lawal in the next few days in order to discuss the background and status of the PIC's investment.

VII. Lawal Ratchets Up The Threats

65. On October 26, 2015, Hofmeister and Lawal had another conversation regarding the number of shares of Company common stock to be issued to the PIC. Even though Lawal had promised the PIC a certain number of Company shares ***without*** seeking Board or Special Committee approval, Lawal threatened Hofmeister that any change in the number of shares provided to the PIC could jeopardize the potential transaction.

66. On October 28, 2013, Lawal met with the Special Committee to discuss the October 25 Special Committee Counterproposal. Lawal adversely reacted to several of the terms, including the proposed reduction in (a) the cash consideration payable to Allied, (b) the pro forma ownership of Allied/CEHL, and (c) the number of shares to be issued to the PIC. Lawal also reiterated that if an agreement could not be reached between the Special Committee and Allied in the near term, the PIC might abandon its commitment to make the $270 million investment in the Company, thus threatening the Company's ability to continue as a going concern.

67. Lawal's repeated threats achieved their intended effect – the Special Committee decided to withdraw the October 25 Special Committee Counterproposal.

68. On October 28 and 29, Lawal met with General Counsel Evanoff and CFO McNeil, as well as with Allied, to discuss the potential terms of a revised offer from Allied. Lawal notified the Special Committee by email that a PIC representative had expressed concern that the Share Purchase Agreement had not yet been executed, and suggested that the PIC would surely withdraw its offer if the Share Purchase Agreement were not executed by October 31, 2013. Lawal also reiterated this deadline to General Counsel Evanoff and CFO McNeil and stressed his purported concern that the PIC would withdraw its investment offer and terminate discussions if there were any attempts to negotiate the number of shares to be issued by the Company.

69. On October 29, 2013, Allied delivered a revised offer to the Special Committee (the "October 29 Allied Proposal"), pursuant to which Allied again demanded that the Company pay Allied $270 million and issue shares to bring Allied's and CEHL's ownership to 61.25%, with PIC investing $270 million in exchange for 376,884,422 shares of Company stock which was to represent 30% of the outstanding equity.

70. On October 30, 2013, the Special Committee convened for a meeting to discuss the October 29 Allied Proposal. The Special Committee minutes

produced in response to Plaintiff's Section 220 Demand highlight the dysfunction, conflicts of interests and threats that pervaded the entire transaction process:

> A discussion ensued, in which the Committee considered that ***Dr. Lawal had not proceeded in a manner consistent with the goals of the Committee*** when he promised PIC a fixed number of shares and collected PIC's signature page to the SPA. The Committee also considered that ***Dr. Lawal had been continually pressuring the Committee*** to speed up its process in evaluating the Proposed Transaction. Ms. O'Leary noted the board meeting that was convened on October 21, 2013, in which the Committee defended the speed at which it was proceeding ***despite the urgings of Dr. Lawal and certain other members of the board to come to a decision more quickly***. The Committee also considered that it did not fully understand why the SPA needed to be executed by October 31, 2013, and ***questioned the immediacy on which Dr. Lawal had insisted***.
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> ***
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> During executive session, the Committee members ***expressed their concerns regarding the Committee's lack of information relating to the issuance of shares to PIC***. Mr. McConnell expressed his concern that this made it ***very difficult for the Committee to make informed decisions*** relating to the Proposed Transaction. (Emphasis added) (ERIN 000032)

71. None of the objectionable conduct and concerns of the Special Committee emphasized in the preceding paragraph were disclosed in the Transaction Proxy.

72. The Special Committee met with Lawal on October 31, 2013. Lawal again stated that the PIC would terminate discussions with the Company if it did not hear back from the Company by 10:00 a.m. the very next day – November 1,

2013 (the "November 1 Deadline"). Fearing Lawal's threats about the November 1 Deadline, the Special Committee determined that it would deliver a term sheet to Allied that contained terms consistent with the PIC's investment expectations, including the fixed number of shares to be issued to the PIC (376,884,422), but that those terms would be conditioned upon (a) satisfactory completion of Canaccord's financial evaluation, and (b) negotiation of definitive documentation.

73. The Special Committee also discussed for the first time the possibility that the Company could retain some portion of the cash from the PIC's $270 million investment by structuring a portion of the payment to Allied as a subordinated note rather than cash. CFO McNeil advised that such a subordinated note issued to Allied would allow the Company to retain funds for liquidity purposes and should not interfere with the Company's future ability to raise additional liquidity through a senior notes offering.

74. Following the Special Committee meeting on October 31, 2013 and in advance of the November 1 Deadline, the Special Committee issued a revised counterproposal to Allied, contingent on getting a fairness opinion from its financial advisor, on the following material terms (the "October 31 Special Committee Counterproposal"):

- $270 million in cash invested in the Company by PIC to acquire 376,884,422 shares of Company stock;

- $170 million in cash consideration paid from the Company to Allied;

- a $100 million convertible subordinated note issued from the Company to Allied, with a five-year term, an interest rate of the one month LIBOR plus 1% and a conversion rate equal to PIC's investment price per share;

- issuance of 622,835,270 shares of Company common stock to Allied so that Allied and CEHL would own a combined 61.25%, with other shareholders owning 8.75%;

- a stock dividend to existing Company stockholders, paid prior to the PIC and Allied issuances, as a mechanism to achieve the proposed post-closing ownership percentages with respect to PIC (30%), Allied/CEHL (61.25%) and the Company's other stockholders (8.75%);

- Allied would fund the drilling costs of the Oyo-7 well, with the Company bearing the costs of completion of that well; and

- extension of the existing 2010 "right of first refusal" agreement with Allied, and the expansion of this agreement to include "corporate opportunities" without reference to a term or expiration date.

75. On November 1, 2013, the Board held a special meeting. Lawal updated the Board on the status of negotiations with the PIC, and Special Committee Chairman Hofmeister summarized the status of the Special Committee's negotiations.

76. On November 6, 2013, the Special Committee met with General Counsel Evanoff, CFO McNeil, and representatives from Andrews Kurth and Sidley Austin to discuss the progress and negotiation of the transaction documentation. McNeil reported that Canaccord was continuing with its financial analysis and would soon be seeking the guidance of its fairness opinion committee.

VIII. Canaccord Cannot Issue A Fairness Opinion On The October 31 Special Committee Counterproposal

77. On November 13, 2013, Canaccord informed the Special Committee that it could ***not*** conclude that the terms set forth in the October 31, 2013 Special Committee Counterproposal were fair, from a financial point of view, to the Company and its public stockholders (*i.e.*, Company stockholders other than Allied and its affiliates).

78. Canaccord's presentation materials produced in response to Plaintiff's Section 220 Demand highlight the unfairness of the October 31 Special Committee Counterproposal. Under the "base case" scenario (*i.e.*, using the assumptions that Canaccord believed were most likely to prove accurate), Allied's net economic interest in the Oyo Field (*i.e.*, the assets that Allied was proposing to transfer to the Company in connection with the proposed transaction) was valued at $217.3 million. (ERIN 000196)

79. In stark contrast, using its base case assumptions, Canaccord calculated that the value of the proposed consideration payable to Allied – including $170 million in cash – was $647.0 million under a "market value" analysis and $425.6 million under a discounted cash flow ("DCF") analysis. (*Id*.)

80. Thus, based on Canaccord's analysis, the consideration payable to Allied under the October 31 Special Committee Counterproposal represented a staggering premium ranging from ***96% to 198%***. This critical aspect of Canaccord's analysis, which highlights the unfairness of the October 31 Special Committee Counterproposal, was not disclosed in the Transaction Proxy.

81. Canaccord also performed an accretion/dilution analysis, which further confirmed that the October 31 Special Committee Counterproposal was unfair to the Company and its non-Allied stockholders. Under this analysis, Canaccord determined that the Transactions would be 65.23% accretive to Allied/CEHL, but 14.97% dilutive to the Company's public stockholders.

IX. Lawal Makes His "Best And Final" Offer on Behalf of Allied And The Special Committee Caves

82. On November 14 and 15, 2013, Special Committee Chairman Hofmeister discussed with Lawal potential changes to the deal structure. Hofmeister proposed that Allied relinquish the $100 million note (allowing the

Company to retain the $100 million as permanent equity financing) or reduce the post-closing Allied/CEHL ownership from above 61% to 51%.

83. Lawal then made a counterproposal to Hofmeister: (a) Allied would agree to reduce the convertible subordinated note from $100 million to $50 million, and (b) Allied would accept a reduced number of shares of Company common stock issuable to Allied such that Allied would have 56.97% post-closing ownership in the Company, with a corresponding increase in the ownership by the Company's other stockholders to approximately 13.03%. Hofmeister and Lawal also discussed the Non-Oyo Contract Rights and agreed to restructure the agreement to reduce the potential payments from $55 million to $50 million, eliminate the two earliest milestone events, and split the payments equally between the two remaining, later-in-time milestones.

84. At the end of these discussions, Lawal strong-armed Hofmeister by threatening that any pushback or further negotiations that would enhance the deal conditions for the Company would be rejected by Allied, and stated that these terms represented Allied's "best and final" offer.

85. Fearing that the proposed transaction, including the PIC's much-needed investment, could fall apart, the Special Committee caved to Lawal's relentless pressure and asked Canaccord to determine whether it could issue a

fairness opinion on a transaction involving the following material terms (the "Final Proposal"):

- $270 million in cash invested in the Company by the PIC to acquire 376,885,422 shares of Company stock;
- $170 million in cash consideration paid by the Company to Allied;
- a $50 million convertible subordinated note issued from the Company to Allied, with a five-year term, an interest rate of LIBOR+5% and a conversion price equal to the PIC's investment price per share;
- the issuance 497,454,857 shares of Company common stock to Allied such that Allied and CEHL would own in the aggregate approximately 56.97% and the Company's other stockholders would own in the aggregate approximately 13.03%;
- A stock dividend of 225,077,157 shares of Company common stock to existing Company stockholders, paid prior to the PIC and Allied issuances, as a mechanism to achieve the post-closing ownership percentages of 30% for PIC, 56.97% for Allied/CEHL and 13.03% for the Company's other stockholders;
- Allied would fund the drilling costs of the Oyo-7 well, with the Company bearing the costs of completion of that well; and
- Termination of the existing Non-Oyo Contract Rights in exchange for agreement by the Company to pay $25 million to Allied after approval of a development plan for a new discovery in the OMLs outside of the Oyo Field and $25 million after commencement of production from

> such new discovery, with Allied having the right to elect to receive each of the $25 million payments in cash or in shares of the Company's common stock with an equivalent value instead of in cash, but with payment in stock being mandated if a cash payment by the Company would materially adversely affect its working capital position or its ability to carry out its capital or then established regular cash dividend programs.

X. Canaccord Provides The Special Committee With A Fairness Opinion On An Unfair Deal And The Full Board Approves The Transactions

86. On November 18, 2015, Canaccord delivered a presentation to the Special Committee regarding the most recent proposal. Canaccord informed the Special Committee that the revised proposal was purportedly "fair" to the Company and its stockholders. Canaccord's fairness opinion was driven primarily by the fact that the revised deal terms resulted in a transaction that would be 55.95% accretive to each of Allied, CEHL and the Company's other stockholders, while ignoring the issue of whether the price paid for Allied's interests in the Oyo field was fair.

87. In reality, the final price paid for Allied's Oyo Field interests was far from fair. Canaccord's November 18, 2013 slide deck, which was produced to Plaintiff in response to Plaintiff's Section 220 Demand, reveals that Canaccord determined that, under the "base case" scenario, Allied's net interest in the Oyo Field (*i.e.*, the "get" from the Company's perspective) was approximately $217.3

million, while the value of the consideration flowing to Allied (*i.e.*, the "give" from the Company's perspective) was $416.1 million under a "market value" analysis and $303.5 million under a "DCF" analysis. (ERIN 000174).[4] Put simply, the Company was dramatically overpaying its controller for assets that the controller was trying to unload.

88. At a full Board meeting later that day, the Special Committee recommended that the full Board approve the proposed transaction, and the full Board (other than Lawal who had recused himself) adopted the Special Committee's recommendation.

89. On November 20, 2013, the parties finalized and exchanged copies of all documents related to the agreed-upon Transactions, and issued a press release announcing the terms of the Transactions and publicizing the executed documentation (the "Transaction Agreements") prior to the open of the trading on the NYSE.

[4] While presented cleanly and simply in Canaccord's materials provided to the Special Committee, this valuation analysis is obscured in the dense and prolix Transaction Proxy.

XI. Company Stockholders Approve The Transactions Based On A False And Materially Misleading Transaction Proxy

90. On February 13, 2014, the Company held a special meeting (the "Special Meeting") at which stockholders were asked to vote on a multitude of proposals related to the Transactions. These proposals (the "Proposals") included, among others, (1) approval of the transfer agreement with Allied ("Transfer Agreement"), which included issuing Allied 497,454,857 shares of Company common stock, and additional potential issuances totaling nearly another 200 million shares of Company common stock; and (2) the Share Purchase Agreement with the PIC.

91. In advance of the Special Meeting, the Company filed the Transaction Proxy with the SEC on January 15, 2015. As detailed *supra*, the Transaction Proxy was materially false and misleading and omitted a litany of material information necessary to allow stockholders to cast an informed vote on the proposals relating to the Transactions. Among other things, the Transaction Proxy failed to disclose: (a) Lawal's relentless threats to – and pressure on – the Special Committee, (b) Lawal's secret and unapproved negotiations and promises to the PIC, (c) the Special Committee's myriad concerns about the process, (d) the Special Committee's inability to receive information needed to properly fulfill its

function, and (e) crucial financial analysis prepared by Canaccord demonstrating that the Company was overpaying for Allied's interests in the Oyo field.

92. In particular, the Transaction Proxy did not disclose that during the July 26, 2013 Special Committee meeting, O'Leary stated that she was "concern[ed] that the Committee still did not have enough information on the working capital and expenditure requirements that could be expected with regard to the Company's future operation of OML 120/121." This is material to demonstrate that the Special Committee was not adequately informed as to the true value of the assets it was acquiring from Allied, yet it was being pressured into approving the Transactions.

93. In addition, the Transaction Proxy omits all reference to O'Leary's concerns that the Special Committee was "not able to deal directly with PIC," which she expressed during the October 9, 2015 Special Committee meeting. This omission makes the Transaction Proxy materially misleading because it would have demonstrated to shareholders that the Special Committee was not fully-empowered. It also would have indicated that the Special Committee was ultimately pressured by Lawal into accepting the terms he negotiated with PIC, and into accepting the terms proposed by Allied.

94. Also undisclosed was Hofmeister's concern, expressed during the October 24, 2013 Special Committee meeting, "that the audited financial statements for OMLs 120/121 had not been received by the Committee, and that part of the evaluation of the proposed Transaction would revolve around the Committee and its advisors' ability to perform diligence on the assets to be acquired." This omission made the Transaction Proxy materially false and misleading to shareholders because, as disseminated, it gives the impression that the Special Committee's negotiations and recommendation were made on a fully informed basis.

95. The dysfunction, conflicts of interests and threats that pervaded the entire negotiation process, all of which would have been necessary for a fully informed shareholder vote, can be summed up in the following October 30, 2013 Special Committee meeting minutes, none of which was disclosed in the Transaction Proxy:

> A discussion ensued, in which the Committee considered that ***Dr. Lawal had not proceeded in a manner consistent with the goals of the Committee*** when he promised PIC a fixed number of shares and collected PIC's signature page to the SPA. The Committee also considered that ***Dr. Lawal had been continually pressuring the Committee*** to speed up its process in evaluating the Proposed Transaction. Ms. O'Leary noted the board meeting that was convened on October 21, 2013, in which the Committee defended the speed at which it was proceeding ***despite the urgings of Dr. Lawal and certain other***

> ***members of the board to come to a decision more quickly***. The Committee also considered that it did not fully understand why the SPA needed to be executed by October 31, 2013, and ***questioned the immediacy on which Dr. Lawal had insisted***.
>
> **
>
> During executive session, the Committee members ***expressed their concerns regarding the Committee's lack of information relating to the issuance of shares to PIC***. Mr. McConnell expressed his concern that this made it ***very difficult for the Committee to make informed decisions*** relating to the Proposed Transaction. (Emphasis added) (ERIN 000032)

96. Critical details regarding the unfairness of the Transactions were also undisclosed in the Transaction Proxy. Although the Transaction Proxy indicates that on November 13, 2013, Canaccord was unable to issue a fairness opinion, the Transaction Proxy does not disclose that this reluctance was based on Canaccord's calculations demonstrating that the value of Allied's economic interest in the Oyo Field was $217.3 million, whereas the value of the consideration being paid to Allied ranged from $425.6 million to $640.7 million. It would have been material to the Company's stockholders to know that such exorbitant premiums were being pressed by Lawal.

97. The disclosures regarding the fairness opinion that Canaccord did ultimately provide to the Special Committee on November 18, 2013, were likewise misleading. The fairness opinion rested on an accretion analysis, and did not consider the fairness of the price paid in relation to the value of the assets acquired.

The November 18, 2013 Canaccord slide presentation, undisclosed to the Company's stockholders, demonstrates that the value of the assets remained $217.3 million, whereas the value of the consideration under the revised terms of the deal ranged from $303.5 million to $416.1 million. This information would surely have been material to the Company's voting stockholders, and depriving the stockholders of that information made it impossible for them to cast fully informed votes.

98. At the Special Meeting, the stockholders approved the Proposals. However, in light of the material disclosure deficiencies detailed herein, the mere fact that Company stockholders approved the Proposals failed to "ratify" this unfair related-party deal with the Company's controller.

99. The Transactions closed about a week after the Special Meeting.

DERIVATIVE ALLEGATIONS

100. Plaintiff brings this action derivatively to redress injuries suffered by the Company as a direct result of the breaches of fiduciary duties by Lawal, CEHL, and the Director Defendants.

101. Plaintiff will adequately and fairly represent the interests of Erin Energy and its stockholders in enforcing and prosecuting its rights and has retained counsel competent and experienced in stockholder derivative litigation.

102. Plaintiff has owned Erin Energy stock continuously during the time of the wrongful course of conduct by the Director Defendants alleged herein and continues to hold Erin Energy stock.

DEMAND ON THE DEMAND BOARD IS EXCUSED AS FUTILE

103. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

104. Plaintiff has not made a demand on the seven-member Demand Board[5] to investigate or initiate the claims asserted herein because demand is excused as futile.

105. Such demand would be futile and useless, and is thereby excused, because the Transactions were not the product of a valid exercise of business judgment. Lawal is and was the Company's controlling stockholder and stood on both sides of the Transactions. Therefore, the Transactions are subject to entire fairness review. As set forth herein, there are substantial grounds to believe that the Transactions, in price and process, were not entirely fair to the Company.

[5] The "Demand Board" consists of the seven members of the Erin Energy Board as of the date of the filing of this Complaint: Defendants Lawal, Brown, Campbell, Hofmeister, McConnell, and O'Leary, and non-Defendant Dudu Hlatshwayo ("Hlatshwayo"), who joined the Board effective December 9, 2015, after the misconduct alleged herein occurred.

I. The Transactions Were Not The Product Of A Valid Exercise Of Business Judgment

106. As detailed herein, the process culminating in the Transactions was fatally flawed and heavily conflicted, and the Transactions were not the product of a valid exercise of business judgment. Among other problems, (a) Lawal repeatedly rushed and threatened the Special Committee, thus strong-arming it into approving unfair deal terms; (b) Lawal failed to provide the Special Committee with access to information needed to determine whether the Transactions were fair from the perspective of the Company and its minority stockholders; (c) Lawal negotiated directly with the PIC and made promises to the PIC without even informing the Special Committee, let alone getting its prior approval, but that the Special Committee reluctantly upheld in light of Lawal's threats; (d) Lawal misled the Special Committee about the status of negotiations with the PIC; (e) the Special Committee relied heavily on the guidance and instruction of conflicted members of Company senior management, particularly CFO McNeil and General Counsel Evanoff; (f) the Special Committee repeatedly caved to Lawal's threats; (g) Lawal exploited the Company's precarious financial condition when he himself negotiated on behalf of Allied, essentially standing in the shoes of Allied, on unduly harsh terms, laden with threats to cut off negotiations unless the Company acceded to his unreasonable and unfair demands; (h) the Special Committee

accepted Canaccord's fairness opinion of the value paid for Allied's Oyo Field interests based on the less important "accretion" analysis, while ignoring analyses showing that the Company was overpaying for those interests; and (i) the Special Committee (and then the full Board other than Lawal, who had recused himself from the vote) approved the Transactions despite knowledge that Canaccord determined the Transactions were unfair from the perspective of the Company.

107. Further, the terms of the Transactions are so favorable to Lawal, CEHL and Allied that they are beyond the bounds of reasonable judgment and are inexplicable on any ground other than bad faith.

II. Demand Is Excused As A Matter Of Law Because The Transactions Are Subject To Entire Fairness Review

108. Lawal, CEHL and Allied's conduct in connection with the Transactions is subject to review under the entire fairness standard for at least two independent reasons. *First*, Lawal, CEHL and Allied were and are the Company's controlling stockholders and stood on both sides of the Transactions. Indeed, the Company's public filings concede that Lawal, CEHL and Allied control Erin Energy. For example, the Proxy states that:

> On November 19, 2013, we [*i.e.*, the Company] and our wholly owned subsidiary CAMAC Petroleum Limited ("CPL") entered into a Transfer Agreement (the "Transfer Agreement") with our controlling stockholder CAMAC Energy Holdings Limited ("CEHL") and its

> wholly owned subsidiaries CAMAC International (Nigeria) Limited ("CINL") and Allied Energy Plc ("Allied").

109. Similarly, the Proxy states that:

> Dr. Kase Lawal, the Company's Chief Executive Officer and Chairman of the Company's board, owns an indirect interest in and may be deemed to control CEHL, and thus indirectly Allied and the Assets.

110. Not only do Lawal, CEHL and Allied have a majority equity stake in the Company, but they also exercised ***actual*** control in connection with the Transactions. Among other things, Lawal, CEHL and Allied orchestrated the Transactions and then pressured the Special Committee until it finally relented and agreed to a deal that was not fair to the Company.

111. *Second*, as detailed above, there are detailed and substantial grounds to believe that the terms of the Transactions were not entirely fair to the Company. The Special Committee never even received a fairness opinion from its financial advisor as to the financial terms of the Transactions; rather, such opinion was limited to an analysis of relative accretion among the different factions post-Transaction. In fact, Canaccord's analyses demonstrated that the Company paid between $303.5 million and $416.1 million for assets worth approximately $217.3 million.

COUNT I

DERIVATIVE CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST LAWAL AND CEHL AS THE COMPANY'S CONTROLLING STOCKHOLDERS

112. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

113. As detailed herein, Lawal (through Allied), and CEHL are the Company's controlling stockholders and were the Company's controlling stockholders at all relevant times alleged herein. As controlling stockholders of a Delaware corporation, Lawal and CEHL owed and owe the Company fiduciary duties of due care and loyalty.

114. In violation of their fiduciary duties, Lawal and CEHL, among other things: (a) proposed a series of transactions that were unfair to the Company, (b) repeatedly rushed and threatened the Special Committee, (c) deprived the Special Committee of the information needed to adequately perform its job, (d) surreptitiously negotiated with the PIC and made promises to the PIC that the Special Committee disagreed with but ultimately had to agree to uphold, (e) misled the Special Committee about the status of negotiations with the PIC, and (f) exploited the Company's precarious financial condition by proposing unduly harsh

transaction terms, laden with threats to cut off negotiations unless the Company acceded to his unreasonable and unfair demands.

115. The Transactions that resulted from Lawal and CEHL's serial abuses of power were on terms that were grossly unfair for the Company.

116. As such, the Company has been harmed financially by Lawal and CEHL's breaches of fiduciary duty.

COUNT II

DERIVATIVE CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST THE DIRECTOR DEFENDANTS

117. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

118. The Director Defendants, as Erin Energy officers and directors, owe the Company the fiduciary duty of loyalty. By virtue of their positions as directors and/or officers of Erin Energy and/or their exercise of control and ownership over the business and corporate affairs of the Company, the Director Defendants have, and at all relevant times had, the power to control and influence and did control and influence and cause the Company to engage in the practices complained of herein. Each Director Defendant was required to: (a) use his or her ability to control and manage Erin Energy in a fair, just, and equitable manner; and (b) act in furtherance of the best interests of Erin Energy rather than his or her own interests.

119. The Director Defendants breached their fiduciary duty of loyalty owed to the Company by, among other things, (a) abandoning their responsibilities as directors and instead allowing Lawal to steer the Company into the Transactions on terms unreasonably favorable to Lawal, CEHL and Allied; (b) failing to insulate the negotiation of the Transactions from the undue influence of Lawal, CEHL, and Allied; (c) failing to fully empower the Special Committee; and (d) approving the Transactions on terms that were objectively unfair, as confirmed by the work of the Special Committee's own financial advisor.

120. The Company has and will be harmed as a result of the undue cost inflicted upon the Company through overpayment pursuant to the Transactions, and through the inappropriate and unwarranted dilution that occurred as a result of the issuance of Erin Energy equity.

CLASS ACTION ALLEGATIONS

121. Plaintiff brings this action as a class action pursuant to Delaware Court of Chancery Rule 23 on behalf of all persons who were common stockholders of the Company as of the date of the close of the Transactions and who were damaged thereby (the "Class"). Excluded from the Class are (a) Defendants; (b) members of the immediate families of the Director Defendants; (c) any subsidiaries of Defendants; (d) any affiliate of any Defendant; (e) any person

or entity who is a partner, executive officer, director or controlling person of Erin Energy or any Defendant; (f) any entity in which any Defendant or Erin Energy has a controlling interest; (g) the Defendants' directors' and officers' liability insurance carriers, and any affiliates or subsidiaries thereof; and (h) the legal representatives, heirs, successors and assigns of any such excluded party.

122. The members of the Class are so numerous that joinder of all members is impracticable. Both prior and subsequent to consummation of the Transactions, Erin Energy's common stock was actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through the appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Erin Energy or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

123. There is a well-defined commonality in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class that predominate over questions that may affect individual Class members include:

a. Whether the Director Defendants breached the fiduciary duty of candor owed to the Company's public stockholders by procuring stockholder approval for the Transactions through a false and misleading proxy statement;

b. Whether Lawal aided and abetted the Director Defendants' breach of the fiduciary duty of candor owed to the Company's stockholders by knowingly or recklessly aiding and abetting the promulgation of a false and misleading proxy statement; and

c. Whether and the extent to which Plaintiff and the other members of the Class have been damaged.

124. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

125. Plaintiff will fairly and adequately protect the interests of the Class and has retained counsel who are experienced in class action litigation and in litigation in the Delaware Court of Chancery.

126. Plaintiff has no interests that conflict with those of the Class.

127. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them.

COUNT III

DIRECT CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST THE DIRECTOR DEFENDANTS

128. Plaintiff repeats and realleges all of the preceding allegations as if fully set forth herein.

129. The Director Defendants, as Erin Energy directors and/or officers, owe the Class the fiduciary duty of candor (as part of its duty of loyalty). By virtue of their positions as directors and/or officers of Erin Energy and their exercise of control and ownership over the business and corporate affairs of the Company, the Director Defendants have, and at all relevant times had, the power to control and influence and did control and influence and cause the Company to engage in the practices complained of herein. The Director Defendants were required to: (a) use their ability to control and manage Erin Energy in a fair, just, and equitable manner, (b) act in furtherance of the best interests of Erin Energy and ***all*** of its stockholders, and (c) act with the utmost of candor in disclosing information about the Company to the Class, particularly in providing sufficient and accurate information in the Transaction Proxy.

130. The Director Defendants breached their fiduciary duties owed to the Company by, among other things, disseminating a false and misleading

Transaction Proxy that they used to procure stockholder approval of the Transactions, in violation of the duty of candor owed to the Company's stockholders.

131. The Director Defendants have knowingly, recklessly, and in bad faith violated the duty of candor that they owed to the Company's stockholders by causing to be disseminated the false and misleading Transaction Proxy.

132. As a result of the Director Defendants' breach of the duty of candor, Plaintiff and other members of the Class were damaged in that they were induced to approve the Transactions without having sufficient knowledge to make an informed vote.

COUNT IV

DIRECT CLAIM FOR AIDING AND ABETTING BREACH OF FIDUCIARY DUTY AGAINST LAWAL

133. Plaintiff repeats and realleges all of the preceding allegations as if fully set forth herein.

134. Defendant Lawal aided and abetted the Director Defendants' breach of the fiduciary duty of candor.

135. The Director Defendants breached their fiduciary duty of candor owed to the Class, and such conduct could not have occurred but for the conduct of Lawal.

136. Lawal had knowledge of undisclosed facts and that he was aiding and abetting the Director Defendants' breach of fiduciary duty of candor owed to the Company's stockholders,

137. Lawal thus knowingly participated in such breaches with the desire to complete the Transactions and to enrich himself, including but not limited to unloading the assets at a price that was unfair to the Company.

138. Lawal induced and provided substantial assistance to the Director Defendants in their preparation of the false and misleading Transaction Proxy.

139. As a result of Lawal's aiding and abetting the Director Defendants' breach of the duty of candor, Plaintiff and other members of the Class were damaged in that they were induced to approve the Transactions without having sufficient knowledge to make an informed vote.

RELIEF REQUESTED

WHEREFORE, Plaintiff demands judgment as follows:

A. Finding that demand on the Demand Board is excused as futile;

B. Finding Lawal and CEHL, in their capacities as the Company's controlling stockholders, liable for breaching their fiduciary duties owed to the Company;

C. Finding the Director Defendants liable for breaching their fiduciary duties owed to the Company and the Class;

D. Awarding the Company compensatory damages for Defendants' breaches of fiduciary duty owed to the Company, together with pre-and post-judgment interest;

E. Finding this action properly maintainable as a class action;

F. Awarding the Class compensatory damages for the Defendants' breach of fiduciary duty owed to the Class;

G. Awarding Plaintiff the costs and disbursements of this action, including attorneys', accountants' and experts' fees; and

H. Awarding such other and further relief as is just and equitable.

Dated: February 5, 2016

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