

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

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

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

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
John M. Dixon
Firm's name ▶ Ernst & Young, LLP
Firm's address ▶ 1401 McKinney Street Ste. 1200, Houston, TX 77010

Preparer's signature
[Signature]

Date
6/21/18

Check if self-employed

PTIN
P01274298

Firm's EIN ▶ 34-6565596
Phone no. 713-754-1500

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"). In a series of transaction steps outlined in the Transaction Agreement ("Merger") all common stock (ticker SGY) shareholders of Stone Energy as of May 9, 2018 exchanged their shares for common stock in New Sailfish (later renamed Talos Energy Inc. ("Talos") (ticker TALO)).

Likewise, Talos issued additional stock (ticker TALO) in exchange for certain debt previously issued by Talos Energy referred to as the Sponsor notes ("Sponsor Notes").

The Merger is described in the Transaction Agreement, which is available at:

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

A general summary of certain tax considerations applicable is set forth in Section 7.03, Tax Matters, of the Transaction Agreement.

Line 15

The Merger, along with certain related transactions described in the Transaction Agreement, were intended by the Merger Parties to be treated as an exchange described in Section 351 of the Internal Revenue Code, as amended ("Code") ("Section 351 Exchange"). The tax basis of the Talos stock (ticker TALO) generally should be the same as the tax basis in the Stone Energy (ticker SGY) stock which was exchanged in the Section 351 Exchange, decreased by the aggregate cash received (if any) and increased by the amount of gain realized (if any) by the Section 351 Exchange pursuant to Section 358 of the Code.

Sponsor Notes -- The exchange of the Sponsor Notes for stock of New Sailfish (later renamed Talos Energy Inc. (ticker TALO)) was intended by the Merger Parties and the holders of the Sponsor Notes to be treated as an exchange described in Section 351 of the Code. The tax basis of the Talos stock (ticker TALO) generally should be the same as the tax basis in the Sponsor Notes, decreased by the aggregate cash received (if any) and increased by the amount of gain realized (if any), pursuant to Section 358 of the Code.

Line 16

Pursuant to Section 358 of the Code, basis in property received in a Section 351 Exchange shall be the same as the tax basis in the property exchanged, here the Stone Energy (ticker SGY) stock for the Talos stock (ticker TALO) and Sponsor Notes for Talos stock (ticker TALO).

Line 17

Sections 351 and 358. 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

Loss is generally not permitted with respect to a Section 351 exchange.

Line 19

The basis adjustments discussed herein 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 tax payer).