

PETROHAWK ENERGY CORP

Form S-4

April 28, 2005

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**AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 28, 2005  
REGISTRATION NO. 333-**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**Petrohawk Energy Corporation**  
*(Exact Name of Registrant as Specified in Its Charter)*

**DELAWARE**  
*(State or Other Jurisdiction of  
Incorporation or Organization)*

**1311**  
*(Primary Standard Industrial  
Classification Code Number)*

**86-0876964**  
*(I.R.S. Employer  
Identification Number)*

**1100 Louisiana, Suite 4400  
Houston, Texas 77002  
(832) 204-2700**  
*(Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Registrant's Principal Executive Offices)*

**Floyd C. Wilson**  
**President and Chief Executive Officer**  
**Petrohawk Energy Corporation**  
**1100 Louisiana, Suite 4400**  
**Houston, Texas 77002**  
**(832) 204-2700**  
*(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)*

***Copies To:***

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**333 Clay St., Suite 3300**  
**Houston, Texas 77002**  
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**1000 Main Street, 36<sup>th</sup> Floor**  
**Houston, Texas 77002**  
**(713) 226-6674**  
**(713) 226-6274 (Fax)**

**APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:** As soon as practicable after the effectiveness of this Registration Statement and the effective time of the merger as described in the Agreement and Plan of Merger, dated as of April 3, 2005, included as Annex A to the joint proxy statement/prospectus forming a part of this Registration Statement.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered(1)</b>	<b>Proposed Maximum Offering Price per Share</b>	<b>Proposed Maximum Aggregate Offering Price(2)</b>	<b>Amount of Registration Fee</b>
Common Stock, par value \$0.001	21,935,083	N/A	\$221,748,848	\$26,100

(1) Represents the number of shares of the common stock of the registrant that may be issued to former stockholders of Mission Resources Corporation pursuant to the merger described herein.

(2) Pursuant to Securities Act Rule 457(c), (f)(1) and (f)(3), and estimated solely for purposes of calculating the registration fee, the proposed maximum aggregate offering price is \$221,748,848, which equals (1) the product of (a) the average of the high and low prices of the common stock, par value \$0.01 per share, of Mission, of \$7.54, as quoted on the Nasdaq National Market on April 22, 2005 and (b) the maximum total number of shares of common stock of Mission to be canceled (which is 47,367,803 shares), less (2) the maximum amount of cash to be paid by the Registrant in exchange for shares of Mission common stock (which equals \$135,404,387).

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this document is not complete and may be changed. Petrohawk may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED APRIL 28, 2005**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Petrohawk Energy Corporation ( Petrohawk ), its wholly owned subsidiary, Petrohawk Acquisition Corporation ( Merger Sub ), and Mission Resources Corporation ( Mission ), have entered into an agreement and plan of merger dated as of April 3, 2005 (the merger agreement ). Under the merger agreement, Petrohawk will acquire Mission through a merger of Mission with and into Merger Sub (the merger ). Following the merger, Merger Sub will be the surviving entity and will continue as a wholly owned subsidiary of Petrohawk. The merger agreement is attached as Annex A to this joint proxy statement/ prospectus and is incorporated into this joint proxy statement/ prospectus by reference. In the merger, Petrohawk will issue approximately 19.234 million shares of common stock and will pay approximately \$135.4 million in cash (based on the outstanding shares of Mission common stock on April 1, 2005, and in each case subject to upward adjustment, up to approximately 1.8 million shares of common stock and \$12.7 million in cash, in the event that any additional shares of Mission common stock are issued in accordance with the merger agreement pursuant to the exercise of Mission stock options or otherwise). You may elect to receive either cash or Petrohawk common stock with respect to each share of Mission common stock you hold, subject in each case to allocation procedures set forth in the merger agreement and described in this document. Regardless of whether you elect to receive cash, Petrohawk common stock, or a combination of cash and Petrohawk common stock, or make no election, the merger agreement contains provisions designed to cause the value of the per share consideration you receive to be substantially equivalent. The tables on pages 6 and 61 of this document set forth hypothetical examples of the merger consideration you may receive. The actual amount of cash or number of shares of Petrohawk common stock that you will receive for each share of Mission common stock you hold will not be known at the time of the Mission special meeting to vote upon the proposed merger. Those amounts will be determined after the effective time of the merger based on a formula set forth in the merger agreement and described in this document.

Your vote is important. We cannot complete the merger unless the Mission stockholders adopt the merger agreement and the Petrohawk stockholders approve the issuance of Petrohawk common stock at their respective stockholder meetings. The obligations of Petrohawk and Mission to complete the merger are also subject to the satisfaction or waiver of certain other conditions to the merger. The places, dates and times of the annual meeting of Petrohawk and the special meeting of Mission are as follows:

For Petrohawk stockholders:

10:00 a.m., CDT  
, 2005  
1100 Louisiana St., Suite 4400  
Houston, Texas 77002

For Mission stockholders:

10:00 a.m., CDT  
, 2005  
Four Seasons Hotel, 1300 Lamar St.  
Houston, Texas 77010

This joint proxy statement/ prospectus gives you detailed information about the annual meeting of Petrohawk and the special meeting of Mission and the proposed merger. **We urge you to read this joint proxy statement/ prospectus carefully, including Risk Factors on page 19 for a discussion of the risks relating to the merger.** Whether or not you plan to attend your meeting, to ensure your shares are represented at the meeting, please vote as soon as possible by either completing and submitting the enclosed proxy card or voting using the telephone or Internet voting procedures described on your proxy card.

Each of our boards of directors recommends that you vote FOR the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement and the other matters contemplated to be voted upon at the annual meeting of Petrohawk and the special meeting of Mission.

Petrohawk common stock is quoted on the Nasdaq National Market under the symbol HAWK. Mission common stock is quoted on the Nasdaq National Market under the symbol MSSN.

**Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/ prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/ prospectus. Any representation to the contrary is a criminal offense.**

This joint proxy statement/ prospectus is dated \_\_\_\_\_, 2005 and is first being mailed to Petrohawk stockholders and Mission stockholders on or about \_\_\_\_\_, 2005.

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**PETROHAWK ENERGY CORPORATION**  
**1100 Louisiana St., Suite 4400**  
**Houston, Texas 77002**  
**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**To Be Held On \_\_\_\_\_, 2005**

TO THE STOCKHOLDERS OF PETROHAWK ENERGY CORPORATION:

We will hold the annual meeting of stockholders of Petrohawk Energy Corporation ( Petrohawk ) at Petrohawk s offices, 1100 Louisiana St., Suite 4400, Houston, Texas, on \_\_\_\_\_, 2005, at 10:00 a.m., CDT, for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of shares of common stock, par value \$0.001 per share, of Petrohawk pursuant to the Agreement and Plan of Merger, dated as of April 3, 2005, by and among Petrohawk, Petrohawk Acquisition Corporation, and Mission Resources Corporation.

2. To consider and vote upon a proposal to amend Petrohawk s certificate of incorporation to increase the number of authorized shares of common stock from 75 million shares to 125 million shares.

3. To elect two nominees to the board of directors to serve as Class I directors until their successors are duly elected or until their earlier death, resignation, or removal.

4. To consider and vote upon a proposal to amend Petrohawk s Amended and Restated 2004 Employee Incentive Plan to increase the number of authorized shares of common stock under the plan from 2.75 million shares to 4.25 million shares.

5. To consider and vote upon a proposal to amend Petrohawk s Amended and Restated 2004 Non-Employee Director Incentive Plan to increase the number of authorized shares of common stock under the plan from 200,000 shares to 400,000 shares.

6. To ratify the selection of Deloitte & Touche LLP as Petrohawk s independent auditors for the year ending December 31, 2005.

7. To transact any other business as may properly be brought before the annual meeting or any adjournment or postponement of the annual meeting.

The Petrohawk board of directors has fixed the close of business on \_\_\_\_\_, 2005 as the record date for determining those Petrohawk stockholders entitled to vote at the annual meeting and any adjournment or postponement thereof. Accordingly, only stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the annual meeting. A complete list of the Petrohawk stockholders will be available for examination at the offices of Petrohawk in Houston, Texas during ordinary business hours for a period of 10 days prior to the annual meeting.

The board of directors of Petrohawk recommends that Petrohawk stockholders vote FOR each of the proposals to be voted on at the annual meeting.

To ensure your representation at the annual meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting instruction card. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. If your shares are held in street name by your broker or other nominee, only that holder can vote your shares and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your proxy may be revoked at any time before it is voted. Please review the joint proxy statement/ prospectus accompanying this notice

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for more complete information regarding the matters to be voted on at the meeting.

By Order of the Board of Directors  
of Petrohawk Energy Corporation

Floyd C. Wilson  
Chairman, President and Chief Executive Officer

Houston, Texas  
, 2005

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**MISSION RESOURCES CORPORATION**  
**1331 Lamar St., Suite 1455**  
**Houston, Texas 77010-3039**  
**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**  
**To Be Held On \_\_\_\_\_, 2005**

TO THE STOCKHOLDERS OF MISSION RESOURCES CORPORATION:

We will hold a special meeting of stockholders of Mission Resources Corporation at the Four Seasons Hotel, 1300 Lamar St., Houston, Texas, on \_\_\_\_\_, 2005, at 10:00 a.m., CDT, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated as of April 3, 2005, by and among Petrohawk Energy Corporation, Petrohawk Acquisition Corporation, and Mission Resources Corporation, and approve the merger of Mission Resources Corporation with and into Petrohawk Acquisition Corporation and the other transactions contemplated by the merger agreement; and

2. To transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting.

The Mission board of directors has fixed the close of business on \_\_\_\_\_, 2005 as the record date for determining those Mission stockholders entitled to vote at the special meeting and any adjournment or postponement thereof. Accordingly, only stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the special meeting. A complete list of the Mission stockholders will be available for examination at the offices of Mission in Houston, Texas during ordinary business hours for a period of 10 days prior to the special meeting.

The board of directors of Mission recommends that Mission stockholders vote **FOR** the proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

Under Delaware law, if the merger is completed, holders of Mission common stock who do not vote in favor of, or consent in writing to, the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement will have the right to seek appraisal of the fair value of their shares, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and they comply with the other Delaware law procedures and requirements explained in the accompanying joint proxy statement/prospectus.

To ensure your representation at the special meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting instruction card. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. If your shares are held in **street name** by your broker or other nominee, only that holder can vote your shares and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your proxy may be revoked at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the merger and the special meeting.

By Order of the Board of Directors  
of Mission Resources Corporation

Robert L. Cavnar  
Chairman, President and Chief Executive Officer

Houston, Texas  
\_\_\_\_\_, 2005



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**ADDITIONAL INFORMATION**

This joint proxy statement/ prospectus incorporates by reference important business and financial information about Petrohawk and Mission from documents that are not included in or delivered with this joint proxy statement/ prospectus. See *Where You Can Find More Information* on page 142. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this joint proxy statement/ prospectus by requesting them in writing or by telephone from Petrohawk or Mission at the following addresses:

Petrohawk Energy Corporation  
1100 Louisiana St., Suite 4400  
Houston, Texas 77002  
(832) 204-2700  
Attention: Investor Relations

Mission Resources Corporation  
1331 Lamar St., Suite 1455  
Houston, Texas 77010-3039  
(713) 495-3000  
Attention: Investor Relations

You also may obtain these documents at the Securities and Exchange Commission's website, *www.sec.gov*, and you may obtain certain of these documents at Petrohawk's website, *www.petrohawk.com*, by selecting *Investor Relations* and then selecting *SEC Filings*, and at Mission's website, *www.mrcorp.com*, by selecting *Investor Relations* and then selecting *SEC Filings*. Information contained on the Petrohawk and Mission websites is expressly not incorporated by reference into this joint proxy statement/ prospectus. **To receive timely delivery of the documents in advance of the Petrohawk annual meeting of stockholders or Mission special meeting of stockholders, your request should be received no later than \_\_\_\_\_, 2005.**

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**QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES  
FOR THE ANNUAL AND SPECIAL MEETINGS**

**Q: Why is my vote important?**

A: Under the Delaware General Corporation Law (the DGCL), which governs Mission, the merger agreement must be adopted by the holders of a majority of the outstanding shares of Mission common stock entitled to vote. Accordingly, if a Mission stockholder fails to vote, or if a Mission stockholder abstains, that will have the same effect as a vote against adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

Under the rules of the Nasdaq National Market, the issuance of Petrohawk common stock in the merger and the amendments to increase the shares available for issuance under Petrohawk's Amended and Restated 2004 Employee Incentive Plan (the 2004 Employee Incentive Plan) and Amended and Restated 2004 Non-Employee Director Incentive Plan (the 2004 Non-Employee Director Incentive Plan) require the affirmative vote of a majority of the shares of common stock voted at the Petrohawk annual meeting. Accordingly, assuming that a quorum is present, the failure of a Petrohawk stockholder to vote or a decision by a Petrohawk stockholder to abstain will have no effect in determining whether these proposals are approved. Approval of the issuance of Petrohawk common stock is a condition to the merger agreement; however, the merger is not conditioned on amending the 2004 Employee Incentive Plan or the 2004 Non-Employee Director Incentive Plan.

In addition, under the DGCL, which also governs Petrohawk, the proposed amendment to Petrohawk's certificate of incorporation must be approved by the holders of a majority of the outstanding shares of Petrohawk common stock and preferred stock entitled to vote. Accordingly, if a Petrohawk stockholder fails to vote, or if a Petrohawk stockholder abstains, that will have the same effect as a vote against approval of the amendment to the certificate of incorporation. The merger is not conditioned on the approval of this amendment.

**Q: What do I need to do now?**

A: After you have carefully read this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or, if available, by submitting your proxy or voting instruction by telephone or through the Internet as soon as possible so that your shares will be represented and voted at your special meeting.

**Q: What do I do if I want to change my vote after I have delivered my proxy card?**

A: You may change your vote at any time before your proxy is voted at your meeting. You can do this in any of the three following ways:

by sending a written notice to the Secretary of Petrohawk or Mission, as appropriate, in time to be received before your meeting stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before your annual or special meeting, as appropriate, or, if you submitted your proxy through the Internet or by telephone, you can change your vote by submitting a proxy card at a later date, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, by attending your annual or special meeting and voting in person.

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

**Q: If I am a Mission stockholder, should I send in my stock certificates with my proxy card?**

A: No. Please DO NOT send your Mission stock certificates with your proxy card. Rather, prior to the election deadline of 5:00 p.m., CDT, on \_\_\_\_\_, 2005, you should send your Mission common stock certificates to the exchange agent, together with your completed, signed election form. If your shares are held in street name by your broker or other nominee you should follow your broker's or other nominee's instructions for making an election with respect to your shares.



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**Q: What is the amount of cash and/or the number of shares of Petrohawk common stock that I will receive for my shares of Mission common stock?**

A: The actual amount of cash or number of shares of Petrohawk common stock that you will receive for each share of Mission common stock you hold cannot be determined until after the effective time of the merger. Those amounts will be determined based on a formula set forth in the merger agreement and described in this document. The per share consideration will be equal to the aggregate value of all Petrohawk common stock and cash being issued in the merger divided by the total number of shares of Mission common stock outstanding immediately prior to the effective time of the merger. The value of the Petrohawk common stock for these purposes (the Average Petrohawk Common Stock Value ) will be the volume-weighted average of the closing sale prices per share of Petrohawk common stock as quoted on the Nasdaq National Market during the 10 consecutive trading day period during which the shares of Petrohawk common stock are quoted on the Nasdaq National Market ending three calendar days before the effective time of the merger or if such calendar day is not a trading day, then ending on the trading day immediately preceding such calendar day. There is a table on pages 6 and 61 that sets forth the per share cash consideration and the per share stock consideration that would be received by Mission stockholders based on a range of hypothetical Average Petrohawk Common Stock Values.

**Q: Is the value of the per share consideration that I receive expected to be substantially equivalent regardless of which election I make?**

A: Yes. The formula that will be used to calculate the per share consideration is designed to substantially equalize the value of the consideration to be received for each share of Mission common stock in the merger at the time the calculation is made, regardless of whether you elect to receive cash, stock, or a combination of cash and stock, or do not make an election, for your Mission shares.

**Q: If I am a Mission stockholder, when must I elect the type of merger consideration that I prefer to receive?**

A: Holders of Mission common stock who wish to elect the type of merger consideration they prefer to receive in the merger should carefully review and follow the instructions set forth in the election form provided to Mission stockholders together with this joint proxy statement/ prospectus. These instructions require that a properly completed and signed election form be received by the exchange agent by the election deadline, which is 5:00 p.m., CDT, on \_\_\_\_\_, 2005. If a Mission stockholder does not submit a properly completed and signed election form to the exchange agent by the election deadline, then such stockholder will have no control over the type of merger consideration such stockholder may receive, and, consequently, may receive only cash, only Petrohawk common stock, or a combination of cash and Petrohawk common stock in the merger.

**Q: If I am a Mission stockholder, can I change my election after I submit my certificates?**

A: You can revoke your election and submit new election materials prior to the election deadline. You may do so by submitting a written notice to the exchange agent that is received prior to the election deadline at the following address:

American Stock Transfer & Trust Company  
Shareholder Services  
59 Maiden Lane  
New York, New York 10038

The revocation must specify the account name and such other information as the exchange agent may request; revocations may not be made in part. New elections must be submitted in accordance with the election procedures described in this joint proxy statement/ prospectus. If you instructed a broker to submit an election for your shares,

you must follow your broker's directions for changing those instructions.

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**Q: If my shares are held in street name by my broker or other nominee, will my broker or other nominee vote my shares for me?**

A: Your broker will NOT vote your shares held in street name unless you instruct your broker how to vote. In the case of Mission stockholders, such failure to vote will have the same effect as a vote AGAINST adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, and in the case of Petrohawk stockholders, such failure to vote will have the same effect as a vote AGAINST approval of the proposal to amend Petrohawk's certificate of incorporation. You should therefore provide your broker or other nominee with instructions as to how to vote your shares.

**Q: Do I have dissenters' rights?**

A: Under the DGCL, if the merger is completed, holders of Mission common stock who do not vote in favor of, or consent in writing to, the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement will have the right to seek appraisal of the fair value of their shares, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and they comply with the other Delaware law procedures and requirements explained in the accompanying joint proxy statement/prospectus.

**Q: Who can I call with questions about the annual or special meeting, the merger and the other matters to be voted upon?**

A: If you have any questions about these matters or how to submit your proxy or voting instruction card, or if you need additional copies of this document or the enclosed proxy card or voting instruction card, you should contact:

if you are a Petrohawk stockholder:

Petrohawk Energy Corporation  
1100 Louisiana St., Suite 4400  
Houston, Texas 77002  
(832) 204-2700  
Attention: Investor Relations

if you are a Mission stockholder:

Mission Resources Corporation  
1331 Lamar St., Suite 1455  
Houston, Texas 77010-3039  
(713) 495-3000  
Attention: Investor Relations

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**SUMMARY**

This brief summary highlights selected information from this joint proxy statement/ prospectus. It does not contain all of the information that may be important to you. You should carefully read this entire document and the other documents to which this joint proxy statement/ prospectus refers you to fully understand the merger and the other matters discussed in this joint proxy statement/ prospectus. See **Where You Can Find More Information** on page 142. Each item in this summary refers to the page where that subject is discussed in more detail. We have defined certain oil and gas industry terms used in this document in the **Glossary of Oil and Gas Terms** beginning on page 145.

**Information about Petrohawk and Mission (Pages 28 and 31)**

**Petrohawk Energy Corporation**

1100 Louisiana St., Suite 4400  
Houston, Texas 77002  
(832) 204-2700

Petrohawk is a Delaware corporation. Petrohawk's common stock is quoted on the Nasdaq National Market under the symbol HAWK. Petrohawk is an independent oil and gas company engaged in the acquisition, development, production and exploration of natural gas and oil properties located in North America. Our properties are concentrated in the South Texas, Anadarko, Permian Basin, East Texas, Arkoma and Gulf Coast regions.

**Mission Resources Corporation**

1331 Lamar St., Suite 1455  
Houston, Texas 77010-3039  
(713) 495-3000

Mission is a Delaware corporation. Mission's common stock is quoted on the Nasdaq National Market under the symbol MSSN. Mission drills for, acquires, develops and produces natural gas and crude oil, primarily in the Permian Basin (in West Texas and Southeast New Mexico), along the Texas and Louisiana Gulf Coast and in both the state and federal waters of the Gulf of Mexico.

**The Merger**

**Mission Will Merge With and Into a Subsidiary of Petrohawk (Page 34)**

We propose a merger of Mission with and into Merger Sub, a wholly owned subsidiary of Petrohawk. Merger Sub will survive the merger as a wholly owned subsidiary of Petrohawk. We have attached the merger agreement to this joint proxy statement/ prospectus as **Annex A**. Please read the merger agreement carefully. It is the legal document that governs the merger. Subject to satisfaction of other conditions to the merger, we anticipate that the closing of the merger will occur within five days after the approval of the merger by the requisite vote of the Mission stockholders and the approval of the issuance of shares of Petrohawk common stock by the requisite vote of the Petrohawk stockholders.

**Mission Stockholders Will Receive Cash and/or Shares of Petrohawk Common Stock in the Merger Depending on Their Election and Any Adjustment (Pages 58 and 62)**

The merger agreement provides that at the effective time of the merger, each outstanding share of Mission common stock will be converted into the right to receive a number of shares of Petrohawk common stock, an amount of cash, or a combination of Petrohawk common stock and cash, subject to the election and allocation procedures described in this document. The actual amount of cash or number of shares of Petrohawk common stock that you will receive for each share of Mission common stock you hold cannot be determined until after the effective time of the merger. Those amounts will be determined based on a formula set forth in the merger agreement and described under the heading **The Merger** Merger

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Consideration beginning on page 58 of this document. The formula is designed to substantially equalize the value of the consideration to be received for each share of Mission common stock, at the time the calculation is made, regardless of whether you elect to receive cash, stock or a combination of cash and stock, or make no election. This equalization mechanism was deemed to be desirable because the value of the Petrohawk common stock will fluctuate. The value of the merger consideration to be received with respect to each share of Mission common stock will be equal to \$3.26 plus approximately \$0.4631 per \$1.00 of Average Petrohawk Common Stock Value.

The formula is also designed to fix the total number of shares of Petrohawk common stock and the amount of cash to be issued and paid, respectively, in the merger at approximately 19.234 million shares and approximately \$135.4 million in cash (in each case subject to upward adjustment up to approximately 1.8 million shares and \$12.7 million in cash, in the event that any shares of Mission common stock are issued in accordance with the merger agreement pursuant to the exercise of Mission stock options or otherwise). Because the amount of cash and the number of shares of Petrohawk common stock to be paid and issued, respectively, in the merger are fixed, the percentage of shares of Mission common stock that will be exchanged for Petrohawk common stock and the percentage that will be exchanged for cash will depend upon the Average Petrohawk Common Stock Value. The greater the Average Petrohawk Common Stock Value, the greater the percentage of shares of Mission common stock that will be exchanged for shares of Petrohawk common stock and the lesser the Average Petrohawk Common Stock Value, the greater the percentage of shares of Mission common stock that will be exchanged for cash.

For example, if the Average Petrohawk Common Stock Value is \$11.53, a Mission stockholder electing to receive stock would receive 0.7458 shares of Petrohawk common stock per share of Mission common stock having a value, based on such Average Petrohawk Common Stock Value, of \$8.60 per share, and a Mission stockholder electing to receive cash would receive \$8.60 in cash per share of Mission common stock, subject in each case to the allocation procedures described under the heading *The Merger Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration; Allocations* beginning on page 62 of this document. Based on that Average Petrohawk Common Stock Value and 41,535,088 shares of Mission common stock outstanding, 62.09% of the outstanding shares of Mission common stock would be exchanged for Petrohawk common stock and 37.91% of the outstanding shares of Mission common stock would be exchanged for cash.

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The following table sets forth, based on various hypothetical Average Petrohawk Common Stock Values, the per share cash consideration and the per share stock consideration, as well as the value of such stock consideration based on the hypothetical Average Petrohawk Common Stock Values. The table also shows the percentage of outstanding shares of Mission common stock that would be converted into Petrohawk common stock and cash based on such Average Petrohawk Common Stock Values. The table is based on the assumption that no Mission stock options have been exercised following the date of this joint proxy statement/ prospectus and prior to the closing of the merger, that no additional shares of Mission common stock are otherwise issued following the date of this joint proxy statement/ prospectus and that the number of exchangeable shares of Mission common stock is 41,535,088 (the number of shares Mission common stock outstanding on April 1, 2005). To the extent that the number of shares of Mission common stock outstanding increases in accordance with the merger agreement (whether as a result of the exercise of Mission stock options or otherwise), the number of exchangeable shares will increase and the aggregate transaction value will increase, but there will be no change in the per share stock consideration or per share cash consideration. Each additional exchangeable share of Mission common stock will increase the aggregate transaction value by 0.4631 shares of Petrohawk common stock and \$3.26 in cash.

<b>Per Share Stock Consideration</b>	<b>Percentage of Outstanding Shares of Mi</b>
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