

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

18 Can any resulting loss be recognized? ▶ See Attached

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

THIS FORM 8937 IS A PROTECTIVE FILING. ISSUER IS UNCERTAIN WHETHER THE DETERMINATION BY HIGHPEAK ENERGY TO CALCULATE THE PREFERRED RETURN (AS SUCH TERM IS DEFINED IN THE CVR AGREEMENT) ON AUGUST 22, 2022 CONSTITUTES AN "ORGANIZATIONAL ACTION".

Sign Here

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.

Signature ▶ *Steven Tholen* Date ▶ 3/27/2023
Print your name ▶ Steven Tholen Title ▶ Chief Financial Officer

Paid Preparer Use Only

Print/Type preparer's name <u>Toni M. Mayfield</u>	Preparer's signature <u><i>Toni Mayfield</i></u>	Date <u>3/25/2023</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P00294181</u>
Firm's name ▶ <u>Whitley Penn LLP</u>			Firm's EIN ▶ <u>75-2393478</u>	
Firm's address ▶ <u>8343 Douglas Avenue, Suite 400, Dallas TX 75225</u>			Phone no. <u>214-393-9570</u>	

Attachment to Form 8937
HighPeak Energy Acquisition Corp.

Part II, line 14: Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for action:

~~On August 21, 2020, Pure Acquisition Corp., a Delaware corporation now known as HighPeak Energy Acquisition Corp. ("Pure"), consummated a business combination pursuant to which, among other things, (a) Pure Acquisition Merger Sub, Inc., a Delaware corporation ("MergerSub"), formed as a wholly owned subsidiary of HighPeak Energy, Inc., a Delaware corporation (the "HighPeak Energy"), for the purpose of effecting the business combination, merged with and into Pure, with Pure surviving as a wholly owned subsidiary of HighPeak Energy (the "Parent Merger"), and (b) each outstanding share of Pure's Class A common stock and Pure's Class B common stock, other than certain shares of Pure Class B common stock that were surrendered for cancellation, were converted into the right to receive (A) one share of HighPeak Energy common stock (and cash in lieu of fractional shares), and (B) solely with respect to each outstanding share of Pure's Class A common stock, (i) a cash amount, without interest, equal to \$0.62 per share (the "Cash Consideration"), (ii) one contractual contingent value right ("CVR") for each one whole share of HighPeak Energy common stock (excluding fractional shares) issued to holders of Pure's Class A common stock pursuant to clause (A), and (iii) one warrant to purchase HighPeak Energy common stock for each one whole share of HighPeak Energy common stock (excluding fractional shares) issued to holders of Pure's Class A Common. The Parent Merger was the subject of a former Form 8937 that was filed by HighPeak Energy (the "2020 Form 8937"). This Form 8937 supplements the 2020 Form 8937.~~

After the Parent Merger, on August 19, 2022, HighPeak Energy issued a press release announcing that HighPeak Pure Acquisition, LLC, HighPeak Energy, LP and HighPeak Energy II, LP have determined, in their sole discretion, to set August 22, 2022 as the intended date of calculation of the Preferred Return (as such term is defined in the Contingent Value Rights Agreement, dated as of August 21, 2020, filed with the U.S. Securities and Exchange Commission on August 27, 2020 as Exhibit 10.1 to HighPeak Energy's Current Report on Form 8-K (the "CVR Agreement")) and the maturity date of HighPeak Energy's CVRs. The Per CVR Preferred Return Amount (as defined in the CVR Agreement) is projected to be \$0.00 and consequently, the CVRs will expire and no longer trade on the over-the-counter market and the CVR Agreement will terminate in accordance with its terms.

Part II, Line 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

The adjustment relates to the adjusted tax basis of the HighPeak Energy common stock received by a U.S. Holder of Pure Class A common stock in the Parent Merger in 2020. At the time of the Parent Merger, the adjusted tax basis of the HighPeak Energy common stock received by a U.S. Holder of Pure Class A common stock in the Parent Merger should have been determined as if the maximum number of shares of HighPeak Energy common stock would be issued under the CVRs. As discussed in the 2020 Form 8937, an adjustment to the basis of the shares of the HighPeak Energy common stock received pursuant to the Parent Merger would be made once it became known how many shares of HighPeak Energy common stock (if any) the holders of the CVRs are entitled to receive.

As noted in line 14, no shares of HighPeak Energy common stock will be issued under the CVR Agreement. As a result, an adjustment to the tax basis of shares of HighPeak Energy common stock received by a U.S. Holder of Pure Class A common stock in the Parent Merger should be made to take into account the fact that no shares will be issued pursuant to the CVR Agreement. It is unclear how the adjustment to stock basis should be made,

particularly if a U.S. Holder no longer retains all of the shares of HighPeak Energy common stock received by them in the Parent Merger. The IRS has not issued guidance on how a U.S. shareholder should make this adjustment.

For purposes of this Form 8937, the term "U.S. Holder" has the meaning assigned to it in HighPeak Energy's Registration Statement filed in connection with the Parent Merger on August 5, 2020, which is available on HighPeak Energy's website at <https://www.highpeakenergy.com/sec-filings/>.

Part II, Line 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

The calculation of the change in basis is dependent on how each U.S. Holder of Pure Class A common stock originally computed the basis in each share of HighPeak Energy common stock received in the Parent Merger and the maximum number of shares of HighPeak Energy common stock that were potentially issuable under the CVRs to such U.S. Holder at the time of the Parent Merger. It is unclear how the adjustment to the HighPeak Energy common stock basis should be made, particularly if a U.S. Holder no longer retains all of the shares of HighPeak Energy common stock received by them in the Parent Merger.

Further discussion of the material U.S. federal income tax consequences of the Parent Merger, including the basis adjustment described herein, and other transactions of the business combination can be found under the heading "U.S. Federal Income Tax Considerations" in the Registration Statement. Each U.S. Holder that participated in the Parent Merger should consult with its own tax advisor regarding any adjustment to the basis of shares of HighPeak Energy common stock received in the Parent Merger required to be made in connection with the termination of the CVRs.

Part II, Line 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

IRC Sections 351, 358, 1001

Part II, Line 18: Can any resulting loss be recognized?

As described in the 2020 Form 8937, generally, no loss may be recognized pursuant the Parent Merger, except (i) that a former U.S. Holder of Pure Common Stock may recognize loss with respect to any cash received in lieu of a fractional share of HighPeak Energy common stock, and (ii) as discussed in the 2020 Form 8937, it is possible that a U.S. Holder of Pure warrants could be treated as exchanging Pure warrants for "new" warrants exercisable for stock of HighPeak Energy, in which case a U.S. Holder could be required to recognize gain or loss in such deemed exchange in an amount equal to the difference between the fair market value of the warrants to acquire stock of HighPeak Energy received by it in the Parent Merger in exchange for the Pure warrants and the adjusted tax basis of the Pure warrants held by it immediately prior to the Parent Merger.

Whether any loss may be recognized in connection with the adjustment of the basis of the HighPeak Energy common stock received in the Parent Merger by a U.S. Holder of Pure Class A common stock as described herein will depend on transactions and other circumstances that are unique to such U.S. Holder. U.S. Holders should consult with its own tax advisor regarding any adjustment to the basis of shares of HighPeak Energy common stock received in the Parent Merger required to be made in connection with the termination of the CVRs

Part II, Line 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year

This stock basis adjustment should be taken into account in the taxable year of the U.S. Holder that includes August 22, 2022, the maturity date of the CVRs (e.g. in 2022 for calendar year taxpayers).

HighPeak does not have information regarding a shareholder's tax basis in their shares of HighPeak Energy common stock. The tax information contained in this Form 8937 is general in nature and does not relate to any specific U.S. Holder's circumstances. Please consult your tax advisors to determine the tax treatment relating to the determination that no shares of HighPeak Energy common stock will be issued pursuant to the CVRs and the termination of the CVRs pursuant to their terms.

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