

## QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

The Directors of Maverick Drilling & Exploration Limited (ASX: MAD) are pleased to present the group's September 2011 quarterly report.

### HIGHLIGHTS FOR THE QUARTER

- 33 wells have been drilled on Blue Ridge Dome since Maverick's listing in September 2010 with 30 wells expected to become successful oil producers.
- 212 cored oil pay zones have been identified in the 30 successful wells drilled on Blue Ridge Dome since listing.
- Cash of USD 4,134,000 was received in the quarter from Blue Ridge Dome Oil sales. In addition, cash of USD 1,376,000 has been received in October 2011 from September 2011 Blue Ridge Dome oil sales.
- Reported a profit before interest, income tax and depreciation of USD 5,160,000 for the financial year ended 30 June 2011.
- 176 net acres were acquired on Blue Ridge Dome in the quarter.
- 491 net acres were acquired on Boling Dome in the quarter.
- 196 net acres were acquired on Nash Dome in the quarter.

### SUMMARY OF DEVELOPMENT ACTIVITIES

#### *Blue Ridge Dome*

Maverick has drilled 33 wells on Blue Ridge Dome in the period from listing to 30 September 2011, with 7 of these wells drilled in the quarter ended 30 September 2011.

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

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Well name	Working interest	Total depth (feet)	Sands with oil shows	Sands cored oil productive
Blakely #207	100%	2,870	10	5
West Schenck B #103	100%	4,181	17	8
Hill #202	100%	1,719	10	3
West Schenck B #101	100%	3,570	11	5
Blakely #206	100%	2,771	12	6
Zivley #162	90%	4,005	n/a	n/a
Lee #72	100%	3,450	15	10
Gordon #228	100%	4,163	14	9
Gordon #229	100%	4,118	22	6
Gordon #225	100%	4,204	13	7
Gordon #231	100%	4,398	13	8
Gordon #233	100%	4,660	11	8
Rice #330	100%	5,020	n/a	n/a
Lee #70	100%	3,040	10	9
Santa Rosa #43	100%	1,710	9	5
Lee #73	100%	4,268	8	5
Zivley #177	90%	4,023	15	9
West Schenck B #114	100%	4,070	13	8
Santa Rosa #511	100%	3,290	4	2
West Schenck B #182	100%	3,066	9	4
West Schenck B #183	100%	2,792	12	4
West Schenck B #142	100%	3,230	12	10
Gordon #226	100%	3,015	30	18
Gordon #227	100%	3,953	19	15
Gordon #230	100%	4,313	15	13
Lee #68	100%	2,912	n/a	n/a

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*.

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## ***Other leases***

There were no development activities on any other leases held by Maverick during the quarter ended 30 September 2011.

## **SUMMARY OF SALES ACTIVITIES**

### ***Blue Ridge Dome***

Cash received during the quarter ended 30 September 2011 from Blue Ridge Dome oil sales totalled USD 4,134,000.

In addition, cash of USD 1,376,000 has been received in October 2011 from September 2011 Blue Ridge Dome oil sales.

Reported production for the period February 2011 to September 2011 is summarised in the table below.

<b>Month</b>	<b>Gross Production</b>	<b>Average BOPD</b>
February 2011	10,394	371
March 2011	13,337	430
April 2011	15,476	516
May 2011	19,845	640
June 2011	20,650	688
July 2011	21,649	698
August 2011	21,284	687
September 2011	22,111	737

## ***Other leases***

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

## **SUMMARY OF EXPLORATION ACTIVITIES**

### ***Blue Ridge Dome***

During the quarter Maverick acquired additional leases on Blue Ridge Dome totalling 176 net acres.

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 30 September 2011.

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## ***Boling Dome***

During the quarter Maverick acquired additional leases on Boling Dome totalling 491 net acres.

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.

## ***Edwards Reef***

During the quarter Maverick continued its analysis of seismic data obtained on this prospect and also continued the process of identifying additional leases to be targeted.

## ***Foothold***

During the quarter Maverick continued work identifying additional leases to be targeted on this prospect.

## ***Nash Dome***

During the quarter Maverick acquired additional leases on Nash Dome totalling 196 net acres.

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

## **SUMMARY OF LEASE ACQUISITION ACTIVITIES**

Maverick increased its lease holdings during the quarter ended 30 September 2011 as follows:

<b>Lease area</b>	<b>Movement in lease holding for the quarter (net acres)</b>	<b>Lease holding at 30 September 2011 (net acres)</b>
Blue Ridge Dome	176	1,919
Boling Dome	491	2,968
Edwards Reef	-	270
Foothold	-	455
Nash Dome	196	868

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## BOARD INFORMATION

There were no changes to the composition of the board in the quarter ended 30 September 2011.

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

## 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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## CONTACT

Further inquiries contact information:

Dan N. Denton  
Chief Operating Officer  
Houston Operations Office  
+1-281-416-8575

Andrew Crawford  
Chief Financial Officer and  
Company Secretary  
+61-2-4925-3800

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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")

30 SEPTEMBER 2011

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter USD'ooo	Year to date (12 months) USD'ooo
1.1 Receipts from product sales and related debtors	5,124	5,124
1.2 Payments for (a) exploration & evaluation	(58)	(58)
(b) development	(2,119)	(2,119)
(c) production	(764)	(764)
(d) costs related to the provision of contract drilling services	(360)	(360)
(e) administration	(1,105)	(1,105)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	11
1.5 Interest and other costs of finance paid (note 7)	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>728</b>	<b>728</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(410)	(410)
(b) equity investments	-	-
(c) other fixed assets	(295)	(295)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(705)</b>	<b>(705)</b>
1.13 Total operating and investing cash flows (carried forward)	23	23

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**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	23	23
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	259	259
1.17	Repayment of borrowings	(52)	(52)
1.18	Dividends paid	-	-
1.19	Other – share issue costs	-	-
	<b>Net financing cash flows</b>	<b>207</b>	<b>207</b>
	<b>Net increase (decrease) in cash held</b>	<b>230</b>	<b>230</b>
1.20	Cash at beginning of quarter/year to date	8,359	8,359
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>8,589</b>	<b>8,589</b>

**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	226
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

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

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available USD'000	Amount used USD'000
3.1 Loan facilities	5,000	900
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	USD'000
4.1 Exploration and evaluation	630
4.2 Development	2,461
4.3 Production	839
4.4 Costs related to the provision of contract drilling services	286
4.5 Administration	1,042
<b>Total</b>	<b>5,258</b>

**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	8,547	8,366
5.2 Deposits at call	42	31
5.3 Bank overdraft	-	(38)
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>8,589</b>	<b>8,359</b>

**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				

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**Appendix 5B**  
**Mining exploration entity quarterly report**

6.2 Interests in mining tenements acquired or increased	Blue Ridge	Oil and gas leases. On and flanking Blue Ridge Dome Field. Working interests ranging from 90% to 100%.	1,743 net acres	1,919 net acres
	Boling Dome	Oil and gas leases. On and flanking the Boling Dome Field. Working interests ranging from 25% to 100%.	2,477 net acres	2,968 net acres
	Nash Dome	Oil and gas leases. On and flanking the Nash Dome Field. Working interest of 100%.	672 net acres	868 net acres

**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 <b>Preference securities</b> <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 <b>*Ordinary securities</b>	373,567,143	237,454,286		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	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	<b>Debentures</b> (totals only)	None			
7.12	<b>Unsecured notes</b> (totals only)	None			

### 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:



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Company secretary

Date: 21 October 2011

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.

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**Appendix 5B**  
**Mining exploration entity quarterly report**

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- 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 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 Item 4 details Maverick’s estimated gross cash outflows for the coming quarter of USD 5,258,000. 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 the 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.

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