

## Hyperion Exploration Corp.

HYX : TSX-V : C\$0.73

**BUY****Target: C\$2.25**

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### COMPANY STATISTICS:

52-week Range: C\$0.47 - 1.85  
Forecast Return %: 208.2  
Market Cap (M): C\$39.6  
Shares Out (M): 54.2  
Enterprise Value (M): C\$40.2  
FYE: 31-Dec  
Last quarter reported: Q3/11  
Website: www.hyperionexploration.com

### EARNINGS SUMMARY:

FYE Dec	2009A	2010A	2011E	2012E
Total Production (boe/d):		112	1,045	1,900
CFPS fd:		C\$(0.11)	C\$0.22	C\$0.45
EV/DACF:		(36.5)	3.9	2.2
EV/BOEPD:		C\$80,933	C\$38,192	C\$28,912

### SHARE PRICE PERFORMANCE:



Source: Interactive Data Corporation

### COMPANY DESCRIPTION:

Hyperion Exploration is a junior oil and natural gas producer with assets in Alberta and British Columbia. The company focuses primarily on the Cardium light oil horizon. It was formed through the recapitalization of Triple 8 Energy on July 23, 2010 and is currently listed on the TSX-V under the symbol "HYX".

All amounts in C\$ unless otherwise noted.

### Energy -- Oil and Gas, Exploration and Production

## 2.2x 2012E EV/DACF AND 69% OIL?! BUY!

### Event

Hyperion announced this morning that the company has achieved in excess of its 1,500 BOE/d exit guidance (weighted 69% to light oil and liquids), that its two Pembina Cardium wells have been completed and are onstream with IP30 results to be released in early January, and that a 2012 budget is to follow later in the month. All of this was accomplished under budget, with year-end 2011 net debt forecast to be below \$10 million (versus the \$14 million originally budgeted by the company).

### Impact

Positive/Neutral. Since the release of the Q3/11 results, we have been expecting the company to exceed its prior guidance estimates and as such, the update is Neutral to our estimates. However, it does reinforce our positive view on the company, especially considering that the current share price implies only a 1.6x 2012 P/CF ratio, 2.2x EV/DACF ratio and under \$29,000 per BOE/d; the lowest in our coverage universe.

### Recommendation

We are reiterating our BUY recommendation with an unchanged target price of C\$2.25. Our target remains based on a 5.5x 2012E EV/DACF multiple.

Hyperion currently trades at a 2.2x EV/DACF multiple and \$28,912 per BOE/d based on our 2012 estimates, a steep discount to its Junior peers in the Canaccord Genuity coverage universe of 5.5x and 54,760 per BOE/d. We expect upcoming Pembina well results, a commensurate bank line increase, and the 2011 reserve report release to be all positive upcoming catalysts.

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Investors need to be aware of the risks inherent in the oil and gas industry. Without limitation, these risks include: trading liquidity risks; access to capital; regulatory, fiscal and environmental processes and terms related to the exploration for and development of crude oil and natural gas resources; access to and cost of oil field services; interruption of production due to scheduled and unscheduled gathering and processing activities; volatility in crude oil and natural gas prices that can materially affect financial performance and the accuracy of estimates. Hyperion is a relatively small producer (at sub-1,000 BOE/d currently), that can be affected materially by drilling delays, service availability and individual well performance.

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**APPENDIX: IMPORTANT DISCLOSURES**

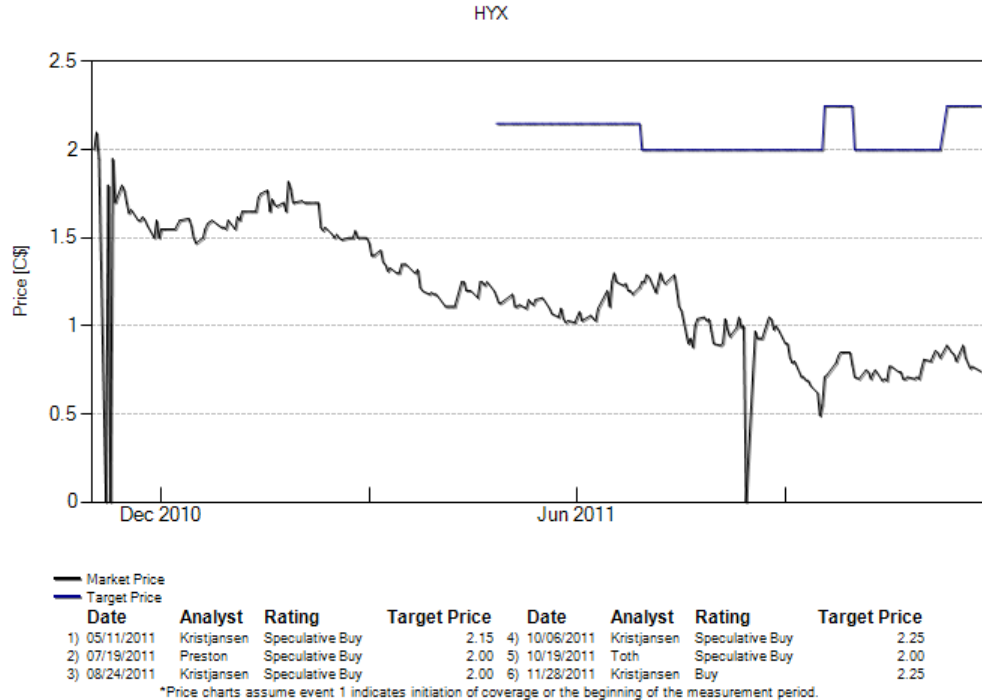
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**Site Visit:**

An analyst has not visited Hyperion Exploration Corp.'s material operations.

**Price Chart:\***



**Distribution of Ratings:**

Global Stock Ratings  
(as of 1 December 2011)

Rating	Coverage Universe		IB Clients	
	#	%	#	%
Buy	489	61.6%	36	36.6%
Speculative Buy	88	11.1%	68	68.2%
Hold	203	25.6%	19	19.7%
Sell	14	1.8%	14	14.3%
	794	100%		

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