HYPERDYNAMICS
Business Update Conference Call
October-06-2016

Operator: Good morning and welcome to the Hyperdynamics Business Update Conference Call.

At this time, all participants are in a listen only mode. If anyone should require operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Ms. Anne Pearson, Investor Relations with Dennard Lascar. Thank you, Ms. Pearson. You may begin.

Ms. Anne Pearson: Thank you, Michelle, and good morning, everyone. Before I turn the call over to Ray Leonard for his formal remarks, I have a few of the usual items we need to cover.

First of all, a replay of today's call will be available by webcast and is also available by telephone replay, and you'll find that replay information in last week's news release announcing the call today.

As a reminder, information reported on this call speaks only as of today, October 6th, 2016, so any time sensitive information may not be accurate at the time of a replay.

Management may make forward-looking statements based on beliefs and assumptions currently available to them, but they can give no assurance they'll prove to be correct. They're subject to certain risks and uncertainties in assumptions described in recent public filings with the SEC. So, if one or more of these risks materialize or other underlying assumptions prove to be incorrect, actual results may vary materially.

In particular, management can make no guarantee it will be able to secure capital to finance the drilling campaign that Ray will discuss in a moment or that drilling will begin within the timeframe set out in the latest amendment to the company's production sharing contract.

Also, several of you pre-submitted questions for Ray to address after his opening remarks. If anyone has any additional questions, you may submit them through the link in the webcast screen, and he will answer those if time allows.

Now I'd like to turn the call over to Ray Leonard, Hyperdynamics' President and CEO. Ray?

Mr. Ray Leonard: Thanks, Anne, and good morning, everyone. I'd like to begin with a summary of key developments since our last investor call in January. With all the recent events, I feel it's important to give you the shareholders and potential investors an explanation of our actions as well as give you a forum for asking me questions about our rationale and future plans. I'll do my best to answer your questions, of course taking into account confidentiality in our ongoing negotiations.

First, I'll cover where we are today and then look at our future plans. And after my presentation, I'll answer your pre-submitted questions, and then we'll take questions that were submitted online that may have come up from listening to my presentation.

Now, a number of pieces have fallen into place since January that position us to get back into the business of looking for oil offshore Guinea after several years of frustrating challenges and delays. To bring you briefly up to date, in January, we sued Tullow and Dana after numerous attempts to resume petroleum operations failed. Then in February, a special arbitrator ruled that Tullow and Dana could not be forced to drill our well, and it also became clear that the timing of the arbitration damages claim would likely not be resolved until long after our production sharing contract with Government of Guinea had expired in September 2016.

Then during the months of March and April, several attempts were made to come to a resolution with Tullow and Dana in order to resume drilling, including involving the director of the newly formed Guinea General Petroleum Office, but we couldn't come to an amicable resolution at that time.

Then in late May, in an effort to resume operations in Guinea, we began to explore options with Tullow that would allow us to regain 100 percent of the concession and become an operator, again in return for dropping all of the legal claims against Tullow and Dana. And after careful consideration of the alternatives, we decided to take this route, and here's why.

Since it takes approximately six months to be ready to resume drilling, it was apparent that it was too late at that point in time to start the process to drill a well by the September 2016 license expiration. And while our litigation assessment continued to be positive, we originally filed the lawsuits against Tullow and Dana to get them to fulfill their contractual operations to us and to Guinea. And when that effort proved unsuccessful, we tried to use the lawsuit as additional leverage, understanding that meaningful damages for unproven expiration value of the concession wasn't something that is typically awarded.

Therefore, all that was left to us was the value of the carry of the first well in our contract with Tullow, which ranged from the original $37 million to what was left at the time, which was about $27 million. And just in calculation, with 22 million shares outstanding, that ranges from about $1.20 to $1.60 a share.

So, after careful consideration of our options, we decided that settling with Tullow and Dana had the greatest potential to result in the greatest value for our shareholders if a well was drilled and a discovery was made in our concession offshore Guinea.

And in order to receive the greatest value possible, in order to drill the well in the shortest possible time, we had to make some difficult concessions to both Dana and Tullow. Ultimately, we received a little cash but also the long lead items that will be useful in the upcoming drilling campaign.

We've now successfully negotiated a one year extension to the production sharing contract with Government of Guinea, and it was finalized when President Conde signed it in late September, just about two weeks ago. The terms of the extension were pretty tough, as we expected them to be, requiring us to work on a very tight timeframe that has an estimated spud date for the Fatala Well in April.

Now, in agreeing to this extension, the Government of Guinea was very clear and they told us they had no interest in bringing a promoter into this PSC extension who would just resell the acreage to another company and move us no closer to discovering oil. They needed to be convinced that we had the skill and the plans to drill the well ourselves within that tight timeframe.

And that brings us to where we are today. Hyperdynamics has made significant progress in the last couple of months to ensure that we have the people and the plans in place to accommodate this tight time deadline.

Now, when we turned over operations to Tullow in early 2013, we began to significantly reduce our staff and continued to do so in order to conserve cash. So, the decision to settle with Tullow and Dana and to operate the well ourselves has resulted in a rapid rebuilding of staffing levels.

On the financial side, we were very fortunate to have two talented individuals join us, Sergey Alekseev as the Vice President for Commercial Development, and David Gullickson as the Vice President of Finance and Treasurer. And I'll come back to financing in a moment later in this presentation.

On the operations side, we brought in Forrest Estep as our Vice President of Operations, and we've succonded Randy Ditmore from Houston Drilling Management to be the Drilling Manager. Both of these individuals are highly experienced and qualified in deep water drilling.

Going back to early 2016, as we were evaluating the available options and whether to pursue litigation or drilling, we hired Netherland Sewell to provide a third party evaluation of the Guinea concession. This was last reviewed by them in 2012, but that was before the processing of the deepwater 3D seismic program was completed. Therefore, a review could take significant new data into account.

Our goal was to ensure that we would have the best and most current evaluation available to us, and it ultimately supported our belief that the potential resources of offshore Guinea were greater than we had previously believed. Ultimately, the choice to drill was aligned with the best interest of shareholders, realizing though that, regardless of the choice we took, there was significant risk.

Once it became clear that we had potentially a path to reacquire 100 percent interest in the concession and move forward ourselves, we engaged eSeis, which is a highly respected geophysical specialty processing company, which works for many if not most of the major operators both in the Gulf of Mexico and West Africa, to reprocess 3D seismic data over our top two prospects, Fatala and Buried Hill. The Eseis results showed direct hydrocarbon indicators and other very positive signs on both prospects but particularly on Fatala. Netherland Sewell then reviewed eSeis' new data and work and increased the probability of success for both prospects by a significant margin. I'll come back to this in a moment.

To recap our view of our 5,000 square kilometer block, it covers two major prospect trends offshore Guinea. There are seven deepwater fan complexes with up-dip closures and water depths ranging between 2,500 and 3,000 meters. We also see a second play type, the series of Albian fault block traps in water depths ranging from 700 to 2,200 meters.

The most recent Netherland Sewell report on the block, which was issued in April 2016 and is on our website, and was updated for the Fatala and Buried Hill prospects in September 2016, shows potential recoverable resources at a P50 level of 647 million barrels for Fatala and 203 million barrels for the Buried Hill prospect.

Now, the potential chance of success for those two prospects updated in September 2016 are 31 percent for Fatala and 24 percent for Buried Hill. It is extraordinary to have a chance of success above 30 percent for a prospect in a basin that does not yet have production.

The potential resources for the top five prospects that have a higher than 20 percent chance of success have about 2 billion barrels in our block. Again, that's extraordinary for a wildcat frontier basin.

Now, one of the biggest positives for this play is the fact that the prime reservoirs in virtually all of these prospects range from 1,500 to 2,500 meters below the sea bottom. This is the optimum depth for high flow rates and positive economics at current oil prices. Other deep water provinces such as the Gulf of Mexico and the Presalt of Angola and Brazil are far more expensive to drill and produce because of greater drilling depths and high pressures.

The other key factor here, of course, is this is predominately an oil province. This is not a gas province, which again in the current environment is a very important point.

Another big positive is that we retained most of the provisions of our original production sharing contract, which contains very favorable terms for profit splits and also allows for 500 square kilometer development areas upon discovery.

Now, another factor working in our favor now is that the lower oil prices that we've experienced in the past 20 months have pulled down the price of drilling services. We're looking at day rates for a deepwater drilling rig that are about one-third the cost of comparable drill ships just three years ago when oil prices were much higher and service contractors were in much greater demand.

We're talking to blue chip service providers right now with highly experienced crews who were too backlogged to work with us when we were looking to drill the Sabu-1 Well. We're in a very different world and very different environment now when we're moving forward to operate in this project.

These factors along with the favorable geology are very encouraging in the discussions we're having with investors and potential farm-in partners.

I'd like to move now to the third portion of the presentation, which is going forward. We're focused on two things, the preparation for drilling and the financing.

Let me start now with the preparation for drilling. One of the first challenges in drilling a deepwater well is that it takes about six months from pushing the *go* button to spudding a deepwater well under normal circumstances. As part of the settlement agreement with Tullow, we kept all the long lead items that were previously purchased to drill the Fatala Well. This includes the wellhead and tubulars that are sitting now in a Tullow storage facility in Ghana. Plans are being made to transfer it to Guinea by the end of January.

Getting this equipment is often the biggest delay in spudding a well - thus the term long lead items. So, we have a big head start in the procurement process.

We also received Tullow's well engineering plans, which we're studying now. We've already had the site survey completed. Our operations and drilling team is traveling to Guinea as I speak to set up our office and start the permitting process.

Another challenge we're addressing is how to realize the value of the concession beyond the Fatala prospect given the tight timeline we're working under. While we feel Fatala is our best prospect, the Albian fault block play is also highly prospective, and it was in a very similar exploration setting in Senegal with the 500 million barrel discovery by the consortium there in 2015.

So, we're taking steps now to prepare to drill the Buried Hill prospect as a follow up well to Fatala. This includes conducting a site survey, doing the well engineering and completing the purchase of additional long lead items needed for that well.

The long lead items that we acquired from Tullow not only cover the Fatala well but about half of what would be needed for Buried Hill. In other words, when we were talking about a drilling program with Tullow, which they didn't follow through on, they had the same idea in terms of drilling the Buried Hill as a follow up well. So, in the purchasing of long lead items, they were actually following the same path that we're looking at now.

One advantage of drilling the Fatala prospect first is, if we make the discovery, the 500 square kilometer development area that we'd be entitled to claim under our license could also cover the Sylli prospect, which has been high on our priority list for several years. Similarly, if we drill the Buried Hill prospect in the next 12 months and we make a discovery, the 500 square kilometer development area could also cover the Baraca and the Truncation prospects.

This leaves two other groupings of prospects, the Bamboo group and the Oasis group. The results of the Fatala well should give us further insight into correlating reservoir properties with the seismic data and hopefully direct hydrocarbon indicators.

Assuming the drilling program starts in April, and Fatala and Buried Hill drill with anything close to the scheduled drilling time, there should be time for at least one follow up test of a fan prospect. While the timing is tight, we think that it's doable if all the pieces fall into place. The Fatala well could be drilling in approximately 42 days, and the Buried Hill prospect should take 35 to 40 days.

The Bamboo and Oasis prospects are shallower. They could be drilled with 2,000 meter wells, so they could each be drilled in about 30 days.

We're currently looking at securing funding for the Fatala well and exploring options of a multi well campaign with potential farm-inees and banks. When we secure funding, we'll start doing preparatory work for additional fan prospects so that we're ready to move in the case of Fatala's success.

We currently have about $6.7 million in cash and no debt. In order to drill another well, we will have to secure third party funding. Drilling Fatala-1 alone would cost about $45-$50 million, but we expect to be able to drill Fatala-1 and Buried Hill combined for about $75-$80 million. There are significant cost savings drilling the wells back to back, especially in rig mobilization, demobilization cost.

With the increased staffing needed to ensure that we can meet the well spudding deadline next spring, our cash burn rate has increased at this point in time to about $800,000 per month. So, clearly, we have much to accomplish over the next six months if we're going to execute our planned drilling program.

Our financing strategy has not changed. We want to minimize the dilution to existing shareholders. But, we have to be realistic - if we're to hold on to 100 percent of the concession, the increased amount of funding needed and the associated dilution for drilling has to be balanced against the value of 100 percent as opposed to a lower share.

Now, directly addressing the financing issue, we're working in parallel on three paths. None of these are mutually exclusive:

Number one, farming out a portion of the project to a working interest partner, and/or,

Number two, raising equity through an offer of shares, and/or,

Number three, merging with another company that has the funding to drill the wells.

By staffing up to equip the company to operate a well ourselves, we greatly expand our financing options beyond just the 20 or 30 operators that are capable of drilling an ultra deepwater well. And although oil prices are still well below their $100 plus high not quite two years ago, prices seem to be stabilizing in the neighborhood of $50 a barrel, which we believe gives companies more confidence to commit to long term exploration investments.

We also firmly believe that the eSeis reprocessing work followed by Netherland Sewell's upgraded view of the chance of success of our two best prospects makes these Guinea prospects more attractive and more valuable than ever. And the initial reception by companies expressing interest in our data room confirms this perception.

While we were very successful in raising money through equity offerings in 2010 to 2012, and even though our stock price has tripled since mid-August when several developments turned in our favor, it has not recovered to the point where we think it would make sense for us to use this financing method alone because we think it would be too dilutive to shareholders. But, it may be a partial solution, particularly if we're successful in farming out a portion of the working interest and as the stock price appreciates as we approach drilling time as it has done in previous times.

We'll be asking for additional shares to be authorized in a special shareholder meeting in mid-November and plan to file a proxy shortly. Our current plan is to ask the shareholders to authorize an additional 50 million shares above the 44 million shares that are authorized right now, of which currently 22 million are outstanding. This will allow us to be able to have every option available to the company in order to raise funds in the most efficient and expeditious manner, either before the current drilling campaign or if the Fatala-1 Well results in a discovery and we are looking at additional--drilling additional wells. We want to try to capture as much value in the concession before the expiration of the one year extension by drilling additional wells.

Now, the third option is finding a suitable merger or combination with another company. And as I mentioned before, those discussions have been initiated, but we're really not in the position to comment any further.

We're reviewing all of the above options and will continue to ramp up our efforts in the coming days and weeks.

We're very fortunate to have Sergey Alekseev as our Vice President for Commercial Development. Sergey has vast experience in all three of these areas and connections to various sources of capital and to companies that may be interested in the kind of virgin exploration territory with the high upside that offshore Guinea has.

So, to sum it up, we're working very hard to prepare for a drilling program that's starting next spring. Our hope and plan is to execute a two well program within the next 12 months, Fatala-1 and Buried Hill-1. If we have success with Fatala, we think that could position us to test one or two of the other best fan prospects before the PSC extension expires in late September 2017.

All these plans for the next 12 months obviously hinge on successfully securing financing, and we are aggressively pursuing all three financing avenues that I mentioned a moment ago.

Now, we've weathered a lot of trials in the last four years - low oil prices that caused our partners to tighten their purse strings on risk capital and resulted in litigation over the various drilling delays, government investigations that I'm pleased to say are behind us, a proxy challenge last year, an outbreak of Ebola in Guinea and other nearby West Africa nations, you know, basically everything but locusts, frogs and boils.

But, we're still here. We still have the Guinea concession, 100 percent of it following the settlement with our former partners, and we still have the opportunity to make a world class commercial oil discovery or discoveries that could mean tremendous values for our shareholders.

Many of you listening today have been Hyperdynamics shareholders for a long time and have stuck with us through all these challenges. I want to especially thank you for your support and your patience. I and my team will do everything humanly possible in the next 12 months to realize the value that we truly believe can be unlocked from the Guinea asset. As a significant Hyperdynamics shareholder myself, my interests are well aligned with yours.

Now I'd like to move on to the Q&A period. I've tried to address during my opening remarks many of the questions that we received in advance through our website. I'll first answer the questions that were not fully addressed, and then as time allows, we'll take additional questions that have come in during this webcast.

Now, the first set of questions are addressing the Fatala Well and the drilling plans:

Assuming Fatala-1 drilling starts on schedule in April 2017, what's the earliest date the results could be made public?

Now, the well is planned to take approximately 42 days, and of course, that may vary depending on how the drilling goes. I would disclose the results of the well following the analysis of the data we receive from drilling. You know, sometimes, preliminary data is inconclusive and we need further time to study, and it's important that, when we make the disclosure, it's accurate, given the materiality of the information.

Do you feel you can fund drilling with the current assessment of about $44 million?

The current estimate is actually approximately $46 million, and we are confident that we're in discussion with the right third parties in developing a plan that will give us the best chance of successfully raising the money to cover the well cost and also possible contingencies.

Are you considering drilling Fatala and Buried Hill and then farming out Oasis, Bamboo, Truncation and then using revenue to fund Baraka so we can capture 100 percent of the area?

We are not able to split the concession into separate prospects. That just is not commercially possible. But, as I've mentioned earlier, we are exploring the options that would allow us to capture the value of the prospects ourselves.

What is your best case scenario to get the well drilled?

As we suggest, the required lead time to spud a well is six months and our best case will be targeting a spud date of April 2017. And the go button has been pushed, and we are in that six month process now.

Would Hyperdynamics look to drill two wells simultaneously or wait until Fatala is completed before the second will be drilled?

We plan to use only one drilling rig, and any wells after Fatala would use the same rig. There's logistical and cost benefits to do it that way.

What is available in the data room, what date was it made available, and how many entities have requested access so far?

We've set up an industry standard virtual data room containing the relevant geological geophysical engineering commercial data as well as scheduling companies for physical visit. Now, this process started once we had firmly signed and had presidential decree on the year's extension, so it started about two weeks ago.

Many companies have viewed a preliminary version of the data during farm-out efforts and we're currently in the process. Just to give you an idea of my schedule, last week, I was in the Far East together with our team with an intensive meeting with an Asian state oil company. We've got several companies in the data room this week, and this weekend, I'm getting on a plane and we're gonna have a visit with a European major next week. So, it's a very intense schedule. We've begun this process, and it's going well.

Was the eSeis analysis a joint effort with Tullow and Dana, and were the results shared with Tullow and Dana?

No and no. The eSeis project was done independently as a means to properly evaluate the settlement value of the lawsuit with Tullow and Dana and in order to have as much information as possible in the negotiations of the extension of the PSC. This was a Hyperdynamics effort.

Are any of the companies that are visiting the data room interested in doing independent drill of any of the other prospects other than Fatala, Buried Hill and Baraka?

No, the focus is on the Fatala prospect as the first well, although Buried Hill has also drawn considerable interest.

What are Hyperdynamics' plans for the Oasis prospect? Is Hyperdynamics willing to consider partnering with another independent E&P company to operate drilling Oasis during the PSC extension period?

If Fatala is successful, our belief is that we have a good probability for direct seismic correlation for reservoir and hydrocarbons that should help us high grade the other fan prospects. And with time and finances permitting, we will move to a third well after Buried Hill to test the best fan play. Now, that could be Oasis. We'll have to wait and see. And I really hope that we're in that position.

To secure a 500 square kilometer block around the prospect for further exploration, would a simple spud of the drill operation by September 22nd, 2017 suffice, or is a successful drill operation required?

It needs to be a hydrocarbon discovery with a proposed appraisal plan in order to receive an additional two years for appraisal. And you have to have a separate plan for each 500 square kilometer block. And our hope would be, if we make several discoveries, we can get several 500 square kilometer blocks.

The next set of questions regard resource estimates:

I notice that the estimated recoverable resources for the Fatala prospect increased significantly from Hyperdynamics' 2015 presentation. We now show a P mean of 647 million and a P10 estimate of 1.6 billion barrels versus a P Mean of 373 and a P10 of 974 in October 2015. Could you please add some color as to the justification for the increase, and was the engagement of eSeis the reason?

The 373 million for P50 and 973 for P10 was the Tullow estimate. The 647 million for P50 and the 1.6 billion for P10 was the Netherland Sewell estimate. The Tullow estimate was done in, I believe, 2013 or 2014. The Netherland Sewell was done in 2016. They used different evaluation methodologies, different people, so it's just two different views. Plus, the Netherland Sewell, of course, is more current. The eSeis work affected the chance of success but not the resource estimate.

The next set of questions regard financing and investors:

What has been your feedback regarding the most recent--these most recent events with key players - i.e., Guinea and the investment community?

The tripling of the stock price in one month I think was a good indicator that the market approves of our action in clearing a path for testing new prospects. The initial discussions with funds and investment houses has been very encouraging regarding future money raises.

If an equity raise is needed, at what price will those discussions begin? Last time, it was a $3.

Discussions regarding equity raises are and have been ongoing. Its proper planning is, of course, something that we're working on.

Regarding the price, I can't predict it. It will be what the market says it is. The higher the price, the better, obviously.

Will the financing for three wells be attempted in the next two months?

Our financing at this effort--at this point is for a two well program. Our thinking is that a decision beyond the drilling of two wells we made in light of the results of the Fatala well.

Will farm-outs be addressed before any equity raise for financing, and are there any indications of interest in the farm out?

The farm-out and equity raise process, as I mentioned earlier, are running in parallel. The decisions on proceeding on one will be to some extent dependent on the results on another. And I want to remind you that we have multiple options, but at the end of the day, the desire and the plan is we'll take whatever gives minimum dilution to existing shareholders. There's not a single answer here, and as the stock price varies, and as the different offers come in with regard to farm-ins, we're gonna balance those out. There's definitely interest in the farm-out process, but we're in the process now. I can't be more specific at this point.

I believe that Ian Norbury was added as Chairman of the Board via suggestion by Blackrock because he has ties to the European investment community, which would lead to more recognition and investment in HUI by a broader range of investor. Is Hyperdynamics making inroads in these investment communities?

A little clarification there - Ian was added to the Board by a suggestion by Blackrock. The decision to make him a Chairman was a decision made within the Board.

Now, in terms of the investment community, as I've said before, we've only recently reengaged in the past few weeks. However, our Vice President of Commercial, Sergey Alekseev, has excellent contacts within the investment community, and we feel we're making good inroads.

Is Blackrock still a significant shareholder?

I believe, at one point, they owned 15 percent of shares outstanding. The Blackrock holdings were, at that time, divided between Blackrock UK and Blackrock US. The Blackrock UK remains our largest shareholder with about 9 percent holding in our shares, and we do appreciate their constancy and look forward hopefully to be able to reward their patience and persistence.

When do you expect to announce a drilling partner, a secondary offer or some combination of both?

Clearly, I don't want to give a firm date on this, but only say that we're moving forward as quickly as possible, and we need to have these things in place several months before the April spud date.

What's your current burn rate, and why isn't more of the compensation tied directly to the results of your drilling?

As I mentioned earlier, currently, our burn rate outside of specific capital expenditures, such as the cost to move the long lead items from Ghana to Guinea, the current burn rate's about $800,000 a month, and I think that will increase as we continue to staff up setting up the operations.

On compensation, the Board adopted a new bonus plan in August 2016 that actually does specifically tie the bonuses more directly to our drilling and the share price. We adopted a bonus plan when we hired people in 2010 and 2011 that really had a connection to what the industry was like then. We had to pull people away from companies where they had good jobs and the industry was very tight, and the world's a little different now. And as we're staffing up, the plans are more consistent with what the industry is like now.

On stock listing, will you relist on the New York Stock Exchange after you requalify?

You know, it's too early to say, especially since we haven't requalified yet. But, it will be under consideration.

There were a number of not quite comments or more questions--or more like comments than questions that were expressions of support and thanks to the management team for not giving up and pushing forward to hold onto the concession and give us another chance to drill, and I'd like to say I appreciate those comments.

The last three months have been extremely stressful, shuttling back and forth to the UK with the partners and then back and forth to Guinea to get the extension. But, we have achieved our goal in getting to this point.

In the next few months, we have the dual task of ramping up the operations and getting the financing, but we have the right teams in place, and we are confident of success.

The last point…

At the last shareholder meeting, this person says, I mentioned that, with my former boss, Mr. Khodorkovsky now out of Russia, I would be finally publishing my inside account of the Yukos story. Have I done that?

Yes, I have. My article “Khodorkovsky, Yukos and Putin” was published in the March/April issue of The Journal of Problems of Post Communism, which you can access online, and there are some interesting surprises in that article if you do want to access it.

That covers the pre-submitted questions, and what I'd like to do now is move toward questions that were submitted during the presentation. And let me address the first one.

What's the difference between Sabu and Fatala, and why didn't we drill Fatala first?

Well, there are really two answers to that question. First of all, we were moving on a very short timeframe in 2010, 2011. In order to save the concession--and this was the signing of the production sharing amendment in March of 2010--we had to spud a well by 2011. And this would be an ultra deepwater well, and there was a very limited time to prepare.

We didn't have a 3D survey shot yet over the deepwater, and we just weren't ready at that time to drill an ultra deepwater well. We didn't shoot the deepwater 3D seismic until about the time we were drilling the Sabu well. At that time, it was a lower cost, and what we saw as a lower risk option. If we'd had everything in place by mid-2010 or by mid-2011, then it would have--I think Fatala at the end of the day is a better prospect than Sabu, but it took us longer to get to that point.

Are the long lead items available to buy from companies or are they custom made? Can you provide more info on this?

The long lead items that we received from Tullow that'll be used in the item--in the drilling campaign of 2017 were set up specifically to drill the Fatala well. Now, you can--it's not as though you have specific items for specific wells, but you have specific items for specific type of wells that work at certain water depths and certain drilling and pressure depths. So, I mean, we're fortunate to be able to have a set of long lead items that fit the Fatala well.

Could we buy them in the current industry environment where, you know, people are cancelling plans? Possibly, but certainly from a timing standpoint, it's a lot better for us to have them sitting there and ready to use.

When do you expect to have the annual shareholder meeting?

We plan to have a shareholder meeting at approximately the same time as last year, which is early 2017, but as I mentioned in my presentation, we will be seeking approval by shareholders to increase the value in shares in a special meeting, and we'll address that question alone in the coming month. Our tentative plan is to have that meeting in mid-November.

So, that really covers the time that we have and the questions that we have. I hope that you now have a full understanding of why we've done what we've done, where the company is in our current plan and what our plans are for the future.

We will be very active in the next few months, and as I promised from the standpoint of more communication, when we have significant things to talk about, I will set up additional webcasts.

And once again, I thank you for your persistence and your support of Hyperdynamics. We have a very exciting prospect coming up over the next few months, and I will continue to let you know as things unfold. So, thank you very much for listening, and we will continue to be in touch. Thank you.

Operator: Ladies and gentlemen, this concludes today's teleconference. You may disconnect your lines at this time. Thank you again for your participation, and have a wonderful day.