Hyperdynamics Corporation

AUDIT COMMITTEE CHARTER

(Approved September 9, 2015)

I. PURPOSE

Hyperdynamics Corporation (the "Company") recognizes the importance of independent and objective oversight of our financial accounting, internal control, and financial reporting functions. We consider legal requirements to be minimal standards; as such it is our goal to endeavor to implement continuous improvement in the overall quality of our accounting and financial reporting processes. Accordingly, the Company maintains an audit committee (the "Audit Committee") as a standing committee. The Audit Committee will generally assist the Board of Directors of the Company (the "Board") in the following tasks:

- (a) providing independent oversight of our accounting and financial reporting processes;
- (b) providing independent oversight of our relationship with our independent auditing firm, including evaluation of its qualifications, independence, and performance;
- (c) providing independent oversight of the performance our Company's internal audit function; and
- (d) assuring compliance with legal and regulatory requirements, including, but not limited to, the preparation of the disclosure required by Item 407(d)(3)(i) of Regulation S-K.

II. COMPOSITION AND MEETINGS

- (a) <u>Membership</u>. Each Audit Committee member shall be a member of the Board in good standing. The Board will elect Audit Committee members to serve yearly terms. Members shall serve until their successors are duly elected and qualified. The Board may remove members from the Audit Committee by majority vote, with or without cause.
- (b) <u>Independence</u>. All members of the Audit Committee shall be "independent," as defined under 17 C.F.R. § 240.10A-3(b)(1)(i).
- (c) <u>Number</u>. The Audit Committee shall be comprised of at least three members, the exact number to be determined by the Board.
- (d) <u>Financial Literacy</u>. Each Audit Committee member shall be financially literate at the time of his or her appointment: that is, the member can read and understand a company's basic set of financial statements, which includes the balance sheet, income statement, cash flow statement, and footnotes.

- (e) <u>Financial Expert</u>. At least one member of the Audit Committee shall be financially sophisticated in accordance with Securities and Exchange Commission ("SEC") rules applicable to financial experts.
- (f) <u>Chair</u>. If the Board does not elect the Audit Committee chair, the Audit Committee membership may designate a chair by majority vote.
- (g) <u>Meetings</u>. The Audit Committee shall meet at least quarterly. Meetings may be conducted in person, by conference call, or using video conferencing. Additional meetings may be conducted as frequently as the members deem necessary.
- (h) <u>Compensation</u>. The Board shall determine the compensation for Audit Committee members. No Audit Committee member may receive, directly or indirectly, compensation other than for director and board committee fees.

III. OVERSIGHT OF THE ANNUAL AUDIT AND THE INDEPENDENT AUDITOR

- (a) <u>Selection</u>. The Audit Committee shall have the sole authority to appoint or to retain the independent auditor and to oversee the auditor's work on the annual audit and quarterly reviews. The Audit Committee must approve any proposed discharge of the auditor by a majority vote.
- (b) <u>Compensation</u>. The Audit Committee shall be directly responsible to set the compensation of and to direct the payment of the independent auditor for audit services.
- (c) <u>Pre-approval</u>. The Audit Committee shall pre-approve any non-audit services that the independent auditor may perform.
- (d) <u>Independence</u>. The Audit Committee shall evaluate the independent auditor's independence at least annually and more frequently as the need arises. Such evaluation includes ensuring that it receives from the auditor a written communication outlining all relationships between the auditor and the Company, including the disclosures required by Public Company Accounting Oversight Board (PCAOB) Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*. The Committee must enter into an active dialogue with the auditor regarding any relationships that may impair, or have the appearance of impairing, the auditor's objectivity or independence. The Audit Committee shall set clear hiring policies for employees or former employees of the independent auditor.
- (e) Oversight. The Audit Committee shall monitor and evaluate the independent auditor's performance. The auditor shall report directly to the Audit Committee and not to management. In connection with the oversight role, the Committee will, as appropriate:
 - (i) Resolve differences that arise between management and the independent auditor; and.

- (ii) Obtain and review the reports required to be made by the independent auditor pursuant to paragraph (k) of Section 10A of the Securities Exchange Act of 1934 regarding:
 - 1. critical accounting policies and practices;
 - 2. alternative treatments of financial information within generally accepted accounting principles that have been discussed with Company management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - 3. other material written communications between the independent auditor and Company management.

IV. OVERSIGHT OF ACCOUNTING AND FINANCIAL REPORTING PROCESSES.

- (a) <u>Discussion of reports</u>. The Audit Committee shall review and discuss the quarterly financial reports and the annual report, including the Management Discussion and Analysis, with the Company's management and the independent auditor prior to the submission of any report to the SEC. The Audit Committee shall review and discuss with management and with the auditor, if deemed necessary by the Audit Committee, all other financial information that is relayed to the public prior to its filing or dissemination. This category of information includes but is not limited to, current reports on Form 8-K, earnings releases and press releases containing information relevant to financial or accounting matters.
- (b) Internal controls. The Audit Committee shall initiate regular communication with management, the Board, and the independent auditor regarding the adequacy of the Company's accounting procedures, internal controls, and disclosure controls. The Audit Committee shall periodically discuss the adequacy of such controls and the integrity of the financial reporting process separately with each of the independent auditor and with management. The Audit Committee shall, at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company.
- (c) <u>Complaints</u>. The Audit Committee shall establish procedures relating to the receipt, consideration, and disposition of complaints regarding accounting, internal controls, or auditing matters and for the retention of records relating to such complaints. The procedures shall include a provision for anonymous reporting from employees relating to accounting, auditing, and/or financial reporting concerns.

- (d) <u>Related Party Transactions</u>. The Audit Committee shall review and approve all related-party transactions prior to their occurrence. The Audit Committee may not grant approval of transactions after they have become effective.
- (e) <u>Advisors</u>. The Audit Committee shall have the authority to engage independent legal counsel and other advisors and consultants it deems necessary to discharge its duties.

V. SELF-EVALUATION

- (a) <u>Budget</u>. The Audit Committee shall prepare an annual budget, which will be funded by the Company, providing for the compensation of the auditor and other advisors, for the costs of administering complaints regarding accounting and auditing matters, and for other costs associated with discharging its duties. The Audit Committee shall authorize the expenditures associated with this budget in its sole discretion.
- (b) <u>Charter</u>. The Audit Committee shall review its performance and this Charter annually to consider its continued adequacy.

VI. OTHER

- (a) <u>Reports</u>. The Audit Committee shall prepare any other reports required by the Company including reports required for any proxy statement that provides for the election of directors.
- (b) <u>Investigations</u>. The Audit Committee may conduct or authorize investigations into any matter within the scope of its responsibilities as it shall deem appropriate. In conjunction with such investigation, the Audit Committee has the authority to request any officer, employee or advisor of the Company to meet with the Audit Committee or any advisors engaged by the Audit Committee.
- (c) <u>Risk Assessment</u>. The Audit Committee shall discuss policies with respect to risk assessment and risk management.
- (d) Other. The Audit Committee shall perform other functions that may be delegated by the Company's Bylaws or Board, or that may be required by law.