



Fir Tree Partners



Halcón Resources Corp. (“HK”)

October 2018

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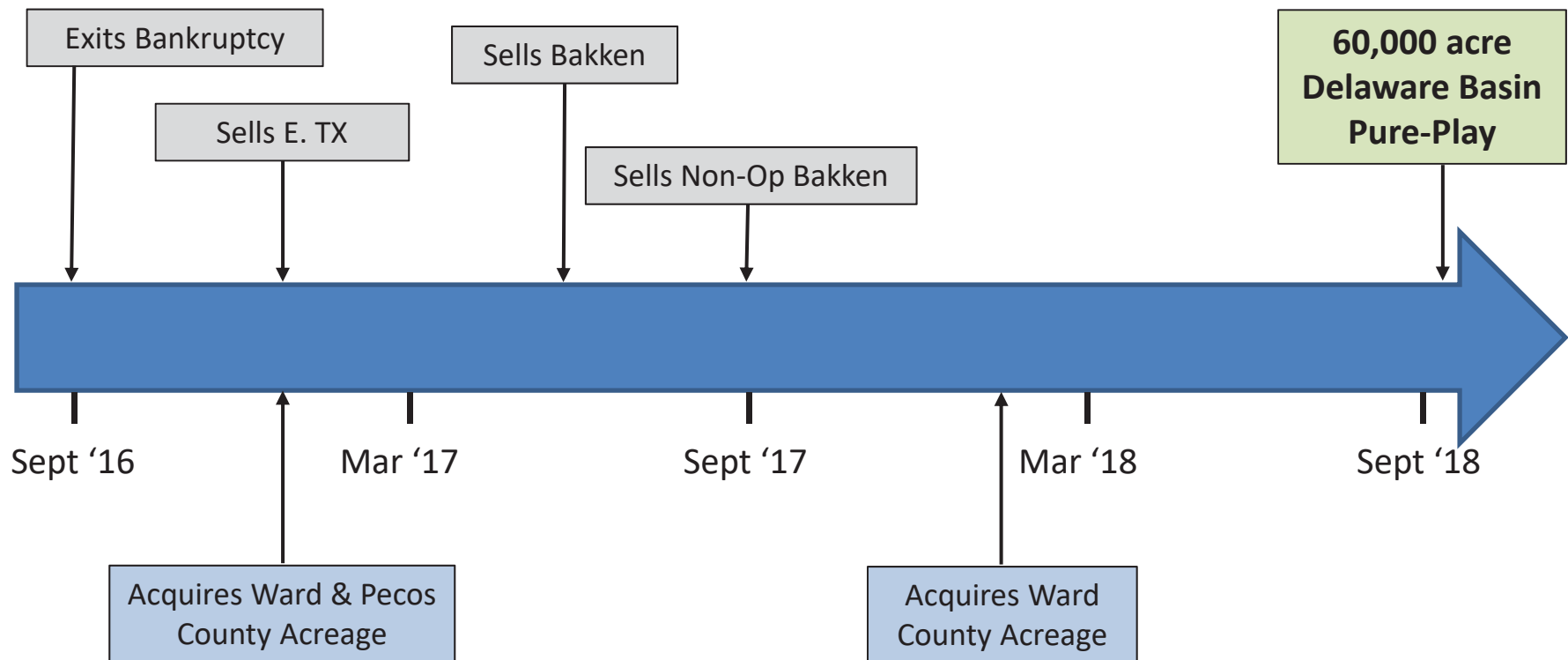
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HK has undergone an incredible transformation

Fir Tree commends HK management and its Board of Directors on past asset sales and transformation to a Delaware basin pure-play with substantial midstream value.

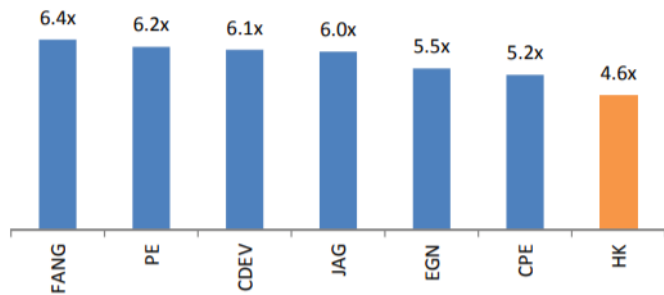


HK trades at a significant discount to peers

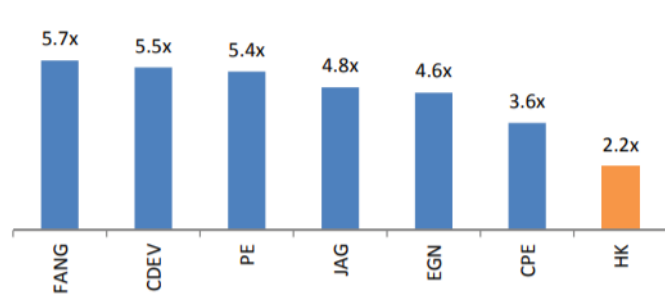
Fir Tree agrees with HK management: HK's share price is substantially undervalued, implying only ~\$6,500 per Permian acre⁽¹⁾.

Company Presentation (from mid June)⁽²⁾

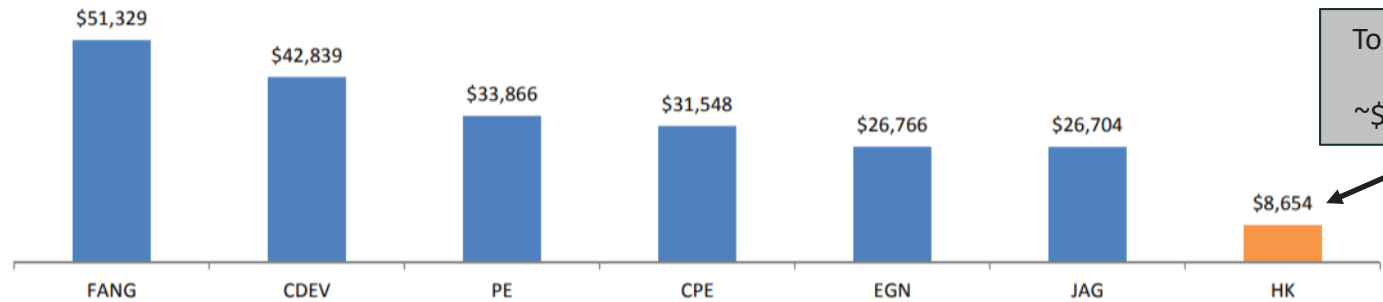
Adjusted TEV⁽¹⁾/2019 EBITDA



Price / 2019 CFPS



Implied Value per Acre⁽²⁾



Today, HK is even cheaper at ~\$6,500 per acre

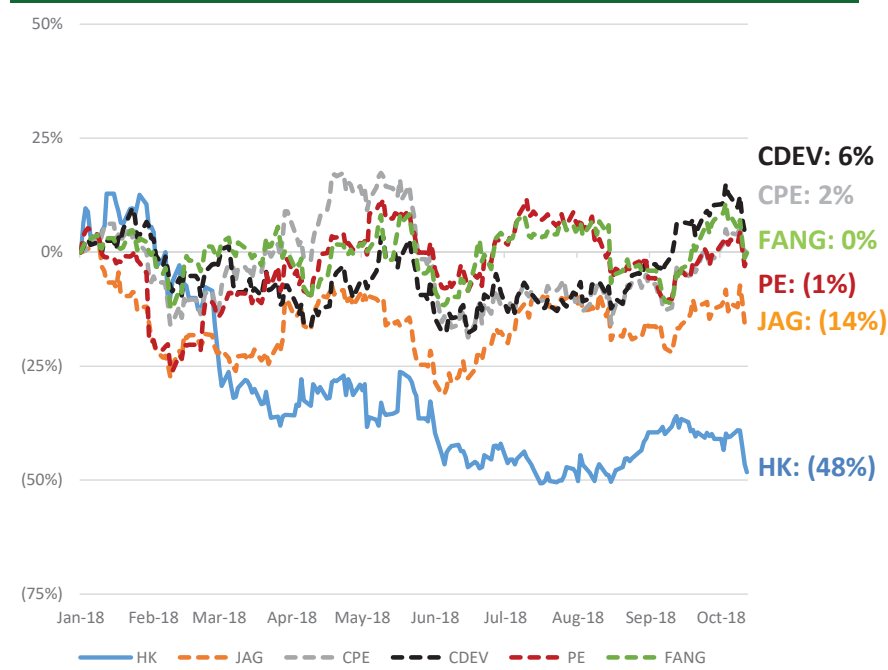
(1) Calculated assuming PDP at \$25k per boepd. \$450M for midstream. Share price as of 10/12/18. Valuation difference between graphic and text due to share price date, estimated value of midstream and PDP.

(2) HK presentation for JPM Conference on 06/19/18. Footnotes: (1) Adjusted TEV calculated as current market cap as of 6/12/18 plus projected net debt at 12/31/19 based on consensus forecasts. (2) Calculated as current enterprise value less value of current production at \$35k per boepd. HK value also adjusted for \$150M related to invested cost in infrastructure assets to date.

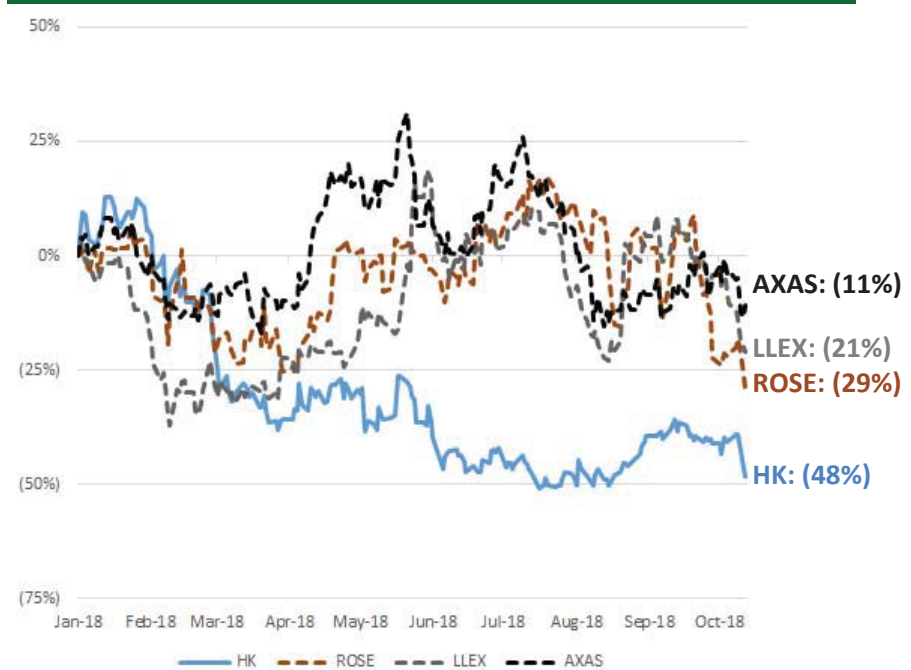
Massive value creation opportunity

HK has underperformed its peers (both large and small).

Large Peers: YTD Share Price Performance



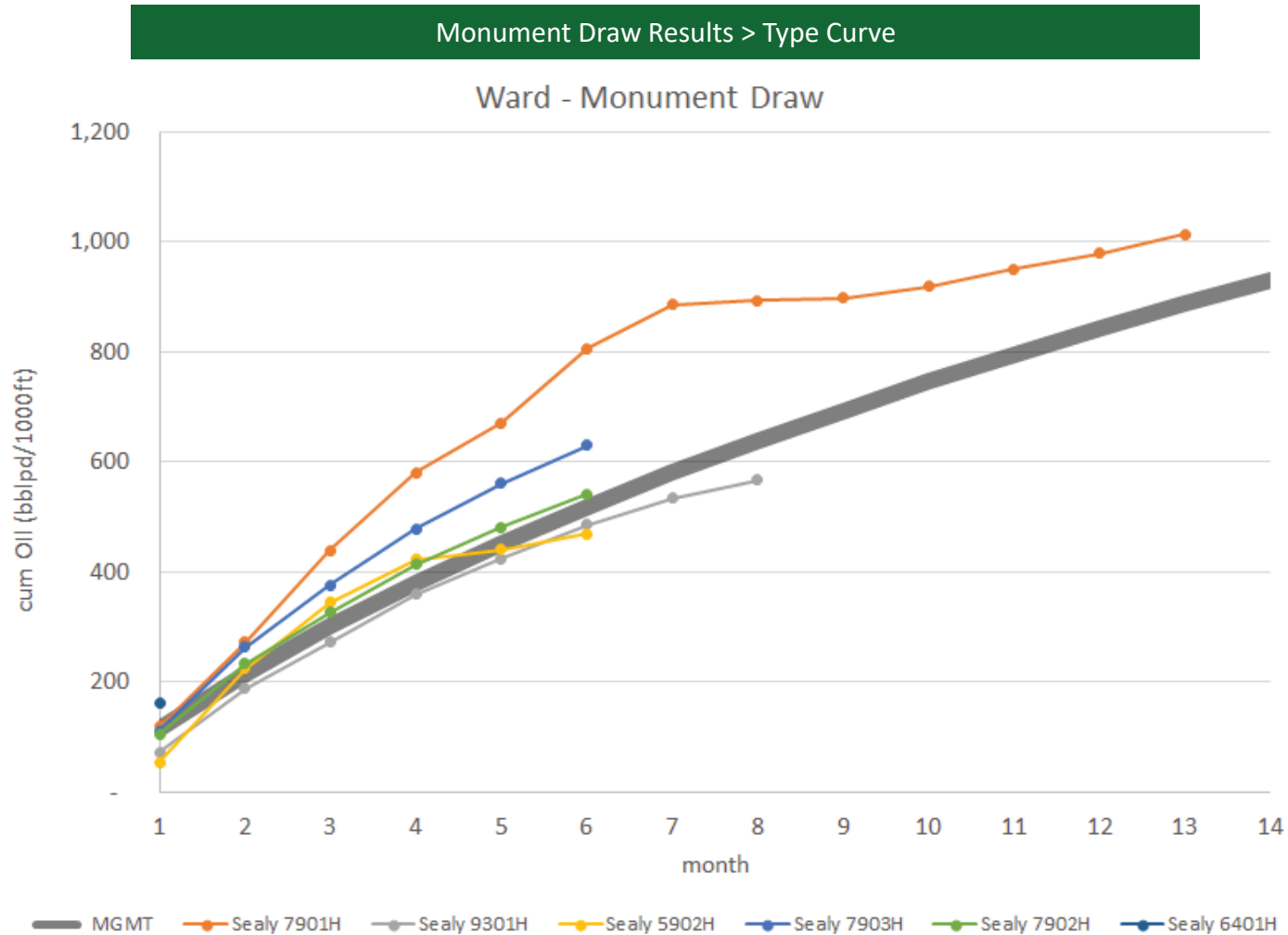
Small Peers: YTD Share Price Performance



Share price performance to 10/12/18.

Attractive Ward County economics

Well results in Monument Draw are performing in-line / better than HK's type curve.

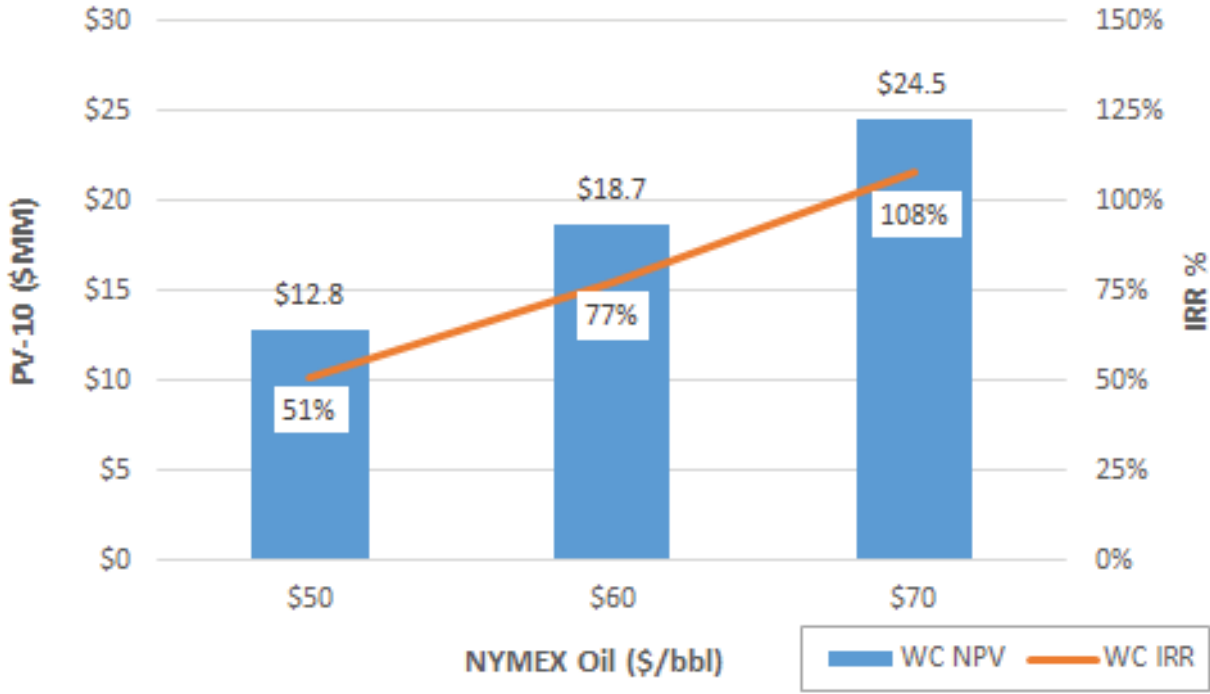


(1) Recreated from HK's 2Q18 earnings presentation.

Attractive Ward County economics

At current prices, each Monument Draw well should generate a ~\$20M NPV.

~\$20M PV-10 per well⁽¹⁾

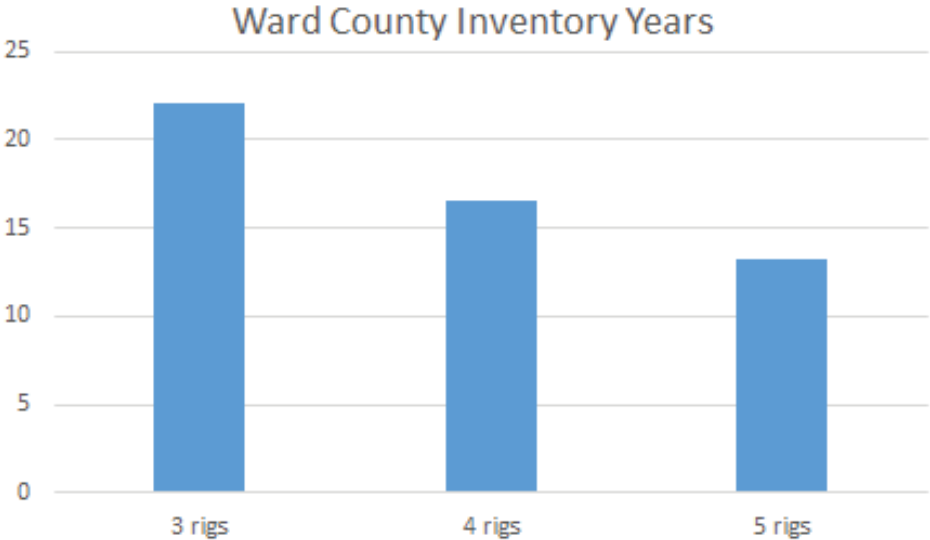


(1) Recreated from HK's 2Q18 earnings presentation.

Ward County pure play

Given abundant inventory, HK should focus solely on Ward County, it's highest return acreage. HK should sell Pecos to realize significant value.

Decades of Drilling Inventory in Ward County⁽¹⁾



(1) Inventory as per HK 2Q18 earnings presentation.

Fir Tree recommended path to success

Fir Tree applauds HK's decision to sell its midstream and its stated goal to eventually sell the Company, but more can be done near term to increase shareholder value.

3Q18 to 2Q19

- Spend growth capex on midstream (2-3x ROI)
- Sell Midstream (no MVCs, market contract)
- Revisit drilling program in Pecos
- Sell Pecos
- Use proceeds to pay down debt and repurchase stock

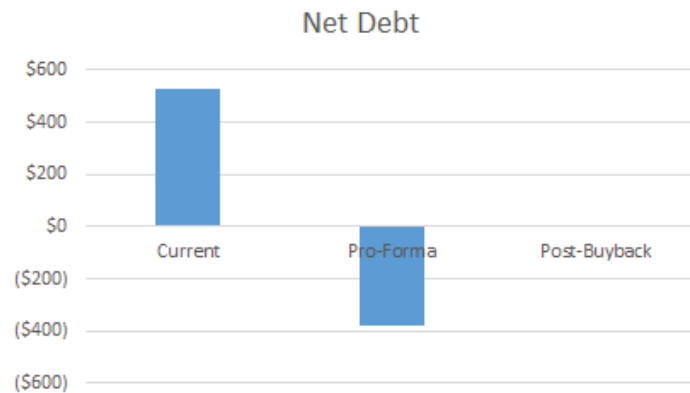
2Q19 and Beyond

- Significantly ramp drilling in Ward
- Opportunistically add Ward County acreage
- Sell Company** at right price (management's stated goal), significantly above today's market value

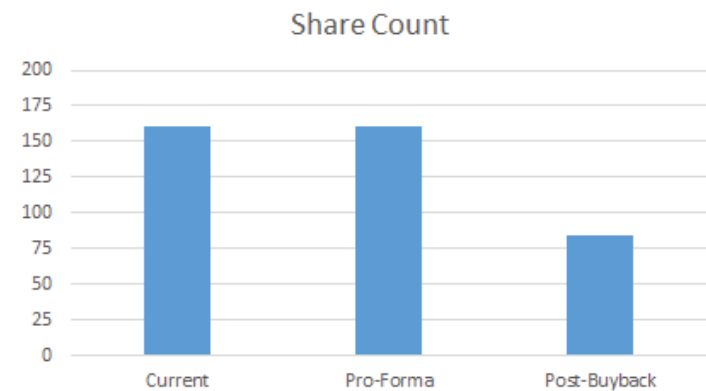
Potential share price improvement

If midstream and Pecos County assets are sold and proceeds are used to de-lever and buy back stock, HK share price could appreciate considerably.

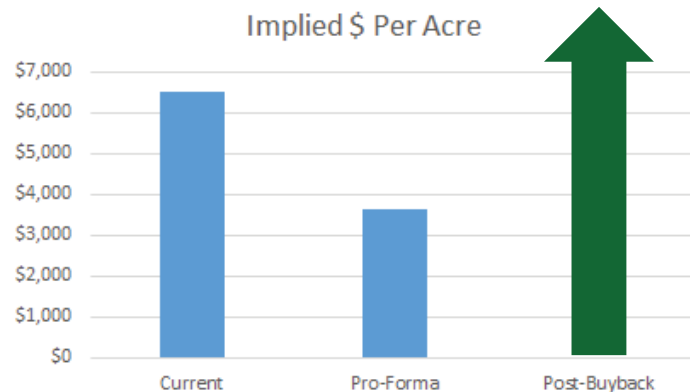
~\$900M of asset sales can retire all debt and...



... Repurchase 50% of shares...



... Valuation should improve meaningfully



Potential Re-Rating

Ward County \$ Per Acre	\$20,000	\$30,000	\$40,000
HK Ward Acres	32,821	32,821	32,821
HK Acreage Value (in mm's)	\$656	\$985	\$1,313
(+) Ward PDP Value	\$128	\$128	\$128
HK Total Value	\$784	\$1,112	\$1,441
(-) Debt, net	\$0	\$0	\$0
HK Equity Value	\$784	\$1,112	\$1,440
Shares (post-buyback)	84	84	84
Implied HK Share Price	\$9.32	\$13.22	\$17.12
Current Price	\$3.92	\$3.92	\$3.92
Upside	138%	237%	337%

Benefits of new Ward County pure-play

- Highest Quality Acreage
- Improved Drill-bit Returns = 75%+ at spot oil price
- Greater than 15 years of Inventory at 4 rig pace
- Improved Balance Sheet = Zero net debt
- Massive Buyback = increased shareholder value
- True Pure-Play