



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attached.

Lined area for listing Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See Attached.

Lined area for providing information on resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached.

Lined area for providing other information necessary for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶  Date ▶ 10-19-2016  
Print your name ▶ Mark J. Mize Title ▶ EVP, CFO and Treasurer

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

**Part I. Reporting Issuer**

Items 10 and 12.

<u>Description</u>	<u>CUSIP #</u>	<u>Ticker Symbol</u>
New Common Shares	40537Q605	HK
New Warrants	40537Q118	HK/WS

**Part II. Organization Action**

Item 14.

On September 9, 2016 (the “Effective Date”), Halcón Resources Corporation (the “Company”) completed a financial restructuring under Chapter 11 of the U.S. Bankruptcy Code (the “Reorganization”). As part of the Reorganization, (i) holders of Third Lien Note Claims received their pro rata shares of New Common Shares and Cash, (ii) holders of Unsecured Note Claims and Convertible Note Claims received their pro rata shares of New Common Shares, New Warrants and Cash, and (iii) holders of Existing Equity Interests received their pro rata shares of New Common Shares.

For more information regarding the Reorganization, please see the Company’s Plan of Reorganization, as amended, and Disclosure Statement filed with the U.S. Bankruptcy Court for Delaware, each available at <http://investors.halconresources.com/restructuring.cfm>. All capitalized terms not otherwise defined herein have the same meanings ascribed to them in the Disclosure Statement.

Item 15.

To the extent that the exchanges are treated as recapitalizations for U.S. federal income tax purposes, a holder’s aggregate tax basis in the New Common Shares and New Warrants, if applicable, received will equal such holder’s aggregate adjusted tax basis in the Claims exchanged therefor, increased by any gain or interest income recognized in the exchange and decreased by any Cash received. Such aggregate tax basis should be allocated among the New Common Shares and New Warrants, if applicable, received in accordance with their relative fair market values.

In the case of a taxable exchange, a holder’s tax basis in the New Common Shares and New Warrants, if applicable, received in respect of its Claim should equal their respective fair market values on the Effective Date.

The Company intends to take the position that the exchanges qualify as recapitalizations for U.S. federal income tax purposes.

Property	CUSIP	Exchange Ratio per \$1,000 of Principal (New Common Shares)	Exchange Ratio per \$1,000 of Principal (New Warrants)
13.0% Senior Secured Third Lien Notes due 2022	40537QAK6 U4057PAG0	67.634606	N/A
9.25% Senior Unsecured Notes due 2022	40537QAF7	21.459940	5.829525
8.875% Senior Unsecured Notes due 2021	4053QAD2	21.444138	5.825233
9.75% Senior Unsecured Notes due 2020	4053QAB6	21.483421	5.835904
8.0% Unsecured Convertible Note due 2020	N/A	12.427979	3.270521

Property	CUSIP	New Common Stock Exchange Ratio
Existing common stock in the Company	40537Q506	0.029451

Item 16.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the New Common Shares and New Warrants for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value to use.

There are several possible approaches for determining the fair market value of the New Common Shares and New Warrants. One possible approach is to use the average high and low trading prices of the Halcón common stock on the New York Stock Exchange (ticker: HK) on the Effective Date (\$10.52 per share).

One possible approach to valuing the New Warrants is to apply the Black-Scholes Model. Using this model, the New Warrants are valued in the aggregate at approximately \$11.0 million. Based on the issuance of 4,736,842 New Warrants, each Warrant would be valued at approximately \$2.32 on the Effective Date.

Item 17.

354(a), 356, 358, and 368(a)(1)(E).

Item 18.

To the extent the exchanges are treated as recapitalizations for U.S. federal income tax purposes, generally no loss may be recognized with respect to the Third Lien Note Claims, Unsecured Note Claims and Existing Equity Interests.

To the extent the exchanges are taxable, loss is recognizable in an amount generally equal to the excess of the holder's adjusted tax basis in the Claim relinquished over the aggregate fair market value of the New Common Shares and New Warrants, if applicable, received in exchange therefor.

Item 19.

We urge you to consult your own tax advisor regarding the particular tax consequences of the exchanges to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws.

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code.

We urge you to read the Disclosure Statement, particularly the discussion beginning on page 70 under the heading "Consequences to Holders of Certain Claims and Interests." Note that the Plan no longer provides that consideration received in respect of a Claim is allocable first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent of any excess, to any Claim for accrued but unpaid interest, despite language indicating otherwise in the Disclosure Statement.