

The rise in crude oil prices over the past five years has led to a surge in drilling activities worldwide. However, the supply has not kept pace with this surge. The problem is that although oil & gas companies are cash rich, they are opportunity poor. Today, there are few regions in the world that offer world-class reserve potential. One of those regions, West Africa, is a focal-point for exploration activity.

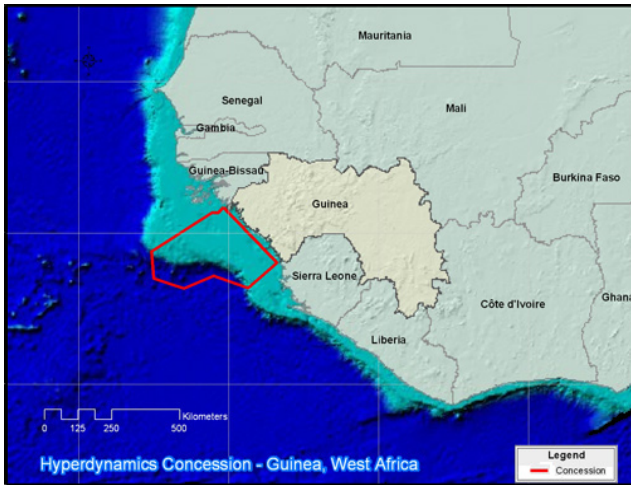


Figure 1 - HDY's Concession Offshore Guinea

The Republic of Guinea is located on the western coast of Africa. It borders Guinea Bissau, Senegal, Mali, Côte d'Ivoire, Liberia, and Sierra Leone.

Guinea is an emerging democracy that became independent of France in 1958. President Lansana Conté has been in office since 1984. Guinea adopted a new constitution in 1991 that created a National Assembly. Since that time, with the President's political party in control of the National Assembly, Guinea has continued to develop as a democracy through free elections.

The President appoints the Prime Minister as Chief of Government and a cabinet of ministers. The Prime Minister administers the coordination of the government, but the primary executive power remains with the President. Guinea's Petroleum Code, which was enacted in 1986, provides

the framework and authorization for all oil and gas exploration and production work conducted in Guinea.

Since 2001, Hyperdynamics (HDY) has been conducting exploration activity in Guinea. HDY management, assisted by U.S. officials, has cultivated a close relationship with the government of Guinea. Our relationship with the government of Guinea culminated with the September 2006 signing of a Production Sharing Contract (PSC) with the government of Guinea. Our PSC entitles HDY to the exclusive offshore exploration and production rights within a 31,000 square mile area.

HDY plans to drill the first exploration well drilled in offshore Guinea since 1977. HDY is interested in attracting joint venture partners to participate in this opportunity. We will provide a proposed joint venture structure for each potential partner that signs a confidentiality agreement. Our terms will depend on the percentage interest and other relevant negotiable terms such as ability and willingness to conduct exploration activities and drill exploration wells.

World-Class Potential

Nearby activity provides some indication of the potential for this prospective area. The Dome Flore Field offshore Senegal has estimated reserves of up to 1 billion barrels of heavy crude oil. The Sinapa Field in Guinea Bissau has an estimated 260 million barrels of heavy crude oil reserves. Offshore Côte d'Ivoire, Canadian Natural Resources Ltd. has active production from the Espoir and Baobab Fields, which produces over 40,000 barrels per day of crude, and Vanco Energy Company plans to drill several prospects in 2008.

Recent discoveries of several fields emphasize the continuing development of the Transform Margin Play (TMP) located offshore of Western Africa. The Jubilee Field offshore of Ghana is the most important recent discovery in this play. The Mahogany wells in the Jubilee field alone indicate a field size in excess of 2 billion BOE. Other potential discoveries like the Odum-I well on the West Cape Three Points Block suggest more discoveries to follow. Hess Corporation has several contiguous prospects outside of the Jubilee Field it may opt to drill in the coming years.

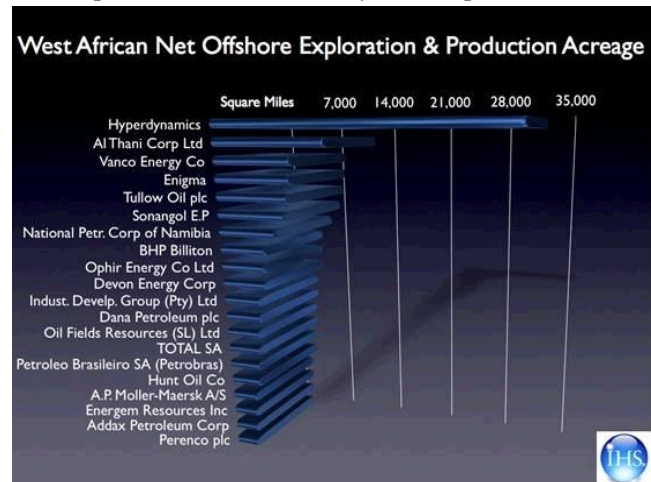


Figure 2 - Largest EGP Concession in West Africa

Guinea Exploration

HDY has acquired over 7,800 kilometers of 2-D seismic and has performed an internal analysis of all geological, well log, and seismic data available in the license area. Based on our internal analysis, HDY has identified multiple seismic leads, spread across various zones (Paleozoic, Mesozoic and Tertiary), at water depths ranging from 100 to over 2,000+ meters. HDY has completed a third-party geophysical study by Petroleum Geo-Services (PGS), a surface geochemical coring program by TDI-Brooks International, and a satellite seep study by Infoterra and MDA Federal. In addition, HDY has completed a drilling logistical study with Applied Drilling Technology (ADTI), a Transocean company. HDY is currently planning the first 3-D seismic survey ever done offshore of Guinea. We expect this historic 3-D acquisition to yield an extensive portfolio of drillable prospects. Each prospect delineated by this additional 3-D seismic could hold the potential for world class reserves. As HDY prepares to finalize exploration, we plan to drill a select number of wells at those locations with the highest scientific probability of substantial reserves and to undertake an aggressive production schedule upon discovery of commercial reserves.

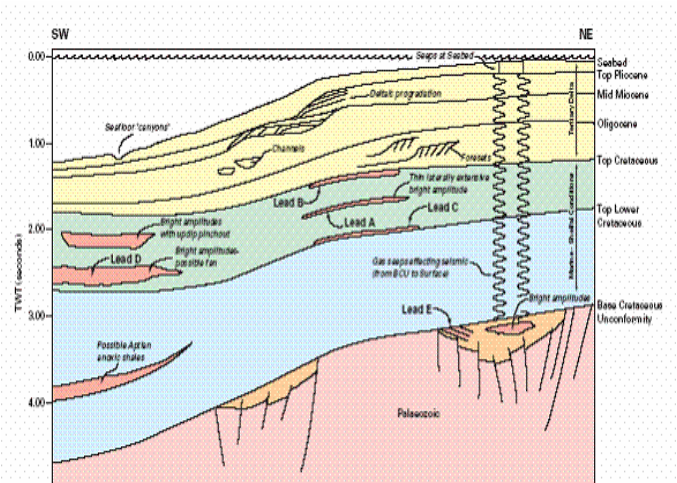


Figure 3 - PGS Leads

In May 2008 we acquired approximately 3,000 kilometers of new 2-D seismic data. We were continuing to evaluate the newly processed data and are preparing structural maps on four different horizons. We have a prospect portfolio of more than ten prospects that have both three and four way closures with estimated reserves of world class potential. We are also performing AVO analysis and creating velocity profiles for depth conversion on all newly acquired lines. Our data room is being prepared for formal presentations and should be ready for visits soon. Based on our work in 2008, our prospect portfolio has dramatically increased from our previous 2002/2003 seismic database and is focused on the West African TMP. 3-D seismic acquisition grids have been laid out. Bergen Oilfield Services been contracted to acquire the first 3-D in history offshore this region of West Africa.

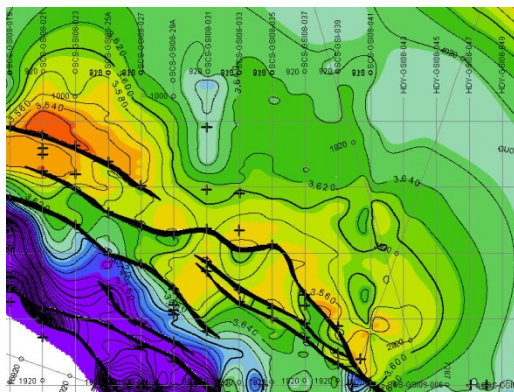


Figure 4 - 3D Representation of Mid Cretaceous Horizon

Shown here is the most recent structure mapping of the potentially productive mid-Cretaceous horizon showing a northwest-southeast trending anticline with two major knolls. The overall structure is 56 kilometers (40 miles) long, and 18 kilometers (11 miles) maximum width. The northwesterly knoll covers an acre of 96 square miles (249 square kilometers), while the southeasterly knoll covers 100 square miles (260 square kilometers). The height of the northwesterly structure is 75 meters (246 feet). The height of the southeasterly structure is 50 meters (164 feet).

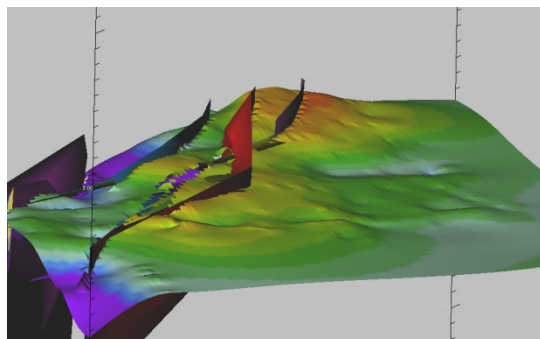


Figure 6 - Mid Cretaceous Horizon

Figure 5 is a sample seismic cross section representative of the structure of Figure 4. The arrow points to the mid-Cretaceous horizon (in green). Additional potentially productive horizons exist above and below this level.

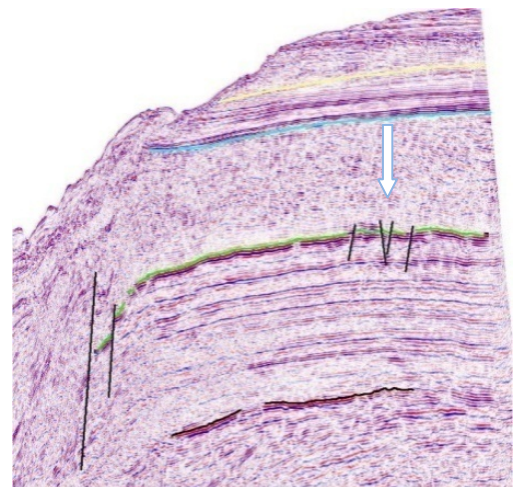


Figure 5 - Seismic Cross Section of Mid Cretaceous Horizon

Figure 6 is a three dimensional depiction of the mid-Cretaceous horizon viewed from

the southeast. The red and black represent fault planes at this level.

Production Sharing Contract Terms

HDY signed the PSC with the government of Guinea on September 22, 2006 in accordance with the country's Petroleum Code. Terms are considered favorable to HDY, as the government of Guinea seeks to attract foreign investments and encourage activity in its emerging oil & gas industry.

The PSC grants HDY exclusive exploration, development, and production rights covering approximately 31,000 square miles offshore the Republic of Guinea. The PSC contains a unique provision providing for the optional registration of the PSC as a Guinea law. Under this provision, the Guinea government may choose to codify the PSC by the National Parliament, affirm it with a Guinean Presidential decree, and sanction it by their Supreme Court. Upon the completion of these three steps, HDY's exclusive exploration rights covering 64% of the contract area would then convert to a priority right of participation by HDY. HDY has the sole right to select the areas to be converted. Upon any such conversion of its rights, HDY would retain the remaining 36%, representing approximately 11,000 square miles of the concession, on an exclusive basis. For any areas that would become non-exclusive as a result of the conversion process, HDY would continue to hold rights to acquire new, exclusive exploration rights from the Guinea government on a priority, first right basis. HDY would continue to hold these priority rights to participate within the converted, non-exclusive contract areas irrespective of whether it enters into new production sharing contracts with the Guinea government.

| Daily production (b/d) ¹ | Guinea Share | HDY Share |
|-------------------------------------|--------------|-----------|
| From 0 to 2,000 | 25% | 75% |
| From 2,001 to 5,000 | 30% | 70% |
| From 5,001 to 100,000 | 40% | 60% |
| Over 100,001 | 60% | 40% |

¹ After 75% cost recovery

Figure 7 - Profit Oil Split per Exploitation Area

Other significant terms of the agreement include a 10% royalty and a sharing of profit oil. Profit oil is determined based on daily production (see table), net of royalties and after recovery of 75% of upfront costs. As part of our work commitment pursuant to the PSC, HDY must complete additional seismic acquisition by September 2010, which it has

already accomplished, and must drill a minimum of two exploration wells by 2018. HDY plans to exceed these minimum requirements. Once a commercial discovery is made, we will select 500 square kilometer exploitation area. We can select multiple exploitation areas. The exploitation period for each selected area will be 25 years with two 10-year automatic extensions available. Drilling an additional well in the exploitation area will reset the exploitation period.

Supporting our Investment

HDY recently welcomed the firm of Patton Boggs LLP to the team. As a law firm, based in Washington DC, they are renowned for their international government relations experience, public policy expertise, and very broad service to the oil and gas industry. Patton Boggs is serving as our primary transactional and legal counsel in all matters relating to the PSC and with respect to management and ongoing performance aspects of the PSC. Senior Partners Michael Driver (Denver Office) and Jude Kearney (Washington DC Office) have travelled to Conakry as part of their support efforts. While in Conakry, they met with the Prime Minister and all other relevant Ministers regarding the Government's support for the contract. Patton Boggs will provide support to HDY in a several areas, including monitoring the contract, garnering US Government support and advocacy for HDY's Guinea concession, assisting in structuring HDY's capital investment in the project, and assisting in structuring investment into the Guinean economy. They will attend to all other legal and regulatory issues which necessary to advance HDY's interests in the venture.

Natural Gas Market Potential

Guinea is one of the most resource rich countries in Africa. As such, there is a demand for natural gas. Natural gas could generate electricity for consumption by the general population in Guinea. Guinea holds approximately one-half of the world's bauxite reserves. Guinea also holds sizeable deposits of diamonds, gold, iron ore, and uranium. Currently, bauxite mined in Guinea is currently shipped around the world for processing, therefore, it makes sense that natural gas demand will come from mining companies currently operating in the country. A reliable, long-lived energy source would allow mining companies to construct processing and smelting plants in the region. Natural gas demand from the locals and mining operations means that ready market exists in the region.

Working With the Republic of Guinea



Figure 8 - AFG Giving Back to the Guinean People

The fun loving, family oriented people of Guinea are the country's number one resource.

Discovery of Guinea's hydrocarbon reserves is of tremendous strategic importance to Guinea and its citizens. The Guinea people and government are supportive and ready to do everything necessary to support HDY in our exploration and exploitation efforts pursuant to the PSC. The Guinea government recognizes the tremendous economic boost and increased standard of living, and industrialization that flows from a commercial discovery of its hydrocarbon reserves.

In order to work more closely with the Republic of Guinea, HDY's wholly owned subsidiary, SCS, founded a local operating company in Guinea to manage local

operations, provide public relations, and provide support for charitable services to the Guinea people.

HDY has also assisted with the establishment of the American Friends of Guinea (AFG). AFG is registered in the United States as a charitable organization AFG was established to provide medical aid and infrastructure through qualified projects and initiatives in the Republic of Guinea. The goal is to help our friends living there to realize greatly enhanced health care, to save lives that would otherwise be severely shortened or lost, and to help improve their overall quality of life.

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