



HYPERION EXPLORATION CORP. ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2011 AND CONFIRMS YEAR END GUIDANCE

Calgary, Alberta (August 24, 2011) – Hyperion Exploration Corp. (“Hyperion” or the “Company”) (TSXV: HYY) is pleased to announce its financial and operating results for the three and six months ended June 30, 2011. Selected financial and operational information is outlined below and should be read in conjunction with Hyperion’s interim financial statements and related management discussion and analysis for the period ended June 30, 2011, which will be available for review under Hyperion’s SEDAR profile at www.sedar.com.

Hyperion commenced operations in July 2010 with the recapitalization of Triple 8 Energy Ltd (“Triple 8”). Hyperion has completed four acquisitions since the recapitalization, adding production, reserves, and significant future upside to the corporate portfolio. The acquired assets provide the platform to execute Hyperion’s strategy of providing high growth through acquisitions which lead to lower risk, scalable and repeatable light oil development drilling.

OUTLOOK

Hyperion remains focussed on per share growth through the execution of the 2011 capital budget. The Company is on track to drill 6 gross (5.2 net) Cardium horizontal light oil wells in the second half of 2011, despite persistent wet weather throughout the second quarter.

- In anticipation of an extended spring break up season, Hyperion prepared 9 drilling locations to be drill ready (licensed) at the start of July 2011. This offered increased flexibility to execute our 2011 drilling program. These 9 locations are located in three different geographical Cardium prospective areas, specifically Garrington, Buck Lake and Pembina. This strategy paid off as Garrington was the only area in early July that was dry enough to start drilling and as a result our drilling program remains on track with our 2011 budget.
- Hyperion has completed the drilling of 2 gross (2 net) Cardium horizontal wells in the Garrington area and is currently drilling its third Cardium horizontal well at Buck Lake (0.6 net). Hyperion expects to drill its fourth Cardium horizontal well also in Buck Lake (0.6 net) and wells five and six (2 gross / 2 net) at Pembina.
- The 2011 capital program is on track with \$6.7 million spent through June 30, 2011 and \$26.3 million to be spent in the second half of 2011. The capital program in the second half of 2011 will be funded through a combination of working capital of \$8.4 million and undrawn bank facilities of \$24 million.
- Completions on its two Garrington Cardium horizontal wells will commence in late August with 30 day initial production rates expected in October.
- Hyperion has increased its drilling inventory by five net wells (after drilling two wells at Garrington) to 68 net locations (56 targeting light oil). The new locations result from the purchase of 480 net acres of Cardium prospective land at Buck Lake and increased geological confidence in our Cardium assets at Niton.
- Hyperion remains confident that it will meet or exceed its 2011 operational guidance of:
 - Average production of 950 boe/day (52% light oil and liquids);
 - Exit production of 1,500 boe/day (67% light oil and liquids);
 - Average operating cost of \$12.20/boe

Q2 2011 HIGHLIGHTS

- Increased average daily production to 943 boe/day from 633 boe/day in Q1 representing an increase of 310 boe/day or 49%. Light oil and liquids production ratio in the quarter increased to 47% compared with 44% for the first quarter of 2011.
- Contributing to the production growth thus far in 2011 was the Company's participation in the drilling and completing of 2 gross (0.8 net) Pembina area Cardium wells. These wells meet or exceed the Company's internal 30 day production rate of 275 boe/day.
- Operating and transportation costs on budget at \$11.06/boe year to date and \$12.19/boe for the second quarter of 2011.
- General and administrative expenses per boe reduced to \$9.39 in Q2 2011 from \$11.15 in Q1 2011. Increases in the corporate production base during 2011 will continue to improve administrative efficiencies.
- Enhanced financial flexibility by increasing existing bank facilities by \$11 million, from \$13 million to \$24 million, which remains fully undrawn.
- Early efforts to survey and license wells in Garrington, Pembina, and Buck Lake areas of west central Alberta lead to July 2011 spud of first 2 wells in Garrington and launch of drilling program on schedule.

Q2 2011 OPERATIONS UPDATE

- Increased average daily production to 943 boe/day (47% light oil and liquids) compared with 633 boe/day (44% light oil and liquids) for the first quarter of 2011. The increase in production is the result of closing the Garrington asset acquisition on March 27th and new production from two gross (0.8 net) Cardium horizontal light oil wells at Pembina which were placed on production during March 2011.
- Operating costs in the latest quarter averaged \$10.81/boe and transportation costs \$1.37/boe for combined cost of \$12.19/boe compared to combined cost of \$9.37/boe for the first quarter of 2011. The increased costs in Q2 are a result of additional expenses associated with lease and road maintenance due to the wet conditions in the quarter and certain prior period costs from third parties associated with previously acquired properties. The Company believes that the 2011 year to date operating cost of \$9.68/boe and transportation cost of \$1.36/boe for a combined cost of \$11.04/boe are representative of the current base production.
- At Paradise B.C., Hyperion fracture stimulated one of two vertical Charlie Lake light oil wells drilled in Q1 2011. Post fracture fluid recovery, the well achieved a 30 day production rate ("IP30") of 20 boe/d (86% light oil). Based on this successful result for a vertical well, the Company will undertake an evaluation to determine the feasibility of applying horizontal multi-stage fracturing technology to enhance productivity, reserve recovery and economics. The Company will use the results of the evaluation to determine potential next steps in the development of the play.

FINANCIAL HIGHLIGHTS

	3 Months Ended June 30			6 Months Ended June 30		
	2011	2010	% Change	2011	2010	% Change
Financial (\$000's except per share amounts)						
Oil and NGL sales	3,538	19	18,521%	5,558	42	13,133%
Natural gas sales	1,156	2	57,700%	1,938	7	27,586%
Total oil, NG, & oil	4,694	21	22,252%	7,496	49	15,198%
Funds inflow (outflow) from operations	2,171	(115)	nm	2,988	(171)	nm
Per common share basic (\$)	0.05	(0.08)	nm	0.06	(0.14)	nm
Net comprehensive loss ²	(124)	(112)	10%	(1,181)	(175)	575%
Per common share basic (\$) ²	(0.00)	(0.08)	(96)%	(0.02)	(0.14)	(83)%
Capital expenditures including deposits	1,902	1	190,120%	32,310	1	3,230,860%
Working capital exit ^{2,3}	8,403	1,572	434%	8,403	1,572	434%
Bank debt	-	-	nm	-	-	nm
Unused bank facilities	24,000	-	nm	24,000	-	nm
Production						
Oil & NGL (bbls per day)	442	3	14,633%	360	3	11,900%
Natural gas (mcf per day)	3,004	8	37,450%	2,571	10	25,610%
Total (boe per day) (6:1)	943	4	21,654%	789	5	16,796%
Average realized price (\$'s - production weighted)						
Oil & NGL (\$ per bbl)	87.86	67.90	29%	85.21	77.57	10%
Natural gas (\$ per mcf)	4.23	3.08	37%	4.17	3.81	9%
Average (\$ per boe)	54.69	52.10	5%	52.50	53.50	(2)%
Netback (\$'s per boe)						
Oil, natural gas and NGL sales	54.69	52.10	5%	52.50	53.50	(2)%
Royalties	(8.11)	(2.28)	256%	(7.12)	(5.84)	22%
Operating and transportation expenses	(12.19)	(39.07)	(69)%	(11.06)	(38.90)	(72)%
Operating netback	34.39	10.75	220%	34.32	8.76	292%
Common Shares (pre-consol./post-split¹)						
Common shares o/s, end of period	54,190,359	1,794,048	2,921%	54,190,359	1,794,048	2,921%
Weighted average basic common shares o/s	44,278,271	1,482,174	2,887%	48,734,738	1,233,204	3,852%
Fully diluted common shares o/s, end of period	70,873,495	2,742,233	2,485%	70,873,495	2,742,233	2,485%

- 1 On February 23, 2010, the Company completed a 1 for 3 share split. On November 24, 2010, the Company completed a 20 for 1 share consolidation. The June 30, 2010 and June 30, 2011 share amounts are shown with the effect of the split and consolidation.
- 2 2010 figures have been restated from previously reported amounts resulting from the application of IFRS
- 3 Working capital is calculated as current assets less current liabilities as presented on the interim financial statements

FURTHER INFORMATION

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Forward Looking and Cautionary Statements

This press release contains certain forward-looking statements (forecasts) under applicable securities laws relating to future events or future performance. Forward-looking statements are necessarily based upon assumptions and judgements with respect to the future including, but not limited to, the outlook for commodity markets and capital markets, the performance of producing wells and reservoirs, well development and operating performance, general economic and business conditions, weather, the regulatory and legal environment and other risks associated with oil and gas operations. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “projects”, “plans”, “anticipates” and similar expressions. These statements represent management’s expectations or beliefs concerning, among other things, future operating results and various components thereof affecting the economic performance of Hyperion. Undue reliance should not be placed on these forward-looking statements which are based upon management’s assumptions and are subject to known and unknown risks and uncertainties, including the business risks discussed above, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

In the interest of providing Hyperion shareholders and potential investors with information regarding the Company, including management’s assessment of Hyperion’s future plans and operation, certain statements throughout this press release constitute forward looking statements. All forward-looking statements are based on the Company’s beliefs and assumptions based on information available at the time the assumption was made. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward looking statements. By its nature, such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. Hyperion believes the expectations reflected in those forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements contained throughout this press release should not be unduly relied upon. These statements speak only as of the date specified in the statements.

In particular, this press release may contain forward looking statements pertaining to the following:

- *the performance characteristics of the Company’s oil and natural gas properties;*
- *oil and natural gas production levels;*
- *capital expenditure programs;*
- *the quantity of the Company’s oil and natural gas reserves and anticipated future cash flows from such reserves;*
- *projections of commodity prices and costs;*
- *supply and demand for oil and natural gas;*
- *expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; and*
- *treatment under governmental regulatory regimes.*

The material assumptions in making these forward-looking statements include certain assumptions disclosed in the Company’s most recent management’s discussion and analysis included in the material available on this press release.

The Company’s actual results could differ materially from those anticipated in the forward looking statements contained throughout this press release as a result of the material risk factors set forth below, and elsewhere in this press release:

- *volatility in market prices for oil and natural gas;*
- *liabilities inherent in oil and natural gas operations;*
- *uncertainties associated with estimating oil and natural gas reserves;*

- *competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;*
- *incorrect assessments of the value of acquisitions and exploration and development programs;*
- *geological, technical, drilling and processing problems;*
- *fluctuations in foreign exchange or interest rates and stock market volatility;*
- *failure to realize the anticipated benefits of acquisitions;*
- *general business and market conditions; and*
- *changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry.*

These factors should not be construed as exhaustive. Unless required by law, Hyperion does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (mcf) of natural gas to one barrel (bbl) of oil is based on an energy conversion method primarily applicable at the burner tip and is not intended to represent a value equivalency at the wellhead. All boe conversions in this press release are derived by converting natural gas to oil in the ratio of six thousand cubic feet of natural gas to one barrel of oil. Certain financial amounts are presented on a per boe basis, such measurements may not be consistent with those used by other companies.

Estimated values contained in this press release do not represent fair market value.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as the term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.