

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Talos Energy Inc.		82-3532642	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
June Sarner	(713) 328-3000	investor@talosenergy.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
500 Dallas St., Suite 2000		Houston, TX 77002-4727	
8 Date of action	9 Classification and description		
May 10, 2018	11.00% Second-Priority Senior Secured Notes due 2022		
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
87484JAD2			

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attached statement

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attached statement

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attached statement

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 statement

Blank lined area for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See attached statement

Blank lined area for indicating if a resulting loss can be recognized.

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

Blank lined area for providing other information necessary to implement 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 ▶ *Burton Cole* Date ▶ 6/22/18
Print your name ▶ Burton Cole Title ▶ VP & CAO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	John M. Dixon	<i>[Signature]</i>	6/22/18		P01274298
	Firm's name ▶ Ernst & Young, LLP	Firm's EIN ▶ 1401 McKinney Street Ste. 1200, Houston, TX 77010		Firm's EIN ▶ 34-6565596	Phone no. 713-750-1500

Line 14

On May 10, 2018 Stone Energy Corporation ("Stone Energy"), Sailfish Energy Holdings Corporation ("New Sailfish"), Sailfish Merger Sub Corporation ("Merger Sub"), Talos Energy LLC ("Talos Energy"), and Talos Production LLC ("Talos Production") (collectively, "Merger Parties") completed a business combination pursuant to the Transaction Agreement dated November 21, 2017, by and among the same ("Transaction Agreement"). All of the second lien bridge loans (the "Talos Bridge Loans") issued by Talos Production and Talos Production Finance Inc. ("Talos Production Finance") and substantially all of the 7.500% Senior Secured Notes due 2022 (the "Stone Notes" and together with the Talos Bridge Loans, the ("Old Notes")) issued by Stone Energy with CUSIP 861642AQ9 were exchanged for the 11.00% Second-Priority Senior Secured Notes due 2022 (the "Talos Notes") issued by Talos Production and Talos Production Finance and a cash payment equal to 2.37% of the aggregate principal amount of the Old Notes exchanged. A series of transactions, including the debt exchanges, are described in the Transaction Agreement, which is available at:

<https://www.sec.gov/Archives/edgar/data/904080/000119312517349457/d556282dex21.htm>

Line 15

Talos Bridge Loan – Talos Production and Talos Production Finance have determined that the terms of the Talos Notes and the cash payment constituted a "significant modification" (within the meaning of Treasury Regulation § 1.1001-3) of the Talos Bridge Loans, and, therefore, a taxable exchange of the Talos Bridge Loans for the Talos Notes and a cash payment as described in Section 1001 of the Internal Revenue Code of 1986, as amended (the "Code"). The tax basis of the Talos Notes issued should be equal to the issue price of the Talos Notes, as described under Treasury Regulation § 1.1012-1(g)(1). The Talos Notes are "traded on an established securities market" (within the meaning of Treasury Regulation § 1.1273-2(f)) and, therefore, the issue price of the Talos Notes as determined under Treasury Regulation § 1.1273-2(b)(1) is the fair market value of the Talos Notes on May 10, 2018 (the date of the debt exchange). Based on the trading data available for public trades of the Talos Notes on May 10, 2018, the fair market value of the Talos Notes was 105.00% of the principal amount of the Talos Notes.

Stone Notes – Talos Production and Talos Production Finance have determined that the terms of the Talos Notes and the cash payment constituted a "significant modification" (within the meaning of Treasury Regulation § 1.1001-3) of the Stone Notes, and, therefore, a taxable exchange of the Stone Notes for the Talos Notes and a cash payment as described in Section 1001 of the Code. The tax basis of the Talos Notes issued should be equal to the issue price of the Talos Notes, as described under Treasury Regulation § 1.1012-1(g)(1). As described above under "Talos Bridge Loan", the issue price of the Talos Notes as determined under Treasury Regulation § 1.1273-2(b)(1) was 105.00% of the principal amount of the Talos Notes.

Line 16

As described above in Line 15, the issue price of the Talos Notes is equal to the fair market value of the Talos Notes on May 10, 2018 (the date of the debt exchanges). The fair market value of the Talos Notes was determined by reviewing actual market trades of the Talos Notes on May 10, 2018. According to Trade Reporting and Compliance Engine (TRACE), there were two trades of the Talos Notes on May 10, 2018, one for 105.00% and the other for 105.25% of the principal amount of the Talos Notes. The

105.00% of the principal amount of the Talos Notes was selected as the fair market value of the Talos Notes on May 10, 2018.

Line 17

Sections 1001 and 1012 of the Code. Security holders should consult their own tax advisors regarding their specific tax treatment of these transactions (including, but not limited to, the computation of gain/loss and/or tax basis).

Line 18

Gain or loss should be calculated with respect to the exchanges of the Talos Bridge Loans and the Stone Notes for the Talos Notes and a cash payment

Line 19

The basis adjustment resulting from the taxable exchange should be taken into account in the tax year of the security holder during which the relevant transaction closed (e.g., 2018 for a calendar year taxpayer).