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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **December 31, 2018**

ENER-CORE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-37642

(Commission File Number)

45-0525350

(I.R.S. Employer
Identification No.)

**30100 Town Center Dr, Suite O-209
Laguna Niguel, California 92677**

(Address of principal executive offices) (Zip Code)

(949) 732-4400

(Registrant's telephone number, including area code)

**8965 Research Dr., Suite 100
Irvine, California 92618**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

2015 and 2016 Amendment Agreements and Waivers

Effective as of December 31, 2018, Ener-Core, Inc. (the “Company”) and certain investors holding convertible senior secured notes issued in April and May 2015 (the “2015 Notes”) and December 2016 (the “2016 Notes”) executed amendment agreements and waivers (the “2015 Amendment Agreements” and “2016 Amendment Agreements”, respectively, and together, the “Amendment Agreements”). The Amendment Agreements (i) amend and waive the application of certain provisions of the securities purchase agreements dated as of April 22, 2015 and May 7, 2015, pursuant to which the Company issued the 2015 Notes and 2016 Notes, respectively, as well as certain provisions of the 2015 Notes and 2016 Notes, in order to allow for issuance of additional convertible senior secured promissory notes in the aggregate principal amount of up to \$4,444,445 (the “Additional Notes”) and related warrants to purchase up to an aggregate of 22,222,223 shares of the Company’s common stock (the “Additional Warrants”); (ii) waive any events of default occurring under the 2015 Notes and 2016 Notes from December 31, 2017 through December 31, 2018; (iii) extend the maturity date of the 2015 Notes and 2016 Notes to January 31, 2019; (iv) extend the deadline set forth in the securities purchase agreements pursuant to which the Company issued the 2015 Notes and 2016 Notes, respectively, for the Company to commence trading of its common stock on a national securities exchange to January 31, 2019 (the “Listing Requirement”); (v) amend the optional redemption provisions set forth in the 2015 Notes and 2016 Notes, respectively, to provide that at any time from and after February 1, 2019 and provided that the Company has not received either (x) initial deposits for at least eight 2 megawatt (MW) Power Oxidizer units or (y) firm purchase orders totaling not less than \$3,500,000 and initial payment collections of at least \$1,600,000 by January 31, 2019 (inclusive), a holder has the right to require that the Company redeem all or any portion of his, her or its 2015 Note or 2016 Note, respectively (the “Redemption Requirement”); and (vi) amend the definition of “Eligible Market” in each of the 2015 Notes and 2016 Notes to correspond to the extension of the Company’s deadline to commence trading of its common stock on a national securities exchange to January 31, 2019.

Notwithstanding the foregoing, effective upon the issuance by the Company of Additional Notes for aggregate gross proceeds of at least \$2,000,000, the Amendment Agreements will (i) remove the Listing Requirement; (ii) remove the Redemption Requirement and the associated definitions; (iii) remove the Listing Requirement deadline set forth in the definition of “Eligible Market” in each of the 2015 Notes and 2016 Notes; and (iii) extend the maturity date of the 2015 Notes and 2016 Notes to December 31, 2020.

The Amendment Agreements are binding upon the holders all of the 2015 Notes and 2016 Notes and the parties to the related securities purchase agreements pursuant to the terms thereof.

Bridge Notes Amendment Agreements and Waiver

Effective as of December 31, 2018, the Company and certain investors that holds convertible senior secured notes issued in September 2017, November 2017, December 2017, January 2018, and March 2018 (the “Bridge Notes”) executed amendment agreements and waivers (the “Bridge Notes Amendment Agreement”), which (i) amend and waive the application of certain provisions of the securities purchase agreement dated as of September 19, 2017, pursuant to which the Company issued the Bridge Notes, as well as certain provisions of the Bridge Notes, in order to allow for issuance of the Additional Notes and Additional Warrants; (ii) waive any events of default occurring under the Bridge Notes from December 31, 2017 through December 31, 2018; (iii) extend the maturity date of the Bridge Notes to January 31, 2019 and, upon the issuance by the Company of Additional Notes for aggregate gross proceeds of \$2,000,000, further extend the maturity date of the Bridge Notes to December 31, 2020; and (iv) amends the Redemption Requirement set forth in the Bridge Notes to correspond to the amendments set forth in the Amendment Agreements, including the removal of the Redemption Requirement upon the issuance by the Company of Additional Notes for aggregate gross proceeds of at least \$2,000,000. The Bridge Notes Amendment Agreement is binding upon the holders all of the Bridge Notes pursuant to the terms thereof.

Convertible Notes Amendment Agreements and Waivers

Effective as of December 31, 2018, the Company and certain investors that hold convertible senior secured notes issued in June 2018 (the “June 2018 Notes”) executed amendment agreements and waivers (the “June 2018 Notes Amendment Agreement”), which (i) amend and waive the application of certain provisions of the securities purchase agreement dated as of June 5, 2018, pursuant to which the Company issued the June 2018 Notes, as well as certain provisions of the June 2018 Notes, in order to allow for issuance of the Additional Notes and Additional Warrants; (ii) waive any events of default occurring under the June 2018 Notes from the date of issuance through December 31, 2018; (iii) extend the maturity date of the June 2018 Notes to January 31, 2019 and, upon the issuance by the Company of Additional Notes for aggregate gross proceeds of \$2,000,000, further extend the maturity date of the June 2018 Notes to December 31, 2020; and (iv) amends the Redemption Requirement set forth in the June 2018 Notes to correspond to the amendments set forth in the Amendment Agreements, including the removal of the Redemption Requirement upon the issuance by the Company of Additional Notes for aggregate gross proceeds of at least \$2,000,000. The June 2018 Notes Amendment Agreement is binding upon the holders all of the June 2018 Notes pursuant to the terms thereof.

The forms of 2015 Amendment Agreement, 2016 Amendment Agreement, Bridge Notes Amendment Agreement and June 2018 Notes Amendment Agreement are attached as Exhibits 4.1, 4.2, 4.3 and 4.4, respectively, to this Current Report on Form 8-K and are also incorporated herein by reference. The foregoing descriptions of these agreements and instruments do not purport to be complete and are qualified in their entirety by reference to such exhibits.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
4.1	<u>Form of 2015 Amendment Agreement, effective as of December 31, 2018</u>
4.2	<u>Form of 2016 Amendment Agreement, effective as of December 31, 2018</u>
4.3	<u>Form of Bridge Notes Amendment Agreement, effective as of December 31, 2018</u>
4.4	<u>Form of June 2018 Notes Amendment Agreement, effective as of December 31, 2018</u>

SIGNATURES

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

ENER-CORE, INC.

Dated: January 3, 2019

By: /s/ Domonic J. Carney
Domonic J. Carney
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
4.1	<u>Form of 2015 Amendment Agreement, effective as of December 31, 2018</u>
4.2	<u>Form of 2016 Amendment Agreement, effective as of December 31, 2018</u>
4.3	<u>Form of Bridge Notes Amendment Agreement, effective as of December 31, 2018</u>
4.4	<u>Form of June 2018 Notes Amendment Agreement, effective as of December 31, 2018</u>

AMENDMENT AGREEMENT AND WAIVER

This **AMENDMENT AGREEMENT AND WAIVER** (the “**Amendment**”), dated as of December 31, 2018, is made by and between Ener-Core, Inc., a Delaware corporation, with headquarters located at 30100 Town Center Dr., Suite O-209, Laguna Niguel, California 92677 (the “**Company**”), and the investor listed on the signature page attached hereto (the “**Holder**”). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the SPAs (as defined below), as applicable.

RECITALS

A. Reference is made to that certain Securities Purchase Agreement dated as of April 22, 2015, by and among the Company, the Holder (if applicable) and the other investors (the “**April 2015 Other Holders**”) listed on the signature pages attached thereto (the “**April 2015 SPA**”) and, if applicable, the Senior Secured Notes issued to the Holder pursuant thereto, as amended and restated on December 2, 2016 pursuant to certain amendment agreements (as amended from time to time prior to the date hereof, the “**April 2015 Notes**”);

B. Reference is made to that certain Securities Purchase Agreement dated as of May 7, 2015, by and among the Company, the Holder (if applicable) and the other investors (the “**May 2015 Other Holders**”) and together with the April 2015 Other Holders, the “**Other Holders**” and together with the Holder, the “**Holder**”) listed on the signature pages attached thereto (the “**May 2015 SPA**” and together with the April 2015 SPA, individually, an “**SPA**” and collectively, the “**SPAs**”), and, if applicable, the Senior Secured Notes issued to the Holder pursuant thereto, as amended and restated on December 2, 2016 pursuant to certain amendment agreements (as amended from time to time prior to the date hereof, the “**May 2015 Notes**” and together with the April 2015 Notes, the “**2015 Notes**”);

C. The Company intends to issue additional convertible senior secured promissory notes in the aggregate principal amount of up to \$4,444,445 (the “**December 2018 Notes**”) and related warrants to purchase up to an aggregate of 22,222,223 shares of the Company’s Common Stock (the “**December 2018 Warrants**”) in order to support its working capital needs; and

D. In compliance with Section 15 of the 2015 Notes and the SPAs, this Amendment shall only be effective upon the execution and delivery of this Amendment and agreements in form and substance identical to this Amendment (other than with respect to the identity of the Holder and any provision regarding the reimbursement of legal fees) (the “**Other Agreements**” and together with this Amendment, the “**Amendments**”) by Other Holders of the 2015 Notes (each an “**Other Holder**”) representing on the Closing Date at least the Required Holders (as defined in each of the 2015 Notes) (such time, the “**Effective Time**”).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing mutual premises and the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt, and legal adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
SECURITIES PURCHASE AGREEMENTS

1. Extension and Removal of Listing Deadline. The first sentence of Section 4(f) of the each of the SPAs is hereby amended and restated as follows:

“The Company shall commence trading of its Common Stock on either The New York Stock Exchange, Inc., the NYSE American, The NASDAQ Capital Market, The NASDAQ Global Select Market or The NASDAQ Global Market (collectively, the “**Qualified Eligible Markets**”) no later than January 31, 2019 (the “**Listing Deadline**”).”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to that certain Securities Purchase Agreement, dated as of [], by and among the Company, the investors set forth on the Schedule of Buyers thereto and the investors, if any, party to a joinder agreement with respect thereto, as the same may be amended or otherwise modified from time to time pursuant to the terms thereof (the “**December 2018 SPA**”), the first sentence of Section 4(f) of each of the SPAs is hereby amended and restated as follows:

“[Reserved].”

2. Waiver of Effect of Issuance of December 2018 Notes on SPAs. Each Required Holder hereby consents to the waiver of, and hereby irrevocably waives, the effect of the issuance of the December 2018 Notes and the December 2018 Warrants pursuant to that certain December 2018 SPA on any representation, warranty or covenant in the SPAs, including but not limited to Sections 4(k) thereof.

ARTICLE II
NOTES

1. Waiver of Effect of Issuance of December 2018 Notes on 2015 Notes. Each Required Holder hereby consents to the waiver of, and hereby irrevocably waives, the effect of the issuance of the December 2018 Notes pursuant to the December 2018 SPA on any representation, warranty or covenant in the 2015 Notes, including but not limited to Sections 4(a) and 14(d) thereof.

2. Waiver of Effect of Payments Under Side Letter. Each Required Holder hereby consents to the waiver of, and irrevocably waives, the effect of any payments of principal, interest and/or late charges outstanding under the December 2018 Notes pursuant to the terms of that certain side letter, dated as of [] (the “**Side Letter**”), by and among the Company and the holders of the December 2018 Notes, and, without limiting the generality of the foregoing, hereby acknowledges and agrees that any such payments pursuant to the terms of the Side Letter shall not (i) constitute an Event of Default (as defined in the 2015 Notes), (ii) constitute a breach of Section 14(d) of the 2015 Notes or (iii) obligate the Company to repay or redeem the 2015 Notes on the terms described in the Side Letter.

3. Waiver of Events of Default. Any Event of Default pursuant to Section 4(a) of each of the 2015 Notes occurring from or after December 31, 2017, and through and including the effective date of this Amendment, including any Event of Default related to the Company’s filing of reports required to be filed by it with the SEC pursuant to the reporting requirements of the 1934 Act, is irrevocably waived on behalf of all holders of 2015 Notes. Such waiver shall extend to, without limitation any adjustments of terms, applications of alternate rights and any Company restrictions that would have arisen from any such Event of Default.

4. Maturity Date. The third sentence of Section 1 of the 2015 Notes is hereby amended and restated as follows:

“The “**Maturity Date**” shall be January 31, 2019, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined in Section 4(a)) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default and (ii) through the date that is ten (10) Business Days after the consummation of a Change of Control in the event that a Change of Control is publicly announced or a Change of Control Notice (as defined in Section 5(b)) is delivered prior to the Maturity Date.”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA, the third sentence of Section 1 of the 2015 Notes is hereby amended and restated as follows:

“The “**Maturity Date**” shall be December 31, 2020, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined in Section 4(a)) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default and (ii) through the date that is ten (10) Business Days after the consummation of a Change of Control in the event that a Change of Control is publicly announced or a Change of Control Notice (as defined in Section 5(b)) is delivered prior to the Maturity Date.”

5. Optional Redemption at the Holder’s Election. The first sentence of Section 7 of the 2015 Notes is hereby amended and restated as follows:

“At any time from and after February 1, 2019 and provided that the Company shall not have received either (i) initial deposits for at least eight 2 megawatt (MW) Power Oxidizer units or (ii) firm purchase orders totaling not less than \$3,500,000 and initial payment collections of at least \$1,600,000, in each case during the period commencing on the Issuance Date and ending on January 31, 2019 (inclusive), the Holder shall have the right, in its sole and absolute discretion, at any time or times, to require that the Company redeem (a “**Holder Optional Redemption**”) all or any portion of the Conversion Amount of this Note then outstanding by delivering written notice thereof (a “**Holder Optional Redemption Notice**” and the date the Holder delivers such notice, the “**Holder Optional Redemption Notice Date**”) to the Company, which notice shall state (i) the portion of this Note that is being redeemed and (ii) the date on which the Holder Optional Redemption shall occur, which date shall be not less than three (3) Business Days from the Holder Optional Redemption Notice Date (the “**Holder Optional Redemption Date**”).”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA:

a. Section 7. Section 7 of the 2015 Notes is hereby amended and restated as follows:

“[Reserved].”

b. Section 11(a). The third sentence of Section 11(a) of the 2015 Notes is hereby deleted.

- c. Section 30(ee). The phrase “Holder Optional Redemption Dates” is hereby deleted from Section 30(ee) of the 2015 Notes.
- d. Section 30(ff). The phrase “Holder Optional Redemption Notices” is hereby deleted from Section 30(ff) of the 2015 Notes.
- e. Section 30(gg). The phrase “Holder Optional Redemption Prices” is hereby deleted from Section 30(gg) of the 2015 Notes.

6. Amendment of Definition of “Permitted Indebtedness”. Section 30(aa) of the 2015 Notes is hereby amended and restated as follows:

“(aa) **“Permitted Indebtedness”** means (i) Indebtedness evidenced by this Note and the Other Notes, (ii) trade payables incurred in the ordinary course of business consistent with past practice, (iii) Indebtedness incurred by the Company that is made expressly subordinate in right of payment to the Indebtedness evidenced by this Note, as reflected in a written agreement acceptable to the Required Holders and approved by the Required Holders in writing, and which Indebtedness does not provide at any time for (a) the payment, prepayment, repayment, repurchase or defeasance, directly or indirectly, of any principal or premium, if any, thereon until ninety-one (91) days after the Maturity Date or later and (b) total interest and fees at a rate in excess of twelve percent (12.0%) per annum, (iv) Indebtedness secured by Permitted Liens described in clauses (iv) of the definition of Permitted Liens, (v) deemed Indebtedness arising from one or more operating leases, including, without limitation, the leases for one or more test turbines from Dresser-Rand, but only if such lease, if secured, is secured solely by such test turbine, (vi) Indebtedness incurred pursuant to the Backstop Agreement, (vii) Indebtedness by the notes issued pursuant to the Securities Purchase Agreement dated as of September 1, 2016 by and among the Company and the investors thereto, as subsequently amended, restated or modified thereafter, (viii) the Additional Notes issued prior to or on the Initial Closing Date, provided that the Indebtedness evidenced by the Additional Notes is not increased, refinanced, amended, changed or modified on or after the date of issuance thereof, (ix) the guarantees pursuant to the Guaranty Agreements, (x) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of September 19, 2017 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter, (xi) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of June 5, 2018 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter and (xii) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of December [], 2018 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter.”

7. Eligible Market Deadline. Section 30(m) of the 2015 Notes is hereby amended and restated as follows:

“**“Eligible Market”** means The New York Stock Exchange, The NASDAQ Global Market, The NASDAQ Global Select Market, The NASDAQ Capital Market or the NYSE American or, on or prior to January 31, 2019, the Principal Market.

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA, Section 30(m) of the 2015 Notes is hereby amended and restated as follows.

“Eligible Market” means The New York Stock Exchange, The NASDAQ Global Market, The NASDAQ Global Select Market, The NASDAQ Capital Market, the NYSE American or the Principal Market.”

ARTICLE III MISCELLANEOUS

1. Effect of this Amendment. This Amendment shall form a part of the 2015 Notes and SPAs for all purposes, and each holder of 2015 Notes and each party to the SPAs shall be bound hereby. This Amendment shall only be deemed to be in full force and effect from and after both the execution of this Amendment by the parties hereto and the execution of Amendments substantially identical to this Amendment by the Company and “Holders” holding at least a majority of the aggregate principal amount of the 2015 Notes outstanding, including the Lead Investor, as well as the Collateral Agent, that, together with undersigned, constitute the Required Holders under each of the 2015 Notes and SPAs. From and after such effectiveness, any reference to the 2015 Notes and the SPAs shall be deemed to be a reference to the 2015 Notes and SPAs, as amended hereby. Except as specifically amended as set forth herein, each term and condition of the 2015 Notes and SPAs shall continue in full force and effect.

2. Entire Agreement. This Amendment, together with the SPAs and 2015 Notes, as amended and/or amended and restated to date, contains the entire agreement of the parties with respect to the matters contemplated hereby and thereby, and supersedes any prior or contemporaneous written or oral agreements between them concerning the subject matter of this Amendment.

3. Governing Law. This Amendment shall be governed by the internal law of the State of New York.

4. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Amendment may be executed by fax or electronic mail, in PDF format, and no party hereto may contest this Amendment’s validity solely because a signature was faxed or otherwise sent electronically.

[Signature Page Follows]

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature pages to this Amendment to be duly executed as of the date first written above.

COMPANY:

ENER-CORE, INC.

By: _____
Name: Domonic J. Carney
Title: Chief Financial Officer

Signature Page to Amendment Agreement and Waiver—2015 Notes

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature pages to this Amendment to be duly executed as of the date first written above.

HOLDER:

By: _____
Name:
Title:

Signature Page to Amendment Agreement and Waiver—2015 Notes

AMENDMENT AGREEMENT AND WAIVER

This **AMENDMENT AGREEMENT AND WAIVER** (the “**Amendment**”), dated as of December 31, 2018, is made by and between Ener-Core, Inc., a Delaware corporation, with headquarters located at 30100 Town Center Dr., Suite O-209, Laguna Niguel, California 92677 (the “**Company**”), and the investor listed on the signature page attached hereto (the “**Holder**”). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the November 2016 SPA (as defined below), as applicable.

RECITALS

A. Reference is made to that certain Securities Purchase Agreement dated as of November 23, 2016, by and among the Company, the Holder and the other investors listed on the signature pages attached thereto and party to a joinder agreement thereto (the “**November 2016 SPA**”); and the Senior Secured Notes issued to the Holder pursuant thereto (as amended from time to time prior to the date hereof, the “**November 2016 Notes**”);

B. The Company intends to issue additional convertible senior secured promissory notes in the aggregate principal amount of up to \$4,444,445 (the “**December 2018 Notes**”) and related warrants to purchase up to an aggregate of 22,222,223 shares of the Company’s Common Stock (the “**December 2018 Warrants**”) in order to support its working capital needs;

C. The Company and the Holder desire to amend the November 2016 SPA and each of the November 2016 Notes as set forth herein and waive the application of certain provisions in the November 2016 SPA and November 2016 Notes in connection with the issuance of such June 2018 Notes; and

D. In compliance with Section 15 of the November 2016 Notes and the November 2016 SPA, this Amendment shall only be effective upon the execution and delivery of this Amendment and agreements in form and substance identical to this Amendment (other than with respect to the identity of the Holder and any provision regarding the reimbursement of legal fees) (together with this Amendment, the “**Amendments**”) by other holders of the November 2016 Notes representing at least the Required Holders (as defined in each of the November 2016 Notes) (such time, the “**Effective Time**”).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing mutual premises and the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt, and legal adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**ARTICLE I
SECURITIES PURCHASE AGREEMENT**

1. Extension and Removal of Listing Deadline. The first sentence of Section 4(f) of the November 2016 SPA is hereby amended and restated as follows:

“The Company shall commence trading of its Common Stock on either The New York Stock Exchange, Inc., the NYSE American, The NASDAQ Capital Market, The NASDAQ Global Select Market or The NASDAQ Global Market (collectively, the “**Qualified Eligible Markets**”) no later than January 31, 2019 (the “**Listing Deadline**”).”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to that certain Securities Purchase Agreement, dated as of [], by and among the Company, the investors set forth on the Schedule of Buyers thereto and the investors, if any, party to a joinder agreement with respect thereto, as the same may be amended or otherwise modified from time to time pursuant to the terms thereof (the “**December 2018 SPA**”), the first sentence of Section 4(f) of the November 2016 SPA is hereby amended and restated as follows:

“[Reserved].”

2. Waiver of Effect of Issuance of December 2018 Notes on November 2016 SPA. Each Required Holder hereby consents to the waiver of, and hereby irrevocably waives, the effect of the issuance of the December 2018 Notes and the December 2018 Warrants pursuant to that certain December 2018 SPA on any representation, warranty or covenant in the November 2016 SPA, including but not limited to Sections 4(k) and 4(r) thereof, to the extent applicable.

ARTICLE II NOTES

1. Waiver of Effect of Issuance of December 2018 Notes on November 2016 Notes. Each Required Holder hereby consents to the waiver of, and hereby irrevocably waives, the effect of the issuance of the December 2018 Notes pursuant to the December 2018 SPA on any representation, warranty or covenant in the November 2016 Notes, including but not limited to Sections 4(a) and 14(d) thereof.

2. Waiver of Effect of Payments Under Side Letter. Each Required Holder hereby consents to the waiver of, and irrevocably waives, the effect of any payments of principal, interest and/or late charges outstanding under the December 2018 Notes pursuant to the terms of that certain side letter, dated as of [] (the “**Side Letter**”), by and among the Company and the holders of the December 2018 Notes, and, without limiting the generality of the foregoing, hereby acknowledges and agrees that any such payments pursuant to the terms of the Side Letter shall not (i) constitute an Event of Default (as defined in the November 2016 Notes), (ii) constitute a breach of Section 14(d) of the November 2016 Notes or (iii) obligate the Company to repay or redeem the November 2016 Notes on the terms described in the Side Letter.

3. Waiver of Events of Default. Any Event of Default pursuant to Section 4(a) of each of the November 2016 Notes occurring from or after December 31, 2017, and through and including the effective date of this Amendment, including any Event of Default related to the Company’s filing of reports required to be filed by it with the SEC pursuant to the reporting requirements of the 1934 Act, is irrevocably waived on behalf of all holders of November 2016 Notes. Such waiver shall extend to, without limitation any adjustments of terms, applications of alternate rights and any Company restrictions that would have arisen from any such Event of Default.

4. Maturity Date. The third sentence of Section 1 of the November 2016 Notes is hereby amended and restated as follows:

“The “**Maturity Date**” shall be January 31, 2019, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined in Section 4(a)) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default and (ii) through the date that is ten (10) Business Days after the consummation of a Change of Control in the event that a Change of Control is publicly announced or a Change of Control Notice (as defined in Section 5(b)) is delivered prior to the Maturity Date.”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA, the third sentence of Section 1 of the November 2016 Notes is hereby amended and restated as follows:

“The “**Maturity Date**” shall be December 31, 2020, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined in Section 4(a)) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default and (ii) through the date that is ten (10) Business Days after the consummation of a Change of Control in the event that a Change of Control is publicly announced or a Change of Control Notice (as defined in Section 5(b)) is delivered prior to the Maturity Date.”

5. Optional Redemption at the Holder’s Election. The first sentence of Section 7 of the November 2016 Notes is hereby amended and restated as follows:

“At any time from and after February 1, 2019 and provided that the Company shall not have received either (i) initial deposits for at least eight 2 megawatt (MW) Power Oxidizer units or (ii) firm purchase orders totaling not less than \$3,500,000 and initial payment collections of at least \$1,600,000, in each case during the period commencing on the Issuance Date and ending on January 31, 2019 (inclusive), the Holder shall have the right, in its sole and absolute discretion, at any time or times, to require that the Company redeem (a “**Holder Optional Redemption**”) all or any portion of the Conversion Amount of this Note then outstanding by delivering written notice thereof (a “**Holder Optional Redemption Notice**” and the date the Holder delivers such notice, the “**Holder Optional Redemption Notice Date**”) to the Company, which notice shall state (i) the portion of this Note that is being redeemed and (ii) the date on which the Holder Optional Redemption shall occur, which date shall be not less than three (3) Business Days from the Holder Optional Redemption Notice Date (the “**Holder Optional Redemption Date**”).”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA:

a. Section 7. Section 7 of the November 2016 Notes is hereby amended and restated as follows:

“[Reserved].”

b. Section 11(a). The third sentence of Section 11(a) of the November 2016 Notes is hereby deleted.

c. Section 30(ee). The phrase “Holder Optional Redemption Dates” is hereby deleted from Section 30(ee) of the November 2016 Notes.

- d. Section 30(ff). The phrase “Holder Optional Redemption Notices” is hereby deleted from Section 30(ff) of the November 2016 Notes.
- e. Section 30(gg). The phrase “Holder Optional Redemption Prices” is hereby deleted from Section 30(gg) of the November 2016 Notes.

6. Amendment of Definition of “Permitted Indebtedness”. Section 30(aa) of the November 2016 Notes is hereby amended and restated as follows:

“(aa) **“Permitted Indebtedness”** means (i) Indebtedness evidenced by this Note and the Other Notes, (ii) trade payables incurred in the ordinary course of business consistent with past practice, (iii) Indebtedness incurred by the Company that is made expressly subordinate in right of payment to the Indebtedness evidenced by this Note, as reflected in a written agreement acceptable to the Required Holders and approved by the Required Holders in writing, and which Indebtedness does not provide at any time for (a) the payment, prepayment, repayment, repurchase or defeasance, directly or indirectly, of any principal or premium, if any, thereon until ninety-one (91) days after the Maturity Date or later and (b) total interest and fees at a rate in excess of twelve percent (12.0%) per annum, (iv) Indebtedness secured by Permitted Liens described in clauses (iv) of the definition of Permitted Liens, (v) deemed Indebtedness arising from one or more operating leases, including, without limitation, the leases for one or more test turbines from Dresser-Rand, but only if such lease, if secured, is secured solely by such test turbine, (vi) Indebtedness incurred pursuant to the Backstop Agreement, (vii) Indebtedness by the notes issued pursuant to the Securities Purchase Agreement dated as of September 1, 2016 by and among the Company and the investors thereto, as subsequently amended, restated or modified thereafter), (viii) the Additional Notes issued prior to or on the Initial Closing Date, provided that the Indebtedness evidenced by the Additional Notes is not increased, refinanced, amended, changed or modified on or after the date of issuance thereof, (ix) the guarantees pursuant to the Guaranty Agreements, (x) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of September 19, 2017 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter, (xi) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of June 5, 2018 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter and (xii) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of December [], 2018 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter.”

7. Eligible Market Deadline. Section 30(l) of the November 2016 Notes is hereby amended and restated as follows:

“Eligible Market” means The New York Stock Exchange, The NASDAQ Global Market, The NASDAQ Global Select Market, The NASDAQ Capital Market or the NYSE American or, on or prior to January 31, 2019, the Principal Market.

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA, Section 30(l) of the November 2016 Notes is hereby amended and restated as follows.

“Eligible Market” means The New York Stock Exchange, The NASDAQ Global Market, The NASDAQ Global Select Market, The NASDAQ Capital Market, the NYSE American or the Principal Market.”

**ARTICLE III
MISCELLANEOUS**

1. Effect of this Amendment. This Amendment shall form a part of the November 2016 Notes for all purposes, and each holder of November 2016 Notes shall be bound hereby. This Amendment shall only be deemed to be in full force and effect from and after both the execution of this Amendment by the parties hereto and the execution of Amendments substantially identical to this Amendment by the Company and “Holders” holding at least a majority of the aggregate principal amount of the November 2016 Notes outstanding, including the Lead Investor, as well as the Collateral Agent, that, together with undersigned, constitute the Required Holders. From and after such effectiveness, any reference to the November 2016 Notes shall be deemed to be a reference to the November 2016 Notes, as amended hereby. Except as specifically amended as set forth herein, each term and condition of the November 2016 Notes shall continue in full force and effect.

2. Entire Agreement. This Amendment, together with the November 2016 SPA and November 2016 Notes, as amended to date, contains the entire agreement of the parties with respect to the matters contemplated hereby and thereby, and supersedes any prior or contemporaneous written or oral agreements between them concerning the subject matter of this Amendment.

3. Governing Law. This Amendment shall be governed by the internal law of the State of New York.

4. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Amendment may be executed by fax or electronic mail, in PDF format, and no party hereto may contest this Amendment’s validity solely because a signature was faxed or otherwise sent electronically.

[Signature Page Follows]

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature pages to this Amendment to be duly executed as of the date first written above.

COMPANY:

ENER-CORE, INC.

By: _____
Name: Domonic J. Carney
Title: Chief Financial Officer

Signature Page to Amendment Agreement and Waiver—2016 Notes

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature pages to this Amendment to be duly executed as of the date first written above.

HOLDER:

By: _____
Name:
Title:

Signature Page to Amendment Agreement and Waiver—2016 Notes

AMENDMENT AGREEMENT AND WAIVER

This **AMENDMENT AGREEMENT AND WAIVER** (the “**Amendment**”), dated as of December 31, 2018, is made by and between Ener-Core, Inc., a Delaware corporation, with headquarters located at 30100 Town Center Dr., Suite O-209, Laguna Niguel, California 92677 (the “**Company**”), and the investor listed on the signature page attached hereto (the “**Holder**”). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Bridge SPA (as defined below), as applicable.

RECITALS

A. Reference is made to that certain Securities Purchase Agreement dated as of September 19, 2017, by and among the Company, the Holder and the other investors listed on the signature pages attached thereto and party to a joinder agreement thereto (as amended and/or restated from time to time, the “**Bridge SPA**”); and the Senior Secured Notes issued to the Holder pursuant thereto (as amended from time to time prior to the date hereof, the “**Bridge Notes**”);

B. The Company intends to issue additional convertible senior secured promissory notes in the aggregate principal amount of up to \$4,444,445 (the “**December 2018 Notes**”) and related warrants to purchase up to an aggregate of 22,222,223 shares of the Company’s Common Stock (the “**December 2018 Warrants**”) in order to support its working capital needs;

C. The Company and the Holder desire to amend each of the Bridge Notes as set forth herein and waive the application of certain provisions in the Bridge SPA and Bridge Notes in connection with the issuance of such December 2018 Notes; and

D. In compliance with Section 15 of the Bridge Notes and the Bridge SPA, this Amendment shall only be effective upon the execution and delivery of this Amendment and agreements in form and substance identical to this Amendment (other than with respect to the identity of the Holder and any provision regarding the reimbursement of legal fees) (together with this Amendment, the “**Amendments**”) by the Required Holders (as defined in the Bridge Notes and Bridge SPA, respectively) (such time, the “**Effective Time**”).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing mutual premises and the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt, and legal adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**ARTICLE I
SECURITIES PURCHASE AGREEMENT**

1. Waiver of Effect of Issuance of December 2018 Notes on Bridge SPA. Each Required Holder hereby consents to the waiver of, and hereby irrevocably waives, the effect of the issuance of the December 2018 Notes and the December 2018 Warrants pursuant to that certain December 2018 SPA on any representation, warranty or covenant in the Bridge SPA, including but not limited to Section 4(k) thereof, to the extent applicable.

ARTICLE II
NOTES

1. Waiver of Effect of Issuance of December 2018 Notes on Bridge Notes. Each Required Holder hereby consents to the waiver of, and hereby irrevocably waives, the effect of the issuance of the December 2018 Notes pursuant to the December 2018 SPA on any representation, warranty or covenant in the Bridge Notes, including but not limited to Sections 4(a) and 14(d) thereof.

2. Waiver of Effect of Payments Under Side Letter. Each Required Holder hereby consents to the waiver of, and irrevocably waives, the effect of any payments of principal, interest and/or late charges outstanding under the December 2018 Notes pursuant to the terms of that certain side letter, dated as of [] (the “**Side Letter**”), by and among the Company and the holders of the December 2018 Notes, and, without limiting the generality of the foregoing, hereby acknowledges and agrees that any such payments pursuant to the terms of the Side Letter shall not (i) constitute an Event of Default (as defined in the Bridge Notes), (ii) constitute a breach of Section 14(d) of the Bridge Notes or (iii) obligate the Company to repay or redeem the Bridge Notes on the terms described in the Side Letter.

3. Waiver of Events of Default. Any Event of Default pursuant to Section 4(a) of each of the Bridge Notes occurring from or after December 31, 2017, and through and including the effective date of this Amendment, including any Event of Default related to the Company’s filing of reports required to be filed by it with the SEC pursuant to the reporting requirements of the 1934 Act, is irrevocably waived on behalf of all holders of Bridge Notes. Such waiver shall extend to, without limitation any adjustments of terms, applications of alternate rights and any Company restrictions that would have arisen from any such Event of Default.

4. Maturity Date. The third sentence of Section 1 of the Bridge Notes is hereby amended and restated as follows:

“The “**Maturity Date**” shall be January 31, 2019, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined in Section 4(a)) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default and (ii) through the date that is ten (10) Business Days after the consummation of a Change of Control in the event that a Change of Control is publicly announced or a Change of Control Notice (as defined in Section 5(b)) is delivered prior to the Maturity Date.”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA, the third sentence of Section 1 of the Bridge Notes is hereby amended and restated as follows:

“The “**Maturity Date**” shall be December 31, 2020, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined in Section 4(a)) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default and (ii) through the date that is ten (10) Business Days after the consummation of a Change of Control in the event that a Change of Control is publicly announced or a Change of Control Notice (as defined in Section 5(b)) is delivered prior to the Maturity Date.”

5. Optional Redemption at the Holder's Election. The first sentence of Section 7 of the Bridge Notes is hereby amended and restated as follows:

“At any time from and after February 1, 2019 and provided that the Company shall not have received either (i) initial deposits for at least eight 2 megawatt (MW) Power Oxidizer units or (ii) firm purchase orders totaling not less than \$3,500,000 and initial payment collections of at least \$1,600,000, in each case during the period commencing on the Issuance Date and ending on January 31, 2019 (inclusive), the Holder shall have the right, in its sole and absolute discretion, at any time or times, to require that the Company redeem (a “**Holder Optional Redemption**”) all or any portion of the Conversion Amount of this Note then outstanding by delivering written notice thereof (a “**Holder Optional Redemption Notice**” and the date the Holder delivers such notice, the “**Holder Optional Redemption Notice Date**”) to the Company, which notice shall state (i) the portion of this Note that is being redeemed and (ii) the date on which the Holder Optional Redemption shall occur, which date shall be not less than three (3) Business Days from the Holder Optional Redemption Notice Date (the “**Holder Optional Redemption Date**”).”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA:

a. Section 7. Section 7 of the Bridge Notes is hereby amended and restated as follows:

“[Reserved].”

b. Section 11(a). The third sentence of Section 11(a) of the Bridge Notes is hereby deleted.

c. Section 30(ee). The phrase “Holder Optional Redemption Dates” is hereby deleted from Section 30(ee) of the Bridge Notes.

d. Section 30(ff). The phrase “Holder Optional Redemption Notices” is hereby deleted from Section 30(ff) of the Bridge Notes.

e. Section 30(gg). The phrase “Holder Optional Redemption Prices” is hereby deleted from Section 30(gg) of the Bridge Notes.

6. Amendment of Definition of “Permitted Indebtedness”. Section 30(aa) of the Bridge Notes is hereby amended and restated as follows:

“(aa) **“Permitted Indebtedness”** means (i) Indebtedness evidenced by this Note and the Other Notes, (ii) trade payables incurred in the ordinary course of business consistent with past practice, (iii) Indebtedness incurred by the Company that is made expressly subordinate in right of payment to the Indebtedness evidenced by this Note, as reflected in a written agreement acceptable to the Required Holders and approved by the Required Holders in writing, and which Indebtedness does not provide at any time for (a) the payment, prepayment, repayment, repurchase or defeasance, directly or indirectly, of any principal or premium, if any, thereon until ninety-one (91) days after the Maturity Date or later and (b) total interest and fees at a rate in excess of twelve percent (12.0%) per annum, (iv) Indebtedness secured by Permitted Liens described in clauses (iv) of the definition of Permitted Liens, (v) deemed Indebtedness arising from one or more operating leases, including, without limitation, the leases for one or more test turbines from Dresser-Rand, but only if such lease, if secured, is secured solely by such test turbine, (vi) Indebtedness incurred pursuant to the Backstop Agreement, (vii) Indebtedness by the notes issued pursuant to the Securities Purchase Agreement dated as of September 1, 2016 by and among the Company and the investors thereto, as subsequently amended, restated or modified thereafter, (viii) the Additional Notes issued prior to or on the Initial Closing Date, provided that the Indebtedness evidenced by the Additional Notes is not increased, refinanced, amended, changed or modified on or after the date of issuance thereof, (ix) the guarantees pursuant to the Guaranty Agreements, (x) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of June 5, 2018 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter and (xi) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of December [], 2018 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter.”

ARTICLE III MISCELLANEOUS

1. Effect of this Amendment. This Amendment shall form a part of the Bridge Notes for all purposes, and each holder of Bridge Notes shall be bound hereby. This Amendment shall only be deemed to be in full force and effect from and after both the execution of this Amendment by the parties hereto and the execution of Amendments substantially identical to this Amendment by the Company and the Required Holders (as defined in the Bridge Notes and Bridge SPA, respectively). From and after such effectiveness, any reference to the Bridge Notes shall be deemed to be a reference to the Bridge Notes, as amended hereby. Except as specifically amended as set forth herein, each term and condition of the Bridge Notes shall continue in full force and effect.

2. Entire Agreement. This Amendment, together with the Bridge SPA and Bridge Notes, as amended to date, contains the entire agreement of the parties with respect to the matters contemplated hereby and thereby, and supersedes any prior or contemporaneous written or oral agreements between them concerning the subject matter of this Amendment.

3. Governing Law. This Amendment shall be governed by the internal law of the State of New York.

4. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Amendment may be executed by fax or electronic mail, in PDF format, and no party hereto may contest this Amendment’s validity solely because a signature was faxed or otherwise sent electronically.

[Signature Page Follows]

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature pages to this Amendment to be duly executed as of the date first written above.

COMPANY:

ENER-CORE, INC.

By: _____

Name: Domonic J. Carney

Title: Chief Financial Officer

Signature Page to Amendment Agreement and Waiver—Bridge Notes

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature pages to this Amendment to be duly executed as of the date first written above.

HOLDER:

By: _____

Name:

Title:

Signature Page to Amendment Agreement and Waiver—Bridge Notes

AMENDMENT AGREEMENT AND WAIVER

This **AMENDMENT AGREEMENT AND WAIVER** (the “**Amendment**”), dated as of December 31, 2018, is made by and between Ener-Core, Inc., a Delaware corporation, with headquarters located at 30100 Town Center Dr., Suite O-209, Laguna Niguel, California 92677 (the “**Company**”), and the investor listed on the signature page attached hereto (the “**Holder**”). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the June 2018 SPA (as defined below), as applicable.

RECITALS

A. Reference is made to that certain Securities Purchase Agreement dated as of June 5, 2018, by and among the Company, the Holder and the other investors listed on the signature pages attached thereto and party to a joinder agreement thereto (as amended and/or restated from time to time, the “**June 2018 SPA**”); and the Senior Secured Notes issued to the Holder pursuant thereto (as amended from time to time prior to the date hereof, the “**June 2018 Notes**”);

B. The Company intends to issue additional convertible senior secured promissory notes in the aggregate principal amount of up to \$4,444,445 (the “**December 2018 Notes**”) and related warrants to purchase up to an aggregate of 8,888,889 shares of the Company’s Common Stock (the “**December 2018 Warrants**”) in order to support its working capital needs;

C. The Company and the Holder desire to amend each of the June 2018 Notes as set forth herein and waive the application of certain provisions in the June 2018 SPA and June 2018 Notes in connection with the issuance of such December 2018 Notes; and

D. In compliance with Section 15 of the June 2018 Notes and the June 2018 SPA, this Amendment shall only be effective upon the execution and delivery of this Amendment and agreements in form and substance identical to this Amendment (other than with respect to the identity of the Holder and any provision regarding the reimbursement of legal fees) (together with this Amendment, the “**Amendments**”) by the Required Holders (as defined in the June 2018 Notes and June 2018 SPA, respectively) (such time, the “**Effective Time**”).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing mutual premises and the covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt, and legal adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**ARTICLE I
SECURITIES PURCHASE AGREEMENT**

1. Waiver of Effect of Issuance of December 2018 Notes on June 2018 SPA. Each Required Holder hereby consents to the waiver of, and hereby irrevocably waives, the effect of the issuance of the December 2018 Notes and the December 2018 Warrants pursuant to that certain December 2018 SPA on any representation, warranty or covenant in the June 2018 SPA, including but not limited to Section 4(k) thereof, to the extent applicable.

ARTICLE II
NOTES

1. Waiver of Effect of Issuance of December 2018 Notes on June 2018 Notes. Each Required Holder hereby consents to the waiver of, and hereby irrevocably waives, the effect of the issuance of the December 2018 Notes pursuant to the December 2018 SPA on any representation, warranty or covenant in the June 2018 Notes, including but not limited to Sections 4(a) and 14(d) thereof.

2. Waiver of Effect of Payments Under Side Letter. Each Required Holder hereby consents to the waiver of, and irrevocably waives, the effect of any payments of principal, interest and/or late charges outstanding under the December 2018 Notes pursuant to the terms of that certain side letter, dated as of [] (the “**Side Letter**”), by and among the Company and the holders of the December 2018 Notes, and, without limiting the generality of the foregoing, hereby acknowledges and agrees that any such payments pursuant to the terms of the Side Letter shall not (i) constitute an Event of Default (as defined in the June 2018 Notes), (ii) constitute a breach of Section 14(d) of the June 2018 Notes or (iii) obligate the Company to repay or redeem the June 2018 Notes on the terms described in the Side Letter.

3. Waiver of Events of Default. Any Event of Default pursuant to Section 4(a) of each of the June 2018 Notes occurring from or after the Issuance Date (as defined in the June 2018 Notes), and through and including the effective date of this Amendment, including any Event of Default related to the Company’s filing of reports required to be filed by it with the SEC pursuant to the reporting requirements of the 1934 Act, is irrevocably waived on behalf of all holders of June 2018 Notes. Such waiver shall extend to, without limitation any adjustments of terms, applications of alternate rights and any Company restrictions that would have arisen from any such Event of Default.

4. Maturity Date. The third sentence of Section 1 of the June 2018 Notes is hereby amended and restated as follows:

“The “**Maturity Date**” shall be January 31, 2019, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined in Section 4(a)) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default and (ii) through the date that is ten (10) Business Days after the consummation of a Change of Control in the event that a Change of Control is publicly announced or a Change of Control Notice (as defined in Section 5(b)) is delivered prior to the Maturity Date.”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA, the third sentence of Section 1 of the June 2018 Notes is hereby amended and restated as follows:

“The “**Maturity Date**” shall be December 31, 2020, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined in Section 4(a)) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default and (ii) through the date that is ten (10) Business Days after the consummation of a Change of Control in the event that a Change of Control is publicly announced or a Change of Control Notice (as defined in Section 5(b)) is delivered prior to the Maturity Date.”

5. Optional Redemption at the Holder's Election. The first sentence of Section 7 of the June 2018 Notes is hereby amended and restated as follows:

“At any time from and after February 1, 2019 and provided that the Company shall not have received either (i) initial deposits for at least eight 2 megawatt (MW) Power Oxidizer units or (ii) firm purchase orders totaling not less than \$3,500,000 and initial payment collections of at least \$1,600,000, in each case during the period commencing on the Issuance Date and ending on January 31, 2019 (inclusive), the Holder shall have the right, in its sole and absolute discretion, at any time or times, to require that the Company redeem (a “**Holder Optional Redemption**”) all or any portion of the Conversion Amount of this Note then outstanding by delivering written notice thereof (a “**Holder Optional Redemption Notice**” and the date the Holder delivers such notice, the “**Holder Optional Redemption Notice Date**”) to the Company, which notice shall state (i) the portion of this Note that is being redeemed and (ii) the date on which the Holder Optional Redemption shall occur, which date shall be not less than three (3) Business Days from the Holder Optional Redemption Notice Date (the “**Holder Optional Redemption Date**”).”

Notwithstanding the foregoing, effective upon the issuance by the Company of December 2018 Notes for aggregate gross proceeds of at least \$2.0 million pursuant to the December 2018 SPA:

a. Section 7. Section 7 of the June 2018 Notes is hereby amended and restated as follows:

“[Reserved].”

b. Section 11(a). The third sentence of Section 11(a) of the June 2018 Notes is hereby deleted.

c. Section 30(ee). Section 30(ee) is hereby amended and restated as follows:

“**Redemption Dates**” means, collectively, the Event of Default Redemption Dates, the Change of Control Redemption Dates and the Company Optional Redemption Dates, each of the foregoing, individually, a Redemption Date.”

d. Section 30(ff). Section 30(ff) is hereby amended and restated as follows:

“**Redemption Notices**” means, collectively, the Event of Default Redemption Notices, the Change of Control Redemption Notices and the Company Optional Redemption Notices, each of the foregoing, individually, a Redemption Notice.

e. Section 30(gg). Section 30(gg) is hereby amended and restated as follows:

“**Redemption Prices**” means, collectively, the Event of Default Redemption Prices, the Change of Control Redemption Prices and the Company Optional Redemption Prices, each of the foregoing, individually, a Redemption Price”

6. Amendment of Definition of “Permitted Indebtedness”. Section 30(aa) of the June 2018 Notes is hereby amended and restated as follows:

“(aa) **“Permitted Indebtedness”** means (i) Indebtedness evidenced by this Note and the Other Notes, (ii) trade payables incurred in the ordinary course of business consistent with past practice, (iii) Indebtedness incurred by the Company that is made expressly subordinate in right of payment to the Indebtedness evidenced by this Note, as reflected in a written agreement acceptable to the Required Holders and approved by the Required Holders in writing, and which Indebtedness does not provide at any time for (a) the payment, prepayment, repayment, repurchase or defeasance, directly or indirectly, of any principal or premium, if any, thereon until ninety-one (91) days after the Maturity Date or later and (b) total interest and fees at a rate in excess of twelve percent (12.0%) per annum, (iv) Indebtedness secured by Permitted Liens described in clauses (iv) of the definition of Permitted Liens, (v) deemed Indebtedness arising from one or more operating leases, including, without limitation, the leases for one or more test turbines from Dresser-Rand, but only if such lease, if secured, is secured solely by such test turbine, (vi) Indebtedness incurred pursuant to the Backstop Agreement, (vii) Indebtedness by the notes issued pursuant to the Securities Purchase Agreement dated as of September 1, 2016 by and among the Company and the investors thereto, as subsequently amended, restated or modified thereafter), (viii) the Additional Notes issued prior to or on the Initial Closing Date, provided that the Indebtedness evidenced by the Additional Notes is not increased, refinanced, amended, changed or modified on or after the date of issuance thereof, (ix) the guarantees pursuant to the Guaranty Agreements, and (x) those certain senior secured convertible notes issued by the Company pursuant to that certain Securities Purchase Agreement, dated as of December [], 2018 by and among the Company and the investors listed on the signature pages attached thereto, as subsequently amended, restated or modified thereafter.”

ARTICLE III MISCELLANEOUS

1. Effect of this Amendment. This Amendment shall form a part of the June 2018 Notes for all purposes, and each holder of June 2018 Notes shall be bound hereby. This Amendment shall only be deemed to be in full force and effect from and after both the execution of this Amendment by the parties hereto and the execution of Amendments substantially identical to this Amendment by the Company and the Required Holders (as defined in the June 2018 Notes and June 2018 SPA, respectively). From and after such effectiveness, any reference to the June 2018 Notes shall be deemed to be a reference to the June 2018 Notes, as amended hereby. Except as specifically amended as set forth herein, each term and condition of the June 2018 Notes shall continue in full force and effect.

2. Entire Agreement. This Amendment, together with the June 2018 SPA and June 2018 Notes, as amended to date, contains the entire agreement of the parties with respect to the matters contemplated hereby and thereby, and supersedes any prior or contemporaneous written or oral agreements between them concerning the subject matter of this Amendment.

3. Governing Law. This Amendment shall be governed by the internal law of the State of New York.

4. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Amendment may be executed by fax or electronic mail, in PDF format, and no party hereto may contest this Amendment’s validity solely because a signature was faxed or otherwise sent electronically.

[Signature Page Follows]

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature pages to this Amendment to be duly executed as of the date first written above.

COMPANY:

ENER-CORE, INC.

By: _____

Name: Domonic J. Carney

Title: Chief Financial Officer

Signature Page to Amendment Agreement and Waiver—June 2018 Notes

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature pages to this Amendment to be duly executed as of the date first written above.

HOLDER:

By: _____
Name:
Title:

Signature Page to Amendment Agreement and Waiver—June 2018 Notes
