



January 24, 2017

Halcón Resources Announces Entry into the Delaware Basin

~36,000 Net Acres in Pecos and Ward Counties for ~\$20,000 per Acre ⁽¹⁾

\$500 MM Divestiture

\$400 MM Equity Placement

HOUSTON, Jan. 24, 2017 (GLOBE NEWSWIRE) -- Halcón Resources Corporation (NYSE:HK) ("Halcón" or the "Company"), today announced it has entered into a purchase and sale agreement with a private operator to acquire 20,748 net acres in the Southern Delaware Basin (the "Pecos County Assets") for \$705 million with a November 1, 2016 effective date, in addition to entering into an option agreement to purchase an additional 15,040 net acres in Ward County, Texas from a private operator for \$11,000/acre (the "Ward County Option"). Finally, Halcón also announced it has entered into a purchase and sale agreement to sell its East Texas Eagle Ford assets ("El Halcón"), which currently are producing approximately 6,000 net boe/d, for \$500 million with a January 1, 2017 effective date. The acquisition of the Pecos County Assets, which will be funded with the proceeds of the previously announced private placement of automatically convertible preferred stock and the sale of the El Halcón assets is expected to close by early March 2017, and is subject to customary closing adjustments and conditions.

Floyd Wilson, Halcón's Chairman, CEO and President commented, "These transactions represent a strategic pivot for us into the Delaware Basin. After the consummation of these transactions, we will have core operating areas in two of the most attractive North American oil basins with decades of highly economic development drilling ahead of us. The proceeds from the sale and the equity offering provide sufficient funds to acquire the Delaware assets and fund drilling capital to grow our asset base over the next several years, while at the same time improving our leverage profile."

Acquisition Highlights

- | Attractive acquisition price of ~\$20,000/acre⁽¹⁾ (assuming Ward County Option is exercised in full)
- | A significant percentage of the acreage has been de-risked by recent drilling on and around acreage
- | ~85% average working interest and ~90%+ operated
- | > 70% oil and ~85% liquids
- | ~700 highly economic gross Wolfcamp A and Wolfcamp B drilling locations (750+ additional upside locations in the 1st, 2nd and 3rd Bone Spring and the Avalon Shale)
- | 12 years of Wolfcamp A and B drilling inventory assuming a 4 rig program (24+ years including upside locations)
- | Largely contiguous acreage position allows for extended lateral development (expected average lateral of > 7,500')
- | Existing infrastructure valued at approximately \$55 million with significant additional value opportunities
- | Financing structure improves Halcón's leverage and liquidity profile
- | Significantly accretive to NAV/share and future CFPS

Delaware Basin Highlights

The Pecos County Assets include 20,748 net acres in Pecos and Reeves Counties, Texas and are currently producing approximately 2,600 net boe/d. The Pecos County Assets include 495 gross Upper Wolfcamp A & B locations and 771 gross locations in the Lower Wolfcamp A, 1st, 2nd and 3rd Bone Springs and the Avalon. Based on recent drilling results, Halcón estimates the Wolfcamp A & B locations (7,500' lateral) will generate EURs of 803 Mboe and 975 Mboe, respectively, with IRRs in excess of 45% at the current strip. Halcón plans to run two rigs on the Pecos County Assets shortly after closing and may consider running as many as four rigs in 2018 depending on oil prices.

In addition to the Pecos County Assets, Halcón has entered into an agreement with a private operator for the right to purchase up to 15,040 net acres located primarily in Ward County, Texas. The Ward County assets are divided into two

tracts: the Southern Tract (6,720 net acres) and the Northern Tract (8,320 net acres) with separate options for each tract. Pursuant to the terms of the agreement, Halcón is currently drilling a commitment well on the Southern Tract and has until June 15, 2017 to exercise the option on either the Southern Tract acreage or on all 15,040 net acres, in each case for \$11,000/acre. If the Company initially elects only to exercise its option on the Southern Tract, it would then be required to pay \$5 million and drill a commitment well on the Northern Tract by September 1, 2017 to earn an option to acquire the Northern Tract acreage for \$11,000/acre by December 31, 2017.

Transaction Financing

Halcón plans to finance the acquisitions with the proceeds from the \$400 million private placement as well as the divestiture of its El Halcón assets for \$500 million. Excess cash from these two transactions will be used to repay the Company's revolver and put cash on its balance sheet. The closing of the private placement is contingent upon the acquisition of the Pecos County Assets. Pro forma for the acquisition of the Pecos County Assets and disposition of the El Halcón assets, the Company expects its borrowing base under its senior revolving credit agreement (the "Revolver") to remain at \$600 million.

As of December 31st, Halcón had \$186 million drawn on its Revolver resulting in pro forma liquidity of \$429 million assuming consummation of the Pecos County Assets acquisition, the private placement, the divestiture of the El Halcón assets and exercising the Ward County option.

Pro Forma Preliminary 2017 Guidance

Pro forma for the pending acquisition and the sale of the El Halcón assets currently generating ~6,000 boe/d of net production, the Company is preliminarily revising its full year 2017 production guidance to a range of 37,000 to 39,000 boe/d (80% oil, 10% gas and 10% NGL). As a result of the anticipated increased activity from the pending acquisition, the Company is also increasing its preliminary 2017 drilling and completion capital expenditure guidance to \$280 million from a prior estimate of \$200 million. Separately, the Company is planning to spend approximately \$15 million on its acquired infrastructure assets in the Delaware basin. The Company plans to provide formal guidance after further operational review.

Please see Halcón "Southern Delaware Acquisition" investor presentation located in the Investor Relations folder at the Company's website for more information (www.halconresources.com).

Advisor

BofA Merrill Lynch acted as exclusive financial advisor to Halcón in connection with the acquisition of the Pecos County Assets. BofA Merrill Lynch and J.P. Morgan Securities acted as placement agents in the private placement of preferred stock.

Jefferies LLC served as financial advisor to the seller of the Pecos County Assets.

Conference Call

Halcón will host a conference call for investors on Wednesday, January 25, 2017 at 11:00 a.m. EST (10:00 a.m. CST). Investors may participate in the conference call via telephone by dialing (877) 810-3368 for domestic callers or (914) 495-8561 for international callers, in both cases using conference ID 59847462, and asking for the Halcón call a few minutes prior to the start time.

Investor slides highlighting the transaction are available on the Company's website at <http://www.halconresources.com> in the Investor Relations section under Events & Presentations.

About Halcón Resources

Halcón Resources Corporation is an independent energy company engaged in the acquisition, production, exploration and development of onshore oil and natural gas properties in the United States.

For more information contact Quentin Hicks, Senior Vice President of Finance & Investor Relations, at 832-538-0557 or qhicks@halconresources.com.

Forward-Looking Statements

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that are not strictly historical statements constitute forward-looking statements and may often, but not always, be identified by the use of such words such as "expects", "believes", "intends", "anticipates", "plans", "estimates", "potential", "possible", or "probable" or statements that

certain actions, events or results "may", "will", "should", or "could" be taken, occur or be achieved. Statements regarding our pending acquisitions and divestitures are forward-looking statements; there can be no guarantee that these transactions close on the timeframe described herein or that they close at all. Forward-looking statements are based on current beliefs and expectations and involve certain assumptions or estimates that involve various risks and uncertainties that could cause actual results to differ materially from those reflected in the statements. These risks include, but are not limited to the risks set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and other filings submitted by the Company to the SEC, copies of which may be obtained from the SEC's website at www.sec.gov or through the Company's website at www.halconresources.com. Readers should not place undue reliance on any such forward-looking statements, which are made only as of the date hereof. The Company has no duty, and assumes no obligation, to update forward-looking statements as a result of new information, future events or changes in the Company's expectations.

Additionally, we use the term "EUR" in this release to describe estimates of potentially recoverable hydrocarbons that the SEC rules prohibit from being included in filings with the SEC. These are based on the Company's internal estimates of hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. These quantities do not constitute "reserves" within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System or SEC rules and are subject to substantially greater uncertainties relating to recovery than reserves. "EUR," or Estimated Ultimate Recovery, refers to our management's internal estimates based on per well hydrocarbon quantities that may be potentially recovered from a hypothetical future well completed as a producer in the area. For areas where the Company has no or very limited operating history, EURs are based on publicly available information relating to operations of producers operating in such areas. For areas where the Company has sufficient operating data to make its own estimates, EURs are based on internal estimates by the Company's management and reserve engineers.

This press release is neither an offer to sell nor a solicitation of an offer to buy any of the securities to be issued in the private placement.

(1) Assumes \$40,000 per boe/d for current production; adjusted to exclude \$55 million of midstream/infrastructure assets related to the Pecos County Assets.

 Primary Logo

Source: Halcon Resources

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