

MAJOR JOINT DEVELOPMENT PROJECT

The Directors of Maverick Drilling & Exploration Limited (ASX: MAD) are pleased to announce the Company has entered into a non-binding Memorandum of Understanding (MOU) with Gulf South Holdings Inc. (Gulf South) in relation to developmental drilling of its shallow salt dome acreage, which should greatly assist in monetising its reserves. The arrangements are subject to execution of legal documentation. Final documentation, completion and project initiation are expected within 30 to 45 days.

JOINT DEVELOPMENT TRANSACTION HIGHLIGHTS

Some of the key terms of the non-binding MOU are set out below:

- Gulf South has the right to participate in the joint development of 400 or more wells, representing a capital commitment of US \$100 million, across the shallow oil fairways of Maverick's three salt domes over the next three calendar years (to the end of CY 2015). The program may be expanded, by agreement between the parties, beyond these initial wells and across the entire inventory of over 2,000 developmental drill sites over time.
- The participation by Gulf South involves the payment of US \$250,000, fixed for the term of the project, for a 25% working interest for the drilling, completion and production facility costs associated with each well. Subject to mutual agreement of the parties, project results and increased capital availability, Gulf South participation may increase to as much as a 50% working interest for US \$500,000 per well.
- Under the terms of the agreement, Gulf South initially prepays in full a 36 well commitment, then must pay monthly in advance for each successive month of drilling to continue through the full 400 well program. The agreement provides flexibility for each party to refine their commitments on an ongoing basis – for example Gulf South has the ability to move to a 50% working interest at US \$500,000 per well.
- Non-participation by Gulf South in five successive wells will constitute a loss of Gulf South's right to participate in the remainder of the project.
- Based upon the average independently reported 1P reserves attributed per well site planned across the respective land areas for this project, the participation payments can be equated to Gulf South paying approximately US \$27 per barrel of 1P reserve.
- Maverick's current market capitalisation at \$1.20 per share is approximately \$543 million. This market capitalisation equates to \$5.25 per 1P barrel based on Maverick's 102.3 million 1P reserves. The imputed deal price of US \$27 per barrel represents a significant premium to current market capitalisation per barrel.
- Maverick will be the project operator and has control of future operator appointment.

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- The project involves the drilling of 12 wells per month on the fairways of any of Maverick's three salt domes. This will involve four of Maverick's six drilling rigs allocated full time for the next three years. There is also flexibility to scale this up significantly in the future as infrastructure and target acreage builds.
- The Project does not include participation by Gulf South in any of the overhang, flank, or deep high impact wells targeting prospective reservoirs greater than 5,000 feet.

ACTIVITY SINCE RECENT CAPITAL RAISE

Maverick's operational direction since the raising has been on testing perimeter wells along extreme edges of the fairways which take more evaluation time and completion testing is underway. Our major in-field development program has taken a back seat to this testing, as we believe the data provided from these tests is imperative to future field development planning and will ultimately lead to a more efficient program. Experimental completion processes using stimulation, such as underway in the Het Limestone on Nash Dome, have also consumed considerable time this quarter. High impact drilling beginning with the Long Branch #55 was moved forward in time.

The data obtained from our perimeter drilling will also assist Maverick in defining the location of future development sites for the Gulf South program.

The Directors would also like to announce our continued seismic interpretation and analysis off the flanks and beneath the salt on Maverick's fields has expanded the number of high impact targets and leads to between 2 and 3 times the 66 identified at the time of the capital raise.

The joint development with Gulf South will allow Maverick to redeploy the portion of developmental capital from the recent raise to expanded equipment and rigs, acquisitions of additional properties, and a greater number of high impact drilling targets throughout the coming year.

SUMMARY OF BENEFITS TO MAVERICK

The Gulf South Joint Development Project provides the following benefits to Maverick:

1. An internally recognised five times uplift in price per 1P barrel relative to current market capitalisation per barrel.
2. Fully funded multi year in-field developmental well drilling program.
3. Maverick can redeploy capital previously allocated for shallow development to further enhance our expanding high impact drilling program.
4. A project with an industry partner which further validates the quality and potential of our reserves.

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Arthur Seligman, President of GULF SOUTH HOLDINGS, INC. upon the execution of the MOU stated "The Maverick Gulf South joint development project gives Gulf South the components we have been searching for consisting of (1) a continual development project and drilling for many years to come, (2) the opportunity to participate with a well known driller/ operator with almost four decades of experience and excellent track record (3) pure developmental drilling in oil reserves rather than natural gas, and (4) establishing a turnkey pricing structure to mitigate the drilling cost overrun risks. Mr. Seligman further stated "We have known the senior management of Maverick for many years. They are among the best in the patch. Forging an alliance between our companies will make a strong combination in the energy sector."

Don Henrich, Executive Chairman of Maverick, also added "While Maverick has the financial capability in cash and cash flow to pursue all planned drilling internally we are always open to the prospect of a strategic alliance with good people. The board must always consider such opportunities. We have known Art Seligman as a leading energy financial powerhouse responsible for funding huge energy investments into drilling through his clients and relationships. With Art at the helm of Gulf South and with the rest of his highly qualified team, we are confident in their capabilities to deliver and continue participating for many years to come. When closed in the next 30-45 days, the launching of this joint development project will be a very significant development in Maverick's long history."

ABOUT GULF SOUTH

Gulf South Holding Inc. was formed in 2008 as an oil & gas exploration, drilling, development, and operating company. It's headquarters is based in New Orleans, Louisiana, USA. Gulf South drills and operates oil & gas wells for its own account and also sponsors oil & gas drilling investment limited partnerships and joint ventures to third-party investors. The management of Gulf South has extensive Gulf Coast experience and have an excellent track record of funding over \$1.5 Billion in drilling projects over the past 20 years.

COMPETENT PERSON STATEMENT

The evaluation of reserves the subject of this announcement was undertaken by Mr Richard Pomrenke of Energy Recovery Concepts, LLC in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007. The work carried out by Mr Pomrenke included the assessment of reserves across Blue Ridge, Boling and Nash Dome. The assessment of reserves was conducted on a similar basis to that set out in Mr Pomrenke's independent reserve report included in Maverick's IPO prospectus dated 2 July 2010. The reserves estimates are consistent with the definitions of Proved and Probable hydrocarbon reserves defined in the Australian Stock Exchange (ASX) Listing Rules. Mr Pomrenke is a qualified person as defined in ASX Listing Rule 5.11 and has consented to the use of the reserves figures in this announcement in the form and context in which they appear.

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About Maverick Drilling & Exploration Limited (ASX: MAD)

Maverick is a diversified oil company with existing oil production and reserves focusing on low cost development of drilling prospects. Maverick's flagship assets are leases that it holds over parts of Blue Ridge, Nash and Boling Domes established producing oil fields located south of Houston, Texas in the United States and its wholly owned subsidiary Maverick Drilling Company, a 39 year old contract drilling company based in Texas.

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