

QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

The Directors of Maverick Drilling & Exploration Limited (ASX: MAD) are pleased to present the group's December 2010 quarterly report.

HIGHLIGHTS FOR THE QUARTER

- 12 wells have been drilled on Blue Ridge Dome since Maverick's listing in September 2010 with all 12 wells expected to become successful oil producers.
- 60 cored oil pay zones have been identified in the 12 wells drilled on Blue Ridge Dome since listing.
- Cash of USD 1,198,952 was received in the quarter from Blue Ridge Dome Oil sales. In addition, cash of USD 692,575 has been received in January 2011 from December 2010 Blue Ridge Dome oil sales.
- 250 net acres were acquired on Blue Ridge Dome in the quarter.

SUMMARY OF DEVELOPMENT ACTIVITIES

Blue Ridge Dome

Maverick drilled 12 wells on Blue Ridge Dome in the period from listing to 31 December 2010, with 11 of these wells drilled in the quarter ended 31 December 2010. Maverick's goal is to drill 50 wells over an initial 12 month period from listing date.

Drilling activity on Blue Ridge Dome is reported through Maverick's monthly drilling report which is released early each month and reports on the previous months drilling activity.

The table below summarises Blue Ridge Dome wells drilled by Maverick since listing date.

Well name	Working interest	Total depth (feet)	Sands with oil shows	Sands cored oil productive
Hill #201	100%	1,965	8	4
Blakely #204	100%	2,779	9	4
Zivley #165	90%	4,614	15	6
Lee #66	100%	3,430	12	4
West Schenck B #108	100%	4,691	15	5
West Schenck B #102	100%	3,882	10	5
West Schenck B #127	100%	3,963	8	5
Blakely #207	100%	2,870	10	5
West Schenck B #103	100%	4,181	17	8

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Well name	Working interest	Total depth (feet)	Sands with oil shows	Sands cored oil productive
Hill #202	100%	1,719	10	3
West Schenck B #101	100%	3,570	11	5
Blakely #206	100%	2,771	12	6

Costs incurred in relation to Blue Ridge Dome development such as the drilling and completion of the above wells are capitalised as oil and gas assets for accounting purposes. In the annual and interim cash flow statement of Maverick, these costs are reported as *cash flows from investing activities*. For ASX Appendix 5B reporting purposes these costs have been included as *cash flows related to operating activities*.

Other leases

There were no development activities on any other leases held by Maverick during the quarter ended 31 December 2010.

SUMMARY OF PRODUCTION ACTIVITIES

Blue Ridge Dome

Cash received during the quarter ended 31 December 2010 from Blue Ridge Dome oil sales totalled USD 1,198,952. This revenue was generated from the sale of approximately 22,459 barrels of oil.

In addition, cash of USD 692,575 has been received in January 2011 from December 2010 Blue Ridge Dome oil sales of approximately 11,716 gross barrels.

Other leases

There were no production operations on any other leases owned by Maverick.

SUMMARY OF EXPLORATION ACTIVITIES

Blue Ridge Dome

The Directors of Maverick consider that the drilling, survey and other work completed on Maverick's current Blue Ridge Dome leases is of a developmental nature, as opposed to exploratory. On this basis there are no exploration activities on Blue Ridge Dome to report for the quarter ended 31 December 2010.

Boling Dome

During the quarter Maverick continued title work and historical data collection work on its Boling Dome leases. This is the first step in a thorough evaluation of the Boling Dome prospect which will include the development of a pilot drilling program and initial reserve estimates.

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Edwards Reef

During the quarter Maverick continued its analysis of seismic data obtained on this prospect.

Foothold

Maverick did not complete any exploration activities on its Foothold leases during the quarter ended 31 December 2010.

SUMMARY OF LEASE ACQUISITION ACTIVITIES

Maverick increased its lease holdings during the quarter ended 31 December 2010 as follows:

Lease area	Movement in lease holding for the quarter (net acres)	Lease holding at 31 December 2010 (net acres)
Blue Ridge Dome	250	1,149
Boling Dome	-	1,625
Edwards Reef	-	270
Foothold	-	455

BOARD INFORMATION

There were no changes to the composition of the board in the quarter ended 31 December 2010. Current board members are:

Don Henrich	Executive Chairman
Roger Clarke	Vice Chairman and Non-executive Director
Brad Simmons	Executive Director
Lee Clarke	Non-executive Director

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FORWARD LOOKING STATEMENTS

This announcement contains "forward-looking statements". These forward-looking statements reflect the current internal projections, expectations or beliefs of Maverick based on information currently available to Maverick. Although Maverick believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. Such forward-looking statements may include, without limitation: estimates of future earnings; the sensitivity of earnings to oil prices and foreign exchange rate movements; estimates of future oil production and sales; estimates of future cash flows, the sensitivity of cash flows to oil prices and foreign exchange rate movements; statements regarding future debt repayments; estimates of future capital expenditures; estimate of reserves and statements regarding future exploration results and the replacement of reserves; and where Maverick expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to oil price volatility, currency fluctuations, increased production costs and variances in reserves or recovery rates from those assumed in the company's plans, as well as political and operational risks in the countries and states in which Maverick operates or sells product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see Maverick's Prospectus dated 2 July 2010, Annual Report, as well as Maverick's other filings. Maverick does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

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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 low risk drilling prospects. Maverick's flagship assets are leases that it holds over parts of the Blue Ridge Dome, an established producing oil field located south of Houston, Texas in the United States and its wholly owned subsidiary Maverick Drilling Company, a 37 year old contract drilling company based in Texas.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

MAVERICK DRILLING & EXPLORATION LIMITED

ABN

48 128 429 158

Quarter ended ("current quarter")

31 DECEMBER 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter USD'ooo	Year to date (6 months) USD'ooo
1.1 Receipts from product sales and related debtors	1,804	3,625
1.2 Payments for (a) exploration & evaluation	(30)	(47)
(b) development	(2,033)	(2,406)
(c) production	(195)	(337)
(d) costs related to the provision of contract drilling services	(320)	(813)
(e) administration	(787)	(1,493)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	13
1.5 Interest and other costs of finance paid (note 7)	(377)	(1,966)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(1,932)	(3,424)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(41)	(210)
(b) equity investments	-	-
(c) other fixed assets	(425)	(1,298)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(21)
1.11 Loans repaid by other entities	23	23
1.12 Other	-	-
Net investing cash flows	(443)	(1,506)
1.13 Total operating and investing cash flows (carried forward)	(2,375)	(4,930)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,375)	(4,930)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	7,815
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	398	598
1.17	Repayment of borrowings	(111)	(311)
1.18	Dividends paid	-	-
1.19	Other – share issue costs	(55)	(747)
	Net financing cash flows	232	7,355
	Net increase (decrease) in cash held	(2,143)	2,425
1.20	Cash at beginning of quarter/year to date	5,313	745
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,170	3,170

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter USD'000
1.23	Aggregate amount of payments to the parties included in item 1.2	193
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 payment of salaries and fees to directors and related parties under approved agreements.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Amount available USD'000	Amount used USD'000
3.1 Loan facilities	5,000	250
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	USD'000
4.1 Exploration and evaluation	155
4.2 Development	3,198
4.3 Production	562
4.4 Costs related to the provision of contract drilling services	223
4.5 Administration	1,035
Total	5,173

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter USD'000	Previous quarter USD'000
5.1 Cash on hand and at bank	2,344	4,804
5.2 Deposits at call	841	509
5.3 Bank overdraft	(15)	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,170	5,313

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	Blue Ridge Oil and gas lease. On Blue Ridge Dome. Working interest of 100% across 250 acres.	899 net acres	1,149 net acres

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.


	Total number	Number quoted	Issue price per security (see note 3) (AUD cents)	Amount paid up per security (see note 3) (AUD cents)
7.1 Preference securities <i>(description)</i>	None			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	None			
7.3 *Ordinary securities	323,843,287	187,730,430		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	None		<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	None			

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7.12	Unsecured notes (totals only)	None	
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 28 January 2011
Company secretary

Print name: ANDREW JAMES CRAWFORD

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6 The 'Payments for exploration and evaluation' at item 1.2(a) and 'Payments for development' at item 1.2(b) are classified as 'Cash flows related to operating

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

activities' for ASX Appendix 5B reporting purposes. For accounting purposes Maverick capitalises these costs as oil and gas assets and they are reported in the cash flow statement in the annual and interim reports as 'Cash flows from investing activities', classified as 'Payments for exploration and evaluation assets' and 'Payments for oil and gas assets'.

- 7 USD 362,337 of the 'Interest and other costs of finance paid' at item 1.5 relate to outstanding interest paid in relation to the USD 14,000,000 of convertible notes. As noted at item 2.1, these notes converted into shares in Maverick on 25 August 2010 and as such this will not be a recurring cost.
- 8 Item 4 details Maverick's estimated gross cash outflows for the coming quarter of USD 5,173,000. It must be noted that Maverick will generate income from oil sales and from the provision of contract drilling services that will partially fund these estimated gross cash outflows. Further to this, Maverick will be utilising special purpose credit facility obtained from Texoz Holdings Pty Ltd. With this information in mind, the Directors believe that Maverick continues to be in compliance with Listing Rule 12.2.
- 9 Actual exploration and evaluation expenditure at item 1.2 (a) was lower than forecast in the December 2010 quarter due to lower than forecast new lease acquisitions occurring. Actual development expenditure at item 1.2 (b) was higher than forecast in the December 2010 quarter due to a higher than forecast number of new wells on Blue Ridge Dome being drilled. Actual administration costs at item 1.2 (e) were lower than forecast in the December 2010 quarter primarily due to a lower amount of outstanding payroll tax liabilities at 30 September 2010 being paid during the quarter. The balance of these payroll tax liabilities are taken up as a current liability at 31 December 2010.

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