



## Proposal For Change at Hyperdynamics Corporation



January 2016

## Additional information

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Empower Capital and James Wilson intends to make a filing with the Securities and Exchange Commission of a definitive proxy statement and an accompanying proxy card to be used to solicit proxies in connection with the 2015 Annual Meeting of Stockholders (including any adjournments or postponements thereof or any special meeting that may be called in lieu thereof) (the "2015 Annual Meeting") of the Company. Information relating to the participants in such proxy solicitation will be included in materials filed with the Securities and Exchange Commission. Stockholders are advised to read the definitive proxy statement and other documents related to the solicitation of stockholders of the Company for use at the 2015 Annual Meeting when they become available because they will contain important information, including additional information relating to the participants in such proxy solicitation. When completed and available, the definitive proxy statement and a form of proxy will be mailed to shareholders of the Company. These materials and other materials filed in connection with the solicitation of proxies will be available at no charge at the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

### **Cautionary Statement Regarding Forward-Looking Statements**

The information herein contains "forward-looking statements." Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," "seeks," "could" or the negative of such terms or other variations on such terms or comparable terminology. Similarly, statements that describe our objectives, plans or goals are forward-looking. Our forward-looking statements are based on our current intent, belief, expectations, estimates and projections regarding the Company and projections regarding the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to differ materially. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

# Summary of contents

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1. Executive summary
2. Ray Leonard and the Board – A history of incompetence and unaccountability
3. Empower proposes a new growth strategy and new team
4. Empower believes in the Guinea block and opportunities in Africa
5. What can shareholders do at this critical time?

## Appendix

- A. Analysis of Guinea concession's strong fundamentals and significant upside potential

# EXECUTIVE SUMMARY

# Situation overview

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**Empower Capital proposes four experienced, proven, and trusted oil & gas and Africa-focused executives who are committed to creating long-term and sustainable value at Hyperdynamics**

**Empower Capital is a merchant bank with significant Africa experience**

Empower Capital (Empower), together with an experienced oil & gas and Africa-focused group of executives (we or us), are working to implement change at Hyperdynamics Corporation (Hyperdynamics or the Company)

**Hyperdynamics is an important focus for us**

We have a deep understanding of the situation at Hyperdynamics and believe in the potential of the Company. However, we believe that change is needed to position the Company to create substantial shareholder value

**Ray Leonard and the Board have caused significant value destruction to shareholders**

Hyperdynamics CEO, Ray Leonard, and the legacy board members (the Board) have overseen the loss of more than 97% of Hyperdynamics' value, totaling almost \$1 billion in shareholder value destruction during the past five years. Primarily related to **factors other than** the decline in oil prices or the previous DOJ & SEC FCPA investigation

**In past 3 years, Ray Leonard and the Board have squandered the Company's growth capital**

Since March 2012, almost \$50 million in cash has been spent on salaries, administration, and general expenses – for a company in which the operatorship of its only asset was farmed out in 2012, no growth initiatives executed, and excluding the \$12.7 million spent on FCPA related costs

# Problems at the Company are directly attributable to actions of the CEO and Board

**1** Spent almost \$50 million in salaries and administration while spending nothing on growth initiatives over the past 3 years **and not including FCPA costs**

**2** Costly failed and unexplained attempt to "diversify asset base" with two separate down payments totaling **\$10 million that was completely lost within 5 months**

**3** Since 2011, the top management and directors have **paid themselves almost \$18 million in salary** and payments, with salaries raised again in October 2015

**4** Overspent to drill only one well for \$125 million, more than 3.5x estimate, when consistently stating would be easy to drill two wells for only \$80 million

**5** Have historically publicly antagonized and acted aggressively with their key operating partners, at a time when cooperation was needed – now suing partners

**6** CEO and specific Directors specifically **sued in 3 separate instances** by different sets of shareholders for misleading shareholders and for misrepresentation

**7** Spent almost \$13 million on fees relating to FCPA cases, when our research and a Wall Street Journal report indicate **should be much less than \$5 million**

**8** Before announcing multiple negative news, changed Company's by-laws to require 50% more shares for shareholders to initiate a shareholder meeting

**These and other actions demonstrate that the CEO and Board not only lack strategy and vision, but are the primary cause of Hyperdynamics' problems**

**The squandering of shareholder capital and complete loss of credibility pose a real chance that the Company could cease to exist before it is able to realize its full potential**

# Why we believe change is needed at Hyperdynamics

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We recommend replacing Ray Leonard and the Board which has overseen the loss of more than 97% of Hyperdynamics' market value, misled shareholders, and which does not have support of the Guinea government

**1** Lack of competence and oversight resulted in substantial loss of Company's value

**2** Ineffectual internal controls and lack of accountability has led to multiple missteps

**3** Consistent display of disregard for the Company, shareholders, and partners

**4** Continuous questionable actions have led to loss of complete credibility

**5** No strategy or vision to take advantage of current opportunities for future growth

# Why now is the time for change

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We believe that under the right leadership Hyperdynamics has substantial growth potential

<b>Status quo may be death sentence</b>	Without real change, the Company may cease to exist before the opportunity to realize significant shareholder value
<b>Current leadership incompetent</b>	Weak Board and incompetent CEO will lead to more of the same
<b>Transformational opportunities available</b>	Current oil price environment has presented low cost giant-sized opportunities for the right team with the ability to identify and acquire
<b>Reengagement with investors and other partners urgently needed</b>	It is imperative to reengage with the Company’s partners and work with the government of Guinea to ensure the block is secured for the long-term, while reestablishing a relationship with the global investment community to present Hyperdynamics’ compelling Guinea opportunity and additional growth story
<b>Proven, trusted, and committed team available</b>	Our team has a clearly defined growth plan, strong Africa expertise, and the right relationships in the U.S., Guinea, the United Kingdom, and Korea



## Additional reasons specific directors need to be replaced

Given the make up and actions of specific leading members of the Board, it is clear why the Company has experienced the multiple missteps and errors

### William Strange

- A Director since 2010, he is one of the longest serving directors and has overseen and approved essentially all of the destructive actions by Ray Leonard
- Although he was an audit partner with Deloitte for over 29 years, he failed to provide the needed oversight to prevent the ineffectual controls that led to the multiple disastrous missteps
- Essentially every year since he has been a director, the Company has reported some type of material internal control or accounting issue

### Fred Zeidman

- A Director since 2009, he is the longest serving legacy director and a very key decision maker in the disastrous actions that Ray Leonard has taken and continues to take
- He has been specifically identified and accused in the ongoing lawsuit by other shareholders for hiding and misrepresenting information and possibly directly lying to shareholders
- He has been paid almost \$800,000 as a non-executive and is a clear part of the culture of excess and unaccountability

### Gary Elliston

- Appointed in November 24, 2015, he appears to be a Ray Leonard crony and that his Director appointment is a form of payment for buying shares to vote at the shareholder meeting
- A medical malpractice attorney, he seems to have no relevant business, capital markets, oil & gas, nor international experience
- Ray Leonard increased the size of the board to add him as a director when he appears to provide very little if any benefit to the Company as a director

Only replacing Ray Leonard will not be enough to fix the problems at the Company, certain directors also need to be replaced and a culture of shareholder focus and director accountability put in place

# Empower's strategy for realizing sustainable growth and value creation

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**We propose replacing the Board with a new management and team that will work very hard to get the Guinea block drilled while maintaining the long-term support of the Guinea government**

## **We propose a refocused strategy and reengagement with partners**

- **Improve capital allocation & emphasize partnerships**
- **Rebuild trust with global partners, investors, and other key stakeholders**
- **Opportunistically acquire a low cost world-class prolific potential asset**

## **We propose replacing the Board with uniquely qualified and proven value creators**

- **Empower's director nominees each has skills important and necessary for taking Hyperdynamics to the next level of growth and development**
- **Proposed director candidates bring fresh perspectives and willingness to work very hard to get the Guinea block drilled while maintaining the long-term support of the Guinea government**
- **Additionally, they possess the right experience, relationships, and focus to transform Hyperdynamics and create substantial shareholder value**

# Experienced and high performing group to lead strategic growth plan

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## Proven and uniquely positioned to develop Hyperdynamics into high impact low cost Africa focused explorer



**Gerald Bailey, PhD**

- Petroleum engineer with over 40+ years experience in all aspects of onshore and offshore oil exploration and development, and has served on numerous energy company executive boards
- Former President of Exxon for the Arabian Gulf, responsible for all aspects of Exxon's business activities in the region
- Currently Chairman of Bailey Petroleum and American Impact Energy as well as Vice Chairman of Trinity Energy Group
- Serves as Chief Executive Officer of TSX listed MCW Energy, which is developing environmentally-safe extraction methods of oil
- Held senior and executive positions with Abu Dhabi Onshore Oil Company, Qatar Petroleum Corp, and Esso Standard Libya



**William Hayden, BSc**

- Geologist with over 35+ years experience in the African oil & gas and natural resource exploration industry
- Former Co-founding Director of Ivanhoe Agadem Petroleum, one of first western oil groups to re-discover the prolific Agadem oil basin and work with the Government of Niger and their most recent petroleum code advisors to explore the basin prior to CNPC
- Co-founder and former President of Ivanplats, a successful first mover in DRC and southern Africa having discovered and initiated develop of two of the largest natural resource projects in Africa since the early 1990's
- Previously President of Ivanhoe Philippines and GoviEx Uranium Niger
- Currently a Director of Ivanhoe Mines (TSX), NovaCopper (NYSE & TSX), Globe Metals & Mining (ASX), and Sky Alliance Resources



**James Wilson, MBA**

- Over 15+ years experience in financing and developing public and private companies and projects in U.S., Africa, and Asia
- Chairman of Empower Capital, an emerging natural resource and infrastructure projects developer in Africa, including in Nigeria, Ethiopia, Kenya, Zambia, Ivory Coast, and other West African countries
- Senior Advisor or Director of Fortune 500 and junior companies operating in Africa, including Sinopec, China Railway Construction Corporation, and Sky Alliance Resources
- Former investment banker with JP Morgan, Standard Chartered, and Morgan Joseph
- Deep and close relationships with key decision makers across multiple countries in Africa and recognized by global media outlets as an innovative Africa-focused entrepreneur and deal-maker



**Andrew Windham, BA**

- Over 30+ years experience in the oil exploration industry, primarily focused in Africa where he has explored for or developed oil & gas projects in over 10 African countries
- Currently a Director of T5 Oil and Gas, which is an Africa focused oil & gas exploration and investment company founded by previous Tullow Board members and senior executives
- Former Managing Director of the Africa region at Tullow Oil, where he played a key role in making Tullow what it is today and led the company's entry into now prolific countries with significant oil discovers such as Ghana, Kenya, Uganda, among many others

# Empower's director nominees have substantial exploration success across Africa

Proposed director nominees have led development of or discovered some of the most prolific recent oil and natural resource projects in Africa

## Niger

**Ivanhoe Agadem Exploration:** Founding Director of one of the first western oil groups to identify the prospectivity of now prolific Agadem basin

## Libya

**Exxon:** Supervised the LNG and oil field production operations in the country, which is one of the largest oil producers in Africa

## Guinea

**Sky Alliance:** Led and advised minerals exploration junior company through successful and over-subscribed IPO of its principle mining asset

## Uganda

**Tullow:** Opened up the now prolific basin with a series of discoveries in or around Lake Albert with successful sale down to CNOOC and Total

## Ghana

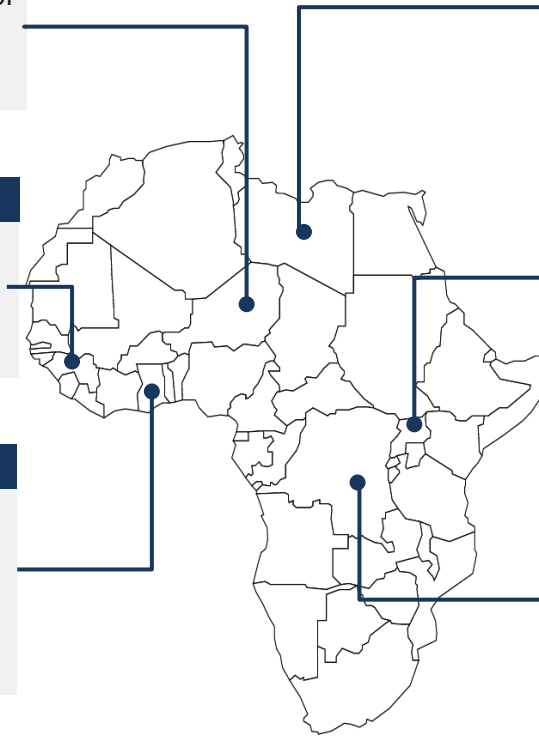
**Tullow:** Opened up the now prolific basin with the ground-breaking discovery of the substantial Jubilee offshore field

Brought the Jubilee field on-stream within two and a half years of its discovery

## DRC

**Ivanhoe Mines:** Successfully discovered and initiated the largest copper belt find since the early 1990's

Ranks as world's largest high-grade copper discovery (PDAC's international discovery of year)



In contrast to the current Board, our proposed director nominees have significant experience in Africa and global capital markets, with the ability to successfully work under the most demanding situations

# Overview of skills matrix of Empower director nominees



Gerald Bailey, PhD



William Hayden, BSc



James Wilson, MBA



Andrew Windham, BA

## Proposed Director Nominees

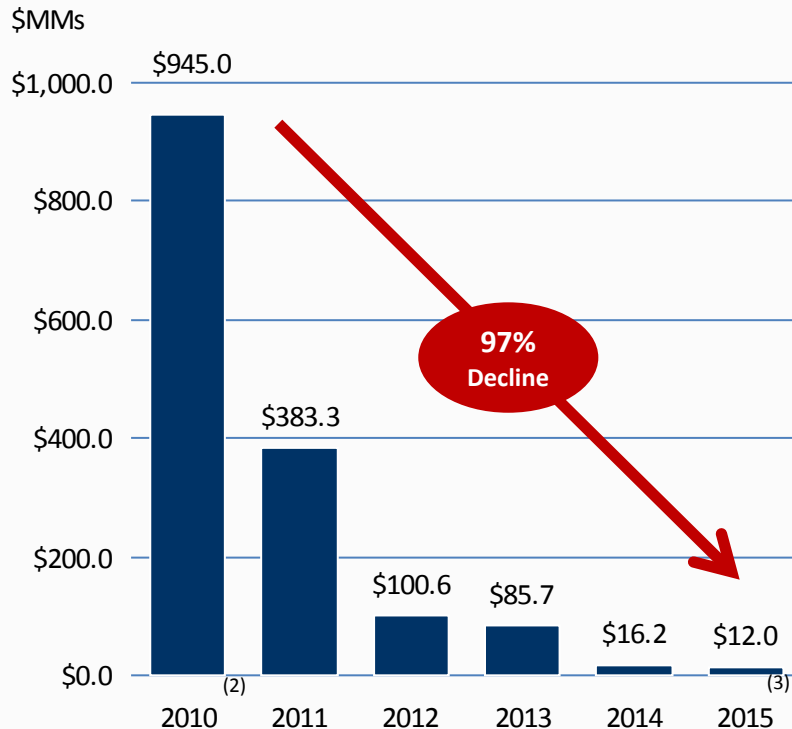
	Gerald Bailey, PhD	William Hayden, BSc	James Wilson, MBA	Andrew Windham, BA
International Oil & Gas and Resources Experience	✓	✓	✓	✓
Africa Experience	✓	✓	✓	✓
Guinea Experience		✓	✓	
Strategic Oversight	✓	✓	✓	✓
Other Board Experience	✓	✓	✓	✓
Governance	✓	✓	✓	✓
Financial & Accounting	✓	✓	✓	✓
Mergers & Acquisitions	✓	✓	✓	✓
Government Relations / Regulatory	✓	✓	✓	✓
Human Resources	✓	✓	✓	✓
Legal / Capital Markets Experience in US	✓	✓	✓	
Global Capital Markets Experience	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓

# RAY LEONARD AND THE BOARD – A HISTORY OF INCOMPETENCE AND UNACCOUNTABILITY

# Lack of competence and oversight resulted in substantial loss of Company's value

Every year for the past five years Ray Leonard and the Board have lost a significant amount of shareholder value, destroying a total of almost \$1 billion or over 97%

**Hyperdynamics market capitalization destruction over time <sup>(1)</sup>**



This dismal result is primarily related to **FACTORS OTHER THAN** the decline in oil prices or the previous DOJ & SEC investigation

From January 2011 to September 2013, almost 85% of Hyperdynamics' value was already lost

Over this period, over \$150 million in shareholder provided capital squandered

Ray Leonard and Board have consistently only provided either incomplete or no explanations

This capital could have and should have been used to successfully grow and develop the Company

(1) Hyperdynamics market capitalization are as of December 31 of each respective year.

(2) Estimated market capitalization in January 2011.

(3) Market capitalization as of January 13<sup>th</sup> 2016.

# Ineffectual internal controls and lack of accountability has led to multiple missteps

**We believe that Ray Leonard and the Board's ineffectual internal controls played an important role in their multiple disastrous actions...**

**2009**

**Under the control of Ray Leonard, the Company stated in 2009 that "internal control deficiencies" were identified, which were supposedly addressed at the time**

**2011**

**However, Ray Leonard and the Board were again required to state that they had "material internal control weaknesses" during the 2011 fiscal year**

**2012**

**The Company was required to make an additional "material internal control weaknesses" declaration for the 2012 year**

**2013**

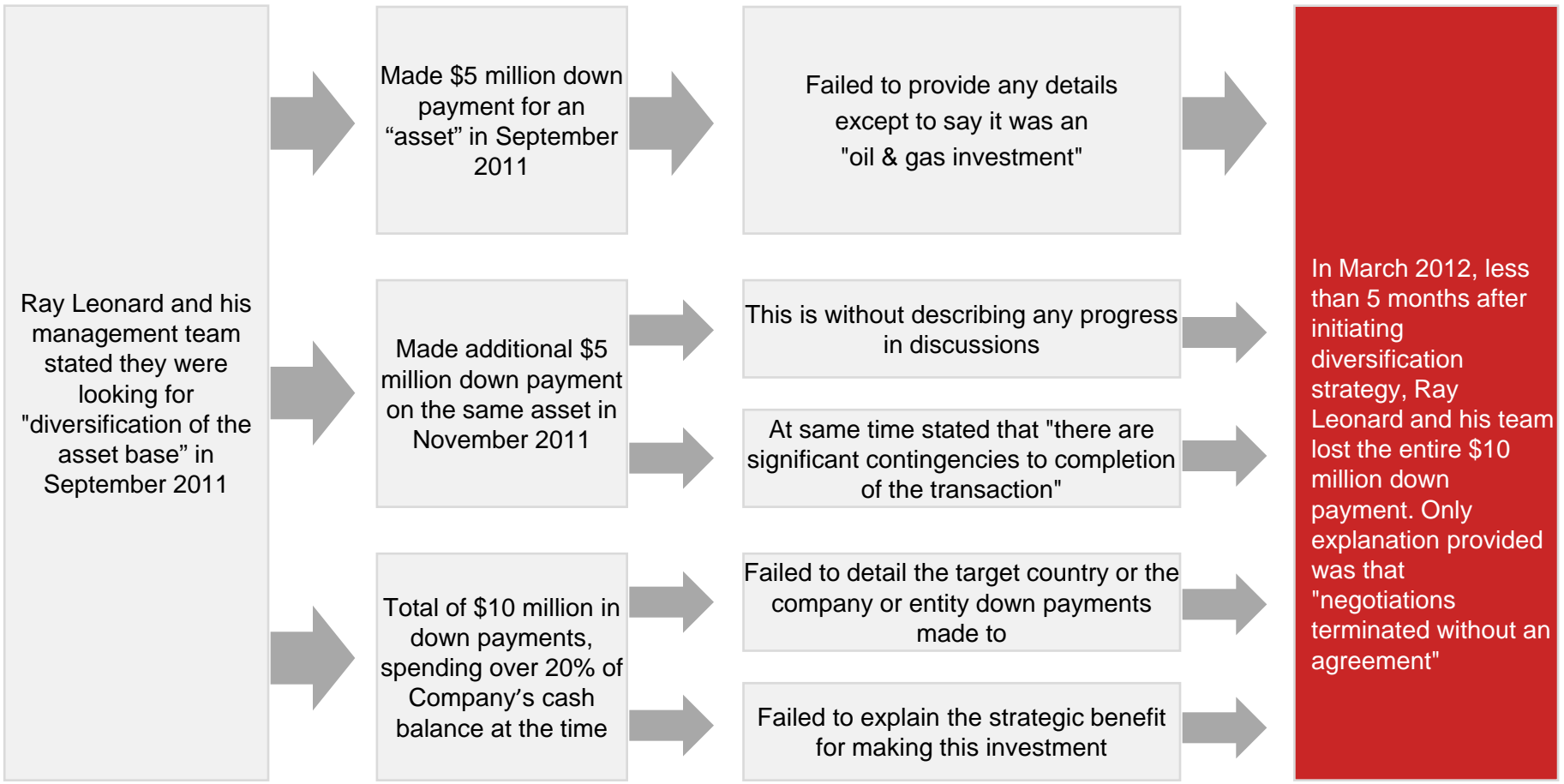
**Ray Leonard and the Board were not willing or able to address and remedy these issues and in 2014 the Company's auditors, Deloitte, declined to continue in that capacity**

**This and other clear incompetence has led to the continuous misallocation of the Company's capital, with accountability consistently being avoided**



# Ineffectual internal controls and lack of accountability has led to multiple missteps

...During this time, we believe Ray Leonard and the Board squandered shareholder capital and made multiple extremely questionable and unexplained decisions...



**Why did Ray Leonard and Board make such a disastrous decision multiple times right when starting the Company making multi well drilling program on its Guinea concession?**

# **Ineffectual internal controls and lack of accountability has led to multiple missteps**

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**...In our opinion, for the management of a junior explorer to completely squander \$10 million, or over 20% of its cash balance at the time, is a serious act of mismanagement and incompetence**

**Clear and concrete steps should have been taken to first not lose this amount of capital**

**Second, the opportunity and investment rationale for spending over 20% of the Company's cash balance should have been explained to shareholders**

**Furthermore, the experience and competence should have been had to put the funds in escrow during negotiations in the event the transaction was not satisfactorily completed**

**Shareholders were extremely displeased that in one of the 3 separate lawsuits brought against the Company and Ray Leonard, this was mentioned as part of the reason for the lawsuit**

# Consistent display of disregard for the Company, shareholders, and partners

Ray Leonard and the Board have taken multiple actions that display their lack of regard for the Company, shareholders, and partners...

## Excerpt From December 28, 2011 8-K

**Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On December 21, 2011, the Board of Directors (the “Board”) of Hyperdynamics Corporation (the “Company”) approved an amendment (the “Bylaw Amendment”) to the Company’s Amended and Restated Bylaws.

Prior to the adoption of the Bylaw Amendment by the Board, the Company’s Amended and Restated Bylaws provided that special meetings of the stockholders may be called by the Secretary upon the written request in proper form of the holders of at least 20% of the outstanding shares of common stock entitled to vote at such meeting. The Bylaw Amendment increased the amount of shares of common stock necessary for stockholders to call a special meeting of stockholders from 20% to 30%.

The foregoing is intended to be only a summary, does not purport to be a complete description of the Amended and Restated Bylaws, as amended, and is qualified in its entirety by reference to the Company’s Amended and Restated Bylaws, as amended, attached as [Exhibit 3.1](#) to this Current Report on Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit Number	Description
Exhibit 3.1	Amended and Restated Bylaws, as amended

Changed by-laws to increase stock needed by 50% for shareholders to initiate a shareholder meeting

Almost immediately after squandering \$10 million on the previously mentioned down payments

The timing of change is curious as was just a few weeks before significantly negative news was announced

Specifically, news that the Company would not be able to drill previously budgeted second well, the Baraka-1

Additionally, six weeks afterwards the Company announced that its first well, the Sabu-1, did not find commercial oil

While most public companies have taken steps to become more shareholder friendly, Ray Leonard and the Board have made the Company less so

# **Consistent display of disregard for the Company, shareholders, and partners**

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**...Until recently, Ray Leonard and the Board had not called an annual shareholder meeting for almost 2 years...**

**Our analysis has found that this is in violation of the Company's by-laws, which require at least one shareholder meeting every year**

**Although a shareholder meeting has recently been announced for December of this year, no real explanation has been provided as to the reason for not having a shareholder meeting in 2014**

**Ray Leonard and the Board's policies have not been and are not shareholder friendly and transparent, and have shown a clear disregard for shareholders**

**We believe that shareholders should be respected and kept informed as to the running of the Company**

# Consistent display of disregard for the Company, shareholders, and partners

...Furthermore, Ray Leonard has previously taken a somewhat combative stance towards its operating partner, Tullow Oil

## Ray Leonard's actions and statements raise multiple questions and concerns

After Tullow stated a force majeure event occurred due to the DOJ investigation, Ray Leonard's response was that "Tullow's assertion without advance notification or discussion of force majeure." This is a cause for concern if Ray Leonard is or was not in good communicating terms with the lead partner of its only concession.

Additionally, Ray Leonard claimed that "Hyperdynamics believes Tullow's unilateral actions are unwarranted and untimely." This is quite an aggressive and combative public response, especially for being the Company's preliminary statement.

These two statements from Ray Leonard also raise multiple other questions and concerns.

## A different and more cooperative public response was most likely the best approach

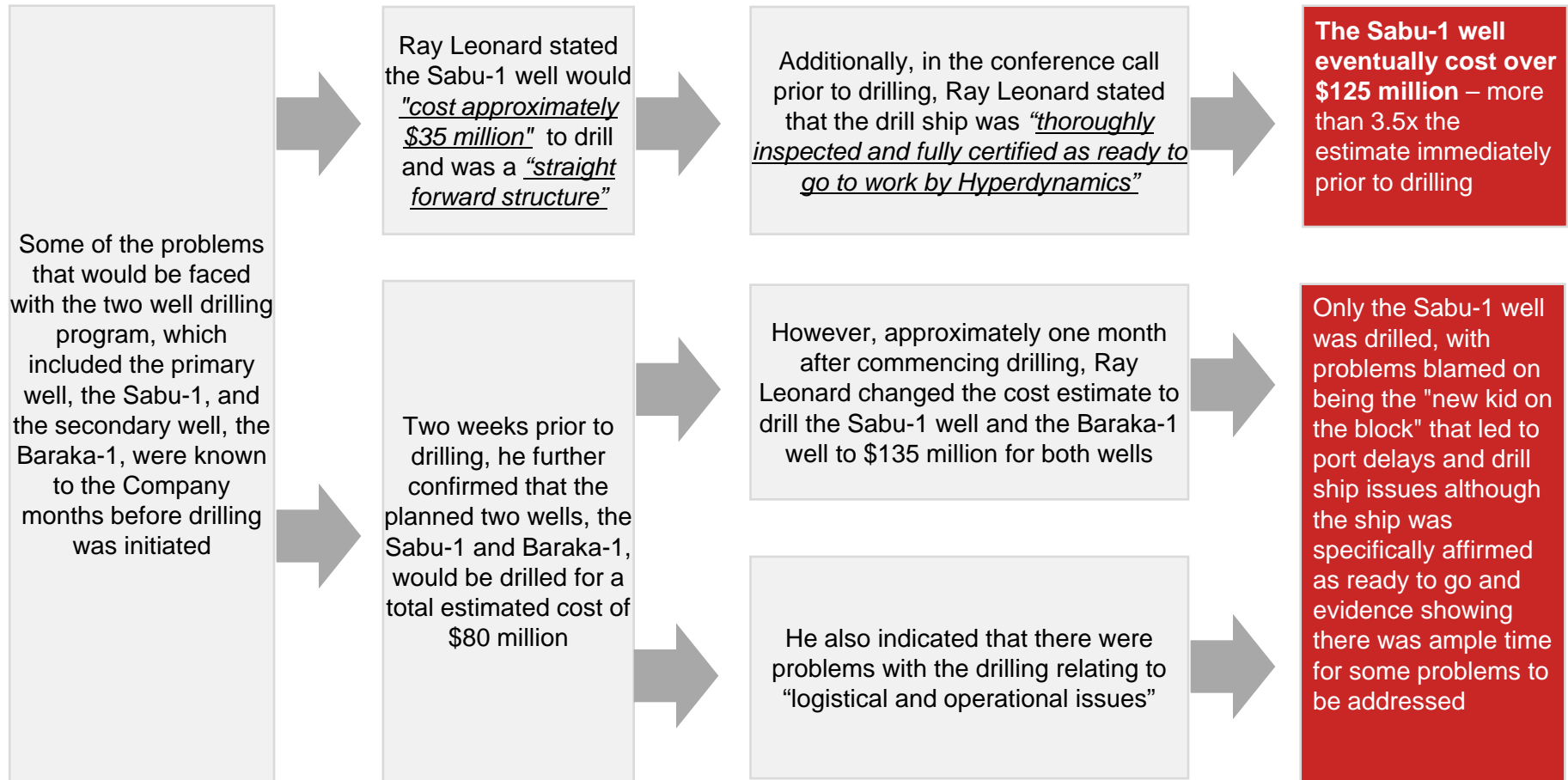
We do not believe that the publicly aggressive action and letter sent by Ray Leonard was the best approach. We believe that:

1. There should have been clear public engagement with Tullow in a good faith manner;
2. Use of cooperative language in public that emphasized the partnership and the rationale for selecting Tullow in the first place should have been used;
3. And indication that although Hyperdynamics does not believe a force majeure event occurred, the Company would be working closely and constructively with Tullow to address their concerns

We understand the concern that the announcement of the force majeure event caused, however, we believe that immediately antagonizing one's partner in public is not the best approach for a successful long-term partnership

# Continuous questionable actions have led to loss of complete credibility

From our analysis, what truly happened in relation to the drilling debacle of Sabu-1 and Baraka-1 has not been fully nor adequately explained...



What occurred displays the lack of experience and understanding Ray Leonard and the Board have in working in West Africa and leading an exploration company

## **Continuous questionable actions have led to loss of complete credibility**

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**...In our opinion, for a company that has only one asset and where the entire value of the company is derived from this asset the costly errors and mismanagement are inexcusable...**

**Multiple shareholders agree and have expressed their displeasure with Ray Leonard and the Board in various ways and on a number of occasions**

**Including with certain shareholders filing a lawsuit in April 2012 against Ray Leonard and the Board specifically for making false and misleading statements**

**Additionally, a separate lawsuit was filed by other shareholders in May 2012 against the Company and Ray Leonard for negligent misrepresentation**

**These lawsuits are separate and prior to the FCPA related class action lawsuit by other shareholders**

## **Continuous questionable actions have led to loss of complete credibility**

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**...We feel that Ray Leonard and the Board have also failed shareholders and have not provided any detail relating to why the FCPA legal costs were so high**

**Approximately \$12.7 million was spent on legal fees relating to the recently concluded DOJ and SEC FCPA investigations**

**Our research and analysis has found that the legal cost for such a small company with only one asset in one country should cost at least 3x less, or up to \$8 million less**

**Our findings are further supported by a news report from the Wall Street Journal regarding FCPA costs**

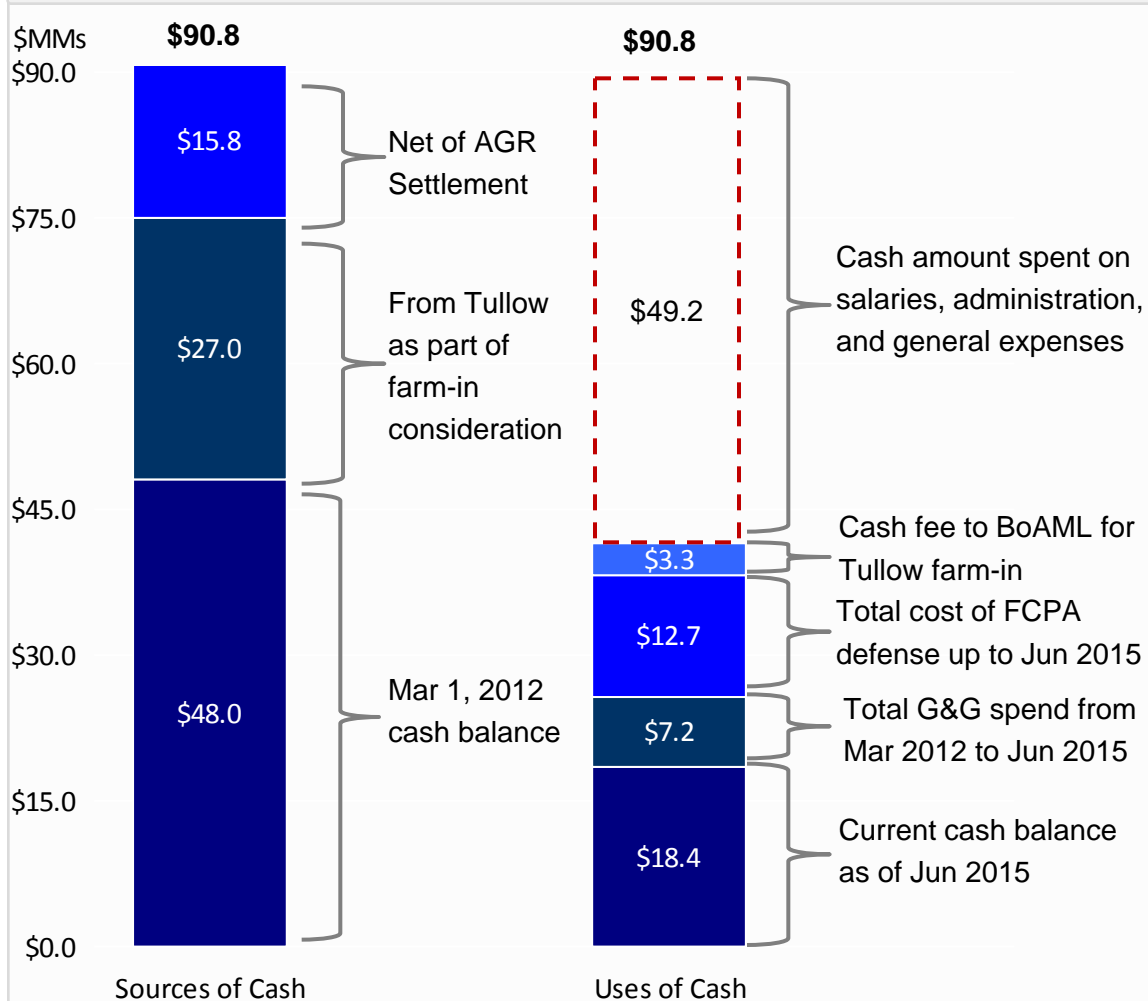
**We appreciate that these cases have been a significant distraction and there are legal and other professional costs with addressing them, however, that does not excuse the amount that was spent**



# Continuous questionable actions have led to loss of complete credibility

...Since 2012, almost \$50 million in cash spent on salaries and admin – for only one asset that operatorship was farmed out in Dec. 2012, no growth initiatives executed, and excluding FCPA costs...

**Cumulative Sources & Uses of Cash From March 2012 to June 2015**



Since announcing in Feb 2012 that the Company would "diversify away from holding only a large concentrated position in Guinea" the only related activity was to write-off the \$10 million down payment it made in 2011

During this time, Ray Leonard and the Board have had an average monthly cash spend of \$1.2 million (excluding non salary and admin expenses) – all while losing over 92% of market value since March 2012

Ray Leonard and the Board's capital allocation and other substantial errors have caused Hyperdynamics to miss multiple growth opportunities, destroyed shareholder value, while bleeding the Company's cash reserves

# Continuous questionable actions have led to loss of complete credibility

The below note from Seeking Alpha sums up how poorly Hyperdynamics has been managed...

## Investors Cautioned To Read Hyperdynamics' Press Releases Carefully

May 9, 2014

Comments Off

56 Views

Resources, Trading

Seeking Alpha

### Summary

- Hyperdynamics has suffered terrible news: dilution, non-commercial first well, CFO and accounting firm resignations, SEC/DOJ subpoenas, NYSE delisting warnings, numerous lawsuits, and a force majeure declaration by its majority partner.
- The May 5 press release stating removal of the force majeure declaration looks positive on the surface, sending the stock price up over 200% near prior levels.
- The most positive possible outcome from this most recent event would still be net negative from February: delayed drilling, burned cash and newly strained partner relations.
- A careful reading of the events leading up to and including the May 5 press release paints a very different picture from investors' positive reactions.
- I believe the stock price increased too far too fast based on this tepid news and could fall back to prior levels of \$1.50 or lower.

Unlike many small oil companies, Hyperdynamics (HDY) is an all or nothing situation. The company and investors will either strike it rich with its only Guinea offshore play or they will crash and burn without ever making a penny from drilling oil. From the latest 10-Q, Status of Our Business:

**If Ray Leonard and the Board are allowed to continue leading Hyperdynamics, these issues will not get fixed**

# **No strategy or vision to take advantage of current opportunities for future growth**

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**Thus, we are looking to effect necessary change at a very important inflection period for Hyperdynamics...**

**1 Hyperdynamics has approximately \$15.7 million in cash as of September 2015 and a public company status which can be beneficial during negotiations in the future**

**2 Additionally, in its Guinea concession, the Company has a very prospective asset which is fully funded for the next exploration well**

**3 Hyperdynamics can be significantly valuable and provide transformational upside to shareholders by very selectively identifying and opportunistically acquiring de-risked low cost world-class assets**

**4 The Company can achieve this growth while at the same time maintaining a sizable working interest in the Guinea concession**

**However, Ray Leonard and the Board have shown time and again that they lack the strategy, ability, and focus to run Hyperdynamics let alone grow and create it into a sustainably valuable company**

# EMPOWER PROPOSES A NEW GROWTH STRATEGY AND NEW TEAM

# Empower's strategy to unlock substantial growth

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## We propose a refocused strategy and reengagement with partners

### Improve capital allocation & emphasize partnerships

- The Company has operated in a disastrous way where overspending has been the norm and the use of capital has not been carried out in a prudent and strategic manner.
- Part of our plan to improve capital allocation is to decrease and realign salaries so that the Company can be in a strong position for future development and to continue with a large working interest in its Guinea oil block while emphasizing partnerships.

### Rebuild trust with global partners, investors, and other key stakeholders

- Over the past several years the CEO and legacy board has not engaged or communicated well with the all of the Company's key stakeholders.
- This has caused the Company to lose complete credibility and their actions have put the future of the Company in real jeopardy.
- Without the support of current shareholders, the global investment community, and other current and future partners, Hyperdynamics will not be able to raise capital in the future nor garner the support to continue as a significant working interest partner in the Guinea concession.

### Opportunistically acquire a low cost world-class prolific potential asset

- Hyperdynamics has a sizable working interest in one of the largest concessions in West Africa, which is also fully funded for the next stage of exploration – however, this is the Company's only asset
- We believe the current low price oil environment creates a unique opportunity to leverage Hyperdynamics' position and public market status to create a high impact African oil explorer focused on targeted giant-sized potential assets
- Our proven nominees will look to selectively acquire a very high potential and already de-risked asset in an established region that has a low economic break-even price in a country where we have strong relationships and only in an opportunistic scenario.

## **Improve capital allocation & emphasize partnerships**

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**In addition to the multitude of other capital allocation problems by Ray Leonard and the legacy board, there have been excessive salaries and payments to the top management without results**

**Since 2011, the top management and directors have received almost \$18,000,000 in salary and payments, with salaries being raised again in October 2015**

**For 2014 and 2015, the Board approved Ray Leonard's cash salary and bonus of \$1,200,000, even while acknowledging that he achieved none of the Company's compensation metrics and goals**

**Instead of emphasizing excess and unaccountability, reestablishing strong working partnerships with the Company's leading stakeholders need to be emphasized**

**Part of our plan to improve capital allocation is to decrease and realign salaries so that the Company can be in a strong position for future development and to continue with a large working interest in its oil block**

## **Rebuild trust with global partners, investors, and other key stakeholders**

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**Even with a successful well in Guinea, shareholders and investors will not support the Company with the CEO and legacy board still in place, thus trust rebuilding and reengagement are needed**

**Our goal is to be shareholder focused and we have already engaged with nearly all of the key shareholders and our plan and course of action is based on discussions with and support from them**

**To continue to maintain a strong working interest and participate in the develop of the block if the drilling is successful, we will start rebuilding trust with shareholders immediately**

**And if the next well is not successful, it will be even more important to have a strong relationship with shareholders and investors so that we can successfully participate in the future drilling of the other prospects**

**Even if the next well in Guinea well is successful or not, strong leadership is needed that is focused on rebuilding and maintaining the trust with investors such that they support the Company for future commitments**

# Empower's strategy to unlock substantial growth

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We propose replacing the Board with a new management and team

## Empower firmly believes that new leadership and vision is needed

- The Board should be replaced with proven and focused directors
- The new board will have a mandate to put in place a CEO with the right exploration experience and shareholder focus
- Together will be able to implement the strategic and urgent initiatives which will position the Company for long-term success

## Empower's director nominees are uniquely qualified and proven value creators

- Empower's director nominees each has skills important and necessary for taking Hyperdynamics to the next level of growth and development
- Proposed director candidates bring fresh perspectives and willingness to work very hard to get the Guinea block drilled while maintaining the long-term support of the Guinea government
- Additionally, they possess the right experience, relationships, and focus to transform Hyperdynamics and create substantial shareholder value



# Experienced and high performing group to lead strategic growth plan

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## Proven and uniquely positioned to develop Hyperdynamics into high impact low cost Africa focused explorer



**Gerald Bailey, PhD**

- Petroleum engineer with over 40+ years experience in all aspects of onshore and offshore oil exploration and development, and has served on numerous energy company executive boards
- Former President of Exxon for the Arabian Gulf, responsible for all aspects of Exxon's business activities in the region
- Currently Chairman of Bailey Petroleum and American Impact Energy as well as Vice Chairman of Trinity Energy Group
- Serves as Chief Executive Officer of TSX listed MCW Energy, which is developing environmentally-safe extraction methods of oil
- Held senior and executive positions with Abu Dhabi Onshore Oil Company, Qatar Petroleum Corp, and Esso Standard Libya



**William Hayden, BSc**

- Geologist with over 35+ years experience in the African oil & gas and natural resource exploration industry
- Former Co-founding Director of Ivanhoe Agadem Petroleum, one of first western oil groups to re-discover the prolific Agadem oil basin and work with the Government of Niger and their most recent petroleum code advisors to explore the basin prior to CNPC
- Co-founder and former President of Ivanplats, a successful first mover in DRC and southern Africa having discovered and initiated develop of two of the largest natural resource projects in Africa since the early 1990's
- Previously President of Ivanhoe Philippines and GoviEx Uranium Niger
- Currently a Director of Ivanhoe Mines (TSX), NovaCopper (NYSE & TSX), Globe Metals & Mining (ASX), and Sky Alliance Resources



**James Wilson, MBA**

- Over 15+ years experience in financing and developing public and private companies and projects in U.S., Africa, and Asia
- Chairman of Empower Capital, an emerging natural resource and infrastructure projects developer in Africa, including in Nigeria, Ethiopia, Kenya, Zambia, Ivory Coast, and other West African countries
- Senior Advisor or Director of Fortune 500 and junior companies operating in Africa, including Sinopec, China Railway Construction Corporation, and Sky Alliance Resources
- Former investment banker with JP Morgan, Standard Chartered, and Morgan Joseph
- Deep and close relationships with key decision makers across multiple countries in Africa and recognized by global media outlets as an innovative Africa-focused entrepreneur and deal-maker



**Andrew Windham, BA**

- Over 30+ years experience in the oil exploration industry, primarily focused in Africa where he has explored for or developed oil & gas projects in over 10 African countries
- Currently a Director of T5 Oil and Gas, which is an Africa focused oil & gas exploration and investment company founded by previous Tullow Board members and senior executives
- Former Managing Director of the Africa region at Tullow Oil, where he played a key role in making Tullow what it is today and led the company's entry into now prolific countries with significant oil discovers such as Ghana, Kenya, Uganda, among many others

# Empower's director nominees have substantial exploration success across Africa

Proposed director nominees have led development of or discovered some of the most prolific recent oil and natural resource projects in Africa

## Niger

**Ivanhoe Agadem Exploration:** Founding Director of one of the first western oil groups to identify the prospectivity of now prolific Agadem basin

## Libya

**Exxon:** Supervised the LNG and oil field production operations in the country, which is one of the largest oil producers in Africa

## Guinea

**Sky Alliance:** Led and advised minerals exploration junior company through successful and over-subscribed IPO of its principle mining asset

## Uganda

**Tullow:** Opened up the now prolific basin with a series of discoveries in or around Lake Albert with successful sale down to CNOOC and Total

## Ghana

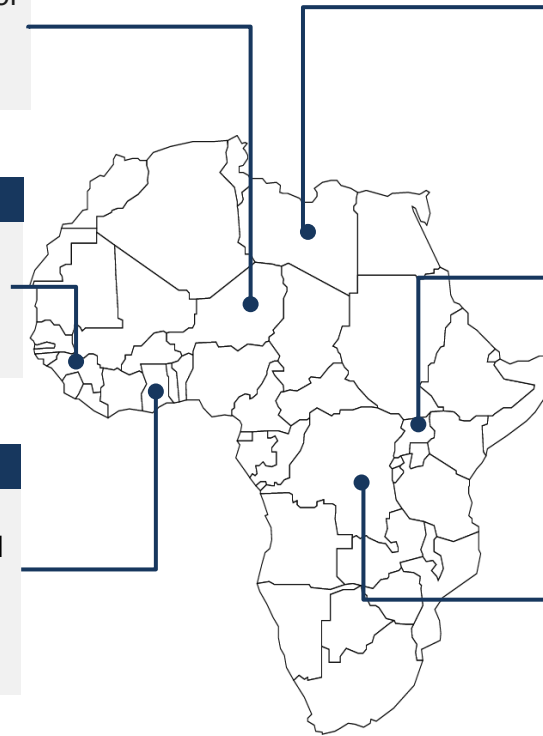
**Tullow:** Opened up the now prolific basin with the ground-breaking discovery of the substantial Jubilee offshore field

Brought the Jubilee field on-stream within two and a half years of its discovery

## DRC

**Ivanhoe Mines:** Successfully discovered and initiated the largest copper belt find since the early 1990's

Ranks as world's largest high-grade copper discovery (PDAC's international discovery of year)



In contrast to the current Board, our proposed director nominees have significant experience in Africa and global capital markets, with the ability to successfully work under the most demanding situations

# Overview of skills matrix of Empower director nominees



Gerald Bailey, PhD



William Hayden, BSc



James Wilson, MBA



Andrew Windham, BA

## Proposed Director Nominees

	Gerald Bailey, PhD	William Hayden, BSc	James Wilson, MBA	Andrew Windham, BA
International Oil & Gas and Resources Experience	✓	✓	✓	✓
Africa Experience	✓	✓	✓	✓
Guinea Experience		✓	✓	
Strategic Oversight	✓	✓	✓	✓
Other Board Experience	✓	✓	✓	✓
Governance	✓	✓	✓	✓
Financial & Accounting	✓	✓	✓	✓
Mergers & Acquisitions	✓	✓	✓	✓
Government Relations / Regulatory	✓	✓	✓	✓
Human Resources	✓	✓	✓	✓
Legal / Capital Markets Experience in US	✓	✓	✓	
Global Capital Markets Experience	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓

# EMPOWER BELIEVES IN THE GUINEA BLOCK AND OPPORTUNITIES IN AFRICA

# We believe the value of the Guinea block is worth multiples of current price

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We believe in Hyperdynamics and the potential of its Guinea block and want to reengage with key partners and the global investment community regarding the compelling potential

## Potentially prolific oil block with 3D seismic studies

- Sizable working interest in large offshore acreage that has seen significant investment and meaningful de-risking
- 3D seismics and other studies indicate over 8 billion barrels of unrisks oil and multiple prospects & plays with close to 1 billion barrel prospective resource
- Additional high probability drilling targets indicated by Tullow provides further substantial upside potential

## Multiple substantial recent discoveries in region

- Underexplored West Africa area with substantially high rate of drilling success in the region
- Region has multiple successful exploration plays
- Past several years have led to substantial and significant discoveries in the West African region
- The cross Atlantic Transform Margin story is proving to be real and the Liza Discovery offshore Guyana further increases the Guinea block's prospectivity

## World-class operating partner in Tullow that is funding next well program

- Well-known, world-class, and experienced operating partner with excellent record of drilling success
- Exploration and appraisal well drilling program primarily funded by Tullow
- A petroleum system has been proven in the target area

## Potential as one of lowest economic breakeven oil price estimates in the region

- First mover advantage benefiting consortium with one of the best PSC terms in the region
- Contractor share of oil at approximately 60% up to first 100,000 barrels of daily production
- Low economic breakeven oil price of between US\$40 to US\$45 per barrel, and potentially lower dependent on whether drilling and other related costs decrease further

# Numerous discoveries with high success ratio exhibits potential of Guinea block

This regional map shows that multiple discoveries have been made across the West Africa Transform Margin, including in almost every country that exploration has taken place from Senegal to Ghana

## WEST AFRICA

31 DISCOVERIES  
(2010 – 2014)

63 WELLS PLANNED

## SIERRA LEONE & LIBERIA

12 WELLS DRILLED  
(HISTORIC)

73% EXPLORATION  
SUCCESS

## COTE D'IVOIRE

9 WELLS DRILLED  
(HISTORIC)

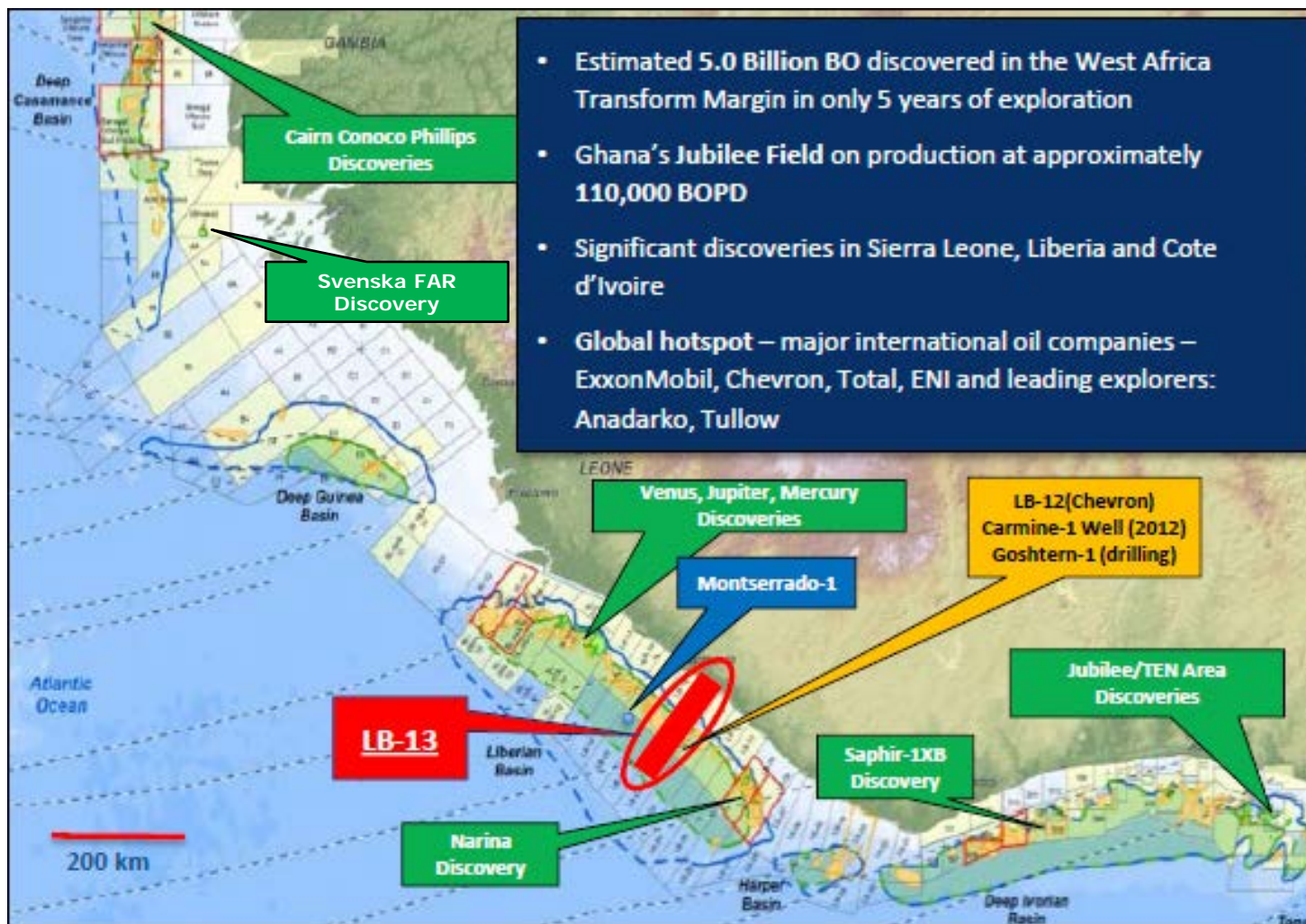
67% EXPLORATION  
SUCCESS

## GHANA

9 WELLS DRILLED  
(HISTORIC)

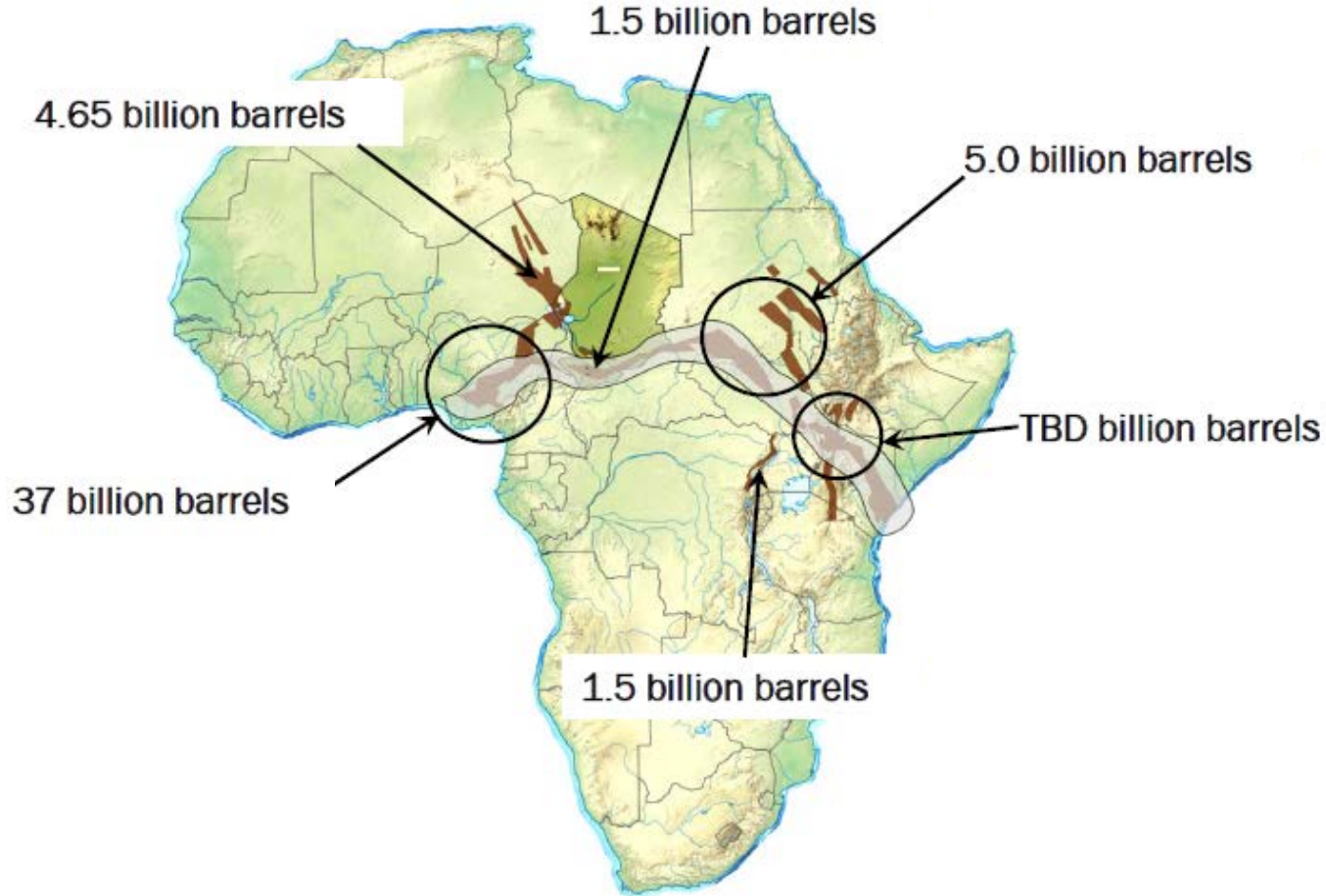
67% EXPLORATION  
SUCCESS

63% COMMERCIAL  
SUCCESS (18 WELLS)



# World-class and transformational opportunities available onshore Africa

Onshore Africa and some offshore provide specific opportunities to very selectively acquire an already de-risked low cost world-class asset that currently have distressed valuations and potential for transformational upside



We have identified specific transformational potential opportunities in select countries

# WHAT CAN SHAREHOLDERS DO AT THIS CRITICAL TIME?



# Support Empower's plan for change and vote for our slate of four directors

Shareholders can support our plan and vote for our slate of directors at the shareholder meeting on January 27, 2016 and we can work together along with other stakeholders to implement needed change

## Status Quo

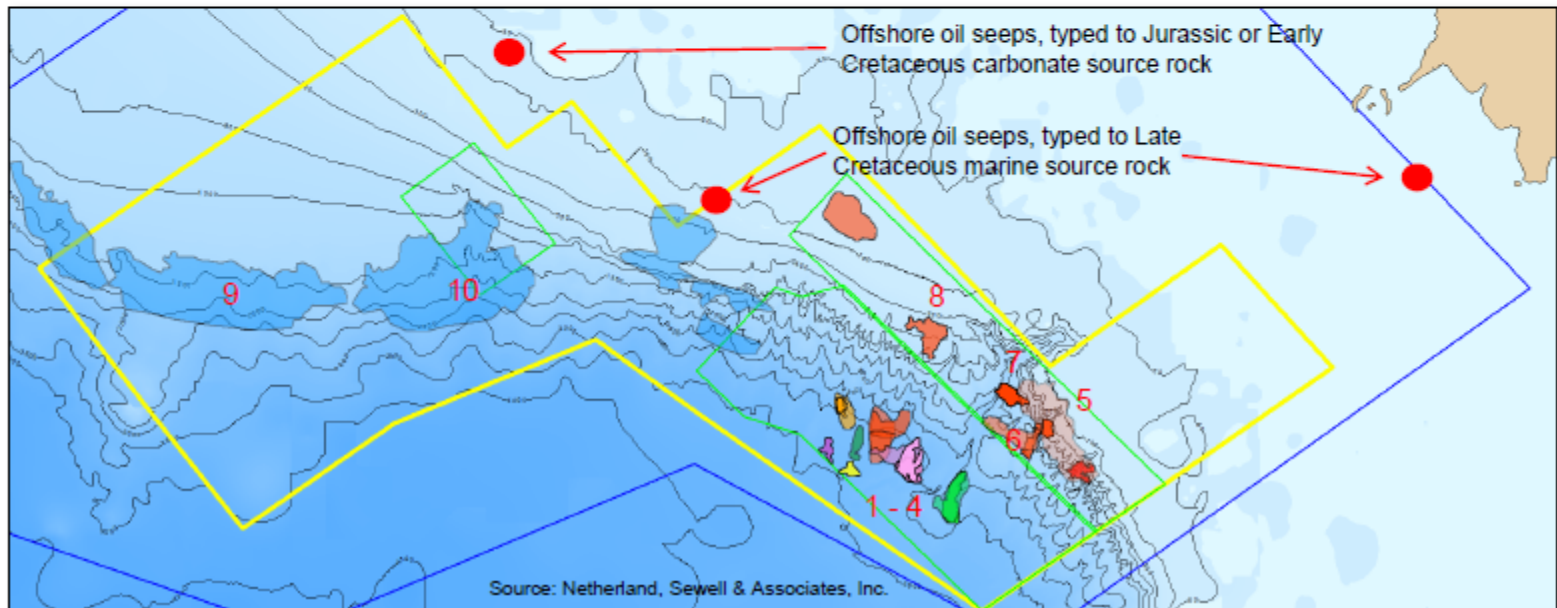
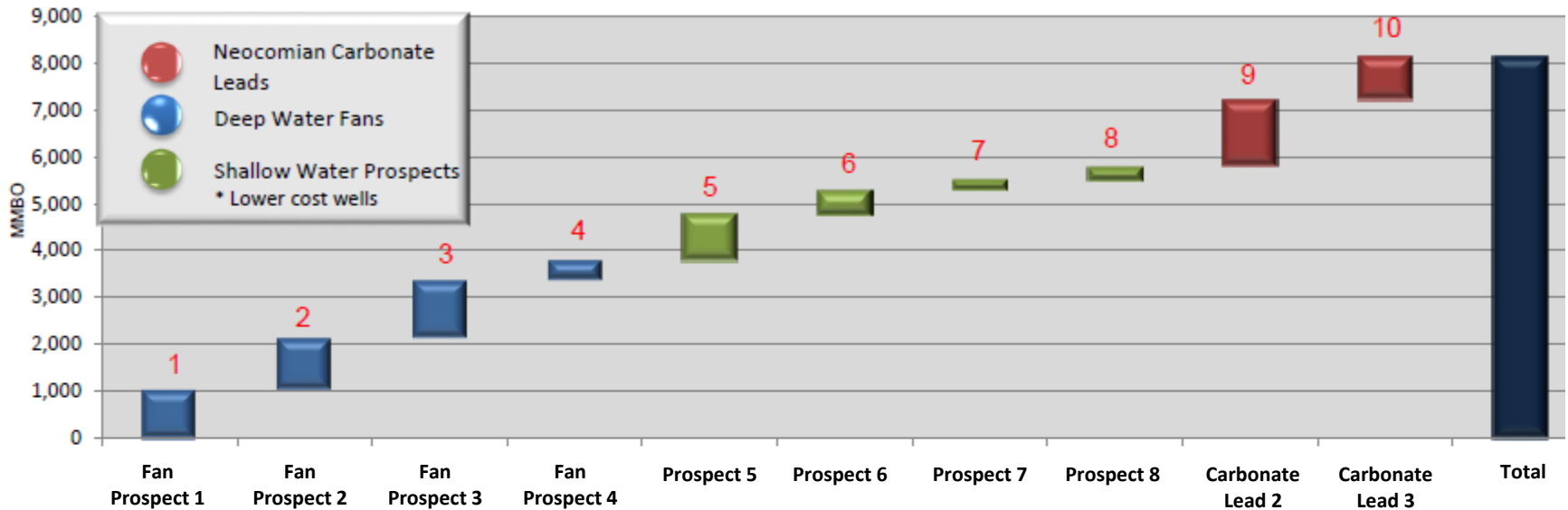
- X** Directors and CEO who oversaw significant value destruction remain in place
- X** Directors and CEO who have displayed incompetence and disregard for Company and partners remain in place
- X** Directors and CEO who have lost complete credibility , are unaccountable, and who shareholders and partners do not trust remain in place

## Empower's Plan

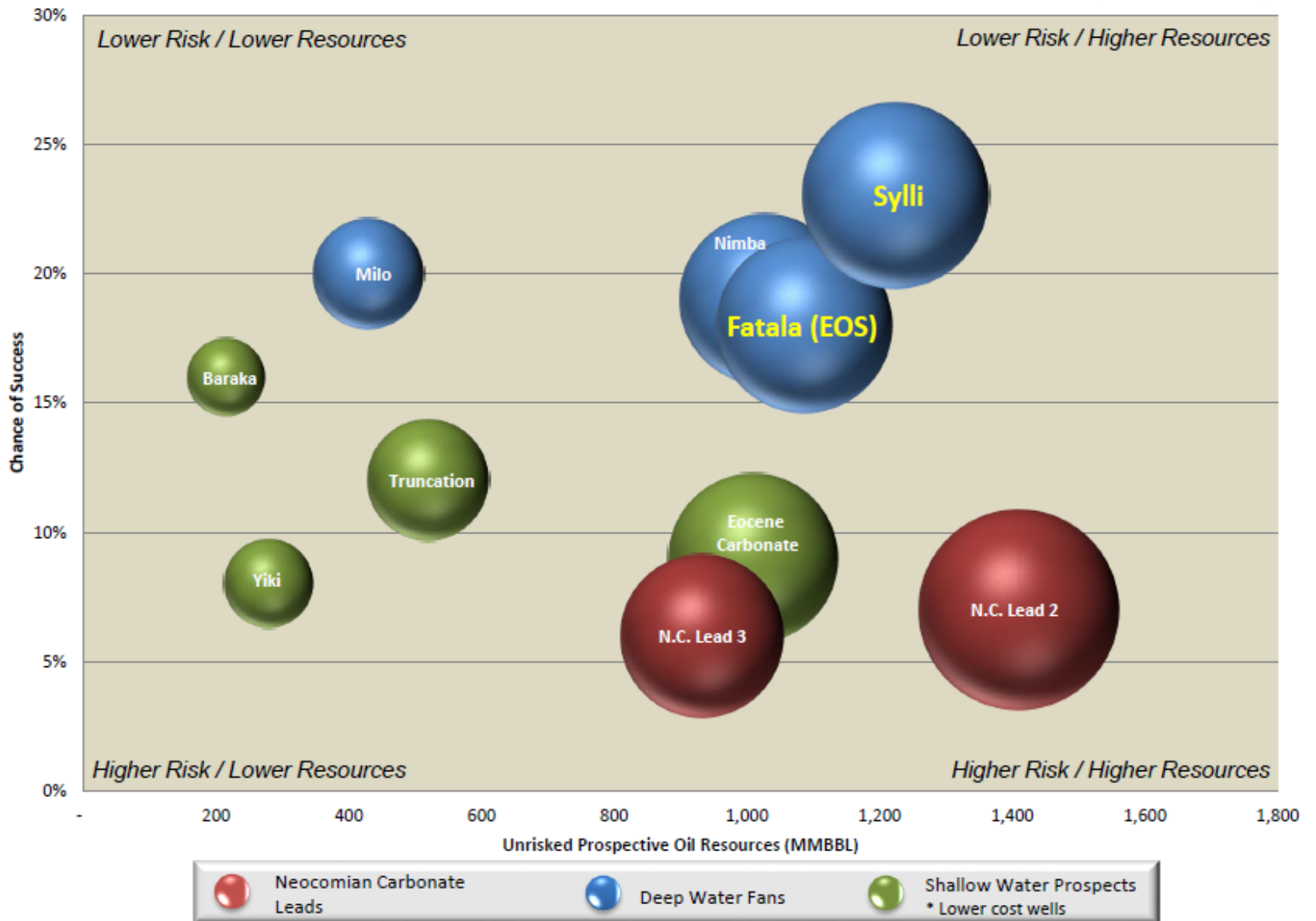
- ✓** Reconfigured board with strong independent directors and proven ability to create value in oil & gas and Africa
- ✓** Reconfigured board with mandate to put in place the right team with the right experience and shareholder focus
- ✓** Reconfigured board with ability to position Hyperdynamics for significant long-term growth

# APPENDIX: ANALYSIS OF GUINEA CONCESSION'S STRONG FUNDAMENTALS AND SIGNIFICANT UPSIDE POTENTIAL

# 3D seismic shows block has unrisked 8 billion+ bbls with multiple play types

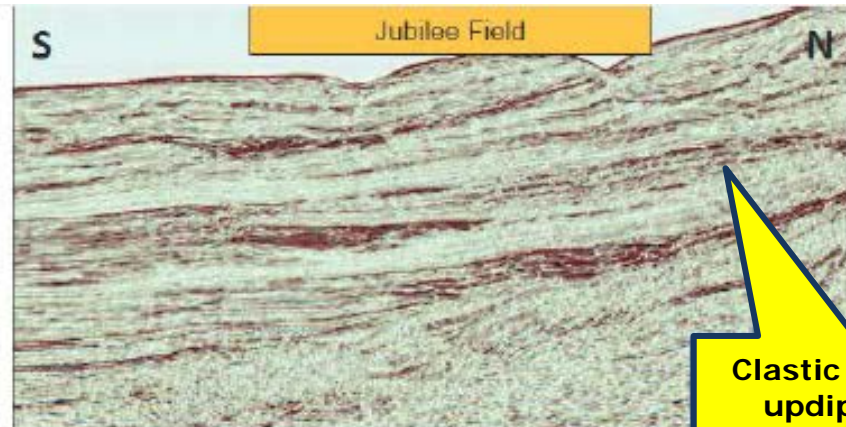
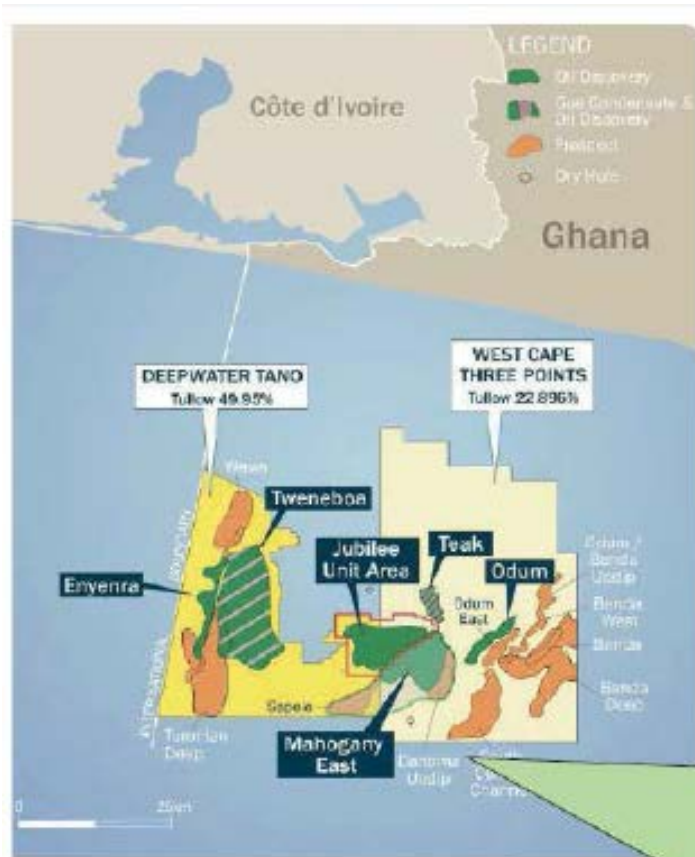


# Guinea block has multiple prospects and leads with 1 billion+ bbl estimates

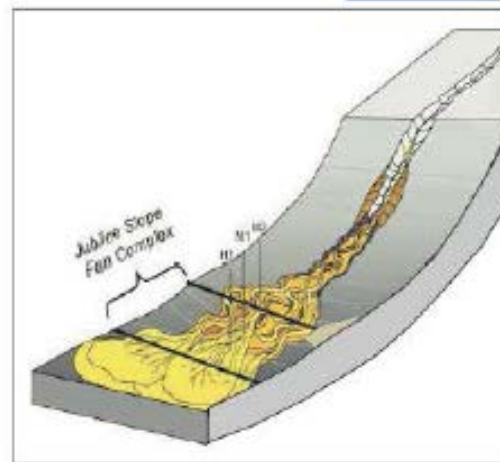


# Primary prospect considered similar to 1.2 billion+ bbl Ghana Jubilee Field

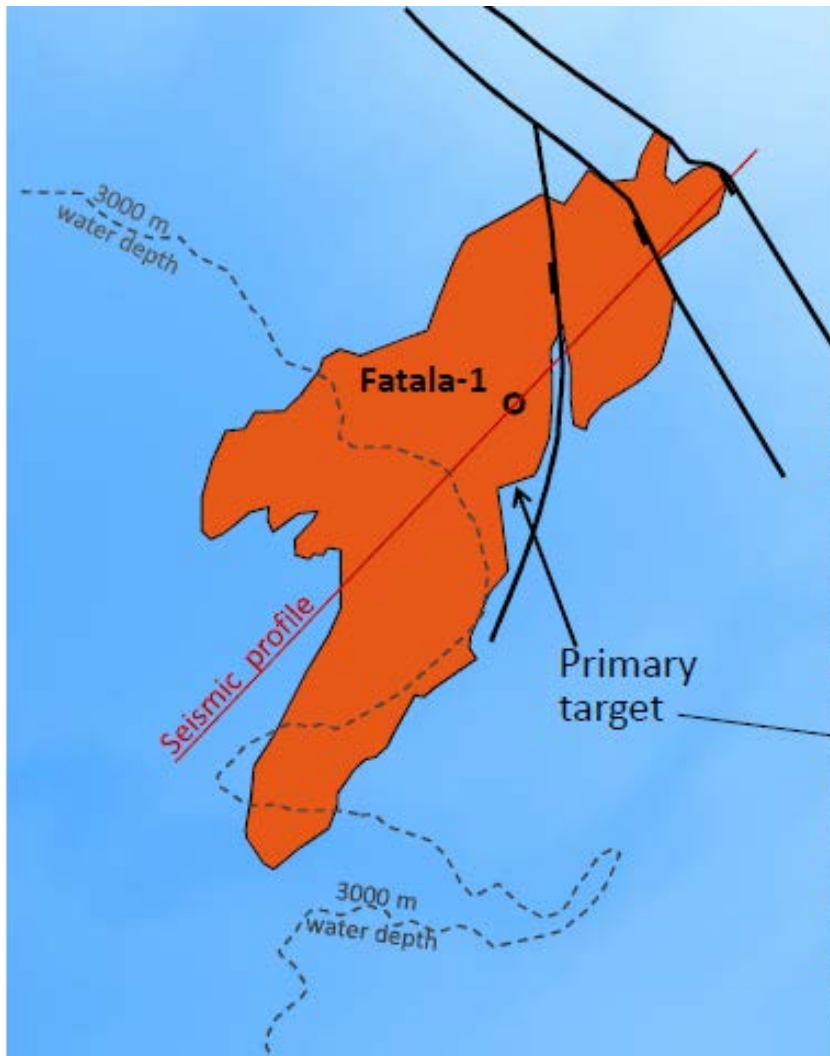
Tullow has indicated that the consortium's primary prospect for drilling in 2016, Fatala, is analogous to their 1.2 billion bbl reserve Jubilee Field in Ghana (which also has additional 4 billion+ bbl potential)



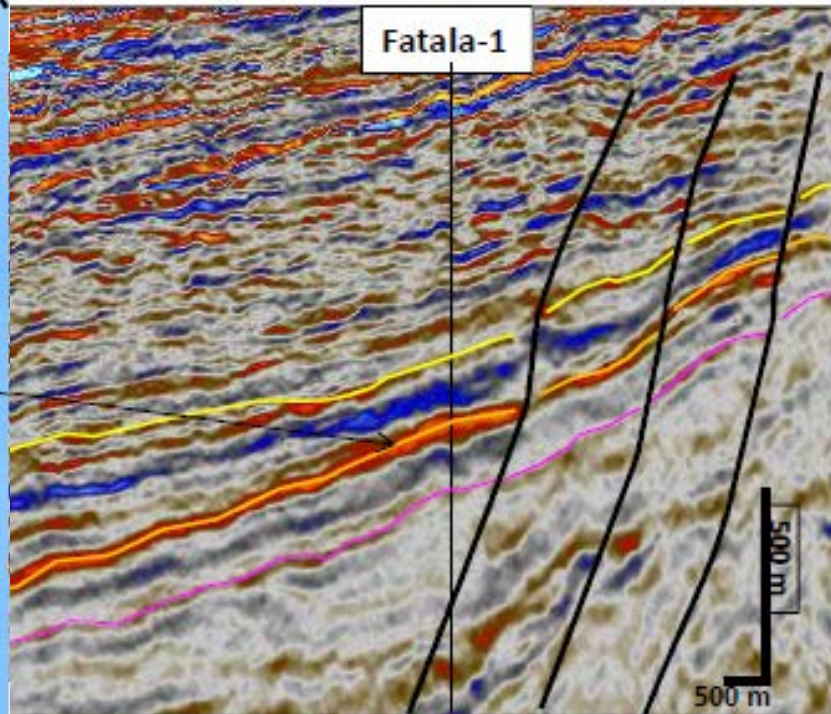
- Jubilee Field**
- Discovered 2007
  - WD 1,300-1,500m
  - Reserves: 1200 mmbbl
  - Turonian fan sands
  - High rate reservoir
  - Oil Gravity 37° API
  - First oil December 2010 60,000 BOPD
  - Tullow est gross resource upside potential 48n bbls



# Primary prospect for drilling in 2016 has approximately 1 billion bbl potential



- Water depth of approximately 2,895 m
- Main target is sandstone reservoir of Cenomanian age
- As previously mentioned, one of several prospects similar to the transformation discoveries and producing fields Tullow discovered in Ghana

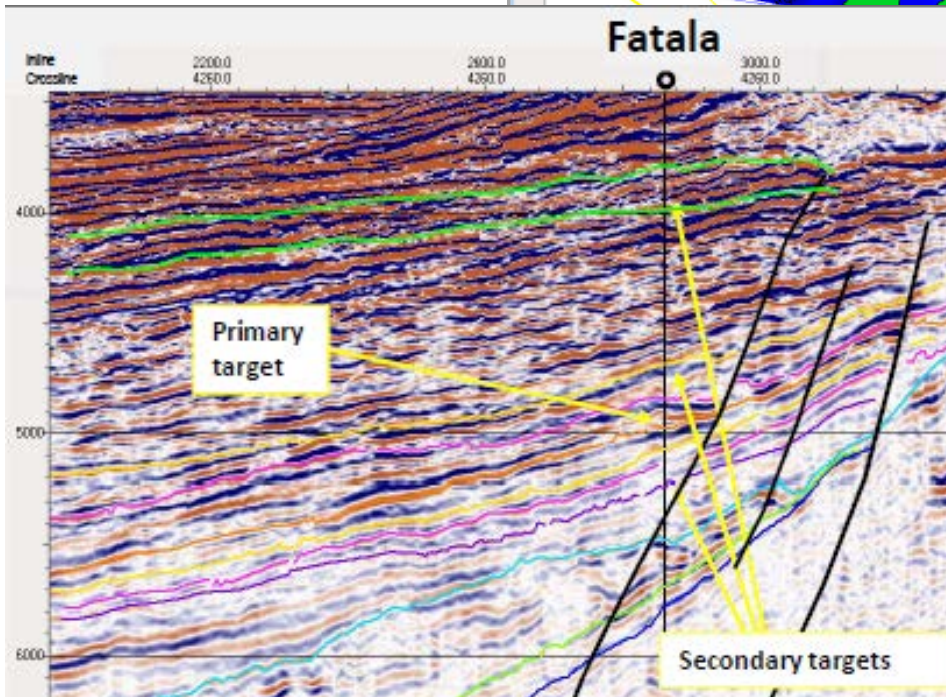
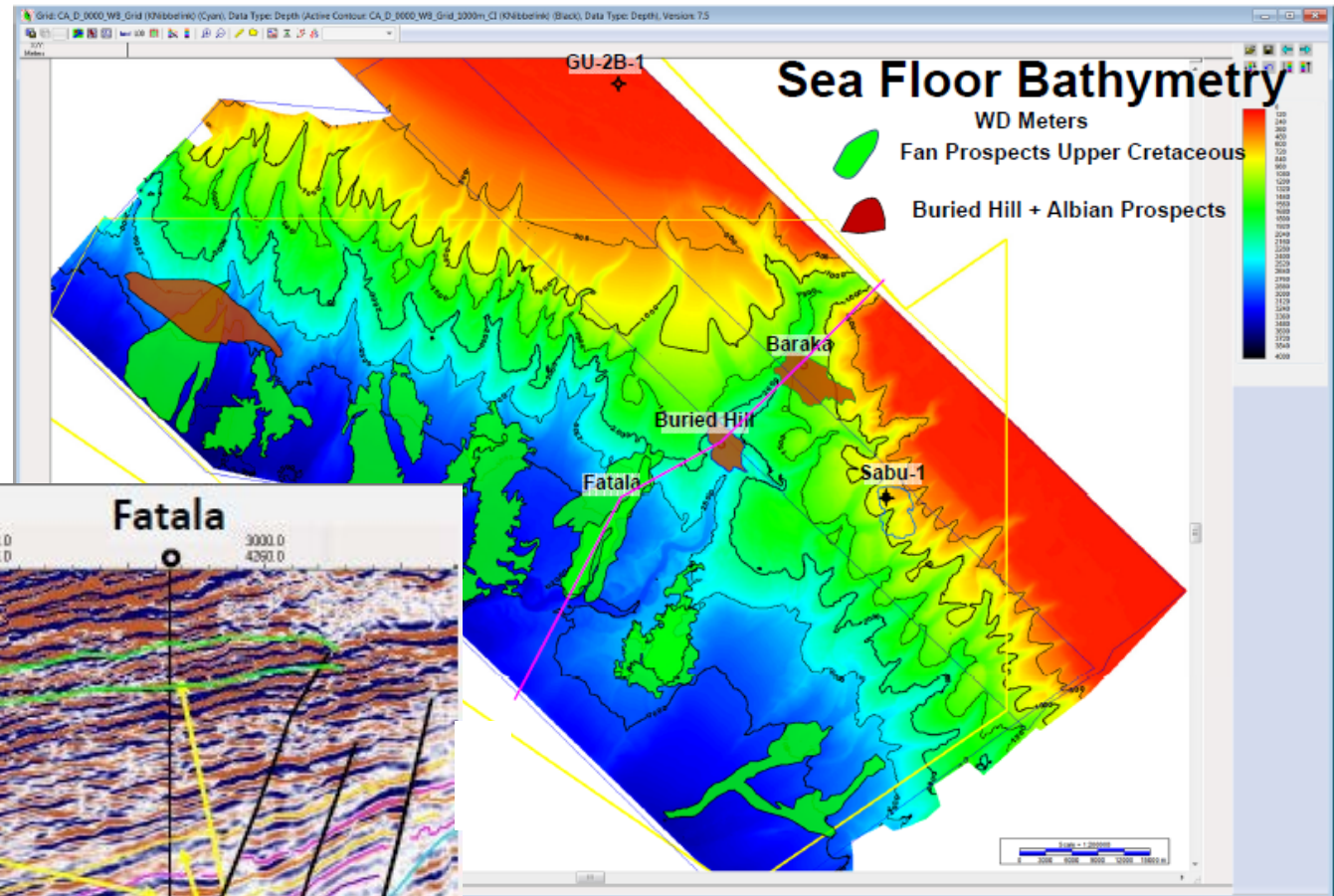


*Location of seismic profile shown by red line on map*

# Primary prospect for drilling in 2016 has approximately 1 billion bbl potential

## Primary Prospect - Fatala

- Pmean of over 350MMBOE
- P10 upside of over 950MMBOE
- Primary Objective, Single Zone Resources



- Thick high-quality potential reservoir
- Several potential reservoir intervals
- Target at ~2,000m below sea floor, which is ideal for good reservoir needed for commercial accumulation

Primary prospect for drilling in 2016 has approximately 1 billion bbl potential

