

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

DAVID MAINGOT, Individually and on Behalf
of All Others Similarly Situated,

Plaintiff,

v.

MAGNUM HUNTER RESOURCES
CORPORATION, GARY C. EVANS,
RONALD D. ORMAND, DAVID S.
KRUEGER and FRED J. SMITH, JR.,

Defendants.

Civil Action No. 13-1289

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff David Maingot (“Plaintiff”), individually and on behalf of all other persons similarly situated, alleges the following against Magnum Hunter Resources Corporation (“Magnum Hunter” or the “Company”), Gary C. Evans (“Evans”), Ronald D. Ormand (“Ormand”), David S. Krueger (“Krueger”) and Fred J. Smith (“Smith”). Plaintiff makes these allegations upon personal knowledge as to those allegations specifically pertaining to Plaintiff and, as to all other matters, upon the investigation of counsel, which included, without limitation: (a) review and analysis of public filings made by Magnum Hunter with the U.S. Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and other publications disseminated by Defendants; (c) review of news articles, shareholder communications, conference call transcripts and postings on Magnum Hunter’s website concerning the Company’s public statements; and (d) review of other publicly available information concerning Magnum Hunter and the Individual Defendants (as defined below).

I. NATURE OF THE ACTION

1. This is a federal securities class action against Magnum Hunter and certain of its officers and/or directors for violations of the federal securities laws. Plaintiff brings this action on behalf of all persons or entities that purchased or otherwise acquired Magnum Hunter securities between January 17, 2012 and April 22, 2013, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”). The Exchange Act claims allege that Defendants engaged in a fraudulent scheme to artificially inflate the Company’s stock price. As a result of the fraud described below, the Company has lost a substantial portion of its value.

2. Magnum Hunter is an independent oil and gas company that engages in the acquisition, exploration, exploitation, development and production of crude oil, natural gas and

natural gas liquids primarily in West Virginia, Ohio, Texas, Kentucky and North Dakota, as well as in Saskatchewan, Canada. The Company is active in five of the “most prolific unconventional shale resource plays in North America,” namely the Marcellus Shale, Utica Shale, Eagle Ford Shale, Williston Basin/Bakken Shale and the Pearshall Shale.

3. On March 18, 2013, Magnum Hunter announced that it would delay filing its 2012 Form 10-K for the year ended December 31, 2012. The Company’s delay was attributed to the discovery of “material weaknesses in its internal controls over financial reporting.”

4. On April 16, 2013, the Company disclosed that it had dismissed its “independent” outside auditor, PricewaterhouseCoopers LLP (“PwC”) at the direction of the Audit Committee of the Company’s Board of Directors, after PwC advised the Company of material weaknesses in the Company’s internal accounting controls. According to the Company, PwC identified certain issues that may have a material impact on the fairness or reliability of Magnum’s consolidated financial statements, including: (1) valuation of the Company’s oil and gas properties; (2) calculation of the Company’s oil and gas reserves; (3) the Company’s position with respect to certain tax matters; (4) the Company’s accounting of its acquisition of NGAS Resources, Inc.; and (5) the Company’s compliance with certain debt covenants. This was the second auditor the Company had terminated in connection with the fiscal 2012 audit, and this firing rendered the Company unable to provide audited financial statements for 2012.

5. After having filed multiple corrections to its SEC filings, restating its second quarter 2012 financial results in October 2012 to increase its quarterly loss reported by nearly \$4 million and disclosing defects in its internal controls that it intentionally understated, and nearly getting its stock delisted in January 2013 for failing to hold an annual state corporate law and NYSE required shareholder meeting, Magnum Hunter disclosed that it could not timely report its

audited 2012 financial results and waivers from its lenders as to debt covenants would be required. Upon the dissemination of this news, Magnum Hunter shares declined \$0.49 per share, or 14.76%, to close at \$2.83 per share on April 17, 2013, on unusually heavy trading volume.

6. On April 22, 2013, Magnum Hunter disclosed that PwC disagreed with Magnum Hunter's account of their parting, disclosing a letter from PwC, sent April 18, 2013, stating that PwC did "not agree with the statements concerning" whether there had been any "reportable events" as defined in Item 304(a)(1)(v) or Regulation S-K under the Securities Act of 1933, relating to PwC's engagement as the Company's independent registered public accounting firm. PwC went on to state in the letter that PwC had "advised the Company that information [had come] to [its] attention that [PwC had] concluded materially impacts the fairness or reliability of the Company's consolidated financial statements and this issue was not resolved to [PwC's] satisfaction prior to [its] dismissal." Upon revelation of this disagreement, the Company's stock further declined, on usually high trading volume, to close at \$2.50 per share.

7. Throughout the Class Period, Defendants (as defined below) orchestrated a scheme to inflate the Company's share prices through a series of materially false and misleading statements and omissions regarding the Company's finances, business, prospects, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose: (i) that the Company had material weaknesses in its valuation of its oil and gas properties, its calculation of oil and gas reserves, its position with respect to certain tax matters, the Company's accounting of its acquisition of NGAS Resources, Inc. ("NGAS"), and the Company's compliance with certain debt covenants; (ii) that, as a result, Magnum Hunter lacked adequate internal and financial controls; and (iii) that as a result of the above, the Company's financial statements were materially false and misleading at all relevant times.

8. Defendants' wrongful acts and false and misleading statements and omissions have caused a precipitous decline in the market value of the Company's stock. The price of Magnum Hunter stock, which had traded as high as \$7.71 per share during the Class Period, plummeted more than 67% to close at \$2.50 per share on April 22, 2013, erasing more than \$878.5 million in market capitalization. Plaintiff and other Class members have suffered significant losses and damages.

II. JURISDICTION AND VENUE

9. This action arises under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

11. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b) and Section 27 of the Exchange Act (15 U.S.C. §78aa(c)). Magnum Hunter's headquarters are located in this district. Additionally, substantial acts in furtherance of the alleged fraud and/or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the preparation and dissemination of materially false and/or misleading information, occurred in substantial part in this District.

12. In connection with the acts, conduct and omissions alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities markets.

III. PARTIES

13. Plaintiff, David Maingot, as set forth in the accompanying certification, incorporated by reference herein, purchased the publicly traded Magnum Hunter securities at artificially inflated prices during the Class Period and has been damaged thereby.

14. Defendant Magnum Hunter is a Delaware corporation with its principal executive offices located at 777 Post Oak Boulevard, Suite 650, Houston, Texas 77056.

15. Defendant Gary C. Evans was, at all relevant times, Chairman of the Board of Directors and Chief Executive Officer (“CEO”) of the Company, assuming his current role in July 2009. Defendant Evans founded GreenHunter Energy Inc. (“GreenHunter”), a company focused on total water management solutions for oil and gas operators active in the Marcellus, Eagle Ford and Bakken shale plays. During 2009, 2010, and most of 2011, GreenHunter provided all of Magnum Hunter’s internal accounting. Defendant Evans serves as Chairman of the Board of Directors and CEO of GreenHunter. Defendant Evans owns 60% of GreenHunter’s Common Stock. During the Class Period, Defendant Evans sold 325,000 of his personally held Magnum Hunter common stock, reaping proceeds of \$1,318,749.

16. Defendant Ronald D. Ormand was, at all relevant times, Executive Vice President and Chief Financial Officer (“CFO”) of the Company, assuming this role in July 2009.

17. Defendant Fred J. Smith, Jr. was, at all relevant times, Senior Vice President and Chief Accounting Officer of the Company since October 23, 2011.

18. Defendant Krueger served as Senior Vice President and CAO of Magnum Hunter from the start of the Class Period through October 2011. Defendant Krueger additionally serves as GreenHunter’s CFO. During the Class Period, Defendant Krueger sold 172,500 of his personally held Magnum Hunter common stock, reaping proceeds of \$645,150.

19. Defendants Evans, Ormand and Smith are collectively referred to hereinafter as the “Individual Defendants.” Magnum Hunter and the Individual Defendants are referred to herein, collectively, as the “Defendants.”

20. During the Class Period, the Individual Defendants, as senior executive officers and/or directors of Magnum Hunter, were privy to confidential, proprietary and material adverse non-public information concerning Magnum Hunter, its operations, finances, financial condition and present and future business prospects via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and/or board of directors meetings and committees thereof, and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded that the adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

21. The Individual Defendants are liable as direct participants in the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors, were “controlling persons” within the meaning of §20(a) of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the conduct of Magnum Hunter’s business.

22. The Individual Defendants, because of their positions with the Company, controlled and/or possessed the authority to control the contents of its reports, press releases and presentations to securities analysts and money and portfolio managers and through them, to the investing public. The Individual Defendants were provided with copies of the Company’s

reports and publicly disseminated documents alleged herein to be misleading, prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Thus, the Individual Defendants had the opportunity to commit the fraudulent acts alleged herein.

23. As senior executive officers and/or directors and as controlling persons of a publicly traded company whose securities were, and are, registered with the SEC pursuant to the Exchange Act and governed by the federal securities laws, the Individual Defendants had a duty to disseminate promptly accurate and truthful information with respect to Magnum Hunter's financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings, and present and future business prospects, to correct any previously issued statements that had become materially misleading or untrue, so the market price of Magnum Hunter's securities would be based on truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

24. The Individual Defendants are liable as participants in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Magnum Hunter's publicly traded securities by disseminating materially false and misleading statements and/or concealing material adverse facts.

IV. SUBSTANTIVE ALLEGATIONS

A. Company Background

25. Magnum Hunter is an independent oil and gas company that engages in the acquisition, exploration, exploitation, development and production of crude oil, natural gas, and natural gas liquids primarily in West Virginia, Ohio, Texas, Kentucky, and North Dakota, as well as

in Saskatchewan, Canada. The Company is active in five of the “most prolific unconventional shale resource plays in North America,” namely the Marcellus Shale, Utica Shale, Eagle Ford Shale, Williston Basin/Bakken Shale and the Pearshall Shale.

26. Magnum Hunter had not reported a profitable quarter since the current management team took over in 2009, however, the Company reported quarter after quarter of tremendous asset growth throughout the Class Period. Between January 17, 2012 and February 29, 2012, Magnum Hunter reported having increased its total assets 470% during fiscal 2011, growing from \$249 million at the end of fiscal 2010 to \$1.168 billion at the end of fiscal 2011. The Company increased its total proved oil reserves 318% during fiscal 2011, from 6.824 million barrels (“mmbbl”) to 21.7 mmbbl; and having increased its total proved gas reserves 353% during fiscal 2011, from 39.45 mmbbl to 139.24 mmbbl.

27. Magnum Hunter lacked any real internal auditing staff and relied upon another publicly-traded energy company that Defendant Evans is the majority shareholder of to provide all of Magnum Hunter’s internal auditing services. While serving as Magnum Hunter’s top three executives, Defendants Evans, Ormand, and Krueger all also served, respectively as Chairman of the Board/CEO, a director and CFO of GreenHunter. During 2009, 2010 and most of 2011, GreenHunter had provided all of Magnum Hunter’s internal accounting. Since late 2011, all accounting services have been managed by Magnum Hunter employees. In January 2012, Magnum Hunter had three different types of securities registered under Section 12(b) of the Securities Act: its Common Stock listed and traded on the NYSE; its 10.25% Series C Cumulative Perpetual Preferred Stock listed and traded on the NYSE-AMEX; and its 8.0% Series D Cumulative Preferred Stock listed and traded on the NYSE-AMEX.

B. False and Misleading Statements

28. On January 17, 2012, the first day of the Class Period, the Company issued a press release entitled “Magnum Hunter Announces Year-End 2011 Total Proved Oil & Gas Reserves 44.9 Million Barrels of Oil Equivalent; Proved Reserves Up 235% From Year-End 2010; Present Value (PV 10) Up 254% From Year-End 2010; Company Wide Resource Potential Exceeds 537.9 Million Barrels of Oil Equivalent.” The press release included the following statements:

[Magnum Hunter] announced today a 235% increase in the quantity of the Company's estimated total proved reserves at December 31, 2011 as compared to December 31, 2010. The present value of estimated future cash flows, before income taxes, of the Company's estimated total proved reserves as of year-end 2011, discounted at 10% ("PV-10"), also increased 254% as compared to twelve months ago at year-end 2010.

Magnum Hunter's total proved reserves increased by 31.5 million barrels of oil equivalent (Boe) to 44.9 million Boe (48% crude oil & ngl; 50.9% proved developed producing) as of December 31, 2011 as compared to 13.4 million Boe (51% crude oil & ngl; 44% proved developed producing) at December 31, 2010. The Company's reserve life (R/P ratio) based on the previously announced year-end exit production rate of approximately 12,500 Boe per day was 9.8 years as of December 31, 2011.

* * *

The estimates of Magnum Hunter's total proved reserves as of December 31, 2010 and December 31, 2011 were prepared solely by the Company's third-party engineering consultants, Cawley Gillespie & Associates, Inc. and, for certain of the December 31, 2011 proved reserves, AJM Deloitte.

Resource Potential

The Company's internal engineering team has evaluated the resource potential of Magnum Hunter's existing undeveloped lease acreage position in our three unconventional shale plays. The undeveloped acreage evaluated includes 652,419 gross acres and 347,547 net acres to Magnum Hunter's ownership interest.

* * *

Currently, the total number of new drilling locations in Magnum Hunter's inventory is approximately 4,100 of which 1,400 are identified net drilling locations in these three

unconventional resource plays. The new unrisken resource potential of 537.9 million barrels of oil equivalent is approximately 51% crude oil and natural gas liquids[.]

Management Comments

Mr. Gary C. Evans, Chairman of the Board and Chief Executive Officer of Magnum Hunter, commented, "*The ability to book new proved reserves in our three unconventional resource plays continues to grow exponentially due to the success we have been experiencing with our new well drilling efforts. It is quite remarkable to have reserve growth of 8 Million BOE in just three months of activity (up from 37 Million BOE at September 30, 2011) all from the drill bit alone and within our capital budget parameters. This reserve growth sets us up for another borrowing base increase with our Senior Bank Group which is currently in process, and is indicative of why we were successful in achieving five separate borrowing base increases last year. Once approved, this will further increase our Company's overall liquidity. Based upon performance seen just in the first couple of weeks of 2012, we anticipate a continuation of exceptional growth in production and proved reserves which should result in the additional booking of new proved undeveloped drilling locations.*"¹

29. On January 18, 2012, Magnum Hunter announced that it had entered into agreements to sell additional shares of its Common Stock and additional shares of its Series D Cumulative Preferred Stock. Defendants disclosed that Magnum Hunter has entered into an "at the market" sales agreement (the "Common Stock Sales Agreement") with MLV & Co., LLC ("MLV"), as the Company's non-exclusive sales manager, pursuant to which Magnum Hunter intended to sell shares of the Company's common stock from time to time. The common stock would be offered and sold pursuant to a prospectus supplement to be filed with the SEC in connection with the Company's shelf registration statement on Form S-3 (File No. 333-174879), which became effective on January 18, 2012 (the "Shelf Registration Statement"). Pursuant to the Common Stock Sales Agreement, the sales, if any of common stock would be made under the Common Stock Sales Agreement in privately negotiated transactions or in any method permitted by law deemed to be an "at the market" offering as defined in Rule 415 promulgated under the Securities Act, at negotiated prices, prices prevailing at the time of sale or at prices

¹ Unless otherwise indicated, all emphasis is added.

related to such prevailing market prices, including sales made directly on the NYSE or sales made through a market maker other than on an exchange.

30. Also on January 18, 2012, Magnum Hunter announced that it entered into a separate “at the market” sales agreement (the “Series D Sales Agreements”) with MLV and Wunderlich Securities, Inc. (collectively, the “Sales Agents”). The Company intended to sell shares of its 8.0% Series D Cumulative Preferred Stock from time to time as agreed by the Company and each Sales Agent. The Series D Preferred Stock would be offered and sold pursuant to a prospectus supplement filed with the SEC in connection with the Company’s Shelf Registration Statement. The sales, if any, would be made in privately negotiated transactions or in any method permitted by law deemed to be an “at the market” offering, as defined in Rule 415 promulgated under the Securities Act, at negotiated prices, at prices prevailing at the time of sale or at prices related to such prevailing market prices including sales made directly on the NYSE, or sales made through a market maker other than on an exchange.

31. The next day, on January 19, 2012, the Company filed two prospectus supplements to its Shelf Registration Statement. The first, registering the issuance and sale of up to ten million shares of its common stock through MLV at market prices (the “MLV Common Stock Offering”). The registration statement used to conduct the MLV Common Stock Offering was false and misleading in that it stated that Magnum Hunter had internal controls sufficient to permit it to accurately assess and report its assets, expenses and earnings, that the Company’s financial results were reported in compliance with the Generally Accepted Accounting Principles (GAAP), and it had overstated Magnum Hunter’s business and financial metrics.

32. The second prospectus supplement, registered the issuance and sale of up to two million shares of its Series D Cumulative Preferred Stock through MLV and Wunderlich (the

“MLV/Wunderlick Series D Offering”). The registration statement used to conduct the MLV/Wunderlick Series D Offering was false and misleading in that it stated that Magnum Hunter had internal controls sufficient to permit it to accurately assess and report its assets, expenses and earnings, that the Company’s financial results were reported in compliance with the Generally Accepted Accounting Principles (GAAP), and overstated Magnum Hunter’s business and financial metrics.

33. On January 30, 2012, the Company announced that its January 17, 2012 press release announcing the Company’s estimated total proved reserves at year-end 2011 (the “Reserves Release”) included miscalculations. The Company’s 8-K filing stated that “[d]ue to a miscalculation by one of the Company’s third-party engineering consultants, this present value, or PV-10, as reported in the Reserves Release, was incorrect. The correct present value, or PV-10, of the Company’s estimated total proved reserves at December 31, 2011 is \$616.9 million, not \$630.3 million, as reported in the Reserves Release.” The Company continued that the “miscalculation did not affect the amount of the Company’s estimated total proved reserves at December 31, 2011 reported in the Reserves Release.”

34. On February 29, 2012, Magnum Hunter issued a press release announcing its fourth quarter and fiscal 2011 financial results for the interim period ending December 31, 2011, entitled: “Magnum Hunter Reports Financial Results for the Fourth Quarter of 2011 and Fiscal Year End 2011- Record EBITDAX and Cash Flow Reported; 2011 Production increased 324% from 2010; 2011 Revenues Increased 295% from 2010; 4th Quarter Avg. Daily Production Increased 73% from 3rd Quarter; Year-End 2012 Production Exit Rate Guidance Increased to 16,000 BOEPD.” Concerning Magnum Hunter’s fourth quarter 2011 financial results, the press release stated that: i) an increase in total revenues of 404% to \$49.1 million for the three months

ended December 31, 2011 compared to \$9.7 million for the three months ended December 31, 2010; ii) operating margins improved substantially as lease operating expenses per barrel of oil equivalent (“Boe”) declined from \$20.15 per Boe to \$11.71 per Boe; iii) there was a net loss of \$60.9 million or (\$0.46) per basic and diluted common shares outstanding for the three months ended December 31, 2011, compared to a net loss of \$1.9 million, or (\$0.03) per basic and diluted common shares outstanding for the three months ended December 31, 2010; and iv) for the three months ended December 31, 2011, Magnum Hunter’s ‘Adjusted Earnings Before Interest, Income Taxes, Depreciation and Amortization’ (“Adjusted EBITDA”) was \$21.2 million or \$0.16 per basic and diluted common shares outstanding as compared to \$0.9 million or \$0.01 per basic and diluted common shares outstanding for the three months ended December 31, 2010, representing an increase of 2,281%. Regarding the financial results for fiscal 2011, the Company stated that: i) there was an increase in revenues of 295% to \$129.2 million for the twelve months ended December 31, 2011 compared to \$32.7 million for the twelve months ended December 31, 2010; ii) reported a net loss of \$90.7 million or (\$0.80) per basic and diluted common shares outstanding for the twelve months ended December 31, 2011, compared to a net loss of \$22.3 million, or (\$0.25) per basic and diluted common shares outstanding during the twelve months ended December 31, 2010; iii) Magnum Hunter’s Adjusted EBITDA was \$50.4 million or \$0.45 per basic and diluted common shares outstanding as compared to \$4.2 million or \$0.07 per basic and diluted common shares outstanding for the prior fiscal year ended December 31, 2010, representing a 1,094% increase. Regarding production results, the Company’s “[a]verage daily production increased 547% for the three months ended December 31, 2011 to 9,124 barrels of oil equivalent per day;” thus, they expected

“to exit 2012 in excess of 16,000 Boepd, with approximately 55% of the production mix being oil/liquids.” Defendant Evans commented in the press release that:

Calendar year 2011 was a transitional period for Magnum Hunter. During the first half of the year, we successfully closed on a number of acquisitions that provided the foundation from which we are growing our daily production and proved reserves today. During the second half of the year, we completed the integration of approximately \$590 million in transactions and began our “harvesting” mode of exploiting the tremendous leasehold acreage positions covering these unconventional resource plays. ***Our year-end production success which is continuing into the first quarter of 2012, has given us the confidence to increase our projected exit rate on daily production a third time to 16,000 Boe per day by year-end.*** At the same time, we continue reducing our cost structure both in the field and at our corporate offices which will enable us to report much wider margins of cash flow available for reinvestment. Because we are in control of approximately 75% of our core properties as an operator, we have the flexibility to move our capital program around and reallocate among our two oil plays (Bakken and Eagle Ford) while the energy industry deals with an unprecedented glut of natural gas. ***This will ensure that our returns on capital deployed in 2012 remain at superior levels. Our management team continues to make operating improvements in the field which is resulting in production levels that exceed our prior expectations.***

35. Also on February 29, 2012, Defendants filed their Form 10-K for the fiscal year ended December 31, 2011, signed by Defendant Evans and Ormand. In Item 9A of the Form 10-K, it was stated that:

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, ***an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) was performed under the supervision and with the participation of the Company’s management, including our Chief Executive Officer and Chief Financial Officer.*** Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2011 to ensure: ***that information required to be disclosed in the reports it files and submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms; and that information that is required to be disclosed under the Exchange Act is accumulated and communicated to the Company’s management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.***

Evaluation of Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have determined that, during the fourth quarter of fiscal 2011, *there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.*

Management's Annual Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal controls over financial reporting as of the end of the period covered by this report based on the framework in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. *Based on that assessment, our Chief Executive Officer and Chief Financial Officer concluded that our internal controls over financial reporting were effective as of December 31, 2011 to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles.*

The Company acquired Williston Hunter Canada, Inc., Williston Hunter, Inc., and Magnum Hunter Production, Inc. during fiscal 2011. As permitted by SEC guidance, management excluded the acquired companies from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. Williston Hunter Canada, Inc., Williston Hunter Inc., and Magnum Hunter Production, Inc. are wholly owned subsidiaries whose total assets and net income represent approximately 34% and 35%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2011.

The effectiveness of the Company's internal controls over financial reporting as of December 31, 2011, has been audited by Hein & Associates, LLP, an independent registered public accounting firm, as stated in their attestation report which is included in Item 8, "Financial Statements and Supplementary Data."

36. Defendants Ormand and Evans also, each certified in the 2011 10-K that: i) the annual report did not contain any untrue statement or omit to state a material fact; ii) the financial statements fairly presented in material aspects, the Company's financial condition; iii) their responsibility for establishing and maintaining disclose controls and internal controls over financial reporting, as defined in the Exchange Act Rules; and (iv) that all significant

deficiencies and material weakness in the design of internal controls over financial reporting were reported.

37. On March 30, 2012, Magnum Hunter closed its previously announced purchase of certain assets of Eagle Operating, Inc., a North Dakota corporation (“Eagle”). The assets included Eagle’s operating working interest ownership in oil and gas leases and wells on approximately 15,500 gross acres located within four counties of the Williston Basin of North Dakota, related personal property and equipment, and Eagle’s interest in certain oil and gas in storage. The purchase price was approximately \$53 million, \$50.9 million of which was paid in cash, and the remainder was paid with 296,859 shares of Magnum Hunter restricted common stock valued at \$6.74 per share, or \$2 million.

38. On April 5, 2012, Magnum Hunter filed an Amended Registration Statement on Form S-3 to register those shares for resale on the open market. That registration statement was false and misleading because it had stated that Magnum Hunter’s internal controls were sufficient to permit it to accurately assess and report its assets, expenses and earnings, the Company’s financial results were reported in compliance with GAAP, and the Company’s business and financial metrics were overstated.

39. On May 3, 2012, Magnum Hunter filed its Quarterly Report on Form 10-Q with the SEC for the 2012 fiscal first quarter. The Company’s Form 10-Q was signed by Defendants Evans and Ormand. The Company’s Form 10-Q also contained Sarbanes-Oxley (“SOX”) required certifications, signed by Defendants Evans and Ormand, who certified:

1. I have reviewed this report on Form 10-Q of the Company;
2. ***Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;***

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. ***The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:***
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) ***Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;***
 - c) ***Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;*** and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are

reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

40. Defendants Evans and Ormand provided a substantially similar certification in each of the Company's Form 10-Q's during the Class Period.

41. The Company's Quarterly Report filed with the SEC on Form 10-Q on May 3, 2012, contained, in pertinent part, the following description of Magnum Hunter's disclosure controls and procedures:

Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Such controls include those designed to ensure that information for disclosure is accumulated and communicated to management, including the Chairman and the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of March 31, 2012. Based on this evaluation, the CEO and CFO have concluded that, as of March 31, 2012, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting

There were no changes made in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three months ended March 31, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

42. On May 3, 2012, the Company also issued a press release disclosing the financial results for the first quarter of fiscal 2012. The Company reported an increase in total revenues of 293% to \$57.2 million for the three months ended March 31, 2012 compared to \$14.5 million for the three months ended March 31, 2011. The Company reported a net loss of \$17.1 million or (\$0.13) per basic and diluted common shares outstanding for the three months ended March 31, 2012, compared to a net loss of \$9.3 million, or (\$0.12) per basic and diluted common shares outstanding for the three months ended March 31, 2011. Defendant Evans also stated: “[w]ell results in all three of our shale plays are outperforming our third party engineering production type curves which gives us increased confidence that proved reserves companywide continue to be understated.”

43. Lastly on May 3, 2012, the Company announced that it intended to offer \$450 million in aggregate principal amount of senior notes due in 2020 (“Private Notes Offering”). The notes would be general unsecured debt obligations. A concurrent equity offering was announced, stating that the Company was commencing a public offering of 35 million shares of Magnum Hunter’s common stock in an underwritten public offering (“Equity Offering”). On May 11, 2012, it was announced that the shares offered in the Equity Offering were being priced at \$4.50 per share and the Private Notes Offering at 98.646% of the principal amount. On May 16, 2012, the Company completed both offerings.

44. On June 1, 2012, the Company announced that although the Audit Committee of its Board had “initially selected and engaged Hein & Associates LLP (“Hein”) as the Company’s independent registered public accountants for fiscal 2012,” the Board determined that the “Company needed a larger accounting firm with more depth in its professional expertise.” On July 17, 2012, PwC was hired as the Company’s independent auditor for fiscal 2012.

45. On August 9, 2012, Magnum Hunter filed its Quarterly Report on Form 10-Q with the SEC for second quarter fiscal 2012, which was signed by Defendants Evans, and Ormand and additionally contained SOX certifications signed by Defendants Evans and Ormand.

46. Also on August 9, 2012, the Company issued a press release entitled “Magnum Hunter Reports Financial Results for the Second Quarter of 2012 and Six Months Ended June 30, 2012 – Revenues Increased 10% to \$60.3 Million; Pro Forma Adjusted EBITDA Record High of \$41.1 Million for Second Quarter 2012; 162% Increase in Average Production Rate from Second Quarter of 2011; Borrowing Base Increased 22% from \$212.5 Million to \$260 Million.” Defendant Evans stated in the press release that “[w]ith over \$255 million of current and available liquidity, we are sufficiently funded to meet all out capital needs for the foreseeable future.” Furthermore, the press release stated in pertinent part, the following description of Magnum Hunter’s financial results:

Financial Results for the Three Months Ended June 30, 2012

Magnum Hunter reported an increase in total revenues of 104% to \$60.3 million for the three months ended June 30, 2012 compared to \$29.5 million for the three months ended June 30, 2011. Operating margins also improved significantly as lease operating expenses per barrel of oil equivalent (“Boe”) declined approximately 30% from \$14.58 per Boe to \$10.14 per Boe, primarily due to the addition of new unconventional production and tighter controls on field operating expenses. Recurring cash general and administrative costs per Boe also declined approximately 66% from \$15.36 to \$5.29 per Boe. The Company anticipates this trend of improving operating margins to continue throughout the second half of 2012 as oil production grows in its unconventional resource plays and the Company’s overhead requirements will have minimal expansion.

The Company reported a net loss of \$14.6 million or (\$0.10) per basic and diluted common shares outstanding for the three months ended June 30, 2012, compared to a net loss of \$18.5 million, or (\$0.16) per basic and diluted common shares outstanding for the three months ended June 30, 2011. The Company’s net loss per share for the three months ended June 30, 2012, was (\$0.04) per basic and diluted common shares outstanding when adjusted for non-cash and non-recurring expenses of \$8.0 million (See Non-GAAP Financial Measures and Reconciliations below).

For the three months ended June 30, 2012, Magnum Hunter's 'Adjusted Earnings Before Interest, Income Taxes, Depreciation and Amortization' ("Adjusted EBITDA") was \$38.2 million or \$0.25 per basic and diluted common shares outstanding. This represents a 198% increase over the Adjusted EBITDA of \$12.8 million for the three months ended June 30, 2011. Second quarter 2012 Adjusted EBITDAX pro forma for a full quarter of earnings from the Williston Basin acquisition closed on May 22, 2012 would have been \$41.1 million (See Non-GAAP Financial Measures and Reconciliations below).* * *

Liquidity

Magnum Hunter announced today that the Company's borrowing base under its \$750 million Senior Bank Facility has been increased by \$47.5 million to \$260 million. This 22% increase from the previous borrowing base of \$212.5 million is due entirely to organic growth derived from the Company's total proved reserves. As previously reported, Magnum Hunter's total proved reserves as of June 30, 2012 were 67.7 million Boe, which represents a 51% increase from the proved reserve report at year end 2011.

As a result of the Company's internally generated cash flows, our ability to issue additional Series D preferred stock and existing liquidity available under our Senior Bank Credit Facility, Magnum Hunter currently has the necessary capital to fund its remaining capital expenditure budget program. All of the capital expenditures for our midstream segment are expected to be funded through both the Eureka Hunter Credit Facility and ArcLight's preferred equity investment. As of August 8, 2012, Magnum Hunter had total available liquidity of over \$255 million, including cash and availability under the Company's Senior Bank Facility of \$130 million; and, under the Company's market registration statement to issue and sell Series D Preferred Stock, subject to market conditions, the Company currently has the ability to issue up to an additional \$125 million of Series D Preferred Stock (non-convertible). The Company has sold approximately \$72 million of Series D Preferred Stock year-to-date, and expects to continue issuing Series D Preferred Stock opportunistically throughout the remainder of 2012.

47. On October 22, 2012, the Company filed a Current Report on Form 8-K with the SEC wherein the Company stated, in relevant part, as follows:

Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

The following disclosure is made pursuant to part (a) of Item 4.02.

On October 12, 2012, management of Magnum Hunter Resources Corporation (the "Company") *discovered an inadvertent error in the calculation of non-cash share-based compensation expense relating to common stock options granted to*

*employees by the Compensation Committee during the second quarter of 2012 that affected certain items in the unaudited interim consolidated financial statements (the “Financial Statements”) contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission (the “SEC”) on August 9, 2012. The non-cash share-based compensation expense was inadvertently understated due to the misapplication of the vesting schedule of such options (specifically, not taking into account that 25% of such options were exercisable commencing on the date of grant thereof). **The error resulted in the understatement of non-cash share-based compensation expense of approximately \$3.8 million.** The understatement of expense was discovered by management during implementation of a new software system intended to track stock option related compensation expense. The new software system confirmed the accuracy of all other calculations in prior periods relating to this specific expense item.*

On October 19, 2012, the Company’s Audit Committee met to review the matter, and, after discussions with management, concluded that the Financial Statements should no longer be relied upon due to the adjustments required as a result of the calculation error and concurred with management’s recommendations with respect to the implementation of additional procedures and controls designed to address the matter. Management of the Company and the Audit Committee discussed with both PricewaterhouseCoopers LLP, the Company’s current independent registered public accounting firm, and Hein & Associates LLP, the Company’s previous independent registered public accounting firm through the second quarter of 2012, the matters disclosed in this Form 8-K.

The Company will be filing an amendment to its second quarter ended June 30, 2012 Form 10-Q with the Securities and Exchange Commission.

Our management, including the CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2012. Based on this evaluation, management has concluded that our disclosure controls and procedures were not effective due to a material weakness in the accounting for share-based compensation expense. We did not effectively review supporting documentation for the journal entry for share-based compensation as necessary to properly state non-cash share-based compensation expense on the published financial statements of operations. ***New procedures and controls are being implemented to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.*** The following are the principal items in the Financial Statements affected by the non-cash compensation expense understatement of \$3.8 million:

- General and administrative expense for the three and six month periods ended June 30, 2012 should have been \$16,440,000 and \$31,639,000, respectively, rather than \$12,592,000 and \$27,791,000, respectively, as previously reported. This represents an increase of \$3,848,000 or 30.6% and 13.9% for these periods, respectively.
- Net loss attributable to common shareholders for the three and six month periods ended June 30, 2012 should have been (\$18,463,000) and (\$35,515,000), respectively, rather than (\$14,615,000) and (\$31,667,000), respectively, as previously reported. This represents an increase of \$3,848,000 or 26.3% and 12.1% for these periods, respectively.
- Net loss per common share for the three and six month periods ended June 30, 2012 should have been (\$0.12) and (\$0.25), respectively, rather than (\$0.10) and (\$0.22), respectively, as previously reported.

These changes in general and administrative expense, net loss attributable to common shareholders and net loss per common share will be properly reflected in the Company's future filings with the Securities and Exchange Commission, as applicable, including an amendment to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012. None of these changes has any effect on the Company's compliance with its existing debt covenants or in calculations of the Company's EBITDAX.

In light of the material weakness in the accounting for share-based compensation expense, we have performed and implemented additional new procedures, which include the utilization of new and more experienced personnel to review share-based compensation expense and completing the implementation of software to track such expenses in order to further strengthen this internal control.

48. On October 23, 2012, Magnum Hunter appointed Defendant Smith in Defendant Krueger's place as Senior Vice President of Accounting and CAO.

49. On November 9, 2012, the Company filed a Notification of Late Filing with the SEC on Form 12b-25 wherein the Company stated, in relevant part, as follows:

As reported under Item 4.02 of the Current Report on Form 8-K (the "Form 8-K") filed with the Securities and Exchange Commission on October 22, 2012 by Magnum Hunter Resources Corporation (the "Company"), the Company is in the process of restating its previously issued unaudited financial statements for the quarterly period ended June 30, 2012 included in its Quarterly Report on Form 10-Q (the "Restatement"). *The Company is working diligently to complete the Restatement, evaluating identified control deficiencies and the closing and*

reporting process, including completing and providing the necessary information to its newly appointed Independent Auditors for them to complete their review. Therefore, the Company is unable to complete the Restatement process, evaluate its conclusions regarding internal controls, and file its Quarterly Report on Form 10-Q (the "Form 10-Q") for the period ended September 30, 2012 on or before the prescribed due date of November 9, 2012 without unreasonable effort or expense for the reasons described above.

The Company anticipates that it will file the Quarterly Report no later than the fifth calendar day following the prescribed filing date. We refer you to the Form 8-K for more information related to the Restatement, including, without limitation, the nature of the accounting error giving rise to the Restatement.

50. On November 14, 2012, Magnum Hunter disclosed on Form 8-K that the Company yet again failed to hold an annual meeting of shareholders. The previously scheduled shareholder meeting would be pushed back. Also, the Form 8-K went on to state that "On November 2, 2012, the SEC notified the Company that the SEC will be reviewing the Company's Preliminary Proxy Statement, which was filed with the SEC on October 26, 2012. The Company will address the SEC's comments to the Preliminary Proxy Statement, if any, once received."

51. The same day, Magnum Hunter filed its Quarterly Report on Form 10-Q with the SEC for third quarter fiscal 2012, which was signed by Defendants Evans and Ormand, and additionally contained SOX certifications signed by Defendants Evans and Ormand. The Company's restated Quarterly Report filed with the SEC on Form 10-Q on November 14, 2012, contained, in pertinent part, the following description of Magnum Hunter's disclosure controls and procedures, attempting to falsely reassure investors that Defendants had identified and corrected internal control defects:

Weaknesses in Internal Controls

In October and November 2012, we identified material weaknesses in our internal controls over financial reporting in connection with (i) our lack of sufficient qualified personnel to design and manage an effective control environment, (ii) our period-end financial reporting process and (iii) our share-

based compensation. We have promptly implemented, and are implementing, measures we believe will effectively address these weaknesses. However, any failure to do so could adversely affect our compliance with our reporting obligations under the Securities Exchange Act of 1934, and our compliance with our debt covenants, and therefore our ability to effect borrowings and readily access the capital markets to provide required liquidity.

Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports we file under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Such controls include those designed to provide reasonable assurance that information for disclosure is accumulated and communicated to management, including the Chairman and Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of September 30, 2012. *Based on this evaluation, our CEO and CFO have concluded that, as of September 30, 2012, our disclosure controls and procedures were not effective due to the material weaknesses described below.*

To address the material weaknesses described in this Item 4, we performed additional analyses and other post-closing procedures designed to provide reasonable assurance that our consolidated financial statements were prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). *As a result of these procedures, we believe that the consolidated financial statements included in this report fairly present, in all material respects, our financial condition, results of operations, changes in stockholders’ equity and cash flows for the periods presented, in conformity with US GAAP.*

Limitations inherent in all controls

Our management, including the CEO and CFO, recognizes that the disclosure controls and procedures (discussed above) and internal controls over financial reporting may not prevent or detect misstatements or fraud. Any controls system, no matter how well designed and operated, can only provide reasonable, and not absolute, assurance of achieving the desired control objectives. Because of such limitations there is a risk that material misstatements or instances of fraud will not be prevented or detected on a timely basis by the financial reporting process.

However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Material Weaknesses

A material weakness is a control deficiency, or a combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the restatements and audit adjustments identified, management identified the material weaknesses described below.

Lack of sufficient, qualified personnel to design and manage an effective control environment. We did not design an effective control environment with the sufficient complement of personnel with the appropriate level of accounting knowledge, experience, and training in US GAAP to assess the completeness and accuracy of the accounting for complex accounting matters, principally related to equity instruments including convertible preferred stock and related arrangements. This material weakness resulted in the restatement of our Series A Convertible Preferred Units of Eureka Hunter, our commodity and preferred stock embedded derivative liabilities and our loss on derivatives and related disclosures for the three and six month periods ended June 30, 2012 discussed above and resulted in audit adjustments to our condensed consolidated financial statements for the three and nine month periods ended September 30, 2012. This material weakness also contributed to the material weaknesses described below.

Period-end financial reporting process. We did not maintain effective controls over the period-end financial reporting process, including controls with respect to the preparation, review, supervision, and monitoring of accounting operations. Specifically, we did not maintain effective controls to provide reasonable assurance that monthly account reconciliations were reviewed on a timely basis and that monthly and quarterly financial information was prepared and reviewed timely. This material weakness resulted in audit adjustments to our condensed consolidated financial statements for the three and nine month periods ended September 30, 2012.

Share-based compensation. We did not design effective controls over share-based compensation expense, which is recorded in our general and administrative expenses. Specifically, we did not design effective controls related to the review of supporting details, including the completeness and accuracy of the vesting schedule and the journal entries for share-based compensation expenses. This control deficiency resulted in a misstatement of our general and administrative expense and share-based compensation related

disclosures for the three and six month periods ended June 30, 2012 and resulted in the restatement discussed above.

Additionally, the material weaknesses described above could result in misstatements that would result in a material misstatement of the consolidated financial statements in a future annual or interim period that would not be prevented or detected.

Changes in Internal Control over Financial Reporting

Except for the material weaknesses discussed above and the remediation plans executed as of September 30, 2012 as noted below, there were no changes made in our internal control over financial reporting (as defined in Rule 13a-15 (f) under the Exchange Act) during the three months ended September 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

52. On December 31, 2012, Magnum Hunter disclosed that in connection with the prior postponements of the Annual Meeting, the NYSE notified the Company on October 16, 2012 that the Company was at risk of violating Section 302.00 of the NYSE's listing standards, which requires listed companies to hold an annual shareholders' meeting during each fiscal year. On November 19, 2012, the Company requested an extension of time within which to hold the Annual Meeting. On November 30, 2012, the NYSE granted the Company's requested extension and agreed to waive the requirement of Section 302.00 provided that the Company would hold the Annual Meeting on January 17, 2013. The 2012 annual shareholder meeting was held on January 17, 2013, with most shareholder proposals obtaining the requisite shareholder approval.

53. On February 28, 2013, the Company filed a Notification of Late Filing with the SEC on Form 12b-25 wherein the Company stated, in relevant part, as follows:

As previously disclosed in filings with the Securities and Exchange Commission (the "SEC"), in October and November 2012, Magnum Hunter Resources Corporation (the "Company") *identified material weaknesses in its internal controls over financial reporting* with its (i) lack of sufficient qualified personnel to design and manage an effective control environment, (ii) period-end

financial reporting process and (iii) share-based compensation. The Company devoted substantial time and effort to correcting the previously filed financial statements and information that were impacted by these material weaknesses. Further, the Company implemented, and continues to implement, measures that it believes will effectively address these weaknesses in the future. *The implementation of these measures has entailed the substantial efforts of accounting staff and the use of external resources.* Additionally, the Company has devoted significant resources to preparing financial statements and information relating to the Company and its subsidiaries for inclusion in the exchange offer for Senior Notes contemplated by the Company's Registration Statement on Form S-4, which was declared effective by the SEC on February 7, 2013.

The change in the Company's independent auditors, which occurred in July 2012, has resulted in a normal transition between accounting firms that has required the Company to devote more resources to this transition. *Therefore, additional internal controls and significant review of certain financial matters were required by the new auditors.*

The diversion of these resources has caused the Company to be unable to compile all information necessary to prepare and file its Annual Report on Form 10-K for the year ended December 31, 2012 within the prescribed period (on or before March 1, 2013) without unreasonable effort or expense. The Company anticipates that it will file its Annual Report on Form 10-K no later than March 18, 2013.

54. On March 18, 2013, Magnum Hunter issued a press release entitled "Magnum Hunter Provides Update on Status of Annual Report on Form 10-K and Selected Unaudited Financial and Operating Data for the Three Months and Twelve Months Ended December 31, 2012." The press release falsely stated that "Magnum Hunter continues to work diligently with [PwC], its independent auditors to provide all the necessary information...so they can complete the audit of the Company's financial statements for the fiscal year ended December 31, 2012 as promptly as possible. At this time, Magnum Hunter is not aware of any disagreements with its auditors regarding the Company's fiscal 2012 financial statements." The Company essentially failed to disclose the truth – that it was in conflict with PwC over accounting practices, PwC

would not sign off on Magnum Hunter's 2012 report, and the Company's financial reports were inaccurate.

The statements contained in ¶¶ 28- 54, were materially false and/or misleading when made because defendants failed to disclose or indicate the following: (1) that the Company had material weaknesses in its valuation of its oil and gas properties, its calculation of oil and gas reserves, its position with respect to certain tax matters, the Company's accounting of its acquisition of NGAS, and the Company's compliance with certain debt covenants; (2) that, as a result, the Company lacked adequate internal and financial controls; and (3) that, as a result of the foregoing, the Company's statements were materially false and misleading at all relevant times.

C. The Truth Comes To Light

55. On April 16, 2013 the Company filed a Current Report on Form 8-K with the SEC wherein the Company stated, in relevant part, as follows:

Item 4.01 Changes in Registrant's Certifying Accountant.

On April 10, 2013, Magnum Hunter Resources Corporation (the "Company"), at the direction of the Audit Committee (the "Audit Committee") of the Company's Board of Directors (the "Board"), *dismissed PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2012, effective immediately.* PwC was engaged as the Company's independent registered public accounting firm on July 17, 2012. PwC has not completed an audit or issued an audit report on the Company's consolidated financial statements for the fiscal year ended December 31, 2012. The decision to dismiss PwC was unanimously approved by the Audit Committee on April 10, 2013, and such decision was unanimously ratified by the Board on April 13, 2013.

PwC was not engaged (and did not serve) as the Company's independent registered public accounting firm at any time prior to its engagement as the Company's independent registered public accounting firm on July 17, 2012. During the period beginning on July 17, 2012 and ending on the date of PwC's dismissal (the "Applicable Time Period"), *there were no disagreements between the Company and PwC on any matter of accounting principles or practices,*

financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused PwC to make reference to the subject matter of the disagreements in connection with its reports on the Company's consolidated financial statements for the fiscal year ended December 31, 2012.

During the Applicable Time Period, there were no “reportable events” as that term is defined in Item 304(a)(1)(v) of Regulation S-K under the Securities Act of 1933, as amended (the “Securities Act”), relating to PwC’s engagement as the Company’s independent registered public accounting firm, except that PwC advised the Company (A) (i) *that information had come to PwC’s attention that if further investigated may have a material impact on the fairness or reliability of Company’s consolidated financial statements, and this information was not further investigated and resolved to PwC’s satisfaction prior to its dismissal, and (ii) of the need to significantly expand the scope of PwC’s audit of the Company’s consolidated financial statements for the fiscal year ended December 31, 2012, and due to PwC’s dismissal, PwC did not complete its expanded procedures (collectively, the matters in (i) and (ii) above, the “PwC Identified Matters”)*, and (B) *of certain deficiencies in the Company’s internal controls over financial reporting that constitute material weaknesses during the Applicable Time Period (whether identified by the Company or PwC), which led PwC to believe that internal controls necessary for the Company to develop reliable financial statements did not exist, and therefore, PwC significantly expanded the scope of its audit of the Company’s consolidated financial statements for the fiscal year ended December 31, 2012 for purposes of completing such audit.* However, the Company believes that it has implemented the internal controls and processes necessary to develop reliable financial statements and allow its successor independent accounting firm to complete the audit of the Company’s consolidated financial statements for the fiscal year ended December 31, 2012. The Company will be working with its successor independent accounting firm to complete the audit of such consolidated financial statements.

PwC Identified Matters. The PwC Identified Matters consisted of the following and were under review and analysis by both PwC and the Company at the time of PwC’s dismissal. As of the date of the filing of this Current Report on Form 8-K, the Company does not believe that there are any misstatements, errors or omissions that would require any restatement of any of the Company’s prior period financial statements. The Company believes that the PwC Identified Matters arose primarily due to a period of rapid growth of the Company. The Company believes that such growth will significantly enhance future shareholder value, but in the near term this growth strained the accounting resources of the Company. The Company has been addressing and will continue to address these issues by expanding and upgrading the personnel in its accounting department and is also utilizing the advisory services of a “Big Four” accounting firm to assist the

Company in completing its Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and in upgrading its accounting department and systems.

Property Accounting and Transfers of Unproved Properties. PwC requested additional information to support the estimation of the valuation of the Company's oil and gas properties (including information regarding the timing of non-cash impairments and lease expiration and extensions). In addition, PwC requested support of the timing of transferring the classification of certain of such properties from unproved to proved and the effect of such transfers on non-cash impairments and depletion. The Company has substantially completed such analysis, which it will provide to its successor independent accounting firm. Such analysis indicated no material adjustments were necessary other than with respect to transfers and impairments that were recorded in the third quarter ended September 30, 2012 and prior periods. As previously disclosed, the Company anticipates unproved property impairments in the amount of \$71 million which will be recorded in the quarter ended December 31, 2012. Further additional adjustments, if any, that would be material would all be non-cash charges.

Oil and Gas Reserves. PwC has requested additional information and support for some of the underlying assumptions from which the reserve report issued by the Company's independent petroleum engineering firm on the Company's oil and gas reserves as of December 31, 2012 was derived. Such additional analysis included the proposed capital budget for 2013 supporting such assumptions and analysis of lease operating expenses in the Company's Magnum Hunter Production subsidiary ("MHP"). The Company has completed such analysis and believes no adjustments are necessary to such reserve report as its capital budget supports such assumptions and the MHP lease operating expenses analyzed are consistent with the assumptions made with respect thereto in the reserve report. PwC also requested additional support for the underlying division of interest of properties (which, in addition to oil and gas reserves, could affect other matters including revenues, lease operating expenses and oil and gas properties), although management does not expect the division of interest analysis to result in any material adjustments to these items. In addition, PwC requested that the Company perform additional analysis on its properties in the Tableland Field in Saskatchewan, Canada to determine if any non-cash impairment charges would be required. PwC advised the Company that a material non-cash impairment charge should be recognized for such properties and the Company continues to review this matter based on updated engineering information from its independent petroleum engineering firm. As previously disclosed, the Company anticipates property impairments in the amount of approximately \$16 million which will be recorded in the quarter ended December 31, 2012. Any such impairment would be a non-

cash charge to earnings for 2012. PwC also noted that a 2011 reserve report for certain significant subsidiaries of the Company indicated that it was prepared in accordance with the Canadian Oil and Gas Evaluation Handbook, and at the time of PwC's dismissal, PwC had not received adequate support as to whether such reserve report was prepared in accordance, or was materially consistent, with applicable U.S. and SEC standards. The Company has confirmed that such reserve report was prepared in accordance, and was materially consistent, with applicable U.S. and SEC standards, and it has received a revised cover letter from its independent petroleum engineering firm to such effect (although the Company had not provided such letter to PwC by the time of its dismissal).

Income Taxes. The Company and PwC discussed various issues relating to the Company's treatment of and positions with respect to certain income tax matters. The Company believes that its tax entries for the fourth quarter of 2012 are correct and that there should be no material adjustment to prior period entries.

Accounting regarding MHP. PwC requested that the Company review certain assumptions relating to the Company's initial accounting in connection with its acquisition in 2011 of NGAS Resources, Inc., whose operations are now conducted in or under MHP. PwC also requested further analysis regarding the appropriateness of certain credits recorded in lease operating expenses, whether such credits are appropriate deductions in the reserve report, and, if the credits were not deemed to be appropriate deductions, whether changes in reserves would have a material impact on MHP's proved property impairments. The Company has determined, in conjunction with advice from its "Big Four" accounting firm advisor, that such accounting was recorded properly. PwC was still reviewing such matter and there was no final resolution thereof at the time of its dismissal.

Prior Period Restatements. The Company has reviewed whether Staff Accounting Bulletin 99 might require certain errors, if any, in prior fiscal years and/or fiscal quarters to be corrected in the applicable prior periods. The Company has determined that the adjustments to date are not material and thus do not require any restatements of prior period financial statements. Further, substantially all adjustments identified to date have been non-cash items.

Ability to Meet Debt Covenants. The ability of the Company to comply with its debt covenants in future fiscal periods related primarily to the late filing of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012. The Company has obtained waivers relating to this late filing under certain of its debt agreements, and intends to address

the issues relating to this late filing arising under the indenture governing the Company's outstanding senior notes. In addition, the Company calculated projected financial statements and projected compliance with associated financial covenants under its debt agreements (based on the assumed closing of the Company's previously announced sale of its Eagle Ford Shale properties in which the cash portion of the purchase price is expected to be approximately \$380 million (after purchase price adjustments) as well as the Company's revised up stream capital budget of \$300 million). The Company believes that it will be able to remain in compliance with its financial covenants for the foreseeable future. Further, the Company has taken, and will continue to take, the appropriate additional actions necessary to prevent or cure any non-compliance with non-financial covenants under the Company's debt agreements as a result of the Company's failure to timely file its periodic reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the SEC.

Capitalized Interest. PwC asked the Company to consider whether certain interest expense associated with its unproved oil and gas properties should be capitalized. The Company's policy is to capitalize interest on expenditures for significant exploration and development projects that last more than six months. The Company and PwC were discussing approaches to capitalized interest but no conclusion had been reached at the time of PwC's dismissal. The Company's preliminary assessment is that it did not have any capitalized interest expense associated with the development of its unproved oil and gas properties because none of such projects exceeded six months. Any such adjustment in this regard would be a positive non-cash increase to net income in prior periods.

Assets Held for Sale. In connection with the Company's pending sale of its Eagle Ford Shale properties, PwC asked the Company to consider whether such properties should be classified as "assets held for sale" as of December 31, 2012. The Company, in conjunction with advice from its "Big Four" accounting firm advisor, determined that the conditions required for such classification did not exist at December 31, 2012.

Miscellaneous. In addition, other PwC Identified Matters include issues with respect to the Company's asset retirement obligations, revenue and lease operating expense accruals, share-based compensation, information technology systems and general controls, and manual post-closing entries, each of which were under review by PwC at the time of its dismissal and some of which the Company believes it has previously disclosed and corrected. The Company continues to review these matters and will review them with its successor independent accounting firm, but at this time, the Company does not believe that these matters will materially impact the Company's consolidated financial statements.

Internal Controls. PwC advised the Company of the five categories of below-described deficiencies that constitute, or that PwC considered might constitute, material weaknesses in the Company's internal controls over financial reporting. The first, second and fourth categories below were generally previously disclosed by the Company.

56. On this news, Magnum Hunter shares declined \$0.49 per share, 14.76%, to close at \$2.83 per share on April 17, 2013, on unusually heavy trading volume. Furthermore, on April 22, 2013, Magnum Hunter disclosed that PwC disagreed with Magnum Hunter's account of their parting, disclosing a letter from PwC, sent April 18, 2013, stating that PwC did "not agree with the statements concerning" whether there had been any "reportable events" as defined in Item 304(a)(1)(v) or Regulation S-K under the Securities Act of 1933, relating to PwC's engagement as the Company's independent registered public accounting firm. PwC went on to state in the letter that PwC had "advised the Company that information [had come] to [its] attention that [PwC had] concluded materially impacts the fairness or reliability of the Company's consolidated financial statements and this issue was not resolved to [PwC's] satisfaction prior to [its] dismissal." Upon revelation of this disagreement, the Company's stock further declined, on usually high trading volume, to close at \$2.50 per share.

57. By falsely inflating the Company's financial performance, and inflating Magnum Hunter's stock price, Defendants were able to: 1) generate upward movement in Magnum Hunter's stock price; 2) facilitate the sale of hundreds of thousands of dollars of privately-held Magnum Hunter stock by the Individual Defendants at fraud-inflated prices; 3) facilitate the sale by Magnum Hunter of more than \$900 million of its common stock, preferred shares and publicly-traded debt in multiple offerings conducted during the Class Period; 4) obtain a \$40+ million increase in the borrowing base under its \$750 million senior bank facility in March 2013; 5) meet forecasted revenue and net income amounts; 6) use the Company's artificially inflated

stock price to acquire numerous assets; 7) maintain the illusion of the Company's growth to investors; and 8) justify the excessive compensation and undeserved bonuses the Individual Defendants were awarded.

V. UNDISCLOSED ADVERSE INFORMATION

58. The market for Magnum Hunter's securities was an open, well-developed and efficient market at all relevant times. As a result of the materially false and misleading statements and failures to disclose described herein, Magnum Hunters's securities traded at artificially inflated prices during the Class Period. Plaintiff and the other members of the Class purchased or otherwise acquired Magnum Hunter's securities relying upon the integrity of the market price of Magnum Hunter's securities and market information related to Magnum Hunter and have been damaged thereby.

59. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Magnum Hunter's securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and misleading. Such statements and omissions were materially false and misleading in that they failed to disclose material adverse non-public information and misrepresented the truth about the Company, as well as its business, accounting, prospects and financial operations, as alleged herein.

60. At all relevant times, the material misrepresentations and omissions particularized herein directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and the other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and misleading statements about Magnum Hunter's financial condition and prospects.

61. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Magnum Hunter and its financial condition, thus causing the Company's stock to be overvalued and artificially inflated at all relevant times. Defendants' false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

VI. SCIENTER ALLEGATIONS

62. As alleged herein, the Individual Defendants acted with scienter in that Individual Defendants knew that the public documents and statements issued or disseminated in the name of the Company during the Class Period were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

63. As set forth herein, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Magnum Hunter, their control over and receipt of Magnum Hunter's allegedly materially misleading statements and omissions, and/or their positions with the Company which made them privy to confidential information concerning Magnum Hunter, participated in the fraudulent scheme alleged herein.

64. The ongoing fraudulent scheme described herein could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

VII. CLASS ACTION ALLEGATIONS

65. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of all persons who purchased or otherwise acquired

Magnum Hunter securities during the Class Period and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, members of the immediate family of each of the Individual Defendants, any subsidiary or affiliate of Magnum Hunter and the directors, officers and employees of the Company or its subsidiaries or affiliates, or any entity in which any excluded person has a controlling interest, and the legal representatives, heirs, successors and assigns of any excluded person.

66. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are thousands of members of the Class located throughout the United States. Throughout the Class Period, Magnum Hunter securities were actively traded on the New York Stock Exchange (the “NYSE”) - an open and efficient market. Record owners and other members of the Class may be identified from records maintained by Magnum Hunter and/or its transfer agents and may be notified of the pendency of this action by mail, using a form of notice similar to that customarily used in securities class actions.

67. Plaintiff’s claims are typical of the claims of the other members of the Class as all members of the Class were similarly affected by Defendants’ wrongful conduct in violation of federal law that is complained of herein.

68. Plaintiff will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

69. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- a. whether the federal securities laws were violated by Defendants' acts and omissions as alleged herein;
- b. whether Defendants participated in and pursued the common course of conduct complained of herein;
- c. whether documents, press releases, and other statements disseminated to the investing public and the Company's shareholders during the Class Period misrepresented material facts about the business, finances, financial condition and operations of Magnum Hunter;
- d. whether statements made by Defendants to the investing public during the Class Period misrepresented and/or omitted to disclose material facts about the business, finances, value, performance and operations of Magnum Hunter;
- e. whether the market price of Magnum Hunter common stock during the Class Period was artificially inflated due to the material misrepresentations and failures to correct the material misrepresentations complained of herein; and
- f. the extent to which the members of the Class have sustained damages and the proper measure of damages.

70. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this suit as a class action.

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VIII. LOSS CAUSATION

72. During the Class Period, as detailed herein, Defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of Magnum Hunter's securities and operated as a fraud or deceit on Class Period purchasers of Magnum Hunter's securities by failing to disclose to investors that the Company's financial results were materially misleading and misrepresented material information. When Defendants' misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the prices of Magnum Hunter's securities fell precipitously as the prior inflation came out of the Company's stock price. As a result of their purchases of Magnum Hunter's securities during the Class Period, Plaintiff and the other Class members suffered economic loss.

73. By failing to disclose the true state of the Company's financial statements, investors were not aware of the actual state of the Company's financial status. Therefore, Defendants presented a misleading picture of Magnum Hunter's business practices and procedures. Thus, instead of truthfully disclosing during the Class Period the true state of the Company's business, Defendants caused Magnum Hunter to conceal the truth.

74. Defendants' false and misleading statements had the intended effect and caused Magnum Hunter's common stock to trade at artificially inflated levels throughout the Class

Period. The stock price drops discussed herein caused real economic loss to investors who purchased the Company's securities during the Class Period.

75. The decline in the price of Magnum Hunter's common stock after the truth came to light was a direct result of the nature and extent of Defendants' fraud finally being revealed to investors and the market. The timing and magnitude of Magnum Hunter's common stock price decline negates any inference that the loss suffered by Plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors or Company-specific facts unrelated to the Defendants' fraudulent conduct. The economic loss suffered by Plaintiff and the other Class members was a direct result of Defendants' fraudulent scheme to artificially inflate the prices of Magnum Hunter's securities and the subsequent decline in the value of Magnum Hunter's securities when Defendants' prior misrepresentations and other fraudulent conduct were revealed.

**IX. APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE-MARKET DOCTRINE**

76. The market for Magnum Hunter's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or omissions, Magnum Hunter's securities traded at artificially inflated prices during the Class Period. On May 3, 2012, the Company's stock closed at a Class Period high of \$5.76 per share. Plaintiff and other members of the Class purchased or otherwise acquired Magnum Hunter's securities relying upon market information and the integrity of the market price of the Company's securities and as a result have been damaged thereby.

77. At all relevant times, the market for Magnum Hunter stock was an efficient market for the following reasons, among others:

- a. Magnum Hunter securities (stock symbol “MHR”) met the requirements for listing, and were listed and actively traded on the NYSE, a highly efficient market;
- b. As a regulated issuer, Magnum Hunter filed periodic public reports with the SEC and the NYSE;
- c. Magnum Hunter securities were followed by securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace; and
- d. Magnum Hunter regularly issued press releases that were carried by national newswires. Each of these releases was publicly available and entered the public marketplace.

78. As a result, the market for Magnum Hunter securities promptly digested current information with respect to the Company from all publicly available sources and reflected such information in Magnum Hunter’s stock price. Under these circumstances, all purchasers of Magnum Hunter common stock during the Class Period suffered similar injury through their purchase of stock at artificially inflated prices and a presumption of reliance applies.

X. INAPPLICABILITY OF SAFE HARBOR

79. The federal statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded herein. Furthermore, many of the statements pleaded herein were not identified as “forward-looking statements” when made, or indicated that actual results “could differ materially from those projected.” Nor were there any meaningful cautionary statements identifying important factors that could cause actual results to differ materially from the statements made therein.

80. Defendants are liable for the statements pleaded because, at the time each of those statements was made, Defendants knew the statement was false and the statement was authorized and/or approved by an executive officer of Magnum Hunter who knew that such statement was false when made.

XI. COUNTS AGAINST DEFENDANTS UNDER THE EXCHANGE ACT

COUNT I

For Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against Defendants

81. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein. This claim is asserted against Defendants.

82. During the Class Period, Magnum Hunter and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Magnum Hunter common stock; and (iii) cause Plaintiff and other members of the Class to purchase Magnum Hunter stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

83. These Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Magnum Hunter securities in violation of §10(b) of the Exchange Act and Rule 10b-5. Defendants are sued as primary participants in the wrongful

and illegal conduct charged herein. The Individual Defendants are also sued herein as controlling persons of Magnum Hunter, as alleged herein.

84. In addition to the duties of full disclosure imposed on Defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, they each had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S X (17 C.F.R. § 210.01 et seq.) and S-K (17 C.F.R. § 229.10 et seq.) and other SEC regulations, including accurate and truthful information with respect to the Company's operations, financial condition and performance so that the market prices of the Company's publicly traded securities would be based on truthful, complete and accurate information.

85. Magnum Hunter and the Individual Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, business practices, performance, operations and future prospects of Magnum Hunter as specified herein. These Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Magnum Hunter's value and performance and substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Magnum Hunter and its business, operations and future prospects, in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in

practices and a course of business which operated as a fraud and deceit upon the purchasers of Magnum Hunter's securities during the Class Period.

86. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) each of the Individual Defendants was a high-level executive and/or director at the Company during the Class Period; (ii) each of the Individual Defendants, by virtue of his responsibilities and activities as a senior executive officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's operational and financial projections and/or reports; (iii) the Individual Defendants enjoyed significant personal contact and familiarity with each other and were advised of and had access to other members of the Company's management team, internal reports, and other data and information about the Company's financial condition and performance at all relevant times; and (iv) the Individual Defendants were aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

87. These Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were readily available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Magnum Hunter's operating condition, business practices and future business prospects from the investing public and supporting the artificially inflated price of its stock. As demonstrated by their overstatements and misstatements of the Company's financial condition and performance throughout the Class Period, the Individual Defendants, if they did not have actual knowledge of the

misrepresentations and omissions alleged, were severely reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

88. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Magnum Hunter securities was artificially inflated during the Class Period. In ignorance of the fact that the market price of Magnum Hunter shares was artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by Defendants but not disclosed in public statements by these Defendants during the Class Period, Plaintiff and the other members of the Class acquired Magnum Hunter securities during the Class Period at artificially inflated high prices and were damaged thereby.

89. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known of the true performance, business practices, future prospects and intrinsic value of Magnum Hunter, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired Magnum Hunter securities during the Class Period, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

90. By virtue of the foregoing, Magnum Hunter and the Individual Defendants each violated §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

91. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

COUNT II
For Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

92. Plaintiff repeats and realleges the allegations set forth above as if set forth fully herein. This claim is asserted against the Individual Defendants.

93. The Individual Defendants were and acted as controlling persons of Magnum Hunter within the meaning of §20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions with the Company, participation in and/or awareness of the Company's operations and/or intimate knowledge of the Company's actual performance, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Each of the Individual Defendants was provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

94. In addition, each of the Individual Defendants had direct involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

95. As set forth above, Magnum Hunter and the Individual Defendants each violated §10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their controlling positions, the Individual Defendants are liable pursuant to §20(a) of the Exchange Act. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

XII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of the Class, prays for judgment as follows:

- a) Declaring this action to be a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class defined herein;
- b) Awarding Plaintiff and the other members of the Class damages in an amount which may be proven at trial, together with interest thereon;
- c) Awarding Plaintiff and the members of the Class pre-judgment and post-judgment interest, as well as their reasonable attorneys' and experts' witness fees and other costs; and
- d) Awarding such other relief as this Court deems appropriate.

XIII. JURY TRIAL DEMANDED

Plaintiff demands a trial by jury.

Dated: May 3, 2013

Respectfully submitted,

**ABRAHAM, WATKINS, NICHOLS,
SORRELS, AGOSTO & FRIEND**

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