Maverick Drilling & Exploration Limited
ABN 48 128 429 158
P +61 24925 3659
F +61 24925 3811
E info@maverickdrilling.com
W www.maverickdrilling.com
Suite2, 24 Bolton Street, Newcastle NSW 2300

Company Announcements
Australian Stock Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

28 August 2014

Year ended 30 June 2014

Please find attached the following documents relating to Maverick Drilling & Exploration Limited's results for the year ended 30 June 2014:

1. ASX Appendix 4E
2. Annual Report

Commentary from the Chief Executive Officer

The 2014 fiscal year has marked the beginning of what we believe will be a transformational change for the company. As I mentioned when I joined the company in October 2013, we were going to take a step-by-step process to evaluate all aspects of what the company does and how it does it. Simultaneously we started the process of converting Maverick into a fully functioning oil and gas company that could operate multiple assets. When I reflect back on what has transpired since I joined the company these achievements come to mind:

- Completely restructured the senior management team to a group that has the exploration and production experience to run a large scale multi-asset company
- Took $1 million per month out of Blue Ridge expenditures
- Prepared a development plan that shows the high value oil reserves that can be developed at Blue Ridge
- Put in place the necessary safety, environmental and regulatory processes to better ensure that we operate safely and are compliant with applicable regulations
- Divested assets to allow our technical staff to devote more time to new and higher return opportunities
- Started screening potential new business development
- Secured a $500 million Bank Facility with Wells Fargo Bank, N.A. for acquisitions
- Advanced discussions for additional acquisition financing including equity partners
- Implemented a modern geoscience mapping system
- Installed a modern oil and gas accounting system that allows us to have information to assess performance more clearly

As we start our next fiscal year we see Maverick having the experience and management depth to evaluate and capture opportunities to increase value for our shareholders. By drilling the best opportunities available at Blue Ridge, while advancing Maverick into a multi asset company with strong functional capability, we see a very bright future for our company.

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I want to thank each of our valued shareholders and employees for their support in this transformational year. We hope to make our upcoming year even more productive.

Thank you for your support.

Sincerely,

J. Michael Yeager
Chief Executive Officer
Maverick Drilling & Exploration Limited

Appendix 4E

Preliminary final report

Period ending 30 June 2014

Name of entity	Maverick Drilling & Exploration Limited
ABN	48 128 429 158
Financial year ended	30 June 2014
Previous corresponding reporting period	30 June 2013

Results for announcement to the market

	For the year ended 30 June 2014 US$'000	**Movement over previous corresponding period US$'000**	**Percentage increase (decrease) over previous corresponding period**
Revenue from ordinary activities	43,805	16,343	60%
Profit (loss) from ordinary activities after tax attributable to members	(20,055)	(23,824)	(632)%
Net profit (loss) for the period attributable to members	(20,055)	(23,824)	(632)%

Dividends

No dividends were paid or proposed to members during the financial year ended 30 June 2014.

Brief explanation of results

The company reported consolidated revenue from operations for the year ended 30 June 2014 of $43,805,000, an increase of 60% on the 2013 year result. Oil sales revenue increased by $10,905,000 to $31,509,000 driven by an increase in average daily production from the company's oil properties. In the financial year 2014 revenue of $11,856,000 was generated from the sale of a 50% working interest in 25 wells under the Gulf South Holdings, Inc. joint development program. This is compared to 2013 revenue of $4,000,000 which was generated from the sale of a 33 1/3% interest in 12 wells under the 2013 Gulf South Holdings, Inc. joint development well program. Interest revenue for the year totalled $355,000, a decrease of $1,610,000 from the 2013 year. Due to the company's focus on the development of its own acreage, contract drilling revenue was $0 in 2014 compared to $531,000 in the 2013.

The company reported a consolidated net loss before income tax of $29,570,000 (2013: net profit of $7,187,000) after booking depreciation and amortisation expense of $2,781,000 (2013: $2,237,000), depletion expense of $19,435,000 (2013: $1,937,000), impairments of $20,719,000 (2013: $0), relinquishment of oil and gas leases of $818,000 (2013: $0), employee benefits expense of $18,305,000 (2013: $3,887,000) of which $10,113,000 was non-cash ($2013: $6,000). Impairments were recognised on the Nash and Boling fields and the Edwards Reef prospect as management decided that no future development will occur in these areas and also on goodwill related to the group's history as a drilling contractor. Cash based employee benefits expense increased in 2014 as a result of building a management team that reflects the company's strategy to be capable of running a multi-asset oil and gas company and the increase in non-cash based employee benefits expense is attributable to the cost of the sign on shares and performance rights for certain key management employees. Income tax benefit in the period was $9,515,000 (2013: income tax expense of $3,418,000). Refer to the directors' report, operating and financial review, financial statements and supporting notes in the attached Annual Report for the year ended 30 June 2014 for additional detail.

Statements

The following statements and supporting notes are included in the attached Annual Report for the year ended 30 June 2014:

Income statement
Statement of comprehensive income
Balance sheet
Statement of changes in equity
Statement of cash flows

Dividend reinvestment plans

There are no dividend reinvestment plans in operation.

Net tangible assets per security

NTA backing	Current period	Previous period
Net tangible asset backing per ordinary security (undiluted)	22 cents	24 cents

Control gained or lost during the period

There were no transactions entered into by the group during the year ended 30 June 2014 that resulted in control being gained or lost over any entities.

Subsidiaries

The consolidated results incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of incorporation	Class of share	Equity holding 2014*	Equity holding 2013*
Maverick Drilling & Exploration USA, Inc.	United States	Ordinary	100%	100%
Maverick Drilling Company	United States	Ordinary	100%	100%
Maverick Production Company, Inc.	United States	Ordinary	100%	100%
Maverick Rig Manufacturing, Inc.	United States	Ordinary	-**	-**
Maverick Drilling Services Pty Ltd	Australia	Ordinary	-***	100%

* The proportion of ownership interest is equal to the proportion of voting power held.

** Maverick Rig Manufacturing, Inc. was wound up effective 13 February 2013.

*** Maverick Drilling Services Pty Ltd was deregistered effective 6 November 2013.

Associates and joint venture entities

The group does not have any associates or joint venture entities.

Commentary on results for the period

Review of operations

Refer to the directors' report, operating and financial review, financial statements and supporting notes in the attached Annual Report for the year ended 30 June 2014 for additional detail.

Report based on audited accounts

This report has been based on the attached accounts which have been audited.

Maverick Drilling & Exploration Limited

ABN 48 128 429 158

Annual report for the year ended 30 June 2014

Maverick Drilling & Exploration Limited ABN 48 128 429 158
Annual report – 30 June 2014

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Corporate directory

Directors	J M Yeager BSc, MSc *Executive Chairman and Chief Executive Officer* R B Clarke BCom, CA *Vice Chairman – Non-executive director* L A Clarke CFP *Non-executive director* J C Camuglia BBus *Non-executive director*
Principal registered office in Australia	Suite 2 24 Bolton Street Newcastle NSW 2300 Telephone +61 2 4925 3659 Contact: Andrew Crawford
Principal office in the United States	5151 San Felipe, Suite 800 Houston Texas 77056 Telephone +1 281.416.8575 Contact: Howard Selzer
Share register	Link Market Services Limited Level 15 324 Queen Street Brisbane QLD 4000 Telephone +61 2 8280 7111
Auditor	PricewaterhouseCoopers 45 Watt Street Newcastle NSW 2300
Stock exchange listings	Maverick Drilling & Exploration Limited shares are listed on the Australian Securities Exchange (ASX) under ticker symbol **MAD**. Maverick Drilling & Exploration Limited American Depositary Receipts (ADRs) are quoted on the International OTCQX under the ticker **MRVKY**. Each ADR represents fifteen Maverick Drilling & Exploration Limited ordinary shares.
Website address	www.maverickdrilling.com

Executive Chairman and Chief Executive Officer Letter

The 2014 fiscal year has marked the beginning of what we believe will be a transformational change for the company. As I mentioned when I joined the company in October 2013, we were going to take a step-by-step process to evaluate all aspects of what the company does and how it does it. Simultaneously we started the process of converting Maverick into a fully functioning oil and gas company that could operate multiple assets. When I reflect back on what has transpired since I joined the company these achievements come to mind:

- *Completely restructured the senior management team to a group that has the exploration and production experience to run a large scale multi-asset company*
- *Took $1 million per month out of Blue Ridge expenditures*
- *Prepared a development plan that shows the high value oil reserves that can be developed at Blue Ridge*
- *Put in place the necessary safety, environmental and regulatory processes to better ensure that we operate safely and are compliant with applicable regulations*
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As we start our next fiscal year we see Maverick having the experience and management depth to evaluate and capture opportunities to increase value for our shareholders. By drilling the best opportunities available at Blue Ridge, while advancing Maverick into a multi asset company with strong functional capability, we see a very bright future for our company.

I want to thank each of our valued shareholders and employees for their support in this transformational year. We hope to make our upcoming year even more productive.

Thank you for your support.

Sincerely,

J Michael Yeager

J. Michael Yeager
Executive Chairman and Chief Executive Officer

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as "the group" or "Maverick") consisting of Maverick Drilling & Exploration Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The following persons were directors of Maverick Drilling & Exploration Limited during the whole of the financial year and up to the date of this report:

R B Clarke
L A Clarke
J C Camuglia

B J Simmons was an executive director from the beginning of the year until his retirement on 14 October 2013.

J M Yeager was appointed as Chief Executive Officer and Executive Chairman effective 15 October 2013 and continues in office at the date of this report.

D D Henrich was an executive director from the beginning of the year until 1 November 2013. D D Henrich continued as a non-executive director until his retirement on 1 March 2014.

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of Maverick consisted of:

(a) Operator of oil and gas leases on the Blue Ridge Dome, Boling Dome and Nash Dome, in south Texas; and
(b) The identification and internal development of new oil drilling targets on currently held acreage.

PRESENTATION CURRENCY

Items included in the directors' report and financial statements of Maverick are presented in US dollars unless otherwise stated.

DIVIDENDS - MAVERICK DRILLING & EXPLORATION LIMITED

No dividends were paid to members during the financial years ended 30 June 2013 or 30 June 2014.

REVIEW OF OPERATIONS

Information on the operations and financial position of Maverick and its business strategies and prospects is set out in the operating and financial review on pages 25 to 28 of this annual report.

OPERATING RESULT

Maverick experienced a net loss after income taxes of $20,055,000 for the financial year ended 30 June 2014 ($3,769,000 net profit after income taxes in 2013) after non-cash expense of $53,866,000 (2013: $4,180,000).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the group during the financial year were as follows:

Contributed equity increased by $18,313,000 as a result of the April 2014 institutional and sophisticated investor placement. Details of the changes in contributed equity are disclosed in note 25 to the financial statements.

The proceeds of the placement will be used principally to fund the human resource talent and infrastructure required by Maverick to enhance the group's oil and gas technical capability and better position it to assess, develop and execute future oil and gas opportunities.

The company commenced trading on the U S securities market (International OTCQX) under the ticker **MRVKY** on 23 January 2014.

Maverick drilled 100 new wells on Blue Ridge Dome, 2 new wells on Boling Dome and 2 new wells on Nash Dome.

Maverick's lease holdings on Blue Ridge Dome, Fort Bend County, Texas, decreased by 2,257 net acres (from 4,596 net acres to 2,339 net acres).

Maverick's lease holdings on Boling Dome, Fort Bend County and Wharton County, Texas, decreased by 1,390 net acres (from 5,127 net acres to 3,737 net acres).

Maverick's lease holdings on Nash Dome, Fort Bend County, Texas, decreased by 3,514 net acres (from 8,688 net acres to 5,174 net acres).

Maverick's lease holdings on the Edwards Reef Prospect, Williamson County, Texas, decreased by 516 net acres (from 2,627 net acres to 2,111 net acres).

Maverick divested of 211 net acres on the Gillock field, Galveston County, Texas in the third quarter of the 2014 financial year.

Maverick has made the decision to not pursue further investments in the Boling, Nash, Edward, and Gillock fields.

For the fiscal year ending 30 June 2014, Maverick recognised a total of $20,719,000 in non-cash impairment expenses comprised of the following items:

- $1,747,000 on property, plant and equipment,
- $7,326,000 on the Nash field due to the strategy of not to develop the field in the future,
- $7,060,000 on the Boling field due to the strategy of not to develop the field in the future,
- $974,000 on the Edwards Reef field due to the strategy of not to develop the field in the future, and
- $3,612,000 on goodwill due to no longer providing drilling contract services.

Maverick also recognised a non–cash expense of $818,000 in relation to relinquishment of oil and gas leases on the Blue Ridge field.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR
On 22 August 2014 Maverick Drilling & Exploration Limited executed a new five year, $500 million lending facility with Wells Fargo Bank, N.A. The facility provides Maverick with a further instrument to pursue its acquisition strategy to grow into a multi-asset exploration and production company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS
Information on the strategy, prospects and risks of the group is included in the operating and financial review on pages 25 to 28 of this annual report.

ENVIRONMENTAL REGULATION
Maverick's operations are all located in the United States in the state of Texas and are therefore not subject to any environmental regulation under either Australian commonwealth or state legislation. However, Maverick is subject to extensive federal, state and local laws and regulations in Texas and the United States in general. The board has adequate systems in place for the management of its environmental requirements in Texas and is not aware of any significant breach of these requirements.

INFORMATION ON DIRECTORS
J Michael Yeager BSc, MSc. *Chief Executive Officer and Executive Chairman. Age 61*

Experience and expertise
Mike joined Maverick as the Chief Executive Officer and Executive Chairman. He has had a long career in the oil and gas business, including 26 years with ExxonMobil, where he held various global executive roles, and more than seven years as the Chief Executive of BHP Billiton Petroleum.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
None.

Special responsibilities
Executive Chairman.
Chief Executive Officer.

Interests in shares and options
15,000,000 ordinary shares in Maverick Drilling & Exploration Limited.
10,000,000 performance rights in Maverick Drilling & Exploration Limited with a vesting date of 15 October 2014. On vesting each performance right entitles J M Yeager to be issued one fully paid ordinary share for no further consideration.

Roger Brian Clarke BCom, CA. *Vice Chairman – Independent non-executive director.* Age 66
Experience and expertise
Roger is the Vice Chairman of the board and has over 30 years commercial experience in the investment banking industry, with responsibilities in fund management, banking and corporate finance. He is also the chairman of the advisory board of Morgans Financial Limited, and has been involved in a significant number of initial public offerings, capital raisings and corporate transactions. His understanding of the Australian corporate finance sector brings a level of expertise that has proved pivotal in establishing the strategic investment focus of Maverick. Roger holds a Bachelor of Commerce degree and is a Chartered Accountant.

Other current directorships of listed entities
Non-executive Chairman of Tissue Therapies Limited (Director since February 2004).

Former directorships of listed entities in last 3 years
Non-executive Chairman of NextDC Limited (Director June 2010 to April 2014).
Non-executive Chairman of Coalbank Limited (Director September 2010 to November 2013).
Non-executive Chairman of MTA Insurance Ltd (Director November 1996 to March 2013).
Non-executive director of Trojan Equity Limited (Director February 2005 to April 2013).

Special responsibilities
Vice Chairman.
Chairman of audit and risk management committee.

Interests in shares and options
6,000,000 ordinary shares in Maverick Drilling & Exploration Limited.

Lee Anthony Clarke CFP. *Independent non-executive director.* Age 45
Experience and expertise
Lee is the principal and director of a private financial advisory and wealth management firm. He has over 20 years of financial planning and wealth management experience, advising a select group of successful private families and investors. During his career, Lee has been involved in capital raisings and initial public offerings and brings strategic knowledge of the Australian investor market. Lee is a principal member of the Financial Planning Association and a Certified Financial Planner.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
None.

Special responsibilities
Member of audit and risk management committee.

Interests in shares and options
20,514,357 ordinary shares in Maverick Drilling & Exploration Limited.

Joseph Charles Camuglia BBus. *Independent non-executive director.* Age 50
Experience and expertise
Joseph Camuglia has had over 25 years experience as a Chartered Accountant and Certified Financial Planner. Joseph started his career with Price Waterhouse as an accountant and in 1990 he established his own wealth management business. Mr Camuglia holds a Bachelor of Business from Queensland University of Technology Brisbane and a Diploma of Financial Planning from Deakin University Melbourne.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
None.

Special responsibilities
Member of audit and risk management committee.

Interests in shares and options
12,484,936 ordinary shares in Maverick Drilling & Exploration Limited.

COMPANY SECRETARY

The company secretary is Andrew James Crawford. Andrew has over 13 years chartered and commercial accounting experience having commenced his career with KPMG in 2001. Andrew has been Maverick's company secretary since February 2010. Andrew also held the role of Chief Financial Officer from February 2010 until February 2014. Andrew is a Chartered Accountant and Registered Tax Agent and holds a Bachelor of Commerce and Diploma of Financial Services.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2014 and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of non-executive directors		Meetings of audit risk management committee	
	A	B	A	B	A	B
J M Yeager (appointed 15 October 2013)	8	8	*	*	**	**
D D Henrich (retired 1 March 2014)	9	10	*	*	**	**
R B Clarke	13	13	0	0	3	3
B J Simmons (retired 14 October 2013)	5	5	*	*	**	**
L A Clarke	13	13	0	0	3	3
J C Camuglia	13	13	0	0	3	3

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
* = Not a non-executive director
** = Not a member of the relevant committee

REMUNERATION REPORT
The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Principles used to determine the nature and amount of remuneration
The objective of Maverick's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The company feels it has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution

The entire board is responsible for the review of remuneration policies and other terms of employment for executive directors, other senior executives and non-executive directors. Where necessary, the board obtains independent advice on the remuneration packages offered to potential employees.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board. Non-executive directors abstain from any discussions regarding their own remuneration.

Aggregate remuneration to non-executive directors approved by the shareholders at the annual general meeting on 16 November 2012 is not to exceed A$500,000 per annum unless further approval is obtained.

Non-executive director base fees for the period 1 July 2013 to 30 June 2014 were A$90,000 per annum. Non-executive directors do not receive incentive based remuneration. There are no provisions for any retirement benefits other than statutory requirements.

Executive directors
D D Henrich's executive director base fees for the period 1 July 2013 until his retirement from his executive capacity 1 November 2013 were set at $500,000 per annum. Following retirement from this executive capacity, D D Henrich was remunerated as a non-executive director until his retirement from the group 1 March 2014.

B J Simmons executive director base fees for the period 1 July 2013 until his retirement from his executive capacity 14 October 2013 were set at $500,000 per annum. Following his retirement from this executive capacity, B J Simmons was employed until his retirement from Maverick on 1 November 2013. On retirement from the group, B J Simmons received a severance package representing 3 months of his base salary.

J M Yeager's executive director base fees from his commencement on 15 October 2013 to 30 June 2014 were set as an annual base salary of $1,300,000 and annual retirement contribution of $500,000. In addition, J M Yeager was issued 15 million ordinary shares in Maverick Drilling & Exploration Limited for acceptance of employment terms along with 10 million performance rights. Each performance right entitles J M Yeager to one ordinary share in Maverick Drilling & Exploration Limited for no further consideration with these rights vesting on 15 October 2014, subject to the continuous service of J M Yeager as Chief Executive Officer. The 15 million ordinary shares and 10 million performance rights were approved by shareholders at the company's Annual General Meeting held 29 November 2013. The assessed grant date fair value of the 15 million ordinary shares issued to J M Yeager was $6,747,000. The assessed grant date fair value of the 10 million performance rights issued to J M Yeager was $4,498,000.

Other executives
The other executive pay and reward framework has four components:

- base pay and benefits,
- short-term performance incentives,
- sign on performance rights, and
- long-term incentives through participation in the Senior Executive Option Plan.

Other executives - Base pay and benefits
Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive directors' discretion. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any executives' contracts. United States based executives receive the opportunity to participate in health, dental, vision, life and disability insurance which is disclosed as a short-term non-monetary benefit.

Other executives - Short-term incentives
The short-term incentive framework is made up of two components:

- discretionary short-term incentives, and
- contracted short-term incentives.

Discretionary short-term incentives are provided to executives in the form of a cash bonus based on the executive directors' assessment of the other executives' performance during a specified period. In December 2013, D N Denton and M A Hopkins each received a $5,000 cash bonus for operational performance over the preceding 7 months.

Where a contracted short-term incentive is in place, this is documented in the executive's employment contract. S A Milliren's 2014 financial year contracted short-term incentive was a cash bonus of a minimum 25% of his base salary and maximum 50% of his base salary calculated and paid at the discretion of the board. S A Milliren's base salary for the 2014 financial year was $400,000. S A Milliren resigned from Maverick in March 2014. A final settlement payment was paid to S A Milliren in the amount of $75,000 on 28 July 2014.

Other executives - Long-term incentives through participation in the Senior Executive Option Plan
Long-term incentives are provided to certain executives via the Senior Executive Option Plan. The plan is designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plan executives are issued options which progressively vest based on service. 25% of the options vest 12 months from grant date, 25% of the options vest 18 months from grant date, 25% of the options vest 24 months from grant date and the balance vest 30 months from grant date. Once vested, the options are exercisable until the third anniversary of the grant date. Options are granted under the plan for no consideration. With S A Milliren's departure in March 2014 and D N Denton's departure in April 2014 2,000,000 and 500,000 options were forfeited, respectively. Subsequent to 30 June 2014, M A Hopkins' departure in July 2014 has resulted in the forfeiture of 250,000 options.

Share trading policy
The trading of shares issued to participants through participation in the Senior Executive Option Plan is subject to, and conditional upon, compliance with the company's employee share trading policy as detailed in the company's Corporate Governance Charter. A copy of the company's Corporate Governance Charter is available on the company's website at www.maverickdrilling.com.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and key management personnel of Maverick (as defined in AASB 124 *Related Party Disclosures)* are set out in the following tables.

The key management personnel of Maverick during the 30 June 2014 financial year were the directors of Maverick Drilling & Exploration Limited (see pages 5 to 6 above) and the following executives:

- A J Crawford – *Company Secretary and Chief Financial Officer (Chief Financial Officer services until February 2014)*
- D N Denton – *Chief Operating Officer (services to February 2014)*
- M A Hopkins – *Vice President of Maverick Production Company (services to April 2014)*
- S A Millieren – *President of Maverick Drilling & Exploration Limited (services from July 2013 to March 2014)*
- H K Selzer - *Chief Financial Officer (services from March 2014)*

2014	Short-term employee benefits			Post-employment benefits	Share-based payments	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Sign On Bonus & Options	Total
	$	$	$	$	$	$
Non-executive directors						
J C Camuglia	75,533	-	-	6,798	-	82,331
L A Clarke	75,533	-	-	6,798	-	82,331
R B Clarke	75,533	-	-	6,798	-	82,331
D D Henrich (services from November 2013 to March 2014)	14,250	-	-	-	-	14,250
Sub-total non-executive directors	**240,849**	**-**	**-**	**20,394**	**-**	**261,243**
Executive directors						
J M Yeager (services from October 2013)	900,000	-	45	346,154	9,938,875	11,185,074
D D Henrich (services to November 2013)	192,308	-	-	-	-	192,308
B J Simmons (services to October 2013)	319,308	-	1,873	-	-	321,181
Other key management personnel						
A J Crawford (services to February 2014)	163,810	-	-	-	25,567	189,377
D N Denton (services to February 2014)	133,846	5,000	1,772	-	-	140,618
M A Hopkins (services to April 2014)	137,654	5,000	1,987	-	9,614	154,255
S A Millieren (services to March 2014)	303,817	-	2,076	-	96,170	402,063
H K Selzer (services from March 2014)	116,519	-	695	-	63,870	181,084
Total key management personnel compensation	**2,508,111**	**10,000**	**8,448**	**366,548**	**10,134,096**	**13,027,203**

2013	Short-term employee benefits			Post-employment benefits	Share-based payments	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Options	Total
	$	$	$	$	$	$
Non-executive directors						
J C Camuglia	84,541	-	-	7,609	-	92,150
L A Clarke	84,541	-	-	7,609	-	92,150
R B Clarke	84,541	-	-	7,609	-	92,150
Sub-total non-executive directors	**253,623**	**-**	**-**	**22,827**	**-**	**276,450**
Executive directors						
D D Henrich	431,731	100,000	-	-	-	531,731
B J Simmons	431,731	100,000	2,485	-	-	534,216
Other key management personnel						
A J Crawford	181,770	-	-	-	1,517	183,287
D N Denton	184,615	55,000	2,485	-	1,517	243,617
M A Hopkins	105,577	2,000	2,485	-	758	110,820
D A Knorr (services to October 2012)	24,231	-	112	-	-	24,343
D Rolf (services to June 2013)	118,846	70,000	2,485	-	-	191,331
Total key management personnel compensation	**1,732,124**	**327,000**	**10,052**	**22,827**	**3,792**	**2,095,795**

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2014	2013	**2014**	2013	**2014**	2013
Non-executive directors of Maverick Drilling & Exploration Limited						
J C Camuglia	**100%**	100%	**0%**	0%	**0%**	0%
L A Clarke	**100%**	100%	**0%**	0%	**0%**	0%
R B Clarke	**100%**	100%	**0%**	0%	**0%**	0%
D D Henrich	**100%**	N/A	**0%**	N/A	**0%**	N/A
Executive directors of Maverick Drilling & Exploration Limited						
J M Yeager	**71%**	N/A	**29%**	N/A	**0%**	N/A
D D Henrich	**100%**	81%	**0%**	19%	**0%**	0%
B J Simmons	**100%**	81%	**0%**	19%	**0%**	0%
Other key management personnel of group						
A J Crawford	**87%**	99%	**0%**	0%	**13%**	1%
D N Denton	**96%**	77%	**4%**	22%	**0%**	1%
M A Hopkins	**91%**	97%	**3%**	2%	**6%**	1%
H K Selzer	**65%**	N/A	**35%**	N/A	**0%**	N/A
D A Knorr	**N/A**	100%	**N/A**	0%	**N/A**	0%
D Rolf	**N/A**	63%	**N/A**	37%	**N/A**	0%

Relationship between executive remuneration and company performance
Maverick's executive remuneration policy since formation in November 2007 has been focused on building and retaining a team of executive employees to provide the platform for group growth. The fixed component of remuneration set by the board considered Maverick's operating earnings and the consequences of Maverick's performance on shareholder wealth. D N Denton and M A Hopkins were each paid a $5,000 bonus during the 2014 year. The table below details key operating and corporate metrics for the past five financial years.

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Revenue from continuing operations	$43.8 million	$27.5 million	$22.2 million	$11.0 million	$5.6 million
(Loss)/Profit before income tax	($29.6 million)	$7.2 million	$9.3 million	$3.8 million	($1.6 million)
(Loss)/Profit for the year after tax	($20.1 million)	$3.8 million	$6.6 million	$2.2 million	($2.0 million)
(Loss)/Earnings per share	(4.2) cents	0.8 cents	1.7 cents	0.7cents	(1.1 cents)
Share price 1 July	A$0.360	A$1.215	A$0.235	A$0.22^	-
Share price 30 June	A$0.225	A$0.360	A$1.215	A$0.235	-

^Closing share price on 8 September 2012 the day that Maverick Drilling & Exploration Limited commenced trading on the ASX

Service agreements
J M Yeager's agreement of employment runs until 15 October 2015 with a base salary of $1.3 million per annum and retirement contribution of $0.5 million per annum, 15 million ordinary shares in Maverick Exploration and Drilling Limited and 10 million performance rights in Maverick Drilling & Exploration Limited with a vesting date of 12 months. After the initial 12 month term the board of directors will review J M Yeager's employment terms.

H K Selzer's agreement of employment terms included a base salary of $365,000 per annum and H K Selzer is eligible to be granted 500,000 ordinary shares in Maverick Drilling & Exploration Limited before 31 December 2014 subject to being employed and confirmation by the board of directors.

S A Milliren's employment terms included a base salary of $400,000. S A Milliren resigned from Maverick in March 2014 and a final settlement payment was paid on 28 July 2014 in the amount of $75,000.

B J Simmons' executive director base fees for the period 1 July 2013 until his retirement from his executive capacity 14 October 2013 were set at $500,000 per annum. Following his retirement from this executive capacity, B J Simmons was employed until his retirement from Maverick on 1 November 2013 and was paid a severance package representing three months of his base salary.

D D Henrich's executive director base fees for the period 1 July 2013 until his retirement from his executive capacity 1 November 2013 were set at $500,000 per annum. Following this D D Henrich was remunerated as a non-executive director until his retirement from the board.

Share-based compensation

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Vested %
5 June 2013	25% 5 June 2014 25% 5 December 2014 25% 5 June 2015 25% 5 December 2015	4 June 2016	A$0.50	A$0.133	25%

Options granted under the plan carry no dividend or voting rights.

Details of options over ordinary shares in the company provided as remuneration to each of the key management personnel of the parent entity and the group are set out below. No options were issued to directors. When exercisable, each option is convertible into one ordinary share of Maverick Drilling & Exploration Limited. The only vesting condition attached to the 5 June 2013 options is employment service. Under the 2013 Senior Executive Option Plan 212,500 options vested (125,000 that were issued to key management personnel), 3,150,000 options were forfeited during the year (2,500,000 that were issued to key management personnel) and an additional 300,000 options were forfeited after 30 June 2014 (250,000 that were issued to key management personnel). Further information on the options is set out in note 38 to the financial statements.

Name	Date of grant	Dates at which options may vest	Number of options granted	Value of options at grant date*	Number of options vested during the year	Number of options lapsed during the year
A J Crawford	5 June 2013	25% 5 June 2014 25% 5 December 2014 25% 5 June 2015 25% 5 December 2015	500,000	A$66,500	125,000	-
D N Denton	5 June 2013	25% 5 June 2014 25% 5 December 2014 25% 5 June 2015 25% 5 December 2015	500,000	A$66,500	-	500,000
S A Milliren	5 June 2013	25% 5 June 2014 25% 5 December 2014 25% 5 June 2015 25% 5 December 2015	2,000,000	A$266,000	-	2,000,000
M A Hopkins	5 June 2013	25% 5 June 2014 25% 5 December 2014 25% 5 June 2015 25% 5 December 2015	250,000	A$33,250	62,500	-**

* The value at grant date calculated in accordance with AASB 2 Share-based Payment.
** M A Hopkins resigned from Maverick Drilling & Exploration Limited post 30 June 2014. His remaining options were forfeited at this time.

The assessed fair value at grant date of options granted to the individuals is allocated as remuneration equally over the period from grant date to vesting date, and the amount is included in the remuneration tables in this remuneration report. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Shares provided on exercise of remuneration options

No remuneration options issued under the Senior Executive Option Plan were exercised during the 2013 or 2014 financial years.

Performance rights

S A Milliren, who was appointed as President of Maverick Drilling & Exploration USA, Inc. in July 2013, was granted 277,778 rights over Maverick Drilling & Exploration Limited shares in accordance with the terms of his employment agreement. These rights were granted 5 June 2013. Each right entitled S A Milliren to one ordinary share in Maverick Drilling & Exploration Limited at an exercise price of nil. The performance rights carried no dividend or voting rights. The fair value per right on grant date was calculated at A$0.36, being the share price at grant date with this equating to a total value at grant date of A$100,000. These rights vested 1 January 2014, and S A Milliren was issued 277,778 ordinary shares on 2 January 2014. The assessed fair value at grant date of the rights granted to S A Milliren were allocated as remuneration equally over the period from his commencement date in July 2013 until vesting date.

J M Yeager, who was appointed as Chief Executive Officer and Executive Chairman of the board of Maverick Drilling & Exploration Limited, in October 2013, was granted 10,000,000 rights over Maverick Drilling & Exploration Limited shares in accordance with the terms of his employment agreement. Each right entitles J M Yeager to one ordinary share in Maverick Drilling & Exploration Limited at an exercise price of nil. The performance rights carry no dividend or voting rights. The fair value per right on grant date was calculated at A$0.4950, being the share price at grant date with this equating to a total value at grant date of A$4.95 million. These rights will vest 15 October 2014 subject to the continuous employment of J M Yeager by Maverick until that date. The assessed fair value at grant date of the rights granted to J M Yeager are to be allocated as remuneration equally over the period from his commencement date in October 2013 until vesting date.

Equity instruments held by key management personnel

Share and warrant holdings

The numbers of shares and warrants in the company held during the financial year by each director of Maverick Drilling & Exploration Limited and other key management personnel of the group, including their personally related parties, are set out below.

2014 Name	Balance at the start of the year	Net acquisitions and disposals during the year	Exercised options/vested rights	Other changes during the year	Balance at the end of the year
Ordinary shares					
J M Yeager (appointed 15 October 2013)	-	-	-	15,000,000	15,000,000
D D Henrich (retired 1 March 2014)	52,087,685	-	-	(52,087,685)	-
R B Clarke	5,650,000	350,000	-	-	6,000,000
B J Simmons (retired 14 October 2013)	11,108,414	-	-	(11,108,414)	-
L A Clarke	18,014,357	2,500,000	-	-	20,514,357
J C Camuglia	11,284,936	1,200,000	-	-	12,484,936
S A Milliren (resigned 13 March 2014)	-	-	277,778	-	277,778
MADKOA warrants					
L A Clarke	-	500,000	-	-	500,000
A J Crawford	-	200,000	-	-	200,000
MADKCN warrants					
B J Simmons (retired 14 October 2013)	220,000	-	-	(220,000)	-
L A Clarke	500,000	(500,000)	-	-	-
A J Crawford	200,000	(200,000)	-	-	-

2013 Name	Balance at the start of the year	Net acquisitions and disposals during the year	Exercised options/vested rights	Other changes during the year	Balance at the end of the year
Ordinary shares					
D D Henrich	51,987,685	100,000	-	-	52,087,685
R B Clarke	5,571,429	78,571	-	-	5,650,000
B J Simmons	12,358,414	(1,250,000)	-	-	11,108,414
L A Clarke	18,014,357	-	-	-	18,014,357
J C Camuglia	10,884,936	400,000	-	-	11,284,936
A J Crawford	225,000	(225,000)	-	-	-
D A Knorr (employment ceased October 2012)	1,000,000	(500,000)	-	-	500,000
D Rolf (employment ceased June 2013)	950,000	-	-	-	950,000
MADKCN warrants					
B J Simmons	-	220,000	-	-	220,000
L A Clarke	-	500,000	-	-	500,000
A J Crawford	-	200,000	-	-	200,000

Warrants held by key management personnel during the period
MADKCN warrants were issued by Credit Suisse. They had an expiry date of 31 December 2029. At the time of acquisition they had a borrowing amount of $0.1518 and interest rate of 7.25%. During the 2013 period B J Simmons, L A Clarke and A J Crawford acquired MADKCN warrants, with the total acquisitions and holdings at 30 June 2013 included in the table above. In the 2014 period the MADKCN warrants were closed by Credit Suisse. Citiwarrants (CGMA) took over these warrants which were then quoted as MADKOA warrants.

MADSRW warrants were issued by Royal Bank of Scotland plc. They had an expiry date of 6 August 2021 with a borrowing amount of $0.6038 and interest rate of 8.35%. During the period A J Crawford converted 200,000 of his ordinary shares into MADSRW warrants. During the period the MADSRW warrants reached their stop loss level and this position was closed out by Royal Bank of Scotland plc.

Option holdings
The numbers of options over ordinary shares in the company granted under the Executive Employee Option Plan that were held during the financial year by each director of Maverick Drilling & Exploration Limited and other key management personnel of the group, including their personally related parties, are set out below.

2014 Name	Balance at start of the year	Granted as compen-station	Exercised	Other changes	Balance at end of year	Vested and exercisable	Unvested
A J Crawford	500,000	-	-	-	500,000	125,000	375,000
D N Denton	500,000	-	-	(500,000)	-	-	-
M A Hopkins	250,000	-	-	-	250,000	62,500	187,500
S A Milliren	2,000,000	-	-	(2,000,000)	-	-	-

2013 Name	Balance at start of the year	Granted as compen-station	Exercised	Other changes	Balance at end of year	Vested and exercisable	Unvested
A J Crawford	-	500,000	-	-	500,000	-	500,000
D N Denton	-	500,000	-	-	500,000	-	500,000
M A Hopkins	-	250,000	-	-	250,000	-	250,000
S A Milliren	-	2,000,000	-	-	2,000,000	-	2,000,000

Rights
The numbers of rights to deferred shares granted under the Sign on Performance Rights Plan that were held during the financial year by each director of Maverick Drilling & Exploration Limited and other key management personnel of Maverick, including their personally related parties, are set out below.

2014 Name	Balance at start of the year	Granted as compen-sation	Vested	Other changes	Balance at end of year	Vested and exercisable	Unvested
J M Yeager	-	10,000,000	-	-	10,000,000	-	10,000,000
S A Milliren	277,778	-	(277,778)	-	-	-	-

2013 Name	Balance at start of the year	Granted as compen-sation	Vested	Other changes	Balance at end of year	Vested and exercisable	Unvested
S A Milliren	-	277,778	-	-	277,778	-	277,778

Other transactions with key management personnel

Debt instrument disclosures relating to key management personnel

Maverick Production Company - Promissory note holdings
Directors, L A Clarke and J C Camuglia and executive A J Crawford are minority unit holders of Texoz Holdings Unit Trust. Texoz Holdings Pty Ltd acts as trustee of Texoz Holdings Unit Trust. J C Camuglia is a director of Texoz Holdings Pty Ltd. Maverick Production Company has a conditional credit facility of up to $5 million from Texoz Holdings Unit Trust for the purpose of acquiring oil and gas leases and expanding its leasehold and prospect inventory. The agreement for this finance was based on normal commercial terms and conditions. During the 2013 and 2014 financial years no additional amounts were loaned to Maverick Production Company. During the 2014 financial year repayments totalling $1,572,000 (2013: $1,572,000) were made by Maverick Production Company. At 30 June 2014 the balance of the promissory notes held by Texoz Holdings Unit Trust was $190,000 (30 June 2013: $1,762,000).

Loans from key management personnel

In June 2012, D D Henrich and G Henrich entered into a loan agreement with Maverick Drilling & Exploration Limited under which D D Henrich and G Henrich agreed to loan Maverick Drilling & Exploration Limited an amount of $5,800,000. The loan accrues interest at a rate calculated as the most recent discount rate for 52 week bills issued by the United States Department of Treasury as published by that department plus 1%, with monthly repayments of $200,000. In June 2014 this interest rate was calculated as 1.11% (June 2013: 1.15%). The borrowing has a maximum term of December 2014. The agreement for this finance was based on normal commercial terms and conditions and the company sought legal advice from Australian counsel prior to entering into the arrangements. During the year ended 30 June 2014, interest of $24,832 (2013: $55,194) was accrued on this loan and repayments of $2,375,000 were made (2013: $2,400,000). At 30 June 2014 the balance of this loan was $880,247 (2013: $3,255,415).

At 30 June 2014 the aggregate of loans from key management personnel to Maverick was $880,247 (2013: $3,255,415) and aggregate total interest paid for the year ended 30 June 2014 was $24,832 (2013: $55,194). There were no other loans from directors, key management personnel or other employees to the business during the 30 June 2014 or 30 June 2013 years.

Other transactions with key management personnel

Directors of Maverick Drilling & Exploration Limited
A director, R B Clarke is the Chairman of the Advisory Board of RBS Morgans Limited. RBS Morgans Limited acted as lead manager of the entity's institutional and sophisticated investor placement in April 2014 and the joint lead manager of the parent entity's institutional and sophisticated investor placement in July 2012. The contract for these services was based on normal commercial terms and conditions.

A director, L A Clarke is the director of Lee Clarke & Co Pty Ltd. Lee Clarke & Co Pty Ltd took a firm allocation of stock from the lead manager of the April 2014 capital raise and from the joint lead managers of the July 2012 capital raise. The agreement between the joint lead managers and Lee Clarke & Co Pty Ltd and the fees paid were based on normal commercial terms and conditions.

A director, L A Clarke is the director of Lee Clarke Pty Limited. Lee Clarke Pty Limited employed A J Crawford the company secretary and chief financial officer of the parent entity until 31 August 2012. Until this date A J Crawford's services to Maverick were charged by Lee Clarke Pty Limited. Lee Clarke Pty Limited then remunerated A J Crawford. The agreement for these services was based on normal commercial terms and conditions.

Directors, L A Clarke and J C Camuglia are unit holders in Salt Dome Unit Trust. Salt Dome Unit Trust owns overriding royalty interests ranging from 0.15% to 1.25% over the Gordon, Lila Hill, Teletower and Blue Ridge Dome leases operated by Maverick.

Other Key Management Personnel of Maverick Drilling & Exploration Limited
An executive, D Denton is the President of Denton Management Co, LLC. Denton Management Co, LLC charged Maverick Drilling Company for a portion of D Denton's services to Maverick in the 2013 year and a portion of his services to Maverick in the 2014 year. The total payments to Denton Management Co, LLC for the 2013 and 2014 financial year are included in the amounts disclosed as remuneration to D Denton on page 10.

An executive, A J Crawford is the Director of Box One Corporate Pty Ltd. Box One Corporate Pty Ltd charges Maverick entities for A J Crawford's services to the group. Until August 2012, A J Crawford's time was charged to Maverick by Lee Clarke Pty Limited, a company of which L A Clarke is a Director. The agreement for these services was based on normal commercial terms and conditions.

An executive, D Rolf ceased employment with Maverick in June 2013. Following his departure, pumping contracts with an amortised value of $63,489 were transferred under his control. The agreement for this transaction was based on normal commercial terms and conditions.

Other transactions with key management personnel

	2014	2013
	$	$
Amounts recognised as expense		
Consumables and external services used	**169,300**	240,045
Other expenses	**-**	63,489
Finance cost	**24,832**	55,194
	194,132	358,728
Amounts recognised directly in equity		
Transaction costs arising on share issue	**945,157**	1,202,851
	945,157	1,202,851

Aggregate amounts payable to key management personnel of the group at the end of the reporting period relating to the above types of other transactions:

	2014	2013
	$	$
Current liabilities	**5,862**	13,795

End of remuneration report

SHARES UNDER OPTION
Unissued ordinary shares of Maverick Drilling & Exploration Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price	Number under option
5 June 2013	4 June 2016	$0.00	550,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

No options were granted during the current period.

No options have been granted to directors or any of the five highest remunerated officers of the company since the end of the financial year.

SHARES UNDER PERFORMANCE RIGHTS
Unissued ordinary shares of Maverick Drilling & Exploration Limited under performance rights at the date of this report are as follows:

Date performance rights granted	Vesting date	Issue price	Number under performance rights
15 October 2013	15 October 2014	A$0.00	10,000,000

No performance right holder has any right under the performance rights to participate in any other share issue of the company or any other entity.

Performance rights granted to key management personnel are disclosed on page 13 above. The 10,000,000 performance rights issued to J M Yeager were approved by shareholders at the company's Annual General Meeting held 29 November 2013. No performance rights were granted to any other directors in the period. All performance rights issued to the five highest remunerated officers of the company are disclosed in the remuneration report on pages 8 to 16 above.

No performance rights have been granted to directors or any of the five highest remunerated officers of the company since the end of the financial year.

SHARES ISSUED ON THE EXERCISE OF OPTIONS OR IN CONNECTION WITH PERFORMANCE RIGHTS
During the year ended 30 June 2014 277,778 ordinary shares of Maverick Drilling & Exploration Limited were issued as a result of the exercising of the executive rights granted 5 June 2013. The fair value of these rights on grant date was A$0.36 per right. The share price on issue date was A$0.485. No amounts are unpaid on any of the shares.

LOANS TO DIRECTORS AND EXECUTIVES
Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in the remuneration report on pages 8 to 16.

INSURANCE OF OFFICERS
During the financial year Maverick Drilling & Exploration Limited incurred premiums of A$78,723 to insure the directors and secretaries of the company and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in Maverick, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF MAVERICK
No proceedings have been brought or intervened in on behalf of Maverick with leave of the Court under section 237 of the *Corporations Act 2001.*

NON-AUDIT SERVICES
Maverick may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with Maverick are important.

During the 2013 and 2014 financial years, no amounts were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

AUDITOR'S INDEPENDENCE DECLARATION
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

ROUNDING OF AMOUNTS
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors.

J Michael Yeager

J M Yeager
Chief Executive Officer and Executive Chairman

Houston
27 August 2014

Auditor's Independence Declaration

As lead auditor for the audit of Maverick Drilling & Exploration Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Maverick Drilling & Exploration Limited and the entities it controlled during the period.

D A Turnr

Darren Turnr
Partner
PricewaterhouseCoopers

Newcastle
28 August 2014

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CORPORATE GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY OF THE BOARD

Responsibility for company's proper corporate governance rests with the board. The board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of Shareholders (with a view to building sustainable value for them), employees and other stakeholders.

The board's broad function is to:

(a) chart strategy and set financial targets for the company;

(b) monitor the implementation and execution of strategy and performance against financial targets; and

(c) appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the company.

Power and authority in certain areas is specifically reserved to the board – consistent with its function as outlined above. These areas include:

(a) the composition of the board including appointment and retirement or removal of directors;

(b) oversight of the company including its control and accountability systems;

(c) where appropriate, ratifying the appointment and the removal of senior executives;

(d) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;

(e) monitoring the implementation of strategy by senior executives, and ensuring appropriate resources are available;

(f) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and sales;

(g) approving and monitoring financial and other reporting;

(h) performance of investment and treasury functions;

(i) monitoring industry developments relevant to the company and its business;

(j) developing suitable key indicators of financial performance for the company and its business;

(k) having input in and granting final approval of corporate strategy and performance objectives developed by management;

(l) the overall corporate governance of the company including its strategic direction and goals for management and monitoring the achievement of these goals; and

(m) oversight of committees.

COMPOSITION OF THE BOARD

The board performs its roles and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

(a) The Chairman is responsible for leadership of the board and for the efficient organisation and conduct of the board.

(b) The Chairman should facilitate the effective contribution by all directors and promote constructive and respectful relations between directors and between the board and the senior executives.

(c) The board must comprise:

(i) members with a broad range of experience, expertise, skills and contacts relevant to Maverick and its business;

(ii) no less than three directors; and

(iii) no more than ten directors.

CORPORATE GOVERNANCE CHARTER

The board charter, the code of ethics and values and the code of conduct for transactions in securities (referred to below) form the company's corporate governance charter which has been formally adopted and can be inspected on its website at www.maverickdrilling.com.

The board has adopted a charter (which will be reviewed and amended from time to time as the board considers appropriate) to give formal recognition to the matters outlined above. This charter sets out various other matters that are important for effective corporate governance including the following:

(a) a detailed definition of 'independence';

(b) a framework for the identification of candidates for appointment to the board and their selection;

(c) a framework for individual performance review and evaluation;

(d) proper training to be made available to directors both at the time of their appointment and on an on-going basis;

(e) basic procedures for meetings of the board and its committees – frequency, agenda, minutes and private discussion of management issues among non-executive directors;

(f) ethical standards and values – formalised in a detailed code of ethics and values;

(g) dealings in securities – formalised in a detailed code for securities transactions designed to ensure fair and transparent trading by directors and senior management and their associates; and

(h) communications with Shareholders and the market.

These initiatives, together with other matters provided for in the board's charter, are designed to institutionalise good corporate governance and, generally, to build a culture of best practice in company's own internal practices. The company is committed to achieving and maintaining high standards of conduct and has undertaken various initiatives designed to achieve this objective.

The following are tangible demonstrations of the company's corporate governance commitment.

INDEPENDENT PROFESSIONAL ADVICE
With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors. Any costs incurred are borne by Maverick.

CODE OF ETHICS AND VALUES
The company has developed and adopted a detailed code of ethics and values to guide directors in the performance of their duties.

CODE OF CONDUCT FOR TRANSACTIONS IN SECURITIES OF MAVERICK
The company has developed and adopted a formal code of conduct for transactions in securities of the company to regulate dealings in securities by directors and senior management and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

STANDING RULES FOR COMMITTEE
To ensure the committees formed by the board have guidelines upon which to operate, standard rules have been adopted by the board, which can be summarised as follows:

(a) their role is to improve the efficiency of the board through delegation of tasks;

(b) they must report to the board following each committee meeting; and

(c) the review and evaluation of each committee is conducted against the board charter as well as any criteria determined by the Chairman.

AUDIT AND RISK MANAGEMENT COMMITTEE
The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the company. Its current members are:

(a) Roger Brian Clarke;

(b) Lee Anthony Clarke; and

(c) Joseph Charles Camuglia.

The committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the board following each meeting. Other matters for which the committee is responsible are the following:

(a) putting in place appropriate board and committee structure to facilitate a proper review function by the board;

(b) monitoring the establishment of an appropriate internal control framework, including information systems, and its operation and considering improvements;

(c) assessing corporate risk and ensuring compliance with internal controls;

(d) overseeing business continuity planning and risk mitigation arrangements;

(e) assessing the objectivity and performance of the internal audit function and considering enhancements;

(f) reviewing reports on any material misappropriation, frauds and thefts from the company;

(g) reviewing reports on the adequacy of insurance coverage;

(h) monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the company's secretary in relation to those requirements;

(i) reviewing material transactions which are not a normal part of the company's business;

(j) reviewing the nomination, performance and independence of the external auditors, including recommendations to the board for the appointment or removal of any external auditor;

(k) liaising with the external auditor and ensuring that the annual audit is adequate for shareholder needs and is conducted in an effective manner that is consistent with Audit and Risk Management Committee members' information and knowledge;

(l) reviewing management processes supporting external reporting;

(m) reviewing financial statements and other financial information distributed externally;

(n) preparing and recommending for approval by the board the corporate governance statement for inclusion in the annual report or any other public document;

(o) reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management; and

(p) reviewing and monitoring compliance with the code of conduct.

Meetings will be held at least three times each year. A broad agenda will be laid down for each regular meeting according to an annual cycle. The committee will invite the external auditor to attend each of its meetings.

COMPLIANCE WITH ASX CORPORATE GOVERNANCE PRINCIPALS AND RECOMMENDATIONS

Principle 1: Lay solid foundations for management and oversight

The role of the board and delegation to management have been formalised in the company's board charter. The charter will be reviewed and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed company.

The company has reviewed the performance of senior executives during the reporting period as discussed in the directors' and remuneration report on pages 4 to 18.

The company complies with this principle of the Guidelines.

Principle 2: Structure the board to add value

The company has a four member board comprising three non-executive directors and one executive director. Together, the directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the company and its business. The names, qualifications, experience and details of attendance at board and committee meetings for each director are set out in the directors' report on pages 4 to 7. The Board has undertaken a review of the mix of skills and experience of members on the Board in light of the company's principal activities and direction and considers the current mix is sufficient to meet the requirements of the company. The company has reviewed the performance of non-executive directors during the reporting period.

Recommendations 2.1 and 2.2 of the Guidelines say that the majority of the board should be independent directors and that the company's chairman should be independent. Recommendation 2.4 says that the board should establish a nomination committee.

R B Clarke, L A Clarke and J C Camuglia are the independent, non-executive directors on the board. Accordingly, the board complies with recommendation 2.1 as a majority of the board are independent.

At 30 June 2014 R B Clarke had a relevant interest in 1.12% of the issued capital of the company. Notwithstanding that interest, the board considers that R B Clarke remains independent. The board will regularly assess each Director's independence.

At 30 June 2014 L A Clarke had a relevant interest in 3.84% of the issued capital of the company through his holding of ordinary shares. Notwithstanding that interest, the board considers that L A Clarke remains independent. The board will regularly assess each Director's independence.

At 30 June 2014 J C Camuglia had a relevant interest in 2.34% of the issued capital of the company. Notwithstanding that interest, the board considers that J C Camuglia remains independent. The board will regularly assess each Director's independence.

J M Yeager the Executive Chairman, is not independent and accordingly, the board will not comply with recommendation 2.2. In situations where it would be inappropriate for J M Yeager to act as Chairman of the board, R B Clarke will act as Chairman. The board will determine when such situations arise.

The board does not comply with the Guidelines of recommendation 2.4 because the board believes that a nomination committee is not warranted given the company's size and the nature of its operations. In effect, the full board acts as the nomination committee.

Principle 3: Promote ethical and responsible decision making

Maverick has a board charter which is incorporated into the corporate governance charter. It includes a detailed code of ethics and values and a detailed code of conduct for transactions in securities of the company.

The purpose of these codes is to guide directors in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities. Both codes have been designed to encourage the highest ethical and professional standards as well as compliance with legal obligations and the Guidelines.

Maverick has established a diversity policy which was implemented in the 2012 financial year. The company's workforce is currently made up of many individuals with diverse skills, values, backgrounds and experiences. Maverick values this diversity and recognises the organisational strength, deeper problem solving ability and opportunity for innovation that it brings. In order to attract and retain a diverse workforce, Maverick is committed to providing an environment in which all employees are treated with fairness and respect, and have equal access to opportunities available at work. Specifically, diversity at Maverick refers to all characteristics that make individuals different from each other, including religion, race, ethnicity, language, gender, sexual orientation, disability and age. Diversity at Maverick is about committing to equality and treating all individuals with respect.

Gender diversity is a strategic focus for Maverick following the introduction of recommendations on gender diversity by the ASX Corporate Governance Council, which took effect for Maverick in the 2012 financial year. The board will be responsible for assessing Maverick's gender diversity objectives and Maverick's achievement of those objectives on an annual basis.

At 30 June 2014, the company employed 4 women which equates to approximately 1% of the company's employed workforce and approximately 21% of the company's administration team. At 30 June 2014 no women were employed in senior executive positions and there were no women on the board.

The company will target a 25% ratio for female administration employees for the 2015 financial year. Maverick will consider women for any new executive or board positions being created in the 2015 financial year. If a vacancy becomes available in an existing executive or board position, Maverick's diversity policy will be followed when recruiting for any such role.

Principle 4: Safeguard integrity in financial reporting

The Audit and Risk Management Committee has been established with its own charter and its current members are R B Clarke, L A Clarke and J C Camuglia. As all members are independent and there is an independent chair, the Audit and Risk Management Committee complies with recommendation 4.2 of the Guidelines.

Principles 5: Make timely and balanced disclosure

The company's current practice on disclosure is consistent with the Guidelines. Policies and procedures for compliance with ASX Listing Rule disclosure requirements are included in the company's corporate governance charter.

Principles 6: Respect the rights of shareholders

The board communicates with Shareholders regularly and clearly by electronic means as well as by traditional methods. Shareholders are encouraged to attend and participate at general meetings. The company's auditor (PricewaterhouseCoopers) will attend the annual general meeting and will be available to answer Shareholders' questions. The company's policies comply with the Guidelines in relation to the rights of Shareholders.

Principle 7: Recognise and manage risk

The board, together with management, has established processes to identify, monitor and mitigate risk. Internal controls are monitored on a continuous basis and, wherever possible, improved. The whole issue of risk management is formalised in the company's corporate governance charter (which complies with the Guidelines in relation to risk management) and will be kept under regular review.

The board have received a declaration from the Executive Chairman and CFO in accordance with section 295A *Corporations Act 2001* (Cth) and assurance from the Executive Chairman and CFO that the declaration is founded on a sound system of risk management and internal control which is operating effectively in all material respects in relation to the financial reporting risks.

Principle 8: Remunerate fairly and responsibly

The board does not comply with best practice recommendation 8.1, because given the company's size and the nature of its operations, the board believes that a remuneration committee is not warranted.

The remuneration of the company's executive directors will be reviewed by the non-executive directors on an annual basis. The executive directors' remuneration will be assessed against a number of benchmarks including current industry standards, the company's operating performance and company's share performance.

Remuneration of directors and executives is fully disclosed in the company's annual report.

OPERATING AND FINANCIAL REVIEW

The directors present their report on the consolidated entity (referred to hereafter as “the group” or “Maverick”) consisting of Maverick Drilling & Exploration Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Revenue

Maverick reported consolidated revenue from operations for the year ended 30 June 2014 of $43,805,000 (2013: $27,462,000), an increase of 60% on the 2013 year result. Oil sales revenue increased by $10,905,000 to $31,509,000 driven by an increase in average daily production from Maverick’s oil properties. In the financial year 2014 revenue of $11,856,000 was generated from the sale of a 50% working interest in 25 wells under the Gulf South Holdings, Inc. joint development program and in 2013 revenue of $4,000,000 was generated from the sale of a one third interest in 12 wells under the 2013 Gulf South Holdings, Inc. joint development program. Interest revenue for the year totalled $355,000, a decrease of $1,610,000 from the 2013 year. Due to Maverick’s focus on the development of its own acreage, contract drilling revenue was $0 in the 2014 year compared to $531,000 in the 2013 year.

Operating profit

Maverick reported a consolidated net loss before income tax of $29,570,000 (2013: net profit before income tax of $7,187,000). This net loss includes non-cash adjustments for depreciation and amortisation (2014: $2,781,000 vs. 2013: $2,237,000), depletion (2014: $19,435,000 vs. 2013: $1,937,000), impairment (2014: $20,719,000 vs. 2013: $0), relinquishment of oil and gas leases (2014: $818,000 vs. 2013: $0), and employee benefits related to share based compensation (2014: $10,113,000 vs. 2013: $6,000). Total employee benefits expense amounted to $18,305,000 (2013: $3,887,000). Impairments were recognised on the 1) Nash, Boling and Edwards Reef fields as management decided that no future development will occur in these fields, 2) certain drilling rigs no longer in service, and 3) goodwill related to the Maverick’s history as a drilling contractor and the strategy to drill and develop Maverick’s own acreage. Cash based employee benefits expense increased in 2014 as a result of building a full E&P management team and the increase in non-cash based employee benefits expense is attributable to the cost of the sign on shares and performance rights for certain employees. Income tax benefit in the period was $9,515,000 (2013: income tax expense of $3,418,000).

Financial position

During the period, Maverick’s oil & gas asset balance increased by $3,401,000 to $61,757,000 (2013: $58,356,000). This increase included $38,040,000 of costs associated with new developmental drilling undertaken, recompletion of existing previously drilled wells in new zones, lease development including tank batteries, production related items including flow lines and electricity connections, partially offset by impairments of $7,326,000 in the Nash field, $7,060,000 in the Boling field and depletion expense of $19,435,000 (2013: $1,937,000). The depletion expense recorded by Maverick is based on a per barrel charge calculated based on the estimated cost to develop the relevant areas of interest divided by the estimated reserves for each area of interest. The reserve estimates used in the 2014 financial report are those prepared by Mr Bal Dhami in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007.

During the period Maverick’s exploration and evaluation asset balance decreased by $1,109,000 to $0 (2013: $1,109,000) following the impairment of the Edwards Reef exploration prospect and sale of the Gillock field acreage.
In reviewing the results of the Nash and Boling fields Maverick determined all of these actions will not only reduce cash outflows, but will allow for our technical staff to devote more time to new and higher return opportunities

Maverick’s working capital position at 30 June 2014 has strengthened since 2013, with current assets totalling $52,471,000 (2013: $49,511,000) consisting of cash of $45,649,000 (2013: $40,135,000), receivables of $4,976,000 (2013: $4,618,000), inventories of $1,295,000 (2013: $2,043,000) and assets held for sale of $551,000 (2013: $0). There were no US forward currency contracts in 2014 (2013: $2,715,000). Current liabilities at 30 June 2014 totalled $8,305,000 (2013: $7,877,000). Maverick decreased its borrowings by $4,188,000 in the period and expects to continue to pay off $1,100,000 in borrowings in the next six months.

Maverick’s property, plant and equipment assets at 30 June 2014 totalled $16,406,000 (2013: $18,500,000) following additions during the period of $3,415,000, depreciation expense of $2,781,000 and impairment of $1,747,000. At 30 June 2014, Maverick had six of its drilling rigs in operation and nine of its workover rigs in operation. Maverick had one further drilling rig and two additional workover rigs that were not in operation at this date.

Shares on issue

Maverick Drilling & Exploration Limited had 533,885,763 shares on issue at 30 June 2014 (2013: 452,726,751). 65,881,234 shares were issued in the period raising $19,208,000 (A$20,400,000) which netted $18,313,000 after related costs. This capital was raised to be used principally to fund the human resource talent and infrastructure required by Maverick to enhance the company’s oil and gas technical capability and better position it to assess, develop and execute future oil and gas opportunities. In addition, 15,000,000 shares were issued as a sign on incentive and 277,778 shares were issued on the exercise of performance rights.

Maverick Drilling & Exploration Limited established a level 1 American Depositary Receipt (ADR) program with the goal of simplifying the process for United States domestic investors to buy securities in the company. Maverick Drilling & Exploration Limited American Depositary Receipts (ADRs) are quoted on the International OTCQX under the ticker MRVKY. Each ADR represents fifteen Maverick Drilling & Exploration Limited ordinary shares.

Lease holdings

Maverick's lease holdings decreased as follows during the period:

- Blue Ridge Dome net acreage decreased by 2,257 net acres (30 June 2013: 4,596 net acres)
- Boling Dome net acreage decreased by 1,390 net acres (30 June 2013: 5,127 net acres)
- Nash Dome net acreage decreased by 3,514 net acres (30 June 2013: 8,688 net acres)
- Edwards Reef Prospect decreased by 516 net acres (30 June 2013: 2,627 net acres)
- Maverick divested of 211 net acres on the Gillock field (30 June 2013: 211 net acres)

Reserves

The most recent reported reserves, as prepared by Mr Bal Dhami in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007 are summarised by classification below:

- 4.4 million proved (1P)
- 5.8 million proved plus probable (2P)

Proved 1P reserve movement
(million barrels)

	Blue Ridge	Nash	Boling	Total
Balance at 30 June 2012	28.1	22.5	52.7	103.3
2013 net production	(0.2)	-	--	(0.2)
2014 net production	(0.3)	-	-	(0.3)
Other changes	-	(22.5)	(52.7)	(75.2)
2014 revision	(23.2)	-	-	(23.2)
Balance at 30 June 2014	4.4	-	-	4.4

No proved reserves have been recorded for Boling and Nash domes as Maverick has indicated that it has no intention of further development in these fields. This decision is shown as other changes in the 1P reserve table above. The accounting impact of this decision is an impairment of $7,060,000 in respect of the Boling field and $7,326,000 in respect of the Nash field. At 30 June 2014 the carrying value of each of these fields is $0.

Maverick will continue to develop the major production fairway where it makes economic sense and will for now continue to periodically test the deeper Vicksburg formation drilling targets. Reserves have been adjusted to only include reserves in the main Blue Ridge Field, Frio development fairway.

In respect of the Blue Ridge field, acreage that is far from the main fairway that would not be drilled for many years will be released as the lease terms expire. In the 2014 period, Blue Ridge field relinquished acreage has resulted in an expense of $818,000.

Maverick's average production, shown as a gross daily rate for each quarter of the 2014 year is detailed below:

- July 2013 to September 2013 — 1,361 gross barrels per day
- October 2013 to December 2013 — 1,499 gross barrels per day
- January 2014 to March 2014 — 1,248 gross barrels per day
- April 2014 to June 2014 — 1,213 gross barrels per day

In addition to drilling in the main Frio fairway, deeper horizons targeting the Vicksburg formation were tested without success.

Following the less desirable results of this campaign, Maverick renewed its focus on developing the Frio oil sands across the Blue Ridge Salt Dome field. With this renewed focus, the average daily production has stabilized at approximately 1,100 to 1,200 gross barrels of oil per day.

Drilling

Maverick drilled 100 new wells on Blue Ridge Dome, 2 new wells on Boling Dome and 2 new wells on Nash Dome during the period.

On Blue Ridge Dome, a total of 66 wells were put on production and 34 were plugged. A significant number of the plugged wells were unsuccessful Vicksburg wells. Following the disappointing results of the Vicksburg drilling a new Frio "Anchor Wells" Development strategy was implemented. This strategy targeted low risk infill development Frio drilling in areas of the Dome where significant drilling and production success had been experienced. This strategy shifted the drilling focus towards the north and south flanks of the dome, namely the Blakely and West Schenck areas and away from the East flank where Maverick encountered inconsistent drilling results and poor productivity. Of the 2 new wells drilled on Boling Dome, one was put on production and the other was plugged. Of the 2 new wells drilled on Nash Dome, both were dry and plugged.

Seismic

During the period Maverick continued interpreting 2D and 3D seismic across its salt dome acreage as well as reprocessing and reinterpreting acquired seismic lines. A number of these anomalies were drilled and found to be uneconomic.

Following a review of the existing 3D seismic, the new Maverick management team decided to reprocess the 3D data to improve the seismic event and fault resolution as well as preserve relative amplitudes. The data has undergone time processing and is in the process of undertaking depth processing in order to improve the image of the salt sediment interface and possibly image under the salt canopy.

Maverick has also invested in new geological and geophysical software developed by Schlumberger called Petrel that will allow a greater integration and improved interpretation of the subsurface data.

Employees

Maverick employed approximately 175 people at 30 June 2014, an increase of 3% from the number employed at 30 June 2013.

Joint development

In April 2013 Maverick successfully completed the first 12 well tranche of the Gulf South joint development program. The new joint development program targeted the northern portion of the Blue Ridge field and Gulf South Holdings, Inc. was invited to participate in 32 wells at 50 percent working interest. The turn key cost was $500,000 for a 50 working interest in each completed well. At 30 June 2014 a balance of $1,400,000 is disclosed as income in advance on the balance sheet.

Strategy and Outlook

Entering this last fiscal year the Maverick strategy has been to exploit the Blue Ridge, Nash and Boling fields. This was a continuation of Maverick's approach since the Initial Public Offering in 2010, and had been carried out by the same management team over that entire period.

During the 2014 fiscal year Maverick has had a complete change in leadership. With this change came an assessment of all aspects of Maverick's business, which was reported to our shareholders at the mid-year report.

Based on that assessment Maverick has decided to focus on the core fairway of the Blue Ridge field, and to halt further investments in the Boling, Nash, Edwards and Gillock fields. The end of year reserves and accounts reflect this change in strategy. So our focus now is to drill low risk oil wells in the Blue Ridge fairway.

Simultaneously Maverick has developed a senior management team that reflects the functional needs of a full exploration and production company, which is a far significant change from Maverick's history as a drilling contractor. These changes allow Maverick to pursue a new avenue for the company where it is now screening for possible acquisitions to add to the portfolio. Financing is being put in place and acquisition targets are being screened. Maverick management is now capable of running a multi-asset company and that is our goal.

To support the new approach the needed systems for geology, reservoir engineering, oil and gas accounting and drilling management are being put in place.

Lastly, we will move toward U.S. accounting standards, more U.S. participation on our Board and add to our Australian shareholders with a stronger U.S. shareholder base via our existing U.S. OTCQX quotation.

COMPETENT PERSON STATEMENT

The evaluation of reserves referred to in the operating and financial review was undertaken by Mr Bal Dhami, Exploration Manager for the company in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007. The reserves estimates are consistent with the definitions of Proved and Probable hydrocarbon reserves defined in the Australian Stock Exchange (ASX) Listing Rules. Mr Dhami is a qualified person as defined in ASX Listing Rule 5.11 and has consented to the use of the reserves figures in this report in the form and context in which they appear.

Maverick Drilling & Exploration Limited ABN 48 128 429 158
Annual financial report – 30 June 2014

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These financial statements cover the consolidated entity consisting of Maverick Drilling & Exploration Limited and its subsidiaries. The financial statements are presented in US dollars.

Maverick Drilling & Exploration Limited is a company limited by its shares, incorporated and domiciled in Australia. Its registered office and principal place of business in Australia is:

Suite 2
24 Bolton Street
Newcastle NSW 2300

Its principal office in the United States is:

5151 San Felipe, Suite 800
Houston Texas 77056

A description of the nature of the consolidated entity's operations and its principal activities is included in the operating and financial review on pages 25 to 28 and in the directors' report on pages 4 to 18, both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 27 August 2014. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have insured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website at www.maverickdrilling.com.

	Notes	**2014 $'000**	2013 $'000
Revenue from continuing operations	4	**43,805**	27,462
Consumables and external services used		**(7,940)**	(7,312)
Employee benefits expense		**(18,305)**	(3,887)
Depletion expense		**(19,435)**	(1,937)
Depreciation and amortisation expense		**(2,781)**	(2,237)
Impairment of non-current assets	5	**(20,719)**	-
Relinquishment of oil and gas leases	5	**(818)**	-
Professional fees		**(940)**	(804)
Insurance expense		**(720)**	(1,123)
State and local tax expense		**(638)**	(521)
Net foreign exchange losses	5	**(307)**	(1,391)
Other expenses		**(747)**	(1,004)
Finance costs	5	**(25)**	(59)
(Loss)/Profit before income tax		**(29,570)**	7,187
Income tax benefit/(expense)	6	**9,515**	(3,418)
(Loss)/Profit from continuing operations		**(20,055)**	3,769
(Loss)/Profit for the year		**(20,055)**	3,769
(Loss)/Profit is attributable to:			
Owners of Maverick Drilling & Exploration Limited		**(20,055)**	3,769
Non-controlling interests		**-**	-
		(20,055)	3,769

		Cents	Cents
Earnings per share for (loss)/profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic (loss) earnings per share	37	**(4.2)**	0.8
Diluted (loss) earnings per share	37	**(4.2)**	0.8
Earnings per share for (loss)/profit attributable to the ordinary equity holders of the company:			
Basic (loss) earnings per share	37	**(4.2)**	0.8
Diluted (loss) earnings per share	37	**(4.2)**	0.8

The above income statement should be read in conjunction with the accompanying notes.

	Notes	2014 $'000	2013 $'000
(Loss)/Profit for the year		**(20,055)**	**3,769**
Other comprehensive income for the year		**-**	-
Total comprehensive (loss)/income for the year		**(20,055)**	**3,769**
Total comprehensive (loss)/income for the year is attributable to:			
Owners of Maverick Drilling & Exploration Limited		**(20,055)**	3,769
Non-controlling interests		**-**	**-**
		(20,055)	**3,769**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2014 $'000**	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**45,649**	40,135
Trade and other receivables	8	**4,976**	4,618
Inventories	9	**1,295**	2,043
Derivative financial instruments	10	**-**	2,715
Assets classified as held for sale	11	**551**	-
Total non-current assets		**52,471**	49,511
Non-current assets			
Receivables	12	**450**	250
Property, plant and equipment	13	**16,406**	18,500
Oil and gas assets	14	**61,757**	58,356
Exploration and evaluation assets	15	**-**	1,109
Intangible assets	16	**-**	3,612
Total non-current assets		**78,613**	81,827
Total assets		**131,084**	131,338
LIABILITIES			
Current liabilities			
Trade and other payables	18	**5,680**	3,623
Income in advance	19	**1,400**	-
Borrowings	20	**1,160**	4,254
Restoration provision	21	**65**	-
Total current liabilities		**8,305**	7,877
Non-current liabilities			
Borrowings	22	**50**	1,144
Restoration provision	23	**1,530**	-
Deferred tax liabilities	24	**2,426**	11,894
Total non-current liabilities		**4,006**	13,038
Total liabilities		**12,311**	20,915
Net assets		**118,773**	110,423
EQUITY			
Contributed equity	25	**127,465**	102,359
Other reserves	26	**3,305**	6
Retained earnings	26	**(11,997)**	8,058
Capital and reserves attributable to owners of Maverick Drilling & Exploration Limited		**118,773**	110,423
Non-controlling interests		**-**	-
Total equity		**118,773**	110,423

The above balance sheet should be read in conjunction with the accompanying notes.

	Notes	Attributable to owners of Maverick Drilling & Exploration Limited					
		Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2012		53,464	-	4,289	57,753	-	57,753
Total comprehensive income for the year		-	-	3,769	3,769	-	3,769
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	25	48,895	-	-	48,895	-	48,895
Senior Executive Option Plan – value of employee services	26	-	6	-	6	-	6
Balance at 1 July 2013		102,359	6	8,058	110,423	-	110,423
Total comprehensive loss for the year		-	-	(20,055)	(20,055)	-	(20,055)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	25	18,313	-	-	18,313	-	18,313
Rights issued – value of employee services	25, 26		3,256	-	3,256	-	3,256
Shares issued – value of employee services	25	6,793	-	-	6,793	-	6,793
Senior Executive Option Plan – value of employee services	26	-	43	-	43	-	43
Balance at 30 June 2014		**127,465**	**3,305**	**(11,997)**	**118,773**	**-**	**118,773**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**45,053**	24,482
Payments to suppliers and employees (inclusive of goods and services tax)		**(19,593)**	(14,853)
		25,460	9,629
Interest paid		**(25)**	(59)
Income taxes paid		**-**	(93)
Net cash (outflow) inflow from operating activities	35	**25,435**	9,477
Cash flows from investing activities			
Payments for property, plant and equipment		**(3,182)**	(5,385)
Payments for exploration and evaluation assets		**-**	(456)
Payments for oil and gas assets		**(35,410)**	(26,195)
Proceeds from sale of exploration and evaluation assets		**42**	-
Repayment of loans		**-**	5
Interest received		**1,148**	1,310
Net cash (outflow) inflow from investing activities		**(37,402)**	(30,721)
Cash flows from financing activities			
Proceeds from issues of shares		**19,208**	51,530
Proceeds from borrowings		**-**	442
Share issue transaction costs		**(945)**	(2,635)
Repayment of borrowings		**(4,188)**	(4,369)
Net cash inflow (outflow) from financing activities		**14,075**	44,968
Net increase (decrease) in cash and cash equivalents		**2,108**	23,724
Cash and cash equivalents at the beginning of the financial year		**40,135**	19,807
Effects of exchange rate on cash and cash equivalents		**3,406**	(3,396)
Cash and cash equivalents at end of year	7	**45,649**	40,135

The above statement of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Maverick Drilling & Exploration Limited is a for-profit listed public company. The financial statements are for the consolidated entity consisting of Maverick Drilling & Exploration Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Company Interpretations and the *Corporations Act 2001.*

Compliance with IFRS
The consolidated financial statements of Maverick Drilling & Exploration Limited and its subsidiries also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the company
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Early adoption of standards
The company has elected to early adopt amendments to AASB 136. The company has not elected to apply other pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Maverick Drilling & Exploration Limited ("company" or "parent entity") as at 30 June 2014 and the results of all subsidiaries for the year then ended. Maverick Drilling & Exploration Limited and its subsidiaries together are referred to in this financial report as the group, the consolidated entity or Maverick.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(i)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, statements of comprehensive income and balance sheets respectively.

(b) Principles of consolidation (continued)

(ii) Joint ventures
Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 32.

(iii) Changes in ownership interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Maverick Drilling & Exploration Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Maverick Drilling & Exploration Limited board of directors.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US dollars, which is Maverick Drilling & Exploration Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(d) Foreign currency translation (continued)

(iii) Group companies (continued)

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of oil
Revenue from the sale of oil is recognised when the significant risks and rewards of ownership have transferred to the buyer and can be measured reliably. These significant risks and rewards are considered transferred when the crude buyer collects the oil from the field.

(ii) Contract drilling services
Contract drilling revenue is recognised as services are rendered in line with the terms of the drilling contract in place.

(iii) Turnkey well sales
Turnkey well sales revenue in relation to the drilling component of a turnkey well is recognised upon completion of drilling activities. Turnkey well sales revenue in relation to the completion component of a turnkey well is recognised upon completion of the completion activities.

(iv) Interest
Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(f) Income in advance

The proportion of the revenue received or receivable not earned in the income statement at the reporting date is recognised in the balance sheet as unearned revenue. Any non-current portion is discounted based on expected settlement date.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(g) Income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Investment allowance
Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(ii) Tax consolidation registration
Maverick Drilling & Exploration USA, Inc. is the head entity for United States tax consolidation purposes. The United States entities included in this tax consolidated group are Maverick Drilling Company, Maverick Production Company, Inc. and Maverick Rig Manufacturing, Inc. (terminated effective 13 February 2013).

(h) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are measured at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree’s net identifiable assets.

(i) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(m) Inventories

(i) Drilling and well equipment
Drilling and well equipment in inventories is stated at the lower of cost and net realisable value. Costs of drilling and well equipment are determined after deducting rebates and discounts.

(n) Investments and other financial assets

Classification
The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 8) and receivables (note 12) in the balance sheet.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Financial assets - reclassification
The group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(n) Investments and other financial assets (continued)

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Impairment
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available-for-sale
If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(o) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Net investment hedges
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(p) Property, plant and equipment

Land and buildings are measured at historical cost less accumulated depreciation on buildings, less any impairment losses recognised.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of buildings, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the economic entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated using the straight line method over their useful life to the group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates are as follows:

Asset	Useful life
- Buildings	7 - 40 years
- Drilling rigs and drilling equipment	7 - 14 years
- Rig manufacturing machinery	3 – 20 years
- Motor vehicles	5 years
- Furniture, fittings and office equipment	7 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Assets classified as held for sale assets are initially recognised at fair market value. Subsequent to initial recognition, these assets are measured at fair market value and changes therein, other than impairment losses.

(q) Exploration and evaluation assets

Exploration and evaluation expenditures are accounted for under the successful efforts method. Costs are expensed where the well does not result in the successful discovery of potentially economically recoverable hydrocarbons. For exploration wells, costs directly associated with the drilling of wells are initially capitalised pending evaluation of whether potentially economic reserves of hydrocarbons have been discovered.

All other exploration and evaluation expenditures including directly attributable general administration costs, geological and geophysical costs and new venture activity expenditures are charged as expenses in the income statement as incurred, except where:

(i) The expenditure relates to an exploration discovery that:

(A) at balance date, an assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or where

(B) a decision on additional major capital expenditure is pending; or

(C) additional exploration wells or appraisal work is underway or planned.

(ii) The expenditure relates to a discovery well and it is expected that the expenditure will be recouped by future exploitation or sale.

When an oil or gas field has been approved for development, the accumulated exploration and evaluation costs are transferred to 'Oil and gas assets – Assets in development'.

(r) Oil and gas assets

(i) Assets in development
The costs of oil and gas assets in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings. When the committed development expenditure programs are completed and production commences, these costs are subject to amortisation and the accumulated costs are transferred to 'Oil and gas assets – Producing assets'.

(ii) Producing assets
The costs of oil and gas assets in production are separately accounted for and include past exploration and evaluation costs, past development costs and the ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings. These costs are subject to amortisation via a depletion charge. Where asset costs incurred in relation to a producing field are under evaluation and appraisal, those costs will be continually reviewed for recoupment of those costs by future exploitation. When a determination has been made that those expenditures will not be recouped and/or no further appraisal will be undertaken, they will be written off.

Where an oil and gas lease within an area of interest is relinquished, the carrying value in respect of the relinquished component of this acreage is recognised in the income statement

(iii) Amortisation of oil and gas assets
Costs in relation to producing assets are amortised on a production output basis via a depletion charge. Exploration and development costs, along with any future expenditure necessary to develop the assumed reserves, are amortised over the remaining estimated units of the fields. The remaining estimated units of the fields are based on the group's assessed hydrocarbon reserves and field production profiles. Producing assets under evaluation and appraisal are not subject to amortisation until such time as the evaluation and appraisal stage is complete.

(iv) Restoration costs
Site restoration costs are capitalised within the cost of the associated assets and the provision is stated in the balance sheet at total estimated present value. These costs are estimated and based on judgements and assumptions regarding removal dates, future environmental legislation and technologies. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The costs of restoration are brought to account in the profit and loss through depreciation of the associated assets over the economic life of the projects with which these costs are associated. The unwinding of the discount is recorded as an accretion charge within finance costs.

(v) Reserves
The estimated reserves are management assessments and take into consideration reviews by Mr Bal Dhami, Exploration Manager for the company, as well as other assumptions, interpretations and assessments. These include assumptions regarding commodity prices, exchange rates, discount rates, future production and transportation costs, and interpretations of geological and geophysical models to make assessments of the quality of reservoirs and their anticipated recoveries. Reserves estimation conforms with guidelines prepared by the Society of Petroleum Engineers.

(s) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group's of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Customer contracts
Customer contracts are carried at their fair value at date of acquisition less accumulated amortisation and any accumulated impairment losses. Customer lists are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes.

Borrowings are removed from the balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(v) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(w) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Any liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(x) Employee benefits (continued)

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Employment relationships
For the 30 June 2014 period, the group does not have any liabilities for accumulating sick leave or long service leave in respect of any of its employees. The Australian parent entity directors and company secretary do not accrue any such benefits for their roles. All United States employees are employed under the laws of Texas. Under these laws the group does not have any long service leave pension or health care obligations in relation to any of its Texas employees. For the 30 June 2014 period, the group has a liability for annual leave and this liability accrues according to individual employment agreements. For the 30 June 2013 period the group does not have any liabilities for annual leave, accumulating sick leave or long service leave in respect of any of its employees.

(iv) Share-based payments
Share-based compensation benefits are provided to employees via the Senior Executive Option Plan, Sign on Performance Rights and Sign on Ordinary Shares. Information relating to these plans is set out in note 38.

The fair value of options granted under the Senior Executive Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value of Sign on Performance Rights is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value of Sign on Ordinary Shares granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the ordinary shares granted.

(y) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(z) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the reporting period.

(aa) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year (note 37).

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In periods of loss, diluted loss per share is the same as basic loss per share as the effects of potential ordinary shares outstanding would be anti-dilutive.

(ab) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheets.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ac) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ad) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* and AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective from 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The group has not yet decided when to adopt AASB 9.

(ad) New accounting standards and interpretations (continued)

(iv) Revised AASB 119 *Employee Benefits,* AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. As the group does not have any defined benefit liabilities/assets its adoption had no impact on the group's financial statements.

(v) Amendment to AASB 136 Recoverable Amount Disclosures for on-Financial Assets

In May 2013, the AASB released amendments on disclosure of recoverable amount for non-financial assets. It requires the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less cost of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less cost of disposal was measured using a present value technique. The group has early adopted the amendments in the annual reporting period commencing 1 July 2013.

There are no other standards that are not yet effective and that are expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

(ae) Parent entity financial information

The financial information for the parent entity, Maverick Drilling & Exploration Limited, disclosed in note 36 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Maverick Drilling & Exploration Limited.

2 Critical accounting estimates and judgements

(a) Significant estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Maverick makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill
Maverick tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(s). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. There were no contract drilling revenues during the year ended 30 June 2014 and Maverick's current strategy does not include this business line, therefore the goodwill associated with Maverick's history as a drilling contractor has been impaired ($3,612,000) and the carrying amount of goodwill at 30 June 2014 was $0.

(ii) Estimates of reserve quantities
The estimated quantities of hydrocarbon reserves reported by Maverick are integral to the calculation of depletion and depreciation expense and to assessments of possible impairment of assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Reserves estimates are prepared in accordance with Maverick's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers.

(a) Significant estimates and judgements (continued)

(iii) Exploration and evaluation
Maverick's policy for exploration and evaluation expenditure is discussed in policy note 1(q). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, particularly in relation to the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement. The carrying amount of exploration and evaluation assets at 30 June 2014 was $0 (2013: $1,109,000) following the impairment of Maverick's Edwards Reef exploration prospect and sale of its Gillock field acreage.

(iv) Impairment of oil and gas assets
Maverick assesses whether oil and gas assets are impaired on a semi-annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets belong. The recoverable amount has been determined based on value-in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a ten year period, which take into account past performance history, information from the reserve estimates, expected future drilling capacity and use a pre-tax discount rate consistent with that used for the impairment testing of other assets including goodwill. At 30 June 2014, the group recognised an impairment of $14,386,000 for its oil and gas assets, of which $7,060,000 was attributable to Boling field and $7,326,000 was attributable to Nash field. The carrying value of oil and gas assets at 30 June 2014 was $61,757,000 (2013: $58,356,000).

(b) Changes in key estimates

As detailed in accounting policy note (r)(ii) costs in relation to producing assets are amortised on a production output basis via a depletion charge. Exploration and development costs, along with any future expenditure necessary to develop the assumed reserves, are amortised over the remaining estimated units of the fields. The remaining estimated units of the fields are based on Maverick's assessed hydrocarbon reserves and field production profiles.

For the 2014 financial year the estimated remaining units of the field are based on the Blue Ridge reserve balances released on the ASX 15 August 2014. For the 2013 financial year the estimated remaining units of the field are based on the Blue Ridge reserve balances released on the ASX 13 January 2012.

The depletion expense for the 2014 financial year is $19,435,000. The depletion expense for the 2013 year was $1,937,000. Had the depletion rate applicable for the 30 June 2013 financial period been applied in the 2014 financial year the depletion expense would have been $16,858,000 lower.

3 Segment information

(a) Description of segments

Management has determined Maverick's operating segments based on the reports reviewed by the board to make strategic decisions. In 2014, Maverick restructured the senior management team to be capable of running a large scale exploration and production company. Maverick completed a step-by-step process to evaluate all aspects of operations and commenced converting Maverick into a fully functioning oil and gas company. There were no contract oil and gas drilling revenues to third parties during the year ended 30 June 2014 and the turnkey joint development activity is directly related to the exploration and production of oil and gas leases. With this revised strategy and focus, management reports the business as one segment - oil and gas exploration and production to the board of directors.

(b) Segment information provided to the board

The segment information provided to the board for the reportable segments for the year ended 30 June 2014 is as follows:

30 June 2014	Oil and gas exploration and production $'000	Total $'000
Total segment revenue	43,365	43,365
Revenue from external customers	**43,365**	**43,365**
Adjusted EBITDA	**(15,870)**	**(15,870)**
Depreciation expense	(2,781)	(2,781)
Income tax expense/(benefit)	(9,515)	(9,515)
Total segment assets	**131,084**	**131,804**
Total assets includes:		
Additions to non-current assets (other than financial assets and deferred tax)	41,454	41,454
Total segment liabilities	**12,311**	**12,311**

The segment information provided to the board for the reportable segments for the year ended 30 June 2013 is as follows:

30 June 2013	Operator of oil leases $'000	Contract oil and gas driller $'000	Turnkey joint development $'000	Total $'000
Total segment revenue	20,943	20,487	4,000	45,430
Inter-segment revenue	-	(19,956)	-	(19,956)
Revenue from external customers	**20,943**	**531**	**4,000**	**25,474**
Adjusted EBITDA	**15,536**	**1,774**	**2,874**	**20,184**
Depreciation expense	(77)	(2,106)	-	(2,183)
Income tax expense	(5,112)	75	(977)	(6,014)
Total segment assets	**93,425**	**52,708**	**-**	**146,133**
Total assets includes:				
Additions to non-current assets (other than financial assets and deferred tax)	35,627	5,209	-	40,836
Total segment liabilities	**40,433**	**6,426**	**-**	**46,859**

3 Segment information (continued)

(c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the board is measured in a manner consistent with that in the income statements.

Revenues from external customers are derived from the sale of oil to the crude oil gatherer, the sale of turnkey joint development wells to Gulf South Holdings, Inc. and for the year ended 30 June 2013, the provision of contract drilling services to customers in the Gulf Coast Region of the United States.

Segment revenue reconciles to total revenue from continuing operations as follows:

	2014 $'000	2013 $'000
Total segment revenue	**43,365**	45,430
Inter-segment eliminations	**-**	(19,956)
Interest revenue	**355**	1,965
Rental income and other	**85**	23
Total revenue from continuing operations (note 4)	**43,805**	27,462

The parent entity is domiciled in Australia. No sales revenue is generated from customers in Australia. Maverick generates all of its sales revenue from external customers in the United States.

For the year ended 30 June 2014, revenues from the sole crude oil gather contracted were $31,509,000 (2013: $20,593,000), Gulf South Holdings, Inc. were $11,856,000 (2013: $4,238,000) and the sole contract drilling customer were $0 (2013: $531,000).

(ii) *Adjusted EBITDA*

The board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as penalties. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the treasury function, which manages the cash position of Maverick.

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	2014 $'000	2013 $'000
Adjusted EBITDA	**(15,870)**	20,184
Inter-segment eliminations	**-**	(10,326)
Interest revenue	**355**	1,965
Rental income and other sales income	**85**	23
Depreciation and amortisation expense	**(2,781)**	(2,237)
Finance costs	**(25)**	(59)
Employee benefits expense	**(10,113)**	(283)
Professional fees	**(490)**	(271)
Net foreign exchange losses	**(307)**	(1,391)
Other expenses	**(424)**	(418)
(Loss)/Profit before income tax from continuing operations	**(29,570)**	7,187

3 Segment information (continued)

(iii) Segment assets

The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	2014 $'000	2013 $'000
Segment assets	**131,084**	146,133
Inter-segment eliminations	**-**	(58,811)
Unallocated:		
Cash and cash equivalents	**-**	36,863
Trade and other receivables	**-**	826
Derivative financial instruments	**-**	2,715
Goodwill	**-**	3,612
Total assets as per the balance sheet	**131,084**	131,338

All of Maverick's non-current assets are located in the United States.

(iv) *Segment liabilities*

The amounts provided to the board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2014 $'000	2013 $'000
Segment liabilities	**12,311**	46,859
Inter-segment eliminations	**-**	(41,220)
Unallocated:		
Trade and other payables	**-**	127
Current tax liabilities	**-**	-
Current borrowings	**-**	2,400
Non-current borrowings	**-**	855
Deferred tax liabilities	**-**	11,894
Total liabilities as per the balance sheet	**12,311**	20,915

4 Revenue

	2014 $'000	2013 $'000
From continuing operations		
Sales revenue		
Sale of goods	**31,509**	20,604
Sale of working interests in turnkey joint development wells	**11,856**	4,000
Services	**-**	881
	43,365	25,485
Other revenue		
Interest from financial assets not at fair value through profit or loss	**355**	1,965
Rental income and other	**85**	12
	440	1,977
	43,805	27,462

5 Expenses

	2014 $'000	2013 $'000
Profit before income tax includes the following specific expenses:		
Impairment		
Property, plant and equipment	**1,747**	-
Oil and gas assets		
Boling field	**7,060**	-
Nash field	**7,326**	-
	14,386	-
Exploration and evaluation assets	**974**	-
Intangible assets - goodwill	**3,612**	-
Total impairment	**20,719**	-
Relinquishment of oil and gas leases – Blue Ridge field	**818**	-
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss – charged on other liabilities	**25**	59
Foreign exchange gains and losses		
Net foreign exchange losses recognised in relation to forward contract arrangements over Australian dollar denominated term deposits	**150**	1,052
Net foreign exchange losses recognised in relation to other Australian dollar denominated assets and liabilities	**157**	339
Net foreign exchange losses recognised in profit before income tax for the year as an expense.	**307**	1,391

6 Income tax expense/(benefit)

	2014 $'000	2013 $'000
(a) Income tax (benefit) expense		
Current tax	**(47)**	-
Deferred tax	**(9,468)**	3,418
	(9,515)	3,418
Income tax expense is attributable to:		
(Loss) Profit from continuing operations	**(9,515)**	3,418
Aggregate income tax expense/(benefit)	**(9,515)**	3,418
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 17)	**(8,599)**	(4,823)
(Decrease) increase in deferred tax liabilities (note 24)	**(869)**	8,241
	(9,468)	3,418

	2014 $'000	2013 $'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
(Loss) Profit from continuing operations before income tax (benefit) expense	**(29,570)**	7,187
Tax at the Australian tax rate of 30% (2013 year - 30%)	**(8,871)**	2,156
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	**1,084**	-
Production depletion deduction	**(58)**	(125)
40-880 deductions	**(253)**	-
Australian foreign exchange tax on US$ denominated Australian held assets	**630**	1,081
Non-deductible expenses – Australian parent	**116**	409
Non-deductible expenses – United States subsidiaries	**6**	38
	(7,346)	3,559
Difference in overseas tax rates	**(1,002)**	306
Adjustment for current tax of prior periods	**(47)**	-
Previously unrecognised tax losses used to reduce deferred tax expense	**(906)**	(447)
Previously unrecognised tax losses used to reduce current tax expense	**(214)**	**-**
Income tax (benefit) expense	**(9,515)**	3,418

The 2014 year income tax benefit is made up of a United States and Australian component.

The United States component which totals $8,562,000 is derived from the accounting loss of the United States incorporated entities adjusted for non-deductible United States based expenditure less a tax production depletion benefit at the prevailing United States corporate tax rate of 34%. Due to the intangible drilling cost deductions available under United States tax legislation, no amount of United States tax is payable in the current period and all amounts have been recognised as deferred tax benefit. The Australian component of income tax benefit which equates to $953,000 is derived primarily from the application of previous losses not brought into account against current and deferred tax of prior periods.

6 Income tax expense/(benefit) (continued)

	2014 $'000	2013 $'000
(c) Tax losses		
Unused income tax losses for which no deferred tax asset has been recognised	**2,794**	**-**
Unused capital tax losses for which no deferred tax asset has been recognised	**117**	**117**
Unrecognised net deferred tax asset relating to the above tax losses at 30%	**873**	35

All unused tax losses were incurred by the Australian parent entity.

(d) Unrecognised temporary differences

	2014 $'000	2013 $'000
Temporary difference relating to net foreign exchange losses	**59**	-
Unrecognised net deferred tax asset relating to the above temporary difference at 30%	**18**	-

All unrecognised deferred tax assets are in relation to the Australian parent entity.

7 Current assets - Cash and cash equivalents

	2014 $'000	2013 $'000
Cash at bank and in hand	**45,570**	40,044
Deposits at call	**79**	91
	45,649	40,135

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2014 $'000	2013 $'000
Balances as above	**45,649**	40,135
Balances per statement of cash flows	**45,649**	40,135

(b) Risk exposure

Information about Maverick's exposure to credit risk, interest rate risk and foreign currency risk in relation to cash and cash equivalents is provided in note 33. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8 Current assets - Trade and other receivables

	2014 $'000	2013 $'000
Trade receivables	**2,373**	2,768
	2,373	2,768
Accrued income	**-**	793
Prepayments	**910**	379
Amounts receivable from joint venture asset partners	**1,635**	650
Other	**58**	28
	4,976	4,618

Further information relating to loans to related parties is set out in note 30 and in the remuneration report on pages 8 to 16.

(a) Impaired receivables

None of the current receivables are impaired.

(b) Past due but not impaired

As at 30 June 2014, trade receivables of $128,000 (30 June 2013 - $135,000) were past due but not impaired. These relate to a number of independent parties for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 $'000	2013 $'000
Up to 3 months	**128**	135
	128	135

The other classes within trade and other receivables do not contain past due balances. Based on the credit history of these other classes, it is expected that these amounts will be received when due. Maverick does not hold any collateral in relation to these receivables.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of Maverick.

(d) Foreign exchange and interest rate risk

Information about Maverick's exposure to credit risk, interest rate risk and foreign currency risk in relation to trade and other receivables is provided in note 33.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 33 for more information on the risk management policy of Maverick and the credit quality of the entity's trade receivables.

9 Current assets – Inventories

	2014 $'000	2013 $'000
Well and drilling equipment and supplies	**1,295**	2,043
	1,295	2,043

(a) Inventory expense

No material write-downs of inventories occurred during the year ended 30 June 2014 or 30 June 2013.

10 Derivative financial instruments

	2014 $'000	2013 $'000
Current assets		
Forward foreign exchange contracts (a)	**-**	2,715
	-	2,715

(a) Instruments used by Maverick

Maverick is party to derivative financial instruments in the normal course of business in order to hedge certain exposure to fluctuations in foreign exchange rates in accordance with the group's financial risk management policies (refer to note 33).

At 30 June 2014, Maverick did not hold any derivative financial instruments. At 30 June 2013, Maverick's only derivative financial instruments were forward foreign exchange contracts in relation to $31,005,000 of US currency on term deposit in A$ with National Australia Bank, Commonwealth Bank of Australia and Westpac Banking Corporation.

(b) Risk exposure and fair value measurement

Maverick had no forward foreign exchange contracts at 30 June 2014. For the 2013 financial year, the exchange rate movement disclosed as effects of exchange rate on cash and cash equivalents unrealised in the 2013 cash flow statement of $3,396,000 includes $3,050,000 which related to A$ denominated term deposits which were hedged with foreign exchange forward contracts. This equates to 90% of the total balance at 30 June 2013. All the A$ term deposits were held to maturity at which point the forward contract value was realised with the $31,005,000 plus an effective US interest rate delivered. At 30 June 2013 the A$ translated value of these term deposits was $27,955,000.

(c) Risk exposures and fair value measurement

Information about Maverick's exposure to credit risk, foreign exchange and interest rate risk and about the methods and assumptions used in determining fair values is provided in note 33. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial assets mentioned above.

11 Current assets – Assets classified as held for sale

	2014 $'000	2013 $'000
Assets transferred to held for sale	**578**	-
Impairment	**(27)**	-
Assets classified as held for sale	**551**	-

Assets classified as held for sale at 30 June 2014 are real estate assets located in Texas currently marketed for sale.

12 Non-current assets - Receivables

	2014 $'000	2013 $'000
Deposits	**450**	250
	450	250

(a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

(b) Fair values

The fair values and carrying values of non-current receivables are as follows:

	2014		2013	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Receivables	**450**	**450**	250	250
	450	**450**	250	250

Receivables relate to amounts held by the Railroad Commission of Texas for $250,000 and a receivable related to the sale of equipment for $200,000. The deposit with the Railroad Commission of Texas is required for the period in which Maverick performs production operations in the jurisdiction of the Railroad Commission of Texas. The $200,000 receivable for the sale of equipment is fully secured.

(c) Risk exposure

Information about Maverick's exposure to credit risk, foreign exchange and interest rate risk is provided in note 33. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

13 Non-current assets - Property, plant and equipment

	Land and buildings $'000	Drilling rigs and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
At 30 June 2012					
Cost	1,174	17,300	958	141	19,573
Accumulated depreciation	(54)	(3,890)	(303)	(53)	(4,300)
Net book amount	1,120	13,410	655	88	15,273
Year ended 30 June 2013					
Opening net book amount	1,120	13,410	655	88	15,273
Additions	134	4,612	624	40	5,410
Depreciation charge	(63)	(1,854)	(228)	(38)	(2,183)
Closing net book amount	1,191	16,168	1,051	90	18,500
At 30 June 2013					
Cost	1,308	21,912	1,582	181	24,983
Accumulated depreciation	(117)	(5,744)	(531)	(91)	(6,483)
Net book amount	1,191	16,168	1,051	90	18,500
Year ended 30 June 2014					
Opening net book amount	1,191	16,168	1,051	90	18,500
Additions	86	1,538	269	1,522	3,415
Disposition, net of accumulated depreciation	-	(403)	-	-	(403)
Transfers	(578)	-	-	-	(578)
Impairment	(93)	(1,625)	(28)	(1)	(1,747)
Depreciation charge	(12)	(2,651)	(33)	(85)	(2,781)
Closing net book amount	594	13,027	1,259	1,526	16,406
At 30 June 2014					
Cost	691	21,422	1,823	1,702	25,638
Accumulated depreciation	(97)	(8,395)	(564)	(176)	(9,232)
Net book amount	594	13,027	1,259	1,526	16,406

(a) Assets in the course of construction

The carrying amounts of the assets disclosed above include the following amounts recognised in relation to property, plant and equipment which are in the course of construction:

	2014 $'000	2013 $'000	2012 $'000
Drilling rigs and machinery	-	1,290	3,285
Total assets in the course of construction	-	1,290	3,285

(b) Non-current assets pledged as security

Refer to note 20 for information on non-current assets pledged as security by the company.

14 Non-current assets - Oil and gas assets

	2014 $'000	2013 $'000
Cost		
Opening balance at 1 July	**62,515**	35,581
Additions	**38,040**	26,934
Impairment	**(14,386)**	-
Relinquishment of leases	**(818)**	-
Closing balance at 30 June	**85,351**	62,515
Accumulated depletion		
Opening balance at 1 July	**4,159**	2,222
Depletion expense	**19,435**	1,937
Closing balance at 30 June	**23,594**	4,159
Net book amount		
At 1 July	**58,356**	33,359
At 30 June	**61,757**	58,356

Depletion expense

As detailed in accounting policy note 1(r)(ii) costs in relation to producing assets are amortised on a production output basis via a depletion charge. Exploration and development costs, along with any future expenditure necessary to develop the assumed reserves, are amortised over the remaining estimated units of the fields. The remaining estimated units of the fields are based on Maverick's assessed hydrocarbon reserves and field production profiles.
For the 2014 financial year the estimated remaining units of the field are based on the Blue Ridge reserve balances released on the ASX 15 August 2014. For the 2013 financial year the estimated remaining units of the field are based on the Blue Ridge reserve balances released on the ASX 13 January 2012.

The depletion expense for the 2014 financial year is $19,435,000. The depletion expense for the 2013 year was $1,937,000.

Impairment

No proved reserves have been recorded for Boling and Nash dome as the group has indicated that it has no intention of further development in these fields. The accounting impact of this decision is an impairment of $7,059,000 in respect of the Boling field and $7,326,000 in respect of the Nash field. At 30 June 2014 the carrying value of each of these fields is $0 which represents the estimated recoverable amount.

Relinquishment

In the Blue Ridge field, acreage that is far from the main fairway that would not be drilled for many years will be released as the lease terms expire. Certain leasehold acreage has been relinquished resulting in an expense of $818,000 in the year ended 30 June 2014.

15 Non-current assets - Exploration and evaluation assets

	2014 $'000	2013 $'000
Opening balance at 1 July	**1,109**	653
Additions	**-**	456
Disposals	**(135)**	-
Impairment	**(974)**	-
Closing balance at 30 June	**-**	1,109

During the period Maverick's exploration and evaluation asset balance decreased by $1,109,000 to $0 (2013: $1,109,000) following the impairment of the group's Edwards Reef exploration prospect and sale of its Gillock field acreage.

16 Non-current assets - Intangible assets

	Goodwill $'000	Customer contracts $'000	Total $'000
At 1 July 2012			
Cost	3,612	210	3,822
Net book amount	3,612	118	3,730
Year ended 30 June 2013			
Opening net book value	3,612	118	3,730
Disposal	-	(64)	(64)
Amortisation	-	(54)	(54)
Closing net book amount	3,612	-	3,612
At 30 June 2013			
Cost	3,612	-	3,612
Net book amount	3,612	-	3,612
Year ended 30 June 2014			
Opening net book value	3,612	-	3,612
Impairment	(3,612)	-	(3,612)
Closing net book amount	-	-	-
At 30 June 2014			
Cost	-	-	-
Net book amount	-	-	-

The disposal of pumping customer contracts in the previous period related to the transfer of these contracts for nil consideration to D Rolf on his departure from Maverick in June 2013. Further information on this transaction is included in the in the remuneration report on pages 8 to 16.

There were no contract drilling revenues during the year ended 30 June 2014 and Maverick's current strategy does not include this business line, therefore the goodwill associated with the contract drilling business has been fully impaired.

17 Non-current assets - Deferred tax assets

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**13,692**	5,093
Trade and other payables	**4**	4
Total deferred tax assets	**13,696**	5,097
Set-off of deferred tax liabilities pursuant to set-off provisions (note 24)	**(13,696)**	(5,097)
Net deferred tax assets	**-**	-
Deferred tax assets expected to be recovered within 12 months	**-**	69
Deferred tax assets expected to be recovered after more than 12 months	**13,696**	5,028
	13,696	5,097

Movements	**Tax losses $'000**	**Trade and other payables $'000**	**Total $'000**
At 30 June 2012	272	2	274
(Charged)/credited			
- to profit or loss	4,821	2	4,823
At 30 June 2013	5,093	4	5,097
(Charged)/credited			
- to profit or loss	8,599	-	8,599
At 30 June 2014	13,692	4	13,696

18 Current liabilities - Trade and other payables

	2014 $'000	2013 $'000
Trade payables	**4,655**	3,350
Other payables	**1,025**	273
	5,680	3,623

(a) Risk exposure

Details of Maverick's exposure to risks arising from current and non-current trade and other payables are set out in note 33.

19 Current liabilities – Income in advance

	2014 $'000	2013 $'000
Income in advance	**1,400**	-
	1,400	-

Income in advance of $1,400,000 at 30 June 2014 is for services not yet provided to Gulf South Holdings, Inc. related to the company's joint development well program.

20 Current liabilities – Borrowings

	2014 $'000	2013 $'000
Secured		
Credit cards	**41**	149
Promissory notes – Texoz Holdings Pty Ltd*	**190**	1,572
Loan - D and G Henrich*	**880**	2,400
Equipment finance	**49**	133
Total secured current borrowings	**1,160**	4,254
Total current borrowings	**1,160**	4,254

*Further information relating to related parties is set out in the remuneration report on pages 8 to 16.

(a) Security and fair value disclosures

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided below.

(b) Risk exposures

Details of Maverick's exposure to risks arising from current and non-current borrowings are set out in note 33.

20 Current liabilities – Borrowings (continued)

(c) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	2014 $'000	2013 $'000
Credit cards	**41**	149
Promissory notes – Texoz Holdings Pty Ltd*	**190**	1,762
Loan – D and G Henrich*	**880**	3,255
Equipment finance	**99**	232
Total secured liabilities	**1,210**	5,398

*Further information relating to related parties is set out in note 30 and in the remuneration report on pages 8 to 16.

The credit cards are secured by various charges over deposits held at the issuing institutions.

The promissory notes from Texoz Holdings Pty Ltd are secured by a charge over the leases acquired using funding provided by Texoz Holdings Pty Ltd.

The loan from D and G Henrich is secured by a charge over all the shares in Maverick Drilling Company, a subsidiary.

The equipment finance liabilities are effectively secured as the right to the assets financed reverts to the financer in the event of a default.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2014 $'000	2013 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**470**	793
Trade and other receivables	**1,195**	497
Inventories	**270**	76
Assets held for sale	**551**	-
Total current assets	**2,486**	1,366
Non-current assets		
Property, plant and equipment	**16,405**	18,138
Oil and gas assets	**200**	1,762
Total non-current assets	**16,605**	19,900
Total assets	**19,091**	21,266

20 Current liabilities – Borrowings (continued)

(d) Fair value

The carrying amounts and fair values of current and non-current borrowings at the end of reporting period are:

	2014		2013	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Non-traded financial liabilities				
Credit cards	**41**	**41**	149	149
Promissory notes – Texoz Holdings Pty Ltd	**190**	**190**	1,762	1,762
Loan – D and G Henrich	**880**	**880**	3,255	3,255
Equipment finance	**99**	**99**	232	232
	1,210	**1,210**	5,398	5,398

None of Maverick's borrowings are readily traded on organised markets in standardised form.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are based on cash flows discounted using a borrowing rate of 10% (2013 – 10%).

21 Current liabilities – Restoration provision

	2014 $'000	**2013 $'000**
At 1 July 2012	**-**	-
At 1 July 2013	**-**	-
Net movement	**65**	-
At 1 July 2014	**65**	-

A current provision of $65,000 has been recognised for restoration of wells related to the Nash field. The provision has been estimated based on existing technology and procedures and current prices.

22 Non-current liabilities - Borrowings

	2014 $'000	2013 $'000
Secured		
Promissory notes – Texoz Holdings Pty Limited	-	190
Loan – D and G Henrich	-	855
Equipment finance	50	99
Total secured non-current borrowings	50	1,144
Total non-current borrowings	50	1,144

(a) Secured liabilities and assets pledged as security

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowing is provided in note 20.

(b) Risk exposures

Details of Maverick's exposure to risks arising from current and non-current borrowings are set out in note 33.

23 Non-current liabilities – Restoration provision

	2014 $'000	2013 $'000
At 1 July 2012	-	-
At 1 July 2013	-	-
Net movement	1,530	-
At 1 July 2014	1,530	-

A provision of $1,530,000 has been recognised for restoration of wells related to the Blue Ridge and Boling fields. The provision has been estimated based on existing technology and procedures, current prices, and discounted using a real discount rate of ten percent.

24 Non-current liabilities - Deferred tax liabilities

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Trade and other receivables	**-**	238
Cash to accruals 481(a) adjustment	**-**	64
Property, plant and equipment	**3,230**	2,541
Unrealised foreign exchange gains	**-**	737
Oil and gas assets	**12,892**	13,411
Total deferred tax liabilities	**16,122**	16,991
Set-off of deferred tax liabilities pursuant to set-off provisions (note 17)	**(13,696)**	(5,097)
Net deferred tax liabilities	**2,426**	11,894
Deferred tax liabilities expected to be settled within 12 months	**-**	1,039
Deferred tax liabilities expected to be settled after more than 12 months	**16,122**	15,952
	16,122	16,991

Movements	**Trade and other receivables $'000**	**Cash to accruals 481(a) adjustment $'000**	**Property, plant and equipment $'000**	**Unrealised foreign exchange gains $'000**	**Oil and gas assets $'000**	**Total $'000**
At 1 July 2012	-	128	2,478	-	6,144	8,750
Charged/(credited)						
- to profit or loss	238	(64)	63	737	7,267	8,241
At 30 June 2013	238	64	2,541	737	13,411	16,991
Charged/(credited)						
- to profit or loss	(238)	(64)	689	(737)	(519)	(869)
At 30 June 2014	-	-	3,230	-	12,892	16,122

25 Contributed equity

	Notes	**2014 Shares**	2013 Shares	**2014 $'000**	2013 $'000
(a) Share capital					
Ordinary shares					
Fully paid	(b)	**533,885,763**	452,726,751	**127,465**	102,359
		533,885,763	452,726,751	**127,465**	102,359

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Issue price	$'000
1 July 2012	Opening balance		403,707,143		53,464
	Institutional and sophisticated investor placement-first tranche	(d)	24,509,804	$1.05	25,807
	Institutional and sophisticated investor placement-second tranche	(e)	24,509,804	$1.05	25,723
	Less: Transaction costs arising on share issue				(2,635)
30 June 2013	Balance		452,726,751		102,359
	Sign-on shares issued	(f)	15,000,000	$0.45	6,747
	Performance rights issued	(f)	277,778	$0.35	96
	Institutional and sophisticated investor placement	(g)	65,881,234	$0.29	19,208
	Less: Transaction costs arising on shares issued for sign-on and performance rights				(50)
	Less: Transaction costs arising on share issue				(895)
30 June 2014	Balance		533,885,763		127,465

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(d) Institutional and sophisticated investor placement - first tranche

In July 2012, the first tranche allotment of 24,509,804 shares in Maverick Drilling & Exploration Limited occurred (at A$1.02 per share) following a successful placement to sophisticated and institutional investors raising $25,807,000 (A$25,000,000).

(e) Institutional and sophisticated investor placement – second tranche

In September 2012, the second tranche allotment of 24,509,804 shares in Maverick Drilling & Exploration Limited occurred (at A$1.02 per share) following a successful placement to sophisticated and institutional investors raising $25,723,000 (A$25,000,000).

25 Contributed equity (continued)

(f) Shares based expense

On 5 December 2013, 15 million shares in Maverick Drilling & Exploration Limited were issued as sign-on shares (fair value of A$0.495 per share). On 2 January 2014, performance rights vested and 277,778 shares in Maverick Drilling & Exploration were issued (fair value of A$0.36 share).

(g) Institutional and sophisticated investor placement- April 2014

Maverick Drilling & Exploration Limited had 533,885,763 shares on issue at 30 June 2014 (2013: 452,726,751). 65,881,234 shares were issued in the period raising $19,208,000 (A$20,400,000) which netted $18,313,000 after related costs. This capital was raised to be used principally to fund the human resource talent and infrastructure required by Maverick to enhance the company's oil and gas technical capability and better position it to asses, develop and execute future oil and gas opportunities.

(h) Capital risk management

Management controls the capital of Maverick in order to maintain a good debt to equity ratio, provide the shareholders with adequate return and to ensure that Maverick can fund its operations and continue as a going concern.

Maverick's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital ratio requirements at 30 June 2014.

Management effectively manages Maverick's capital by assessing Maverick's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

During the 2014 and 2013 years, Maverick did not have any specific strategy in respect of gearing ratios. The gearing ratios at 30 June 2014 and 30 June 2013 were as follows:

	Notes	**2014 $'000**	2013 $'000
Total borrowings	20, 22	**1,210**	5,398
Less: cash and cash equivalents	7	**(45,649)**	(40,135)
Net debt		**(44,439)**	(34,737)
Total equity		**118,773**	110,423
Total capital		**74,334**	75,686
Gearing ratio		**(60)** %	(46) %

The decrease in the gearing ratio in the year resulted primarily from the institutional and sophisticated investor share placement during the year.

26 Other reserves and retained earnings

	2014 $'000	2013 $'000
(a) Other reserves		
Share-based payments reserve	**3,305**	6
Total other reserves	**3,305**	6
Movements in the share-based payments reserve:		
Balance 1 July	**6**	-
Rights and options	**3,299**	6
Balance 30 June	**3,305**	6

(b) Retained earnings

Movements in retained earnings were as follows:

	2014 $'000	2013 $'000
Balance 1 July	**8,058**	4,289
Net (loss)/profit for the year	**(20,055)**	3,769
Balance 30 June	**(11,997)**	8,058

There were no non-controlling interests in Maverick.

(c) Nature and purpose of other reserves

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees and recognised as remuneration but not exercised.

27 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2014 **$**	2013 $
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	**205,471**	146,093
Total remuneration for audit and other assurance services	**205,471**	146,093
Total auditors' remuneration	**205,471**	146,093

28 Contingencies

(a) Contingent liabilities

The parent entity and Maverick had no contingent liabilities at 30 June 2014 or 30 June 2013.

(b) Contingent assets

The parent entity and Maverick had no contingent assets at 30 June 2014 or 30 June 2013.

29 Commitments

(a) Capital commitments

The parent entity and Maverick had no contractual commitments at 30 June 2014 or 30 June 2013.

30 Related party transactions

(a) Parent entities

The parent entity within the group is Maverick Drilling & Exploration Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 31.

30 Related party transactions (continued)

(c) Key management personnel

	2014 **$**	2013 $
Short-term employee benefits	**2,220,667**	2,069,176
Post-employee benefits	**366,548**	22,827
Share-based payments	**10,037,926**	3,792
	12,625,141	2,095,795

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 16.

(d) Transactions with related parties

Disclosures in relation to key management personnel are provided in the remuneration report on pages 8 to 16. All other related parties of the group are wholly owned subsidiaries of the parent. As a result there are no additional transactions to disclose as all transactions between subsidiaries and the parent have been eliminated on consolidation.

(e) Outstanding balances arising from sales/purchases of goods and services

Disclosures in relation to key management personnel are provided in the remuneration report on pages 8 to 16. All other related parties of the group are wholly owned subsidiaries of the parent. As a result there are no additional balances outstanding to be disclosed as all balances between subsidiaries and the parent have been eliminated on consolidation.

(f) Loans to/from related parties

Disclosures in relation to key management personnel are provided in the remuneration report on pages 8 to 16. All other related parties of the group are wholly owned subsidiaries of the parent. As a result there are no additional loans to be disclosed as all loans between subsidiaries and the parent have been eliminated on consolidation.

(g) Guarantees

The consolidated group has not provided any guarantees in respect of any related parties.

(h) Terms and conditions

Terms and conditions in relation to key management personnel transactions are provided in the remuneration report on pages 8 to 16.

All other related parties of the group are wholly owned subsidiaries of the parent. As a result there are no additional terms to be disclosed as all transactions between subsidiaries and the parent have been eliminated on consolidation.

31 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding * 2014 %	2013 %
Maverick Drilling & Exploration USA, Inc.	United States	Ordinary	**100**	100
Maverick Drilling Company	United States	Ordinary	**100**	100
Maverick Production Company, Inc.	United States	Ordinary	**100**	100
Maverick Rig Manufacturing, Inc	United States	Ordinary	**	**
Maverick Drilling Services Pty Ltd	Australia	Ordinary	***	100

* The proportion of ownership interest is equal to the proportion of voting power held.

** Maverick Rig Manufacturing, Inc. was wound up effective 13 February 2013.

*** Maverick Drilling Services Pty Ltd was deregistered effective 6 November 2013.

32 Interests in joint ventures

(a) Jointly controlled assets

A subsidiary, Maverick Production Company, Inc., has a joint venture partner on the Zivley, Cloverleaf and Tuscany Lakes leases on Blue Ridge Dome, Houston, Texas. It also has 12 joint venture wells with Gulf South Holdings, Inc. on its West Schenck leases on Blue Ridge Dome and 25 joint venture wells on its Blakely C leases on Blue Ridge Dome.

This Zivley and Cloverleaf joint venture partner was inherited when Maverick Production Company purchased the leases in November 2007. Maverick Production Company has a 90% working interest in each of these leases with an unrelated party having a 10% working interest in each of these leases.

The 12 West Schenck joint venture wells with Gulf South Holdings, Inc. were drilled in the 2013 financial year. Maverick Production Company has a two thirds working interest in each of these wells with Gulf South Holdings, Inc. having a one third interest in each of these wells.

The 25 Blakely joint venture wells with Gulf South Holdings, Inc. were drilled in the 2014 financial year. Maverick Production Company has a fifty percent working interest in each of these wells with Gulf South Holdings, Inc. having the remaining fifty percent.

Maverick's interests in the assets employed in the joint venture leases and wells are included in the consolidated balance sheet, in accordance with the accounting policy described in note 1(b), under the following classifications:

	2014 $'000	2013 $'000
Non-current assets		
Oil and gas properties	**15,392**	7,527
Total non-current assets	**15,392**	7,527
Share of assets employed in joint venture	**15,392**	7,527

Maverick has no contractual capital expenditure commitments relating to the Zivley, Cloverleaf, Tuscany Lakes nor Blakely C Blue Ridge Dome leases. Maverick has no contractual capital expenditure commitments relating to the 37 wells in the 2013 and 2014 Gulf South Holdings Inc. joint development programs.

33 Financial risk management

Maverick's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Maverick's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. Risk management is carried out by executive directors and management. Maverick had no hedges at 30 June 2014 and Maverick's only hedging at 30 June 2013 was in relation to $31,005,000 of US currency on term deposit in A$ with National Australia Bank, Commonwealth Bank of Australia and Westpac Banking Corporation utilising forward foreign exchange contracts. Maverick does not hedge any other risk exposures with derivative financial instruments. Maverick uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Maverick holds the following financial instruments:

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	**45,649**	40,135
Trade and other receivables	**5,426**	4,868
Derivative financial instruments	**-**	2,715
	51,075	47,718
Financial liabilities		
Trade and other payables	**5,680**	3,623
Borrowings	**1,210**	5,398
	6,890	9,021

(a) Market risk

(i) Foreign exchange risk

Maverick operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar / Australian dollar exchange rate.

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. As the functional and presentation currency of all entities within the group is US dollars, the foreign exchange risk relates to assets and liabilities denominated in Australian dollars.

Maverick had no hedges at 30 June 2014 and the hedges at 30 June 2013 are for the items note above.

Maverick's exposure to Australian dollar foreign currency risk at the end of the reporting period, expressed in US dollars, was as follows:

	30 June 2014 $'000	30 June 2013 $'000
Cash and cash equivalents	**712**	3,359
Trade and other receivables	**65**	64
Trade and other payables	**(174)**	(121)
Borrowings	**(2)**	(5)

33 Financial risk management (continued)

Sensitivity

Based on the financial instruments held at 30 June 2014 had the US dollar weakened/ strengthened by 10% against the Australian dollar with all other variables held constant Maverick's pre-tax profit for the year would have been $67,000 higher/$55,000 lower (2013: $366,000 higher/$300,000 lower), mainly as a result of foreign exchange gains/losses on translation of A$ dollar denominated financial instruments as detailed in the above table. Profit is less sensitive to movements in the Australian dollar/US dollar exchange rates in 2014 the prior year due to the decreased amount of A$ denominated cash and cash equivalents. The monetary Australian dollar/US dollar exchange rates for the fiscal years ended 30 June 2014 and 30 June 2013 were $0.942 and $0.928, respectively. Maverick did not have exposure to any other foreign currencies in the 2014 or 2013 years.

(ii) Cash flow and fair value interest rate risk

Maverick's interest rate risk arises from the borrowings from D D Henrich and G Henrich and cash and cash equivalents at variable interest rates. All other borrowings and receivables are fixed rate and are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

As at the end of the reporting period, Maverick had $880,000 of borrowings at an interest rate of 1.11% (2013: $3,255,000 at 1.15%).

Maverick analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, Maverick calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on an annual basis to verify that the maximum loss potential is within limits acceptable to the board. Maverick does not use any derivatives to manage cash flow interest rate risk.

Group sensitivity

Based on the 30 June 2014 balance of variable rate borrowings of $880,000 (2013: $3,255,000), if interest rates on variable rate borrowings had increased by 25 or decreased by 25 basis points from the year end rates with all other variables held constant, pre-tax profit for the year would have been $2,000 lower/$2,000 higher (2013: $8,000 lower/$8,000 higher).

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, credit exposures to customers including outstanding receivables and committed transactions, as well as from other receivables outside the normal course of operations. Credit risk is assessed by executive directors and management based on past experience and other factors.

Details on cash and cash equivalents and trade and other receivables subject to credit risk is included below:

	2014 $'000	2013 $'000
Cash at bank and cash equivalents		
Allegiance Bank Texas	**-**	2,300
Commonwealth Bank of Australia	**-**	15,528
First-Lockhart National Bank	**-**	2
National Australia Bank	**712**	16,729
Wells Fargo	**44,877**	3,464
Westpac Banking Corporation	**-**	2,021
Lawyers' trust accounts	**60**	91
	45,649	40,135

33 Financial risk management (continued)

The directors are comfortable with the credit quality of the above financial institutions and lawyers based on their past dealings with these parties.

Trade receivables and accrued income		
Counterparties with external credit rating		
	-	793

National Australia Bank, Commonwealth Bank of Australia and Westpac Banking Corporation.

Counterparties without external credit rating		
Group 1 - existing customers (more than 6 months) with no defaults in the past.	**2,035**	2,768
Total trade receivables and accrued income	**2,035**	3,561
Other items disclosed as part of trade and other receivables		
Deposit paid to the Texas Railroad Commission	**250**	250
Receivable for sale of equipment	**200**	-
Other	**2,941**	1,057
Total trade receivables and other receivables	**5,426**	4,868

The amounts disclosed as other totalling $2,989,000 (2013: $1,057,000) include prepayments of $910,000 (2013: $379,000), amounts receivable from joint venture partners $1,683,000 (2013: $650,000) and other various receivables $396,000 (2013: $28,000). Maverick is comfortable with the credit quality of these suppliers and joint venture partners based on their past dealings with these parties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At the reporting date the group held cash and cash equivalents of $45,649,000 (2013: $40,135,000) that are expected to readily generate cash inflows for managing liquidity risk. The term deposits held by the group at 30 June 2014 will all mature before 30 June 2015.

Management monitors the group's cash and cash equivalents (note 7) on the basis of expected cash flows. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

Financing arrangements
Maverick has a conditional credit facility in the amount of up to $5,000,000 for the purpose of acquiring oil and gas leases and expanding its leasehold and prospect inventory. The facility is provided by Australia based Texoz Holdings Pty Ltd. At 30 June 2014, the balance of this facility was $190,000 (2013: $1,762,000) and it is management's intention to continue to pay this facility down and not draw any further funds.

33 Financial risk management (continued)

Maturities of financial liabilities
The tables below analyse Maverick's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contract-ual cash flows	Carrying Amount (assets)/ liabilities
At 30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives							
Trade payables	5,618	59	-	(2)	5	5,680	5,680
Borrowings	1,141	19	38	12	-	1,210	1,210
Total non-derivatives	6,759	78	38	10	5	6,890	6,890
At 30 June 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives							
Trade payables	3,358	265	-	-	-	3,623	3,623
Borrowings	2,219	2,035	1,144	-	-	5,398	5,398
Total non-derivatives	5,577	2,300	1,144	-	-	9,021	9,021

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

At 30 June 2013 Maverick only had one class of assets measured at fair value being derivatives used for hedging which were classified as level 2. At 30 June 2014, this balance was $0 (2013: $2,715,000).

At 30 June 2014 and 30 June 2013 Maverick had no liabilities measured at fair value.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by Maverick is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

33 Financial risk management (continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain forward exchange contracts explained below.

At no time during the years ended 30 June 2014 and 30 June 2013 did Maverick hold any level 3 instruments.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Maverick for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

34 Events occurring after the reporting period

On 22 August 2014 Maverick Drilling & Exploration Limited executed a new five year, $500 million lending facility with Wells Fargo Bank, N.A. The facility provides Maverick with a further instrument to pursue its acquisition strategy to grow into a multi-asset exploration and production company.

35 Reconciliation of profit after income tax to net cash inflow from operating activities

	2014 $'000	2013 $'000
(Loss)/Profit for the year	**(20,055)**	3,769
Depletion expense	**19,435**	1,937
Depreciation and amortisation expense	**2,781**	2,237
Impairment of non-current assets	**20,719**	-
Loss on sale of exploration and evaluation assets	**93**	-
Relinquishment of oil and gas leases	**818**	-
Loss on disposal of intangible	**-**	64
Non-cash employee benefits expense – share-based payments	**10,113**	6
Net exchange differences	**(3,406)**	3,396
Interest income	**(355)**	(1,965)
Change in operating assets and liabilities		
(Increase) decrease in trade debtors and other receivables	**(358)**	(1,180)
Decrease in inventories	**(195)**	-
(Increase) in derivative financial instruments	**2,715**	(2,686)
Increase in trade and other payables	**1,199**	574
Increase in income in advance	**1,400**	-
(Decrease) in current tax liabilities	**-**	(93)
Increase in deferred tax liabilities	**(9,469)**	3,418
Net cash inflow (outflow) from operating activities	**25,435**	9,477

36 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2014 $'000	2013 $'000
Balance sheet		
Current assets	**776**	37,866
Total assets	**118,454**	96,557
Current liabilities	**(1,056)**	(2,526)
Total liabilities	**(1,056)**	(4,288)
Shareholders' equity		
Issued capital	**127,465**	102,359
Reserves	**3,305**	6
Retained earnings	**(13,372)**	(10,096)
	117,398	92,269
Profit or loss for the year	**(3,276)**	(1,367)
Total comprehensive income	**(3,276)**	(1,367)

(b) Guarantees entered into by the parent entity

As at 30 June 2014 and 30 June 2013 the parent entity had no outstanding guarantees.

(c) Contingent liabilities of the parent entity

As at 30 June 2014 and 30 June 2013 the parent entity had no contingent liabilities.

(d) Contractual commitments

As at 30 June 2014 and 30 June 2013 the parent entity had no contractual commitments.

37 Earnings per share

	2014 Cents	2013 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**(4.2)**	0.8
Total basic earnings per share attributable to the ordinary equity holders of the company	**(4.2)**	0.8
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**(4.2)**	0.8
Total diluted earnings per share attributable to the ordinary equity holders of the company	**(4.2)**	0.8

(c) Reconciliations of earnings used in calculating earnings per share

	2014 $'000	2013 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
From continuing operations	**(20,055)**	3,769
	(20,055)	3,769
Diluted earnings per share		
(Loss) Profit from continuing operations attributable to the ordinary equity holders of the company:		
Used in calculating basic earnings per share	**(20,055)**	3,769
Used in calculating diluted earnings per share	**(20,055)**	3,769

(d) Weighted average number of shares used as the denominator

	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**476,031,901**	446,548,937
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**476,031,901**	446,548,937

38 Share-based payments

(a) Senior Executive Option Plan

Long-term incentives are provided to certain executives via the Senior Executive Option Plan. The plan, established in June 2013 is designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plan executives are issued options which progressively vest based on service. Once vested, the options are exercisable until the third anniversary of the grant date with each option convertible into one ordinary share at a pre-determined exercise price. Options are granted under the plan for no consideration and they carry no dividend or voting rights.

Set out below is a summary of the options granted under the plan in the 2013 year at 30 June 2014. These options vest 25% 5 June 2014, 25% 5 December 2014, 25% 5 June 2015 and 25% 5 December 2015.

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at end of year Number
5 June 2013	4 June 2016	A$0.50	4,000,000	-	-	3,150,000	850,000	212,500

(i) Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2013 was A$0.133 per option. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2014 included:

(a) options are granted for no consideration and vest based on employee service

(b) exercise price: A$0.50

(c) grant date: 5 June 2013

(d) expiry date: 4 June 2016

(e) share price at grant date: A$0.36

(f) expected price volatility of the company's shares: 67%

(g) expected dividend yield: 0%

(h) risk-free interest rate: 2.75%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The assessed fair value at grant date of options granted is allocated as remuneration equally over the period from grant date to vesting date

38 Share-based payments (continued)

(b) Sign on performance rights

To provide an incentive to attract high quality key management personnel, the company utilises sign on performance rights. J M Yeager was issued 15 million ordinary shares in Maverick Drilling & Exploration Limited for acceptance of employment terms along with 10 million performance rights. Each performance right entitles J M Yeager to one ordinary share in Maverick Drilling & Exploration Limited for no further consideration with these rights vesting on 15 October 2014, subject only to the continuous service of J M Yeager as Chief Executive Officer. The performance rights carry no dividend or voting rights. The assessed grant date fair value of the 15 million ordinary shares issued to J M Yeager was recognised as remuneration at the time of issuance and the assessed grant date fair value of the 10 million performance rights issued to J M Yeager are being allocated as remuneration equally over the period from grant date until vesting date.

S A Milliren, was granted 277,778 rights over Maverick Drilling & Exploration Limited shares after he agreed to employment terms in June 2013. These rights were granted 5 June 2013. Each right entitled S A Milliren to one ordinary share in Maverick Drilling & Exploration Limited at an exercise price of nil. The fair value per right on grant date was calculated at A$0.36, being the share price at grant date with this equating to a total value at grant date of A$100,000. These rights vested 1 January 2014 and shares were issued on 2 January 2014. The assessed fair value at grant date of the rights were allocated as remuneration equally over the period from his commencement date in July 2013 until vesting date.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were as follows:

	2014 $'000	2013 $'000
Options issued under employee option plan	**77**	6
Sign on performance rights issued	**3,289**	-
Sign on ordinary shares issued	**6,747**	-
	10,113	6

(d) Share-based payment transactions recognised as assets

Share-based payment transactions recognised as assets during the period:

	2014 $'000	2013 $'000
Share-based payments recognised as oil & gas assets	**30**	**-**
	30	**-**

In the directors' opinion:

(a) the financial statements and notes set out on pages 29 to 83 are in accordance with the *Corporations Act 2001,* including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

J Michael Yeager

J M Yeager
Chief Executive Officer and Executive Chairman

Houston
27 August 2014

Independent auditor's report to the members of Maverick Drilling & Exploration Limited

Report on the financial report

We have audited the accompanying financial report of Maverick Drilling & Exploration Limited (the company), which comprises the balance sheet as at 30 June 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Maverick Drilling & Exploration Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Level 3, 45 Watt Street, PO Box 798, NEWCASTLE NSW 2300
T: +61 2 4925 1100, F: +61 2 4925 1199, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of Maverick Drilling & Exploration Limited is in accordance with the *Corporations Act 2001,* including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 16 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Maverick Drilling & Exploration Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

D A Turner

Darren Turner
Partner

Newcastle
28 August 2014

The shareholder information set out below was applicable as at 18 August 2014.

A. Interests in drilling leases

Blue Ridge Dome		
Lease	**Location**	**Working interest %**
Rice	5.5kms South East of Missouri City, Texas, USA	100%
Gordon	5.5kms South East of Missouri City, Texas, USA	100%
Blakely	5.5kms South East of Missouri City, Texas, USA	100%
Lila Hill	5.5kms South East of Missouri City, Texas, USA	100%
Santa Rosa	5.5kms South East of Missouri City, Texas, USA	100%
Lee	5.5kms South East of Missouri City, Texas, USA	100%
Cloverleaf	5.5kms South East of Missouri City, Texas, USA	90%
Zivley	5.5kms South East of Missouri City, Texas, USA	90%
West Schenck B	5.5kms South East of Missouri City, Texas, USA	100%
Nowotny	5.5kms South East of Missouri City, Texas, USA	100%
Scott	5.5kms South East of Missouri City, Texas, USA	100%
Tuscany Lakes	5.5kms South East of Missouri City, Texas, USA	90%
R&R Tierra Partnership	5.5kms South East of Missouri City, Texas, USA	100%
Browne	5.5kms South East of Missouri City, Texas, USA	100%
Mercantile	5.5kms South East of Missouri City, Texas, USA	100%
Teletower	5.5kms South East of Missouri City, Texas, USA	100%
Baptist Foundation	5.5kms South East of Missouri City, Texas, USA	100%
Madden	5.5kms South East of Missouri City, Texas, USA	100%
Bowen	5.5kms South East of Missouri City, Texas, USA	100%
Hannover Estate	5.5kms South East of Missouri City, Texas, USA	100%

A. Interests in drilling leases (continued)

Nash Dome		
Lease	**Location**	**Working interest %**
Groce	40kms Southwest of Houston, Texas, USA	100%
Svrcek	40kms Southwest of Houston, Texas, USA	100%
Flessner	40kms Southwest of Houston, Texas, USA	70%
Belle Wisdom	40kms Southwest of Houston, Texas, USA	100%
Baker	40kms Southwest of Houston, Texas, USA	33%
Mazac Sr.	40kms Southwest of Houston, Texas, USA	100%
Clark	40kms Southwest of Houston, Texas, USA	100%
Pekar	40kms Southwest of Houston, Texas, USA	100%
Batchelor	40kms Southwest of Houston, Texas, USA	100%
Schwartz	40kms Southwest of Houston, Texas, USA	50%
Stone-Bolwes	40kms Southwest of Houston, Texas, USA	100%
Schwartz	40kms Southwest of Houston, Texas, USA	69%
Miculek	40kms Southwest of Houston, Texas, USA	69%
Minter	40kms Southwest of Houston, Texas, USA	100%
Burlington-Conoco	40kms Southwest of Houston, Texas, USA	100%
Prihoda	40kms Southwest of Houston, Texas, USA	94%
Stibora	40kms Southwest of Houston, Texas, USA	100%
Heath	40kms Southwest of Houston, Texas, USA	100%
Sheffield	40kms Southwest of Houston, Texas, USA	100%
Witte	40kms Southwest of Houston, Texas, USA	100%
Belle 240	40kms Southwest of Houston, Texas, USA	100%
Estate of Kittie Nash Groce	40kms Southwest of Houston, Texas, USA	92%
Lehmann	40kms Southwest of Houston, Texas, USA	100%
Mikeska	40kms Southwest of Houston, Texas, USA	100%
Wieghat	40kms Southwest of Houston, Texas, USA	100%
Mahlmann	40kms Southwest of Houston, Texas, USA	100%
Valentine	40kms Southwest of Houston, Texas, USA	100%
Smalley	40kms Southwest of Houston, Texas, USA	100%

A. Interests in drilling leases (continued)

Nash Dome		
Lease	**Location**	**Working interest %**
Lee	40kms Southwest of Houston, Texas, USA	50%
Robison	40kms Southwest of Houston, Texas, USA	100%
Elster	40kms Southwest of Houston, Texas, USA	75%
Martin	40kms Southwest of Houston, Texas, USA	40%
Krause	40kms Southwest of Houston, Texas, USA	75%
Meyers	40kms Southwest of Houston, Texas, USA	100%
Ohl	40kms Southwest of Houston, Texas, USA	100%
Brazda	40kms Southwest of Houston, Texas, USA	100%
Henderson-Schultz	40kms Southwest of Houston, Texas, USA	38%
Parthum	40kms Southwest of Houston, Texas, USA	100%
Schimkowitsch	40kms Southwest of Houston, Texas, USA	50%
Nordt	40kms Southwest of Houston, Texas, USA	100%
Sykowski	40kms Southwest of Houston, Texas, USA	100%
Zapalac	40kms Southwest of Houston, Texas, USA	100%
Brau	40kms Southwest of Houston, Texas, USA	100%
Syzdek	40kms Southwest of Houston, Texas, USA	100%
Prihoda	40kms Southwest of Houston, Texas, USA	50%
Swinney	40kms Southwest of Houston, Texas, USA	100%
Wilhelm	40kms Southwest of Houston, Texas, USA	50%
Schendel III	40kms Southwest of Houston, Texas, USA	100%
Mushrush	40kms Southwest of Houston, Texas, USA	100%
Anthony	40kms Southwest of Houston, Texas, USA	100%
Rybak	40kms Southwest of Houston, Texas, USA	100%

A. Interests in drilling leases (continued)

Boling Dome		
Lease	**Location**	**Working interest %**
Littlepage-HLN	80 kms Southwest of Houston, Texas, USA	34%
Tabor	80 kms Southwest of Houston, Texas, USA	81%
Gresham	80 kms Southwest of Houston, Texas, USA	38%
Autrey	80 kms Southwest of Houston, Texas, USA	85%
Dutton	80 kms Southwest of Houston, Texas, USA	100%
Schumaker	80 kms Southwest of Houston, Texas, USA	100%
Milby	80 kms Southwest of Houston, Texas, USA	100%
Fain	80 kms Southwest of Houston, Texas, USA	54%

Edwards Reef		
Lease	**Location**	**Working interest %**
Leschber	32 kms East of Georgetown, Texas, USA	100%
Mikulencak	32 kms East of Georgetown, Texas, USA	100%
Kreuger	32 kms East of Georgetown, Texas, USA	86%
Schneider	32 kms East of Georgetown, Texas, USA	100%
Patschke	32 kms East of Georgetown, Texas, USA	100%
Pryor	32 kms East of Georgetown, Texas, USA	100%
Pavlek	32 kms East of Georgetown, Texas, USA	100%
Kanak Trust	32 kms East of Georgetown, Texas, USA	100%
Sigle	32 kms East of Georgetown, Texas, USA	100%
Seggern Estate	32 kms East of Georgetown, Texas, USA	100%
Bachmeyer	32 kms East of Georgetown, Texas, USA	100%
Jansky	32 kms East of Georgetown, Texas, USA	100%
Seggern	32 kms East of Georgetown, Texas, USA	100%
Matysek	32 kms East of Georgetown, Texas, USA	100%
Meyer	32 kms East of Georgetown, Texas, USA	100%
Rau	32 kms East of Georgetown, Texas, USA	100%
Sladek	32 kms East of Georgetown, Texas, USA	100%

B. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares		
	Number of investors	Shares held	% of issued capital
1 - 1000	487	202,835	0.04
1,001 - 5,000	1,185	3,827,390	0.72
5,001 - 10,000	955	7,855,793	1.47
10,001 - 50,000	1,967	49,930,350	9.35
50,001 - 100,000	576	43,725,708	8.19
100,001 and over	683	428,343,687	80.23
	5,853	**533,885,763**	**100.00**

There were 942 holders of less than a marketable parcel of ordinary shares.

C. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
GEORGIA HENRICH	36,584,159	6.85%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,965,371	4.49%
J P MORGAN NOMINEES AUSTRALIA LIMITED	17,203,304	3.22%
OH BOSS PTY LTD <OH BOSS A/C>	16,114,357	3.02%
J. MICHAEL YEAGER	15,000,000	2.81%
DON DURST HENRICH	9,055,592	1.70%
NATIONAL NOMINEES LIMITED	7,213,241	1.35%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,838,305	1.28%
MR PETER MURRAY JACKSON	6,000,000	1.12%
KELWICK PTY LTD <CLARKE SUPER FUND A/C>	5,650,000	1.06%
CITICORP NOMINEES PTY LIMITED	5,593,530	1.05%
S M PROVIDENT PTY LTD <SMP DAWSON PROV FUND A/C>	5,244,000	0.98%
JOHN CAMUGLIA & NATASHA CAMUGLIA <JOHN CAMUGLIA S/F A/C>	4,984,269	0.93%
ANTHONY CAMUGLIA & ROSEMARIE CAMUGLIA <ANTHONY CAMUGLIA S/F A/C>	4,984,128	0.93%
SMP DAWSON PTY LTD <TUCKERMAN J & J FAMILY A/C>	4,768,500	0.89%
FRANWAY PTY LTD <KENNEDY FAMILY S/FUND A/C>	4,200,000	0.79%
BRITNI HENRICH REESE	3,295,608	0.62%
NICOLE RENE HENRICH	3,062,583	0.57%
LUCALIPTY LIMITED	3,000,000	0.56%
JOSEPH CAMUGLIA & KIRSTEN CAMUGLIA <JOSEPH CAMUGLIA S/F A/C>	2,984,936	0.56%
TOTAL	**185,741,883**	**34.788%**

D. Substantial holders

Substantial holders in the company are set out below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
Don and Georgia Henrich	45,639,751	8.55 %

E. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.