Maverick Drilling & Exploration Limited
ABN 48 128 429 158
P +61 24925 3659
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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

29 February 2016

Annual report for the year ended 31 December 2015

Please find attached the following documents relating to Maverick Drilling & Exploration Limited's results for the year ended 31 December 2015:

1. ASX Appendix 4E
2. Annual Report

Commentary from the Chief Executive Officer

As we close out 2015, there is no doubt that this year will be recorded as one of the most difficult in our industry's history. Oil prices fell to their lowest levels since February, 2002 and the resulting loss of cash flow caused almost every company in the industry to greatly reduce their investment spending. The new goal became to live within cash flow and survive.

Although none of us knew oil prices would fall this low, the current Maverick management team came together for just such a time as today. We have spent the entire year reviewing the very best opportunities to acquire assets that will help transform our company into a modern U.S. focused growing oil and gas company. As previously stated, we are maintaining our discipline to pursue only the opportunities that meet our strict criteria, namely:

- Acreage or assets in the heart of a proven play
- Significant future development potential
- Long term production and reserves growth
- Economic drilling investments at today's forward prices

As we have focused on opportunities that meet these criteria, the volatility of oil prices has been extremely high, especially the forward pricing that is used to value these assets. This has caused both ourselves and prospective sellers to be very deliberate in our actions, which has slowed things down. The same is true of our potential financial partners as they assess the volatility and determine the level of financial support they will provide. Nonetheless we are very active in all aspects of this strategy and remain optimistic the deliberateness will evolve into action that will finalize a transaction and secure a new long term future supported by premium assets. There are many assets for sale and there are many financial partners ready to support us, including our Wells Fargo facility. We just need to be persistent and work through these volatile times.

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While doing our technical work and asset acquisitions, we have also found significant undrilled acreage that meets our criteria, and as of 31 December have secured 1,193 acres. Subsequent to that timing in early January we secured an additional 3,935 acres bringing the total to 5,128 contiguous acres in one of the best U.S. onshore plays. We will be continuing to pursue the funding for development and the capture of additional acreage in this area. As the confidential arrangements are finalized, we will advise you of the location.

Lastly, we continue to maximize our Blue Ridge Field despite the record low oil prices. Our field and office staff that are dedicated to Blue Ridge are sized so that their costs are less than the revenue. This allows us to run Blue Ridge at a positive cash flow.

Our Blue Ridge Proved Reserves have been certified by Netherland, Sewell & Associates, Inc. ("NSAI") at 3.5 million barrels, meaning we had only a slight loss of reserves due to price. However, the value per barrel is greatly impacted by the lower prices and resulted in a $14.6 million impairment charge to our oil and gas assets in the second half of 2015. As prices recover, this value will improve.

Our new acreage that we have recently leased is directly offsetting wells with proved reserves. As a result, NSAI have certified 1.0 million barrels on our new acreage as Proved Reserves at year end close. That Proved Reserves amount will grow to a total of 2.9 million barrels when the new acreage acquired in January is included. So, our new acreage is technically sound and ready for development as prices improve.

As you can see, we are making good progress in making Maverick a stronger and more valuable long term investment. It is taking longer than we had hoped, but we are in very unusual times. We appreciate your patience and support, and we remain very optimistic of a much better future as we continue these activities in 2016.

Sincerely,

J. Michael Yeager

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

Appendix 4E

Preliminary final report

Period ending 31 December 2015

Name of entity	Maverick Drilling & Exploration Limited
ABN	48 128 429 158
Financial year ended	Twelve months ended 31 December 2015
Previous corresponding reporting period	Six months ended 31 December 2014

Results for announcement to the market

	For the year ended 31 December 2015 US$'000	**Movement over previous corresponding period US$'000**	**Percentage increase (decrease) over previous corresponding period**
Revenue from ordinary activities	10,623	(2,058)	(16%)
(Loss) from ordinary activities after tax attributable to members	(39,224)	(20,548)	(110%)
Net (loss) for the period attributable to members	(39,224)	(20,548)	(110%)

Dividends

No dividends were paid or proposed to members during the twelve months ended 31 December 2015.

Brief explanation of results

During the prior period the board of directors of Maverick Drilling & Exploration Limited elected to change the fiscal year end from 30 June to 31 December, with a transitional period of six months to 31 December 2014. This decision was taken to synchronize the company with other companies in the oil and gas exploration and production industry in the United States.

The company reported consolidated revenue from operations for the twelve months ended 31 December 2015 of $10,623,000 (six months ended 31 December 2014 $12,681,000). Oil sales revenue for the twelve month period was $10,588,000 (six months ended 31 December 2014 $11,091,000) which was impacted by a decrease in market prices for oil and lower production volumes. The six month period ended 31 December 2014 included $1,300,000 in revenue from turnkey well sales, while the 31 December 2015 full year had no revenue from these sales. Interest revenue for the twelve months ended 31 December 2015 totalled $12,000 (six months ended 31 December 2014 $26,000).

The company reported a consolidated net loss before income tax for the twelve month period of $39,224,000 (six months ended 31 December 2014: net loss of $18,676,000) after booking depreciation and amortisation expense of $2,711,000 (six months ended 31 December 2014: $1,688,000), depletion and amortisation expense of $6,691,000 (six months ended 31 December 2014: $5,132,000), impairment of $22,431,000 (six months ended 31 December 2014: $17,109,000), employee benefits expense of $9,332,000, including $38,000 in non-cash share-based expense (six months ended 31 December 2014: $5,280,000, including $1,471,000 in non-cash share-based expense) . The impairment of oil and gas properties of $14,646,000 for the twelve months ended 31 December 2015 and $17,109,000 for the six months ended 31 December 2014 related to the Blue Ridge field and was driven by decreases in the market price for oil. Impairment of property, plant and equipment and equipment held for sale totalled $7,785,000 (six months ended 31 December 2014: $0) and was also related to the decline in oil prices, as demand for drilling services has been negatively impacted. Cash based employee benefits expense increased in the twelve months ended 31 December 2015 as compared to the six months ended 31 December 2014, to $9,294,000 from $3,809,000. Primarily the increase is affected by a full twelve months' expense in the current period, versus only six months in the prior period. Non-cash share-based employee benefits expense decreased in the twelve months ended 31 December 2015 as compared to the six months ended 31 December 2014, which included a higher proportion of the cost for the sign on shares and performance rights of certain new key management employees. Refer to the directors' report, operating and financial review, financial statements and supporting notes in the attached Annual Report for the twelve months ended 31 December 2015 for additional detail.

Statements

The following statements and supporting notes are included in the attached Annual Report for the twelve months ended 31 December 2015:

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)	11 cents	19 cents

Control gained or lost during the period

There were no transactions entered into by the group during the twelve months ended 31 December 2015 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 31 Dec 2015***	**Equity holding 31 Dec 2014***
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 Holdings, Inc.**	United States	Ordinary	100%	-

* The proportion of ownership interest is equal to the proportion of voting power held.
** Maverick Holdings, Inc. incorporated during the 31 December 2015 financial year.

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 twelve months ended 31 December 2015 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 31 December 2015

Maverick Drilling & Exploration Limited ABN 48 128 429 158
Annual report – 31 December 2015

Contents

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* N H Smith BSc *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

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Sincerely,

J. Michael Yeager

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

DIRECTORS' REPORT

The directors of Maverick Drilling & Exploration Limited present their report on the consolidated entity (referred to hereafter as "Maverick," or "the company") consisting of Maverick Drilling & Exploration Limited and the entities it controlled at the end of, or during, the year ended 31 December 2015.

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
J M Yeager

N H Smith was appointed non-executive director effective 2 March 2015. Mr. Smith brings over 30 years' experience in oil and gas operations to the board.

PRINCIPAL ACTIVITIES

During the year and immediately after year-end, the principal continuing activities of Maverick consisted of:

(a) Operator of oil and gas leases on the Blue Ridge Dome in south Texas;
(b) The identification and internal development of new oil drilling targets on currently held acreage; and
(c) The acquisition of a 100% working interest in 5,100 undeveloped acres in an area of proven production.

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 year ended 31 December 2015 or the six months ended 31 December 2014.

REVIEW OF OPERATIONS

The company is fully active in screening acquisition opportunities, and plans to remain so, in addition to its strategy of developing the Blue Ridge Salt Dome and other acreage recently acquired. Further information on developments and expected results are included in the Operational and Financial Review section on pages 23 to 26 of this Annual Report.

OPERATING RESULT

Maverick experienced a net loss after income taxes of $39,224,000 for the year ended 31 December 2015 (six months ended 31 December 2014: net loss after income taxes of $18,676,000). Non-cash expenses for the twelve months ended 31 December 2015 were $31,871,000 (six months ended 31 December 2015: $25,400,000). Non-cash expenses include depletion expense, depreciation and amortization expense, impairment, and share-based compensation expense.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the company during the year ended 31 December 2015 were as follows:

During the previous fiscal year, the board of directors of Maverick Drilling & Exploration Limited elected to change the fiscal year end from 30 June to 31 December each year, with a transitional financial year of six months to 31 December 2014. This decision was taken to synchronize the company with other companies in the oil and gas exploration and production industry in the United States.

The consolidated financial statements comprise the financial statements of Maverick Drilling & Exploration Limited and its subsidiaries as at 31 December 2015 and for the year ended 31 December 2015. The comparative period is the transitional financial year which commenced on 1 July 2014 and ended 31 December 2014. Thus, amounts presented in the financial statements are not entirely comparable.

During the twelve months ended 31 December 2015 Maverick identified several areas of interest for lease acquisition. As at 31 December 2015, the company had expended approximately $1,663,000 for acquisition of undeveloped acreage in an area new to Maverick, but immediately offsetting an area of proved producing properties. Based on this acquisition, Maverick increased proved undeveloped reserves by 534,900 barrels of oil, 231,900 barrels of natural gas liquids, and 1.2 billion cubic feet of natural gas.

As at 31 December 2015, Maverick had committed to additional leasing of undeveloped acreage contiguous to that acquired in 2015. Maverick had placed $2,939,000 in an escrow account pending completion of the transaction. The transaction was completed and the funds were released to the sellers in January 2016. This brought the total investment in the new acreage to $4.6 million, and the total acreage acquired to 4,700 acres. Additional acquisitions in February 2016 brought the total acreage in the area to 5,100 acres.

Maverick continued work to slow production declines at Blue Ridge Dome while curtailing investment in development of this field. Maverick drilled five new wells on Blue Ridge Dome and performed a number of recompletions, as well as making investments to increase efficiency and reduce operating costs in the field. For the year ending 31 December 2015, Maverick recognised a total of $14,646,000 in non-cash impairment expense for the Blue Ridge field, due to decreased market prices for oil.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR
Maverick completed the acquisition of certain mineral leases in an area immediately offsetting a proven producing area, as described above. Escrow funds of $2,939,000 were distributed to the lessors in January 2016.

The Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly affect the operations of the company, the results of the operations of the company, or the state of affairs of the company in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS
Information on the strategy, prospects and risks of the company is included in the operating and financial review on pages 23 to 26 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 62. Appointed October 2013.*

Experience and expertise
Mr. Yeager 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
25,000,000 ordinary shares in Maverick Drilling & Exploration Limited.

Roger Brian Clarke BCom, CA. *Vice Chairman – Independent non-executive director. Age 67. Appointed December 2007.*

Experience and expertise
Mr. Clarke 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. Mr. Clarke holds a Bachelor of Commerce degree and is a Chartered Accountant.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
Non-executive Chairman of Tissue Therapies Limited (Director February 2004 to May 2015).
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 46. Appointed October 2009.*
Experience and expertise
Mr. Clarke 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, Mr. Clarke has been involved in capital raisings and initial public offerings and brings strategic knowledge of the Australian investor market. Mr. Clarke 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 52. Appointed April 2012.*
Experience and expertise
Mr. Camuglia has had over 25 years' experience as a Chartered Accountant and Certified Financial Planner. He 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
13,484,936 ordinary shares in Maverick Drilling & Exploration Limited.

Nigel H. Smith BSc. Independent non-executive director. *Age 58. Appointed March 2015.*
Experience and expertise
Mr Smith is an international oil and gas industry executive with over 30 years of experience with BHP Billiton, BP, Atlantic Richfield Corporation (ARCO) and Shell International. Mr Smith held executive and senior management positions in engineering, project management, production and drilling operations, and planning and acquisitions. He has worked in Europe, USA, Asia, Africa and the Caribbean. Mr Smith graduated with a BSc in engineering from Nottingham University in UK.

Mr Smith was elected to the board 2 March 2015.

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 commencing 14 January 2016.

Interests in shares and options
None.

COMPANY SECRETARY
The company secretary is Andrew James Crawford. Mr. Crawford has over 15 years' chartered and commercial accounting experience having commenced his career with KPMG in 2001. Mr. Crawford is a Chartered Accountant and Registered Tax Agent and holds a Bachelor of Commerce and Diploma of Financial Services. Mr. Crawford served the

company as Chief Financial Officer prior to February 2014, when H K Selzer assumed those duties. As Company Secretary, Mr. Crawford is considered an officer of the company, but not a key management person. Prior to February 2014 as Chief Financial Officer he was a key manager.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 31 December 2015 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	18	18	*	*	**	**
R B Clarke	18	18	-	-	3	4
L A Clarke	18	18	-	-	4	4
J C Camuglia	18	18	-	-	4	4
N H Smith	15	15	-	-	**	**

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 period.
* = Not a non-executive director
** = Not a member of the relevant committee. N H Smith was elected to the Audit and Risk Committee 14 January 2016.

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. As Maverick continues to pursue the shift to a multi-asset energy company with an emphasis on oil and gas exploration and production, we are building a management team with unique talents and proven track records in industry. Therefore, at present, the board ensures that executive reward satisfies the following key criteria:

- competitiveness and reasonableness for the current challenges
- acceptability to shareholders for the new strategy being pursued
- performance linkage
- transparency of actual accomplishments and achievement of objectives
- overall individual skills for the current challenge

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 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 year ended 31 December 2015 were A$90,000 per annum, except for N H Smith. Mr. Smith receives $100,000 USD annually. Non-executive directors do not receive incentive based remuneration. There are no provisions for any retirement benefits other than statutory requirements.

Executive directors

J M Yeager's fees as the company's executive director for the year ended 31 December 2015 were set as an annual base salary of $1,320,000 and additional compensation of $500,000 per annum in lieu of formal retirement benefits. Mr. Yeager's experience in the change Maverick is making is essential to its success.

Other executives

The other executive pay and reward framework has three components:

- base pay and benefits,
- short-term performance incentives,
- sign on performance rights or ordinary shares.

Other executives - Base pay and benefits

Structured as a total employment cost package, pay for other executives 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 director's assessment of the other executives' performance during a specified period. No discretionary short term incentives were paid in the six months ended 31 December 2014. During the year ended 31 December 2015, one executive, H K Selzer, received a bonus of $234,600. The bonus was awarded in May 2015 based on significant milestones achieved by Mr Selzer since being hired in 2014. These included securing a $500 million revolving credit facility for the company, reorganizing and strengthening Maverick's accounting systems and personnel, and continuing review of capital investment options.

Share trading policy
The trading of shares issued to participants through participation in share-based incentive compensation plans 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 year ended 31 December 2015 and the six months ended 31 December 2014 were the directors of Maverick Drilling & Exploration Limited (see pages 5 to 6 above) and H K Selzer, Chief Financial Officer.

Mr. Selzer's experience in oil and gas and the financial markets are critical to the success of Maverick's strategy.

Maverick's management underwent considerable change during 2014. Most of the key management personnel prior to 30 June 2014 are no longer with the company. Maverick expects to bring forward a new executive compensation program to the shareholders in 2016.

Year ended 31 December 2015	Short-term employee benefits			Post-employment benefits	Shared-based payments	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Sign On share rights	Total
	$	$	$	$	$	$
Non-executive directors						
J C Camuglia	61,333	-	-	5,827	-	67,160
R B Clarke	61,333	-	-	5,827	-	67,160
L A Clarke	61,333	-	-	5,827	-	67,160
N H Smith *	83,333	-	-	-	-	83,333
Sub-total non-executive directors	**267,332**	**-**	**-**	**17,481**	**-**	**284,813**
Executive directors						
J M Yeager	1,827,692	-	106	-	-	1,827,798
Other key management personnel						
H K Selzer	370,616	234,600	3,921	-	-	609,137
Total key management personnel compensation	**2,465,640**	**234,600**	**4,027**	**17,481**	**-**	**2,721,748**

* Mr Smith joined the board effective 2 March 2015.

Six months ended 31 December 2014	Short-term employee benefits			Post-employment benefits	Shared-based payments	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Sign On share rights	Total
	$	$	$	$	$	$
Non-executive directors						
J C Camuglia	36,179	-	-	3,437	-	39,616
R B Clarke	36,179	-	-	3,437	-	39,616
L A Clarke	36,179	-	-	3,437	-	39,616
Sub-total non-executive directors	**108,537**	**-**	**-**	**10,311**	**-**	**118,848**
Executive directors						
J M Yeager	900,000	-	52	-	1,306,287	2,206,339
Other key management personnel						
H K Selzer	182,500	-	1,422	-	50,851	234,773
Total key management personnel compensation	**1,191,037**	**-**	**1,474**	**10,311**	**1,357,138**	**2,559,960**

Mr Yeager''s remuneration for the six months ended 31 December 2014 reflects a reclassification of $250,000 from superannuation to salary, to better reflect the nature of the payments.

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

Name	Remuneration 12 Months 31 Dec 2015	Remuneration 6 Months 31 Dec 2014	At risk - STI 12 Months 31 Dec 2015	At risk - STI 6 Months 31 Dec 2014	At risk - LTI 12 Months 31 Dec 2015	At risk - LTI 6 Months 31 Dec 2014
Non-executive directors of Maverick Drilling & Exploration Limited						
J C Camuglia	**100%**	100%	**NA**	NA	**NA**	NA
R B Clarke	**100%**	100%	**NA**	NA	**NA**	NA
L A Clarke	**100%**	100%	**NA**	NA	**NA**	NA
N H Smith	**100%**	NA	**NA**	NA	**NA**	NA
Executive directors of Maverick Drilling & Exploration Limited						
Executive directors						
J M Yeager	**100%**	41%	**NA**	59%	**NA**	NA
Other key management personnel of the company						
H K Selzer	**61%**	78%	**39%**	22%	**NA**	NA

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 company growth. The fixed component of remuneration set by the board considered Maverick's strategic change and the consequences of Maverick's performance on shareholder wealth. The table below details key operating and corporate metrics for the past five financial years.

	12 Months 31 Dec 2015	6 Months 31 Dec 2014	FY 30 Jun 2014	FY 30 Jun 2013	FY 30 Jun 2012
Revenue from continuing operations	$10.6 million	$12.7 million	$43.8 million	$27.5 million	$22.2 million
(Loss)/Profit before income tax	($39.2 million)	($21.1 million)	($29.6 million)	$7.2 million	$9.3 million
(Loss)/Profit after tax	($39.2 million)	($18.7 million)	($20.1 million)	$3.8 million	$6.6 million
(Loss)/Earnings per share	(7.2) cents	(3.5) cents	(4.2) cents	0.8 cents	1.7 cents
Share price 1 July	A$0.105	A$0.225	A$0.360	A$1.215	A$0.235
Share price period end	A$0.066	A$0.160	A$0.225	A$0.360	A$1.215

Service agreements, share-based sign on awards

J M Yeager's agreement of employment runs until 15 October 2016. The contract provides an initial base salary of $1.3 million per annum and additional compensation of $0.5 million per annum in lieu of formal retirement benefits. In addition, J M Yeager's initial terms of employment included an award of 15 million ordinary shares in Maverick Drilling & Exploration Limited and 10 million share rights in Maverick Drilling & Exploration Limited as a sign on bonus. The 10 million share rights vested in October 2014 based on Mr Yeager's continued service with the company to that date and converted into 10 million ordinary shares.

H K Selzer's employment terms included an initial base salary of $365,000 per annum. In addition, H K Selzer's initial terms of employment included an award of 500,000 share rights in Maverick Drilling & Exploration Limited as a sign on bonus. The 500,000 share rights vested on 31 December 2014 based on Mr Selzer's continued service with the company to that date and converted into 500,000 ordinary shares on 5 January 2015.

Share-based compensation
Share rights

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 share rights in Maverick Drilling & Exploration Limited shares in accordance with the initial terms of his employment agreement. Each right entitled J M Yeager to one ordinary share in Maverick Drilling & Exploration Limited at an exercise price of nil. The share rights carried 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 vested 15 October 2014 subject to the continuous employment of J M Yeager by Maverick through that date and converted into 10 million ordinary shares in Maverick Drilling & Exploration Limited. The assessed fair value at grant date of the rights granted to J M Yeager were allocated as remuneration equally over the period October 2013 through October 2014.

H K Selzer, who was appointed as Chief Financial Officer of Maverick Drilling & Exploration Limited in February 2014, was granted 500,000 share rights in Maverick Drilling & Exploration Limited shares in accordance with the initial terms of his employment. Each right entitled H K Selzer 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$0.25, being the share price at grant date, with this equating to a total value at grant date of A$122,500. These rights vested 1 January 2015 subject to the continuous employment of H K Selzer by Maverick through that date and converted into 500,000 ordinary shares in Maverick Drilling & Exploration Limited. The assessed fair value at grant date of the rights granted to H K Selzer were allocated as remuneration approximately equally over the period February 2014 through 31 December 2014.

The assessed fair value at grant date of performance rights and options granted to the individuals is allocated as remuneration equally over the period from grant date to vesting date, or some cases from an earlier date (such as date of employment) to vesting date and the amount for key members of management is included in the remuneration tables in this remuneration report. Fair values of rights at grant date have been determined using the closing price quoted on the date of the grant.

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 company, including their personally related parties, are set out below.

Twelve months ended 31 December 2015 Name	Balance at the start of the period	Net acquisitions and disposals during the period	Vested rights	Other changes during the period	Balance at the end of the period
Ordinary shares					
J M Yeager	25,000,000	-	-	-	25,000,000
R B Clarke	6,000,000	-	-	-	6,000,000
L A Clarke	20,514,357	-	-	-	20,514,357
J C Camuglia	13,484,936	-	-	-	13,484,936
N H Smith	-	-	-	-	-
H K Selzer	-	-	500,000	-	500,000

Six months ended 31 December 2014 Name	Balance at the start of the period	Net acquisitions and disposals during the period	Vested rights	Other changes during the period	Balance at the end of the period
Ordinary shares					
J M Yeager	15,000,000	-	10,000,000		25,000,000
R B Clarke	6,000,000	-	-	-	6,000,000
L A Clarke	20,514,357	-	-	-	20,514,357
J C Camuglia	12,484,936	1,000,000	-	-	13,484,936
MADKOA warrants					
L A Clarke	500,000	(500,000)	-	-	-

Warrants held by key management personnel during the period

The MADKOA warrants acquired by L A Clark and A J Crawford had an expiry date of 31 December 2029. These MADKOA warrants were closed out by Citiwarrants (CGMA) in July 2014.

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.

Twelve months ended 31 Dec 2015	Balance at the start of the period	Granted as compen-sation	Vested and exercised	Other changes	Balance at end of period	Vested and exercisable	Unvested
H K Selzer	500,000	-	(500,000)	-	-	-	-

Six months ended 31 Dec 2014	Balance at the start of the period	Granted as compen-sation	Vested and exercised	Other changes	Balance at end of period	Vested and exercisable	Unvested
J M Yeager	10,000,000	-	(10,000,000)	-	-	-	-
H K Selzer	-	500,000	-	-	500,000	-	500,000

Other transactions with key management personnel

Debt instrument disclosures relating to key management personnel
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. The company had 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 six months ended 31 December 2014 no additional amounts were loaned to the company and repayments totalling $190,000 were made by the company. At 31 December 2014 the balance of the promissory notes held by Texoz Holdings Unit Trust was $0.

In consideration for the provision of this finance, Texoz Holdings Unit Trust received overriding royalty interests over various Boling and Nash Dome acreage and the Blakely C and Scott leases on Blue Ridge. Maverick purchased the overriding royalty interests on the Blue Ridge Blakely C and Scott leases, Boling Hawes, Gary and Tabor leases and Nash Wisdom leases in February 2015, with an effective date of 31 December 2014, for $231,910. The agreement for this purchase was based on normal commercial terms and conditions and the company sought legal advice from Australian counsel prior to purchasing these overriding royalty interests.

Other transactions with key management personnel
Directors of Maverick Drilling & Exploration Limited

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. Maverick purchased these overriding royalty interests in February 2015, with an effective date of 31 December 2014, for $9,070. The agreement for this purchase was based on normal commercial terms and conditions and the company sought legal advice from Australian counsel prior to purchasing these overriding royalty interests.

Other transactions with key management personnel

	12 Months 31 Dec 2015 $	6 Months 31 Dec 2014 $
Amounts recognised as expense		
Finance cost	**-**	2,240
	-	2,240
Amounts recognised in oil and gas properties		
Purchase of overriding royalty interests in Blue Ridge field	**-**	240,980
	-	240,980

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

	31 Dec 2015 $	31 Dec 2014 $
Current liabilities	**-**	240,980

End of remuneration report

SHARES UNDER OPTION

All options granted under any employee incentive plan have been forfeited or cancelled as of 31 December 2015. None were held by key members of management during the year ended 31 December 2015 nor during the six months ended 31 December 2014. During the year ended 31 December 2015, 125,000 employee options became vested and 550,000 employee options outstanding were either forfeited or cancelled. During the six months ended 31 December 2014, 137,500 employee options vested and 300,000 employee options were forfeited. The Senior Executive Option Plan was terminated in 2015.

Further information on the options is set out in note 35 to the financial statements.

SHARES UNDER EXECUTIVE RIGHTS AND PERFORMANCE RIGHTS

There were no unissued ordinary shares of Maverick Drilling & Exploration Limited under executive rights or performance rights at the date of this report.

On 5 January 2015, the 500,000 executive rights held by H K Selzer were converted into ordinary shares.

Executive rights granted to key management personnel are disclosed on page 13 above. No executive rights or performance rights were granted to the directors in the year ended 31 December 2015 or in the six months ended 31 December 2014. All executive rights and performance rights issued to the five highest remunerated officers of the company are disclosed in the remuneration report on pages 8 to 14 above.

No executive rights or performance rights have been granted to directors or any of the five highest remunerated officers of the company since 31 December 2015.

SHARES ISSUED ON THE EXERCISE OF OPTIONS OR IN CONNECTION WITH PERFORMANCE RIGHTS

During the year ended 31 December 2015 500,000 ordinary shares of Maverick Drilling & Exploration Limited were issued as a result of the exercising of the performance rights granted 9 September 2014. The fair value of these rights on grant date was A$0.25 per right. The share price on issue date was A$0.15. No amounts are unpaid on any of the shares.

During the six months ended 31 December 2014 10,000,000 ordinary shares of Maverick Drilling & Exploration Limited were issued as a result of the exercising of the performance rights granted 29 November 2013. The fair value of these rights on grant date was A$0.495 per right. The share price on issue date was A$0.22. No amounts are unpaid on any of the shares.

LOANS TO DIRECTORS AND EXECUTIVES

There are no loans to directors or executives as at 31 December 2015 or 31 December 2014.

INSURANCE OF OFFICERS

During the twelve months ended 31 December 2015 Maverick Drilling & Exploration Limited paid premiums of A$84,404 to insure the directors and officers 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 Corporation`s *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 year ended 31 December 2015, $7,675 was paid or payable for non-audit services provided by the auditor of the parent entity or its related practices. Other services included consultation regarding US GAAP reporting requirements. During the six months ended 30 December 2014, 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 17.

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, Texas
28 February 2016

Auditor's Independence Declaration

As lead auditor for the audit of Maverick Drilling & Exploration Limited for the year ended 31 December 2015, 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 Turner

Darren Turner
Partner
PricewaterhouseCoopers

Newcastle
29 February 2016

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CORPORATE GOVERNANCE STATEMENT

The 2016 corporate governance statement is dated as at 31 December 2015 and reflects the corporate governance practices in place throughout the year ended 31 December 2015. The corporate governance statement has been approved by the Board.

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 the 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;

(c) Joseph Charles Camuglia, and

(d) Nigel Henry Smith (appointed 14 January 2016).

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, operation, and improvement of an appropriate system of internal controls, including information systems;

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

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

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

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

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

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

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

(j) 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;

(k) reviewing management processes supporting external reporting;

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

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

(n) 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

(o) 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 8 to 14.

The company does not have a formal diversity policy due to its size. However, 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. The board will be responsible for assessing Maverick's gender diversity objectives and Maverick's achievement of those objectives on an annual basis.

At 31 December 2015, the company employed six women, which equates to approximately 10% of the company's employed workforce and approximately 24% of the company's headquarters staff. At 31 December 2014 four women were employed, one in a senior executive position and there were no women on the board. The company had targeted a 25% ratio for female administration employees for the 2015 financial year.

The company does not fully comply with guideline 1.6, which recommends periodic review of non-executive directors' performance, due to having undergone considerable change during the past 24 months.

Principle 2: Structure the board to add value

The company has a five member board comprising four 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, years of service 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.

Recommendations 2.4 and 2.5 of the Guidelines say that the majority of the board should be independent directors and that the company's chairman should be independent. Recommendation 2.1 recommends that the board should establish a nomination committee. Recommendation 2.2 recommends that the board should disclose a skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

R B Clarke, L A Clarke, J C Camuglia, and N H Smith are the independent, non-executive directors on the board. Accordingly, the board complies with recommendation 2.4 as a majority of the board are independent.

At 31 December 2015 R B Clarke had a relevant interest in 1.10% 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 31 December 2015 L A Clarke had a relevant interest in 3.76% 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 31 December 2015 J C Camuglia had a relevant interest in 2.47% 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.

At 31 December 2015 N H Smith did not own any shares, rights, options, or other form of equity of the company.

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 2.1 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.

The company does not comply with Recommendation 2.6, which recommends a professional development plan for the members of the board of directors. Members are expected to provide for their professional development individually.

The company does not comply with Recommendation 2.2 as it has not disclosed a skills matrix. The Board considers the current mix of directors is sufficient to meet the requirements of the company.

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.

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 of 14 January 2016, N H Smith was added to the committee. 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. The CEO and CFO have provided declarations recommended under principle 4. The Company's external auditor attended its May 2015 AGM and was available to answer questions from security holders relevant to the audit.

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 company does not have an internal audit function. However, 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 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 have received 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 board will take into consideration Maverick's strategic change and the consequences of Maverick's performance on shareholder wealth.

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 "Maverick," or "the company") consisting of Maverick Drilling & Exploration Limited and the entities it controlled at the end of, or during, the year ended 31 December 2015.

During the previous period, the board of directors of Maverick Drilling & Exploration Limited elected to change the fiscal year end from 30 June to 31 December each year, with a transitional period of six months to 31 December 2014. This decision was taken to synchronize the company with other companies in the oil and gas exploration and production industry in the United States.

The consolidated financial statements comprise the financial statements of Maverick Drilling & Exploration Limited and its subsidiaries as at 31 December 2015 and for the fiscal year then ended. The comparative period is for the transitional six month period which commenced on 1 July 2014 and ended 31 December 2014. Thus, amounts presented in the financial statements are not entirely comparable.

Revenue

Maverick reported consolidated revenue from operations for the twelve months ended 31 December 2015 of $10,623,000 (six months ended 31 December 2014: $12,681,000). Oil sales revenue was $10,588,000. Net sales of oil were 224,000 barrels in the twelve months ended 31 December 2015, as compared to 137,000 barrels for the six months ended 31 December 2014. This reflects a decline in the daily average production rate of approximately 17%, due to curtailment in drilling and development operations. The average price received for oil declined approximately 42% from the six months ended 31 December 2014 to the twelve months ended 31 December 2015, reflecting the overall market decline in the price of oil.

Operating profit

Maverick reported a consolidated net loss before income tax for the twelve months ended 31 December 2015 of $39,224,000 (six months ended 31 December 2014: net loss before income tax of $21,102,000). This net loss includes non-cash adjustments for depreciation and amortisation (twelve months ended 31 December 2015: $2,711,000 vs six months ended 31 December 2014: $1,688,000), depletion (twelve months ended 31 December 2015: $6,691,000 vs six months ended 31 December 2014: $5,132,000), impairment (twelve months ended 31 December 2015: $22,431,000 vs six months ended 31 December 2014: $17,109,000), and employee benefits related to share based compensation (twelve months ended 31 December 2015: $38,000 vs six months ended 31 December 2014: $1,471,000). Total employee benefits expense amounted to $9,332,000 (six months ended 31 December 2014: $5,280,000). During the twelve months ended 31 December 2015, $14,646,000 in impairments were recognised for Blue Ridge field based on decreased market prices for oil (six months ended 31 December 2014: $17,109,000, also based on decreased market prices for oil.) Impairment of property, plant and equipment, primarily drilling and related equipment was $7,629,000 in the twelve months ended 31 December 2015 (six months ended 31 December 2014: $0). Cash based employee benefits expense increased in the twelve months ended 31 December 2015 as compared to the six months ended 31 December 2014, to $9,294,000 from $3,809,000. The increase is primarily affected by a full twelve months' expense in the current period, versus only six months in the prior period. Income tax expense in the twelve months ended 31 December 2015 was $0 (six months ended 31 December 2014: income tax benefit of $2,426,000).

Financial position

During the period, Maverick's oil & gas asset balance decreased by $13,690,000 to $44,415,000 (31 December 2014: $58,105,000). This decrease included impairment of $14,646,000 in the Blue Ridge field, and depletion expense of $6,691,000, partially offset by $7,647,000 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, and adjustments to restoration provisions. 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 31 December 2015 financial report are those prepared by Netherland, Sewell & Associates, Inc. in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007.

Maverick's working capital position at 31 December 2015 has decreased since 31 December 2014, with current assets totalling $16,491,000 (31 December 2014: $34,392,000) consisting of cash of $13,436,000 (31 December 2014: $28,582,000), receivables of $1,977,000 (31 December 2014: $3,603,000), inventories of $978,000 (31 December 2014: $1,669,000) and assets held for sale of $100,000 (31 December 2014: $538,000). Current liabilities at 31 December 2015 totalled $2,224,000 (31 December 2014: $5,156,000). Maverick increased its borrowings by $39,000 in the period and expects to continue to pay off $58,000 in borrowings in the next six months.

Maverick's property, plant and equipment assets at 31 December 2015 totalled $4,967,000 (31 December 2014: $15,244,000) following additions during the period of $529,000, depreciation expense of $2,711,000, impairment of $7,629,000, and disposals and other activity of $466,000. At 31 December 2015, Maverick had no drilling rigs in operation and three of its workover rigs in operation. Maverick had seven further drilling rigs and eight additional workover rigs that were not in operation at this date. The impairment of the drilling and related equipment was based on the decline in value of such equipment as demand for drilling continued to decrease in 2015 in response to the decline in the price of oil.

Shares on issue

Maverick Drilling & Exploration Limited had 545,000,115 shares on issue at 31 December 2015 (31 December 2014: 544,321,602). Shares issued during the twelve months ended 31 December 2015 included 500,000 in vested rights. Shares issued during the six months ended 31 December 2014 included 10,000,000 in vested 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 in the Blue Ridge, Nash, and Boling fields decreased by 2,975 net acres during the twelve months ended 31 December 2015 (2,108 net acres in the inactive Boling and Nash fields). The company has recently increased holdings approximately 5,100 contiguous acres in a new area targeted for development. Of this total, approximately 1,200 net acres were acquired as at 31December 2015 and the remainder were acquired in January and February 2016.

Reserves

The most recent reported reserves, as prepared by Netherland, Sewell & Associates, Inc. in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007 are summarised by classification and product below:

	31 December 2015		
	Oil MBBL	**Natural Gas Liquids MBBL**	**Natural Gas BCF**
Proved developed	0.7	-	-
Proved undeveloped	3.4	0.2	1.3
Total 1P	4.1	0.2	1.3
Total probable undeveloped (2P)	1.0	0.5	2.4
	5.1	0.7	3.7

Proved 1P + Probable 2P reserve movement

	Oil MBBL	**Natural Gas Liquids MBBL**	**Natural Gas BCF**
Balance at 31 December 2014	4.5	-	-
Net production for the 12 months ended 31 Dec 2015	(0.2)	-	-
Additions due to leasing activity	1.0	0.7	3.7
Revision	(0.2)	-	-
Balance at 31 December 2015	5.1	0.7	3.7

All reserves are located in the United States.

Reserve additions due to leasing activity include both proved undeveloped and probable undeveloped reserves attributable to certain leases acquired in 2015 that are immediately offsetting to an area of proven producing properties. Reserve estimates for this new acreage were based primarily on production data for the immediately offset area. The increase attributable to proved undeveloped reserves (1P) associated with the lease acquisition were 535,000 barrels of oil, 232,000 barrels of natural gas liquids, and 1.2 billion cubic feet of natural gas.

The downward revision was due to shortened economic life for Blue Ridge field due to the decline in oil prices.
No material concentrations of proved undeveloped reserves have remained undeveloped for more than five years from the

date they were initially reported.

Maverick's reserve reports are prepared by Netherland Sewell Associates, Inc. ("NSAI"), a worldwide leader of petroleum property analysis for industry and financial organizations and government agencies. Further information about NSAI can be found on page 26 of this report. NSAI relies on both externally sourced information and data provided by company personnel to estimate reserve quantities. The company has in place various review controls to assure the accuracy and completeness of data provided to NSAI. Company personnel calculate a mid-year reserve estimate in addition to the year-end estimate provided by NSAI and compare each new reserve estimate to previous reports for consistency and material changes. No employee's compensation is tied to the amount of reserves booked.

Production

Maverick's average quarterly production is presented below for the twelve months ended 31 December 2015:

- January to March 2015 — 654 net barrels per day
- April to June 2015 — 691 net barrels per day
- July to September 2015 — 604 net barrels per day
- October to December 2015 — 514 net barrels per day

Drilling and recompletions

Maverick significantly reduced capital spending on drilling and development in the twelve months ended 31 December 2015 as the economics of additional investment became uncertain in the continuing declining market conditions. Maverick drilled 5 new wells on Blue Ridge Dome during the twelve months ended 31 December 2015.

Of the five wells drilled, two wells were put on production, one was plugged, and two were shut in as at 31 December 2015. In addition, a salt water disposal well was drilled.

Maverick performed 86 recompletions in the twelve months ended 31 December 2015, all in Blue Ridge field. Production from these additional producing zones ameliorates natural production declines at comparatively low costs.

Employees

Maverick employed 57 people at 31 December 2015, a decrease of 46% from the number employed at 31 December 2014. Staff reductions have been primarily in the drilling crews as drilling activity decreased.

Strategy and Outlook

During the year ended 31 December 2014 Maverick underwent a complete change in leadership. With this change came an assessment of all aspects of Maverick's business. Based on that assessment Maverick focused on development of the core fairway of the Blue Ridge field, and halted further investments in other less promising fields.

Entering this last fiscal year the Maverick strategy has been to exploit the Blue Ridge field and to identify investment opportunities for new development. The company succeeded in offsetting some production declines at Blue Ridge, while conserving capital for investment in new properties.

Maverick's new senior management team reflects the functional needs of a full exploration and production company, a significant change from Maverick's history as a drilling contractor. These changes have allowed Maverick to pursue a new avenue for the company, focused on screening acquisitions to add to the portfolio. Improvements in systems for processing geology, reservoir engineering, and drilling management have been implemented.

Our change in strategy has culminated in our recently announced lease acquisition program. With the completion in 2016 of the transaction begun in 2015 and certain additional acquisitions, Maverick has acquired 5,100 contiguous undeveloped acres in an area immediately offset to an area of proved producing properties. The company will focus on the future development of this important investment in 2016, subject to commodity prices.

COMPETENT PERSON STATEMENT

The 31 December 2015 and 31 December 2014 evaluations of reserves referred to in the operating and financial review were undertaken by Netherland, Sewell & Associates, Inc. ("NSAI"), a worldwide leader of petroleum property analysis for industry and financial organizations and government agencies. NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. NSAI's technical principals meet or exceed the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; both are proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying United States Security and Exchange and other industry reserves definitions and guidelines. NSAI's technical principals are qualified persons as defined in ASX Listing Rule 5.22. The reserves estimates are consistent with the definitions of Proved and Probable hydrocarbon reserves defined in the Australian Stock Exchange (ASX) Listing Rules. Compensation for the required investigations and preparation of third party reserve reports are not contingent upon the results obtained and reported, and the third party reserve engineers have not performed other work for us that would affect their objectivity. NSAI has consented to the use of the reserves figures in this report in the form and context in which they appear.

Contents

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 23 to 26 and in the directors' report on pages 4 to 7, both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 26 February 2016. 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	**12 Months 31 Dec 2015 $'000**	6 Months 31 Dec 2014 $'000
Revenue from continuing operations	4	**10,623**	12,681
Consumables and external services used		**(3,629)**	(2,050)
Employee benefits expense		**(9,332)**	(5,280)
Depletion expense		**(6,691)**	(5,132)
Depreciation and amortisation expense		**(2,711)**	(1,688)
Impairment of non-current assets	5	**(22,431)**	(17,109)
Professional fees		**(2,610)**	(1,276)
Insurance expense		**(998)**	(452)
State and local tax expense		**(252)**	(366)
Net foreign exchange losses	5	**(12)**	(21)
Other expenses		**(985)**	(338)
Finance costs	5	**(196)**	(71)
Loss before income tax		**(39,224)**	(21,102)
Income tax benefit	6	**-**	2,426
Loss from continuing operations		**(39,224)**	(18,676)
Loss for the year		**(39,224)**	(18,676)
Loss is attributable to:			
Owners of Maverick Drilling & Exploration Limited		**(39,224)**	(18,676)
Non-controlling interests		**-**	-
		(39,224)	(18,676)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic loss earnings per share	34	**(7.2)**	(3.5)
Diluted loss earnings per share	34	**(7.2)**	(3.5)
Earnings per share for loss attributable to th e ordinary equity holders of the company:			
Basic loss earnings per share	34	**(7.2)**	(3.5)
Diluted loss earnings per share	34	**(7.2)**	(3.5)

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

	Notes	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
Loss for the year		**(39,224)**	(18,676)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(39,224)**	(18,676)
Total comprehensive loss for the year is attributable to:			
Owners of Maverick Drilling & Exploration Limited		**(39,224)**	(18,676)
Non-controlling interests		**-**	-
		(39,224)	(18,676)

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

	Notes	31 Dec 2015 $'000	31 Dec 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**13,436**	28,582
Trade and other receivables	8	**1,977**	3,603
Inventories	9	**978**	1,669
Assets classified as held for sale	11	**100**	538
Total current assets		**16,491**	34,392
Non-current assets			
Other non-current assets	12	**194**	450
Property, plant and equipment	13	**4,967**	15,244
Oil and gas assets	14	**44,415**	58,105
Total non-current assets		**49,576**	73,799
Total assets		**66,067**	108,191
LIABILITIES			
Current liabilities			
Trade and other payables	16	**2,042**	5,050
Borrowings	17	**97**	64
Restoration provision	18	**85**	42
Total current liabilities		**2,224**	5,156
Non-current liabilities			
Borrowings	19	**38**	32
Restoration provision	20	**1,396**	1,445
Deferred tax liabilities	21	**-**	-
Other non-current liabilities	16	**40**	-
Total non-current liabilities		**1,474**	1,477
Total liabilities		**3,698**	6,633
Net assets		**62,369**	101,558
EQUITY			
Contributed equity	22	**132,190**	132,053
Other reserves	23	**-**	178
Retained earnings	23	**(69,821)**	(30,673)
Capital and reserves attributable to owners of Maverick Drilling & Exploration Limited		**62,369**	101,558
Non-controlling interests		**-**	-
Total equity		**62,369**	101,558

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

		Attributable to the owners of Maverick Drilling & Exploration Limited				
	Notes	**Contributed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**	**Total equity $'000**
At 1 July 2014		127,465	3,305	(11,997)	118,773	118,773
Total comprehensive loss for the six months ended 31 December 2014		-	-	(18,676)	(18,676)	(18,676)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	22	-	-	-	-	-
Rights issued – value of employee services	22, 23	-	1,357	-	1,357	1,357
Shares issued – value of employee services	22, 23	4,588	(4,498)	-	90	90
Senior Executive Option Plan – value of employee services	23	-	14	-	14	14
Balance, 31 December 2014		132,053	178	(30,673)	101,558	101,558
Total comprehensive loss for the twelve months ended 31 December 2015		-	-	(39,224)	(39,224)	(39,224)
Transactions with owners in their capacity as owners:						
Shares issued – value of employee services	22, 23	137	(115)	-	22	22
Senior Executive Option Plan – value of employee services	23	-	13	-	13	13
Transfer of reserves						
Transfer reserves related to vested unexercised options to Retained Earnings	23	-	(76)	76	-	-
Balance, 31 December 2015		132,190	-	(69,821)	62,369	62,369

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

	Notes	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**11,569**	12,060
Payments to suppliers and employees (inclusive of goods and services tax)		**(19,132)**	(7,685)
		(7,563)	4,375
Interest paid		**(17)**	(2)
Income taxes paid		**-**	49
Net cash (outflow) inflow from operating activities	32	**(7,580)**	4,422
Cash flows from investing activities			
Payments for property, plant and equipment		**(549)**	(523)
Payments for oil and gas assets		**(7,885)**	(19,958)
Deposits returned from Railroad Commission of Texas		**250**	12
Proceeds from sale of property, plant, and equipment		**81**	67
Proceeds from sale of assets held for sale		**488**	25
Interest received		**12**	26
Net cash (outflow) inflow from investing activities		**(7,603)**	(20,351)
Cash flows from financing activities			
Proceeds from borrowings		**137**	-
Share issue transaction costs		**(3)**	(9)
Repayment of borrowings		**(98)**	(1,115)
Net cash inflow (outflow) from financing activities		**36**	(1,124)
Net increase (decrease) in cash and cash equivalents		**(15,147)**	(17,053)
Cash and cash equivalents at the beginning of the financial year		**28,582**	45,649
Effects of exchange rate on cash and cash equivalents		**1**	(14)
Cash and cash equivalents at end of year	7	**13,436**	28,582

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

Contents of the notes to the consolidated financial statements

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.

Change in fiscal year
During the prior period the board of directors of Maverick Drilling & Exploration Limited elected to change the fiscal year end from 30 June to 31 December, with a transitional period of six months to 31 December 2014. This decision was taken to synchronize the company with other companies in the oil and gas exploration and production industry in the United States.

The consolidated financial statements comprise the financial statements of Maverick Drilling & Exploration Limited and its subsidiaries as at 31 December 2015 and for the year ended 31 December 2015. The comparative period is for the transitional period which commenced on 1 July 2014 and ended 31 December 2014. Thus, amounts presented in the financial statements are not entirely comparable.

Compliance with IFRS
The consolidated financial statements of Maverick Drilling & Exploration Limited and its subsidiaries 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 year beginning 1 January 2015 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 not elected to apply other pronouncements before their operative date in the year beginning 1 January 2015.

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 31 December 2015 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 company, the consolidated entity or Maverick.

Subsidiaries are all entities (including special purpose entities) over which the company 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 company controls another entity.

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

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

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

(b) Principles of consolidation (continued)

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

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.

(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 29.

(iii) Changes in ownership interests
The company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the company. 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 company 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 company 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 company'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.

(d) Foreign currency translation (continued)

(iii) Company subsidiaries
The results and financial position of all the company 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:

- 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 company 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 company's activities as described below. The company 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. Oil revenue is presented net of production tax paid to state jurisdictions.

(ii) 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 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.

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.

(f) Income tax (continued)

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 consolidated entity may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The company 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 all the subsidiaries of Maverick Drilling and Exploration USA, Inc.

(g) Leases

Leases of property, plant and equipment where the company, 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 company 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 company 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.

(h) 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.

(i) 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.

(j) 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 company 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.

(k) Inventories

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.

(l) Investments and other financial assets

Classification
The company 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 company's management has the positive intention and ability to hold to maturity. If the company 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 company 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 company 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

(l) Investments and other financial assets (continued)

categories if the company 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.

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 company'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 company 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 company 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

(l) Investments and other financial assets (continued)

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.

(m) 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 company 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
- 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 company 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 are recognized as impairment losses.

(n) 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 sheet 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; or

(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'.

(o) 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 company'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 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.

The 31 December 2015 evaluation of reserves referred to in the operating and financial review was undertaken by Netherland, Sewell & Associates, Inc. ("NSAI"), a worldwide leader of petroleum property analysis for industry and financial organizations and government agencies. NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. NSAI's technical principals meet or exceed the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; both are proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying United States Security and Exchange and other industry reserves definitions and guidelines. NSAI's technical principals are qualified persons as defined in ASX Listing Rule 5.22. The reserves estimates are consistent with the definitions of Proved and Probable hydrocarbon reserves defined in the Australian Stock Exchange (ASX) Listing Rules. Compensation for the required investigations and preparation of third party reserve reports are not contingent upon the results obtained and reported, and the third party reserve engineers have not performed other work for us that would affect their objectivity.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the company 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.

(q) 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.

(q) Borrowings (continued)

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 company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) 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.

(s) Provisions

Provisions for legal claims, service warranties and make-good obligations are recognised when the company 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.

(t) 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.

(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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Employment relationships
For the twelve months ended 31 December 2015, the company 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 company does not have any long service leave pension or health care obligations in relation to any of its Texas employees. For the twelve months ended 31 December 2015 and for the six months ended 31 December 2014, the company has a liability for annual leave and this liability accrues according to individual employment agreements.

(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 35. The Senior Executive Option Plan was terminated in 2015.

The fair value of options 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 options granted, which includes any

(t) Employee benefits (continued)

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.

(u) 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.

(v) 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.

(w) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year (note 34).

(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.

(x) 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.

(y) 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.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. The company'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 2018).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. When adopted, the standard will affect in particular the company'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 company'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 company 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 company has not yet decided when to adopt AASB 9.

(ii) AASB 15 Revenue from contracts with customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 – Mandatory Effective Date of AASB 15 and Transition Disclosures (effective from 1 January 2017).

AASB 15 addresses the principal of revenue recognition. The new standard allows recognition only when the control of a good or service is transferred to the customer. The new notion of recognizing revenue when control is transferred

replaces the existing notion of revenue recognition when the risk and rewards are transferred. AASB 15 also specifies a five-step process that must be applied prior to recognition: 1) identify contracts with customers; 2) identify the separate performance obligations; 3) determine the transaction price of the contract; 4) allocate the transaction price to each of the separate performance obligations; and 5) recognize the revenue as each performance obligation is satisfied.

The company has not adopted the new standard at this time. Additionally, the impact on the company's revenue accounting as a result of AASB 15 has yet to be fully determined.

(iii) AASB 2014-4 Amendments to Australian Accounting Standards– Clarification of Acceptable Methods of Depreciation and Amortisation – Mandatory Effective Date of AASB 2014-4 and Transition Disclosures (effective from 1 January 2016).

AASB 2014-4 limits the use of revenue-based depreciation and amortization methods. The standard identifies the method as generally inappropriate, prohibits its use when calculating the depreciation for property, plant and equipment, and significantly limits its use when calculating the amortisation for intangible assets. The company has not adopted the new standard at this time. Additionally, the impact on the company's accounting for property, plant, equipment and intangible assets as a result of AASB 2014-4 has yet to be fully determined.

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

(iv) AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for acquisitions in joint operations - Mandatory Effective Date of AASB 2014-3 and Transition Disclosures (effective from 1 January 2016).

In August 2014, the AASB made limited scope amendments to AASB 11 Joint Arrangements to explicitly address the accounting for the acquisition of an interest in a joint operation. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

As required under the transitional provisions, the company will apply the amendments prospectively to acquisitions occurring on or after 1 January 2016. They will therefore not affect any of the amounts currently recognised in the financial statements.

(v) AASB 16 – Leases–in January 2016, the IASB issued IFRS 16 Leases replacing the existing IAS 17. The standard is applicable for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted if AASB 15 is also applied. Adoption of the new standard in Australia is still being considered by the AASB.

The company has yet to fully assess the impact of the new standard.

(aa) Parent entity financial information

The financial information for the parent entity, Maverick Drilling & Exploration Limited, disclosed in note 33, 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 judgments

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) Assumptions regarding liquidity
For the year ended 31 December 2015 (2014: six months ended 31 December 2014), the company recorded a loss after tax of $39.2m (2014: loss of $18.7m) and a net decrease in cash of $15.1m (2014: decrease of $17.1m). As at 31 December 2015, the company had net current assets of $14.3m (2014: $29.2m).

While Maverick's focus is on finalising a significant acquisition and recapitalising the company within twelve months, due to the continued low and volatile oil price impacting the company's current ability to generate net cash flows and oil and gas asset values, the company's management has reviewed its cost structures and levels which can result in the company adopting a modified strategy involving conserving cash for the foreseeable future.

The company expects to have available the necessary cash reserves to fund its operations into the foreseeable future, taking into account the following:

- the company's cash balance of US$13.4 million at 31 December 2015;
- subsequent payments of $2.9 million made in relation to new leases;
- forecast revenue from the company's Blue Ridge operations;
- materially reduced budget/forecast expenditure over the coming 12 months;
- sale of surplus plant and equipment;
- to the extent required, the potential to access the financing facility with Wells Fargo which may be used to develop the new lease to a stage resulting in net cash generation from operating activities within twelve months; and
- potential opportunities to farm out the new lease development.

Should it be necessary, the company has the ability to access other funding measures as described above.

(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 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.

(iii) 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 calculations of the fair value less costs of disposal fair. These calculations use cash flow projections based on reserve estimate volumes, current forward prices for oil, financial budgets approved by management covering a ten year period, past performance, other information from the reserve estimates, and expected future drilling capacity and use a pre-tax discount rate consistent with that used for the impairment testing of other assets. At 31 December 2015, the company recognised an impairment of $14,646,000 of its oil and gas assets, attributable to Blue Ridge field, due to decreases in oil prices in the second half of 2015. At 31 December 2014, the company recognised an impairment of $17,109,000 for the Blue Ridge field, due to oil price declines.

The carrying value of oil and gas assets at 31 December 2015 was $44,415,000 (31 December 2014: $58,105,000).

(b) Changes in key estimates

As detailed in accounting policy note (o)(iii) 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 estimated quantities of hydrocarbon reserves.

For the twelve months ended 31 December 2015, the estimated remaining units of the field are based on the Blue Ridge reserve balances as prepared by NSAI as described in note 1(o) above. For the six months ended 31 December 2014 the estimated remaining units of the field are based on the Blue Ridge reserve balances as prepared by NSAI as described in note 1(o) above.

The depletion expense for the twelve months ended 31 December 2015 is $6,691,000 (six months ended 31 December 2014: $5,132,000.) Had the depletion rate applicable for the 31 December 2014 financial period been applied in the twelve months ended 31 December 2015, the depletion expense would have been $1,686,000 higher.

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. 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 twelve months ended 31 December 2015 and the six months ended 31 December 2014 is as follows:

Oil and gas exploration and production	31 Dec 2015 $'000	31 Dec 2014 $'000
Total segment revenue	**10,588**	12,391
Revenue from external customers	**10,588**	12,391
Loss for the year	**(39,224)**	(18,676)
Depletion expense	**(6,691)**	(5,132)
Depreciation and amortisation expense	**(2,711)**	(1,688)
Impairment of non-current assets	**(22,431)**	(17,109)
Income tax (expense)/benefit	**-**	2,426
Total segment assets	**66,067**	108,191
Total assets includes:		
Additions to non-current assets (other than financial assets and deferred tax)	**8,176**	19,131
Total segment liabilities	**3,698**	6,633

(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 and, in the six months ending 31 December 2014, the sale of turnkey joint development wells to Gulf South Holdings, Inc.

3 Segment information (continued)

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

	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
Total segment revenue	**10,588**	12,391
Interest revenue	**12**	26
Rental income and other	**23**	264
Total revenue from continuing operations (note 4)	**10,623**	12,681

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 31 December 2015, revenues from the sole crude oil gather contracted were $10,588,000 and revenues from Gulf South Holdings, Inc. were $0. For the six months ended 31 December 2014, revenues from the sole crude oil gather contracted were $11,091,000 and revenues from Gulf South Holdings, Inc. were $1,300,000.

(ii) 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:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Segment assets	**66,067**	108,191
Total assets as per the balance sheet	**66,067**	108,191

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

(iii) *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:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Segment liabilities	**3,698**	6,633
Total liabilities as per the balance sheet	**3,698**	6,633

4 Revenue

	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
From continuing operations		
Sales revenue		
Sale of goods	**10,588**	11,091
Sale of working interests in turnkey joint development wells	**-**	1,300
	10,588	12,391
Other revenue		
Interest from financial assets not at fair value through profit or loss	**12**	26
Rental income and other	**23**	264
	35	290
	10,623	12,681

5 Expenses

	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
Profit before income tax includes the following specific expenses:		
Impairment		
Property, plant and equipment	**7,629**	-
Oil and gas assets		
Blue Ridge field	**14,646**	17,109
Assets held for sale	**156**	-
Total impairment	**22,431**	17,109
Finance Costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss – charged on other liabilities	**17**	2
Unwind of the effect of discounting on restoration provision	**179**	69
	196	71
Foreign exchange gains and losses		
Net foreign exchange losses recognised in relation to other Australian dollar denominated assets and liabilities	**12**	21
Net foreign exchange losses recognised in profit before income tax for the year as an expense.	**12**	21

Impairment of $7,629,000 to property, plant and equipment was recognised for drilling and workover rigs and related equipment in the twelve months ended 31 December 2015. The impairment relates to the decrease in recoverable value of such equipment. See Note 13 for further information.

Impairment of $14,646,000 was recorded for the Blue Ridge field in the twelve months ending 31 December 2015. The impairment was caused by the significant continued decline in crude oil prices in the second half of 2015. Oil and gas properties are impaired when the carrying value of the properties exceeds the value projected in the reserve report at the end of the reporting period. For further information on impairment of oil and gas properties, see Note 14.

Impairment of $17,109,000 was recorded for the Blue Ridge field in the six months ending 31 December 2014. The impairment was caused by the significant decrease in crude oil prices in the fourth quarter of 2014.

6 Income tax expense (benefit)

	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
(a) Income tax (benefit) expense		
Current tax	**-**	-
Deferred tax	**-**	(2,426)
	-	(2,426)
Income tax is attributable to:		
(Loss) Profit from continuing operations	**-**	(2,426)
Aggregate income tax expense/(benefit)	**-**	(2,426)
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 15)	**8,549**	2,999
(Decrease) increase in deferred tax liabilities (note 21)	**(8,549)**	(573)
	-	2,426
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax (benefit)	**(39,224)**	(21,102)
Tax at the Australian tax rate of 30% (December 2014 - 30%)	**(11,766)**	(6,331)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**4**	1,162
40-880 deductions	**(15)**	(15)
Australian foreign exchange tax on US$ denominated	**-**	
Australian held assets	**2**	654
Non-deductible expenses — Australian parent	**227**	135
Non-deductible expenses — United States subsidiaries	**11**	44
	(11,537)	(4,351)
Difference in overseas tax rates	**(1,550)**	(824)
Tax credit - United States subsidiaries	**-**	(85)
State taxes - United States subsidiaries	**-**	203
Previously unrecognised tax losses used to reduce deferred tax expense	**(71)**	(620)
Net deferred tax asset not brought to account - United States subsidiaries	**13,158**	3,251
Income tax (benefit) expense	**-**	(2,426)

The income tax benefit for the twelve months ended 31 December 2015 and the six months ended 31 December 2014 relates solely to the United States entities.

The United States component, which totals $0, is derived from the accounting loss of the United States incorporated entities adjusted for non-deductible United States based expenditures, share-based compensation, state taxes and credits and deferred tax asset not brought to account 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. There is no Australian component of income tax benefit or expense, due to the application of previous losses not brought into account against deferred tax.

6 Income tax expense (benefit) (continued)

	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
(c) Tax losses		
Unused income tax losses for which no deferred tax asset has been recognised	**48,812**	**10,055**
Unused capital tax losses for which no deferred tax asset has been recognised	**-**	**-**
Unrecognised net deferred tax asset relating to the above tax losses at 30%	**14,643**	**3,016**
(d) Unrecognised temporary differences		
Temporary difference relating to net foreign exchange losses	**23**	**24**
Unrecognised net deferred tax asset relating to the above temporary difference at 30%	**7**	**8**

The tax losses noted above, for which no deferred tax asset has been recognized, expire at various dates from 2030 to 2034.

7 Current assets - Cash and cash equivalents

Reconciliation to cash at the end of the year:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Cash at bank and in hand	**10,497**	28,578
Restricted cash	**2,939**	-
Deposits at call	**-**	4
	13,436	28,582

Restricted cash of $2,939,000 includes the balance deposited in an escrow account toward the acquisition of a group mineral leases. As at 31 December 2015, one half of the escrow was contractually obligated to be paid to the sellers in 2016 if Maverick failed to complete the transaction. The transaction closed in January 2016 and the escrowed funds were released to the sellers.

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

	31 Dec 2015 $'000	31 Dec 2014 $'000
Balances as above	**13,436**	28,582
Balances per statement of cash flows	**13,436**	28,582

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 30. 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

	31 Dec 2015 $'000	31 Dec 2014 $'000
Trade receivables	**474**	1,432
Amounts receivable from joint venture asset partners	**1,130**	1,711
Provision for impairment of joint venture asset receivables	**(414)**	(315)
	716	1,396
Prepayments	**587**	671
Other receivables	**200**	104
Total trade receivables and other current assets	**1,977**	**3,603**

(a) Trade receivables

Trade receivables include oil sales receivables of $474,000 as at 31 December 2015 (31 December 2014: $1,432,000). These amounts are due from a customer with whom Maverick has substantial experience and has had no defaults. All trade receivables are current as at 31 December 2015.

(b) Joint venture asset receivables

Joint venture asset receivables relate to charges to two different Blue Ridge working interest partners for their share in specific drilling and workover activities.

	31 Dec 2015 $'000	31 Dec 2014 $'000
Current joint interest receivables	**72**	362
Joint interest receivables past due but not impaired	**644**	1,034
Joint interest receivables past due, impaired	**414**	315
	1,130	1,711
Provision for impairment of joint venture asset receivables	**(414)**	(315)
Net carrying value of joint interest receivables	**716**	1,396

As at 31 December 2015, joint interest receivables past due but not impaired includes $427,000 for invoices less than 12 months past due and $217,000 for invoices 12 - 18 months past due. As at 31 December 2014, Joint interest receivables past due but not impaired included $489,000 for invoices less than 12 months past due and $545,000 for invoices 12 - 18 months past due.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of Maverick. All other receivables are current as at 31 December 2015.

(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 30.

(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. Maverick does not hold any collateral in relation to any of these receivables.

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 30 for more information on the risk management policy of Maverick and the credit quality of the entity's trade receivables.

9 Current assets – Inventories

	31 Dec 2015 $'000	31 Dec 2014 $'000
Well and drilling equipment and supplies	**978**	1,669
	978	1,669

Inventory expense

Write downs of $297,000 were taken during the twelve months ended 31 December 2015, primarily to reflect decline in the recoverable value. Fair values were determined based on current market pricing for similar items in similar condition. No material write-downs of inventories occurred during the six months ended 31 December 2014.

10 Derivative financial instruments

(a) Risk exposure and fair value measurement

Maverick had no forward foreign exchange contracts at either of 31 December 2015 or 31 December 2014.

(b) 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 30. 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

	31 Dec 2015 $'000	31 Dec 2014 $'000
Balance, beginning of period	**538**	551
Assets transferred to held for sale	**256**	-
Impairment	**(156)**	-
Sold	**(538)**	(13)
Assets classified as held for sale	**100**	538

Assets classified as held for sale at 31 December 2015 are items of equipment currently marketed for sale. Assets classified as held for sale at 31 December 2014 were real estate assets located in Texas and sold in 2015.

12 Other non-current assets

	31 Dec 2015 $'000	31 Dec 2014 $'000
Employee insurance	**31**	-
Deferred transaction costs	**163**	-
Deposits	**-**	250
Note receivable	**-**	200
	194	450

(a) Impaired receivables and receivables past due

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

(b) Fair values

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

	31 Dec 2015		31 Dec 2014	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Other non-current financial assets	**-**	**-**	450	450
	-	**-**	450	450

Deposits as at 31 December 2014 related 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 was returned in 2015 and replaced with a bond. The $200,000 receivable for the sale of equipment was transferred to current assets based on due date.

(c) Risk exposure

Information about Maverick's exposure to credit risk, foreign exchange and interest rate risk is provided in note 30. 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 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
Six months ended 31 December 2014					
Opening net book amount	594	13,027	1,259	1,526	16,406
Additions	7	9	172	354	542
Disposition, net of accumulated depreciation	-	(16)	-	-	(16)
Depreciation charge	(17)	(1,438)	(55)	(178)	(1,688)
Closing net book amount	584	11,582	1,376	1,702	15,244
At 31 December 2014					
Cost	698	21,415	1,995	2,056	26,164
Accumulated depreciation	(114)	(9,833)	(619)	(354)	(10,920)
Net book amount	584	11,582	1,376	1,702	15,244
Twelve months ended 31 December 2015					
Opening net book amount	584	11,582	1,376	1,702	15,244
Additions	30	16	-	483	529
Dispositions and transfers, net of accumulated depreciation	(124)	393	(337)	(141)	(209)
Assets classified as held for sale	(5)	(142)	(110)	-	(257)
Depreciation charge	(111)	(1,676)	(354)	(570)	(2,711)
Impairment	-	(7,629)	-	-	(7,629)
Closing net book amount	374	2,544	575	1,474	4,967
At 31 December 2015					
Cost	598	13,376	1,333	2,258	17,565
Accumulated depreciation	(224)	(10,832)	(758)	(784)	(12,598)
Net book amount	374	2,544	575	1,474	4,967

(a) Non-current assets pledged as security

Refer to note 17 for information on non-current assets pledged as security by the company.

Impairment

Impairment of $7,629,000 was recorded for drilling rigs and machinery in the twelve months ending 31 December 2015. Equipment is impaired when the carrying value of the properties exceeds the recoverable value. The recoverable value was based on the estimated fair market values of individual items of drilling equipment as at 31 December 2015, which has declined in response to the decline in market prices for oil. The estimate of recoverable value took into consideration the company's reduced expectation of future use of some items of equipment in its oil and gas operations as well as estimated market values for such equipment. This is considered a Level 3 valuation, as these items of used equipment are not traded in a highly liquid market. Therefore the estimate of value depends on unobservable inputs. See Note 30 (d) below for discussion of fair value levels.

14 Non-current assets - Oil and gas assets

	31 Dec 2015 $'000	31 Dec 2014 $'000
Cost		
Opening balance	**86,831**	85,351
Additions	**7,647**	18,589
Impairment	**(14,646)**	(17,109)
Closing balance at period end	**79,832**	86,831
Accumulated depletion		
Opening balance	**28,726**	23,594
Depletion expense	**6,691**	5,132
Closing balance at period end	**35,417**	28,726
Net book amount		
At beginning of period	**58,105**	61,757
At period end	**44,415**	58,105

Depletion expense

As detailed in accounting policy note 1(o)(iii) 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 twelve months ended 31 December 2015 the estimated remaining units of the field are based on the Blue Ridge reserve report balances as at 31 December 2015. For the six months ended 31 December 2014 the estimated remaining units of the field are based on the Blue Ridge reserve report balances as at 31 December 2014.

The depletion expense for the twelve months ended 31 December 2015 is $6,691,000. The depletion expense for the six months ended 31 December 2014 was $5,132,000.

Impairment

Impairment of $14,646,000 was recorded for the Blue Ridge field in the twelve months ending 31 December 2015. Oil and gas properties are impaired when the carrying value of the properties exceeds the recoverable amount as estimated in the current reserve report. The reserve report represents an estimate of fair value less costs of disposal and was based on the present value of estimated cash flows of proved oil reserves expected to arise from the continued use of the asset as at 31 December 2015. This is considered a Level 3 valuation, as it utilizes a discounted cash flow model with unobservable inputs. See Note 30 (d) below for discussion of fair value levels. The recoverable value for Blue Ridge field is $42.7 million. Significant assumptions included in the cash flow model are:

- Volume of proved oil reserves are based on deterministic methods including performance analysis and volumetric analysis, relying on various forms of well data such as well logs, geologic maps, seismic data, and well test data and production data;
- Projected prices of oil were based on an average of projections by industry analysts in December 2015 and included base oil prices as follows: 2016 - $48.92; 2017 - $58.45; 2018 - $60.66; thereafter - $65.00 ;
- Timing of future production is based on estimated production decline curves and the company's plans and expectations regarding future development;
- Future expenses of operation, future capital expenditures to develop undeveloped proved reserves, and the timing of these expenditures is based on the company's historical and projected costs and on its development plans; and
- A standard discount rate of 10% was used (same as in prior valuations).

14 Non-current assets - Oil and gas assets (continued)

Further information about the reserve report can be found in the operating and financial review on pages 23-26 of this annual report.

The decline in value was caused by the significant continued decline in crude oil prices in the second half of 2015. A further 10% decline in the estimated future price of oil would have increased the impairment expense for the twelve months ended 31 December 2015 by an additional $12.4 million. A 10% increase in the price of oil would have reduced the impairment expense by $12.0 million.

Impairment of $17,109,000 was recorded for the Blue Ridge field in the six months ending 31 December 2014. The impairment was caused by the significant decrease in crude oil prices in the fourth quarter of 2014.

15 Non-current assets - Deferred tax assets

The balance comprises temporary differences attributable to:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Tax losses	**7,829**	16,496
Tax credit	**85**	85
Trade and other payables	**232**	114
Total deferred tax assets	**8,146**	16,695
Set-off of deferred tax liabilities pursuant to set-off provisions	**(8,146)**	(16,695)
Net deferred tax assets	**-**	-
Deferred tax assets expected to be recovered within 12 months	**-**	-
Deferred tax assets expected to be recovered after more than 12 months	**8,146**	16,695
	8,146	16,695

Movements	Tax Credit $'000	Tax losses $'000	Trade and other Payables $'000	Total $'000
At 30 June, 2014	-	13,692	4	13,696
(Charged) / credited to income statement	85	2,804	110	2,999
At 31 December, 2014	85	16,496	114	16,695
(Charged) / credited to income statement	-	(8,667)	118	(8,549)
At 31 December, 2015	85	7,829	232	8,146

16 Current liabilities - Trade and other payables

	31 Dec 2015 $'000	31 Dec 2014 $'000
Trade payables	**281**	1,276
Other payables	**1,761**	3,774
	2,042	5,050

(a) Risk exposure

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

17 Current liabilities – Borrowings

	31 Dec 2015 $'000	31 Dec 2014 $'000
Secured		
Credit cards	**12**	26
Equipment finance	**85**	38
Total secured current borrowings	**97**	64
Total current borrowings	**97**	64

(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 30.

17 Current liabilities – Borrowings (continued)

(c) Secured liabilities and assets pledged as security

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

	31 Dec 2015 $'000	31 Dec 2014 $'000
Credit cards	**12**	26
Equipment finance	**123**	70
Total secured borrowings	**135**	96

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

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:

	31 Dec 2015 $'000	31 Dec 2014 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**12**	26
Total current assets	**12**	26
Non-current assets		
Property, plant and equipment	**198**	99
Total non-current assets	**198**	99
Total assets	**210**	125

17 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:

	31 Dec 2015		31 Dec 2014	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Non-traded financial liabilities				
Credit cards	**12**	**12**	26	26
Equipment finance	**123**	**123**	70	70
	135	**135**	96	96

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.

18 Current liabilities – Restoration provision

	31 Dec 2015 $'000	31 Dec 2014 $'000
At beginning of period	**42**	65
Additional provision recognized	**54**	-
Discount on unwind of provision	**73**	23
Expenditure charged to provision	**(99)**	(85)
Revision of estimate	**14**	39
At end of period	**85**	42

A current provision of $42,000 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.

19 Non-current liabilities - Borrowings

	31 Dec 2015 $'000	31 Dec 2014 $'000
Secured		
Equipment finance	**38**	32
Total secured non-current borrowings	**38**	32
Total non-current borrowings	**38**	32

(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 17.

(b) Risk exposures

Details of Maverick's exposure to risks arising from current and non-current borrowings are set out in note 30.

20 Non-current liabilities – Restoration provision

	31 Dec 2015 $'000	31 Dec 2014 $'000
At beginning of period	**1,445**	1,530
Additional provision recognized	**-**	164
Discount on unwind of provision	**106**	46
Expenditure charged to provision	**(14)**	(42)
Revision of estimate	**(141)**	(253)
At end of period	**1,396**	1,445

A provision of $1,481,000 has been recognised for restoration of wells related to the Blue Ridge and Boling fields, including both the current and non-current portions. The provision has been estimated based on existing technology and procedures, current prices, and discounted using a discount rate of 10%. A total of $179,000 is included in Finance costs on the income statement for unwinding of discount related to restoration provisions for the 12 months ended 31 December 2015.

21 Non-current liabilities - Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Property, plant and equipment	**1,207**	3,882
Oil and gas assets	**6,939**	12,813
Total deferred tax liabilities	**8,146**	16,695
Set-off of deferred tax liabilities pursuant to set-off provisions (note 17)	**(8,146)**	(16,695)
Net deferred tax liabilities	**-**	-
Deferred tax liabilities expected to be settled within 12 months	**-**	-
Deferred tax liabilities expected to be settled after more than 12 months	**8,146**	16,695
	8,146	16,695

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 30 June 2014	-	-	3,230	-	12,892	16,122
Charged/(credited)						
-to income statement	-	-	652	-	(79)	573
At 31 Dec 2014	-	-	3,882	-	12,813	16,695
Charged/(credited)						
-to income statement	-	-	(2,675)	-	(5,874)	(8,549)
At 31 Dec 2015	-	-	1,207	-	6,939	8,146

22 Contributed equity

(a) Share capital

	Notes	**31 Dec 2015 shares**	31 Dec 2014 shares	**31 Dec 2015 $'000**	31 Dec 2014 $'000
Ordinary shares					
Fully paid	(b)	545,000,115	544,321,602	132,190	132,053
		545,000,115	544,321,602	132,190	132,053

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Issue Price	$'000
30 Jun 2014	Opening balance		533,885,763		127,465
	Performance rights vested		10,000,000	$0.45	4,498
	Other shares issued to employee		435,839	$0.23	100
	Less: Transaction costs arising on shares issued for sign-on and performance rights vesting				(10)
31 Dec 2014	Balance		544,321,602		132,053
	Performance rights vested		500,000	$0.23	115
	Other shares issued to employee		178,513	$0.14	25
	Less: Transaction costs arising on shares issued for sign-on and performance rights vesting				(3)
31 Dec 2015	Balance		545,000,115		132,190

(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) Shares based expense

On 5 January 2015, 500,000 share rights vested and were exchanged for ordinary shares (fair value of A$0.23 per share when the rights were granted). On 19 January 2015 178,513 shares were issued to an employee of the company (fair value of A$0.17 per share when the grant was made).

On 15 October 2014, 10 million share rights vested and were exchanged for ordinary shares (fair value of A$0.495 per share when the rights were granted). On 9 September 2014 435,839 shares were issued to an employee of the company (fair value of A$0.245 per share).

22 Contributed equity (continued)

(e) 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 31 December 2015.

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 twelve months ended 31 December 2015 and the six months ended 31 December 2014, Maverick did not have any specific strategy in respect of gearing ratios. The gearing ratios at 31 December 2015 and 31 December 2014 were as follows:

	Notes	**31 Dec 2015 $'000**	31 Dec 2014 $'000
Total borrowings	20,22	**135**	**96**
Less: cash and cash equivalents	7	**(13,436)**	**(28,582)**
Net debt		**(13,301)**	**(28,486)**
Total equity		**62,369**	**101,558**
Total capital		**49,068**	**73,072**
Gearing ratio		(27)%	(39)%

The decreased gearing ratio as at 31 December 2015 is the result of decreased revenues from oil sales, due to the decline in market prices, with continued investment in development of oil and gas properties.

23 Other reserves and retained earnings

(a) Other reserves

	31 Dec 2015 $'000	31 Dec 2014 $'000
Share-based payments reserve	**-**	**178**
Total other reserves	**-**	178

Movements in the share-based payment reserve:

	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
Balance beginning of period	**178**	3,305
Rights and options	**(102)**	(3,127)
Transfer reserves related to vested unexercised options to Retained Earnings	**(76)**	-
Balance end of period	**-**	**178**

The decrease in other reserves during the six months ended 31 December 2014 includes the vesting of 10 million share rights that were exchanged for shares.

(b) Retained earnings

Movements in retained earnings were as follows:

Balance beginning of period	**(30,673)**	(11,997)
Transfer reserves related to vested unexercised options to Retained Earnings	**76**	**-**
Net (loss) for the year	**(39,224)**	(18,676)
Balance end of period	**(69,821)**	(30,673)

(c) Nature and purpose of other reserves

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

24 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:

	31 Dec 2015 $	31 Dec 2014 $
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	**241,587**	154,593
Total remuneration for audit and other assurance services	**241,587**	154,593
Other services	**7,675**	-

Other services included consultation regarding US GAAP reporting requirements.

25 Contingencies

(a) Contingent liabilities

The parent entity and Maverick had no contingent liabilities at 31 December 2015 or 31 December 2014.

(b) Contingent assets

The parent entity and Maverick had no contingent assets at 31 December 2015 or 31 December 2014.

26 Commitments

(a) Capital commitments

	31 Dec 2015 $'000	31 Dec 2014 $'000
Equipment finance	**123**	70
Mineral lease acquisition	**1,470**	-
Total capital commitments	**1,593**	70

(b) Other commitments

	31 Dec 2015 $'000	31 Dec 2014 $'000
Office rent	**1,527**	1,974
Total other commitments	**1,527**	1,974

27 Related party transactions

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

(c) Key management personnel

	12 Months 31 Dec 2015 $	6 Months 31 Dec 2014 $
Short-term employee benefits	**2,766,844**	1,192,511
Post-employee benefits	**23,424**	10,311
Share-based payments	**-**	1,357,138
	2,790,268	2,559,960

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 14.

(d) Transactions with related parties

Disclosures in relation to key management personnel are provided in the remuneration report on pages 8 to 14. In addition, the table below includes transactions with A J Crawford, Company Secretary. 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 company. The agreement for these services was based on normal commercial terms and conditions.

	12 Months 31 Dec 2015 $	6 Months 31 Dec 2014 $
Amounts recognised as expense		
Professional fees	**29,809**	25,339
Finance cost	**-**	2,240
	29,809	27,579
Amounts recognised in oil and gas properties		
Purchase of overriding royalty interests in Blue Ridge field	**-**	240,980
	-	240,980

Aggregate amounts payable to key management personnel of the company and other related parties at the end of the reporting period relating to the above types of other transactions.

The purchase of overriding royalty interests in Blue Ridge field from related parties and the related current liability as at 31 December 2014 is described in the remuneration report on pages 8 to 14. The liability was paid in 2015.

27 Related party transactions (continued)

	31 Dec 2015 $	31 Dec 2014 $
Current liabilities	**1,090**	243,484

All other related parties of the company are wholly owned subsidiaries of the parent. As a result there are no additional transactions to be disclosed 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 14. All other related parties of the company 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 from related parties

Loans from related parties
In June 2012, D D Henrich and G Henrich entered into a loan agreement with Maverick Drilling & Exploration Limited. D D Henrich was the founder of Maverick Drilling Company, the predecessor to Maverick. G Henrich is his spouse; both held significant shares in the company, and D D Henrich served as executive director until November 2013 and as non-executive director until March 2014. The principal of the 2012 loan was $5,800,000 and interest accrued 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 November 2014, the month this loan was repaid in full, this interest rate was calculated as 1.11%. 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 six months ended 31 December 2014, interest of $2,240 was accrued on this loan and repayments of $882,487 were made. At 31 December 2014 the balance of this loan was $0.

At 31 December 2014 the aggregate of loans from key management personnel to Maverick was $0 and aggregate total interest paid for the six months ended 31 December 2014 year ended was $2,240. There were no other loans from directors, key management personnel or other employees to the business during the six months ended 31 December 2014 or the year ended 31 December 2015.

All other related parties of the company 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 entity 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 14.

All other related parties of the company 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.

28 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 * 31 Dec 2015 %	Equity Holding * 31 Dec 2014 %
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 Holdings, Inc.**	United States	Ordinary	100	-

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

** Maverick Holdings, Inc. incorporated during the 31 December 2015 financial year.

29 Interests in joint ventures

(a) Jointly controlled assets

The company 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 the company purchased the leases in November 2007. The 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. The 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.

Twenty-three Blakely joint venture wells with Gulf South Holdings, Inc. were drilled in the 2014 financial year. The company has a fifty percent working interest in each of these wells with Gulf South Holdings, Inc. having the remaining fifty percent. An additional three Blakely wells were drilled in the six months ended 31 December 2014.

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:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Non-current assets		
Oil and gas properties	**17,360**	16,553
Total non-current assets	**17,360**	16,553
Share of assets employed in joint venture	**17,360**	16,553

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 38 wells in the 2013 and 2014 Gulf South Holdings Inc. joint development programs.

30 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 company. Risk management is carried out by executive directors and management. Maverick had no hedges at either 31 December 2014 or 31 December 2015. Maverick does not hedge any other risk exposures other than foreign currency exchange 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:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Financial assets		
Cash and cash equivalents	**13,436**	28,582
Trade and other receivables	**2,171**	4,053
	15,607	32,635
Financial liabilities		
Trade and other payables	**2,042**	5,050
Borrowings	**135**	96
Other financial liabilities	**40**	-
	2,217	5,146

(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 company is US dollars, the foreign exchange risk relates to assets and liabilities denominated in Australian dollars.

Maverick had no hedges at either 31 December 2015 or 31 December 2015.

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

	31 Dec 2015 $'000	31 Dec 2014 $'000
Cash and cash equivalents	**37**	**22**
Trade and other receivables	**-**	**66**
Trade and other payables	**(170)**	**(133)**
Borrowings	**-**	**-**

30 Financial risk management (continued)

Sensitivity
Based on the financial instruments held at 31 December 2015, had the US dollar weakened/ strengthened by 10% against the Australian dollar with all other variables held constant there would have been no material impact on Maverick's pre-tax loss for the twelve months ended 31 December 2015 (six months ended 31 December 2014: $0 effect). Maverick did not have exposure to any other foreign currencies in the twelve months ended 31 December 2015 or the six months ended 31 December 2014.

(ii) Cash flow and fair value interest rate risk
As at 31 December 2015, Maverick did not have any borrowings that were subject to interest rate risk as defined in AASB 7 (31 December 2014: $0). All borrowings and receivables are fixed rate and are carried at amortised cost.

Maverick does not currently use any derivatives to manage cash flow interest rate risk.

(iii) Commodity price risk

Maverick's revenue is exposed to commodity price fluctuations, in particular oil prices. Maverick has not historically hedged existing oil production with financial derivatives. Capital expenditures are scenario tested utilizing lowest anticipated pricing. As at reporting date, Maverick had no financial instruments with material exposure to commodity price risk.

(b) Credit risk

Credit risk is managed on a consolidated 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:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Cash at bank and cash equivalents		
National Australia Bank	**14**	22
Wells Fargo	**10,483**	28,556
Deposits in escrow	**2,939**	4
Total	**13,436**	28,582

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

30 Financial risk management (continued)

	31 Dec 2015 $'000	31 Dec 2014 $'000
Trade receivables and accrued income		
Counterparties without external credit rating		
Existing customers (more than 6 months) with no defaults in the past	**474**	1,432
Total trade receivables and accrued income	**474**	1,432
Other items disclosed as part of trade and other receivables		
Deposit paid to the Texas Railroad Commission	**-**	250
Receivable for sale of equipment	**200**	200
Other receivables and prepayments	**1,303**	2,171
Total trade and other receivables	**1,977**	4,053

The amounts disclosed as other totalling $1,303,000 (31 December 2014: $2,171,000) include prepayments of $587,000 (31 December 2014: $671,000), amounts receivable from joint venture partners $716,000 (31 December 2014: $1,396,000) and other various receivables $0 (31 December 2014: $104,000). 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 31 December 2015 the company held cash and cash equivalents of $13,436,000 (31 December 2014: $28,582,000) that are expected to readily generate cash inflows for managing liquidity risk. The term deposits held by the company at 31 December 2015 will all mature before 31 December 2016.

Management monitors the company'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

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. As at 31 December 2015 and 31 December 2014 there were no outstanding borrowings against the facility, and the borrowing base was zero.

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.

30 Financial risk management (continued)

Contractual maturities of financial liabilities:

At 31 December 2015	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives							
Trade payables and other commitments	3,426	86	40	-	-	3,552	3,552
Borrowings	77	58	-	-	-	135	135
Restoration	85	-	-	-	1,396	1,481	1,481
Operating leases	245	246	495	574	-	1,560	1,560
Total non-derivatives	3,833	390	535	574	1,396	6,728	6,728

At 31 December 2014	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives							
Trade payables other commitments	4,477	59	-	-	-	4,536	4,536
Borrowings	45	19	32	-	-	96	96
Restoration	42	-	-	-	1,445	1,487	1,487
Operating leases	215	231	471	1,056	-	1,973	1,973
Total non-derivatives	4,779	309	503	1,056	1,445	8,092	8,092

(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 31 December 2015 and at 31 December 2014 Maverick had no financial assets measured at fair value.

At 31 December 2015 and at 31 December 2014 Maverick had no financial 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.

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.

30 Financial risk management (continued)

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 twelve months ended 31 December 2015 or the six months ended 31 December 2014 did Maverick hold any level 3 financial 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.

31 Events occurring after the reporting period

As at 31 December 2015, Maverick had committed to additional leasing of undeveloped acreage contiguous to that acquired in 2015. Maverick had placed $2,939,000 in an escrow account pending completion of the transaction. The transaction was completed and the funds were released to the sellers in January 2016.

The Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly affect the operations of the company or the company, the results of the operations of the company or the company, or the state of affairs of the company or the company in subsequent financial years.

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

	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
(Loss) for the year	**(39,224)**	(18,676)
Depletion expense	**6,691**	5,132
Depreciation and amortisation expense	**2,711**	1,688
Impairment of non-current assets	**22,431**	17,109
(Gain) Loss on sale of assets held for sale	**50**	(13)
Loss on sale of property plant and equipment	**130**	4
(Gain) on sale of exploration and evaluation assets	**-**	(67)
Non-cash employee benefits expense – share-based payments	**38**	1,471
Net exchange differences	**(1)**	14
Interest income	**(12)**	(26)
Change in operating assets and liabilities		
Decrease in trade debtors and other receivables	**1,013**	961
Increase (decrease) in trade and other payables	**(1,586)**	533
(Decrease) in income in advance	**-**	(1,400)
Increase in provisions	**179**	69
Increase in current tax liabilities	**-**	49
(Decrease) in deferred tax liabilities	**-**	(2,426)
Net cash inflow (outflow) from operating activities	**(7,580)**	4,422

33 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity, Maverick Drilling & Exploration Limited, show the following aggregate amounts:

	31 Dec 2015 $'000	31 Dec 2014 $'000
Balance sheet		
Current assets	**95**	96
Total assets	**121,465**	121,865
Current liabilities	**170**	(127)
Total liabilities	**170**	(127)
Shareholders' equity		
Issued capital	**132,190**	132,054
Reserves	**-**	178
Retained earnings	**(10,895)**	(10,494)
	121,295	121,738
(Loss) for the year	**(478)**	(427)
Total comprehensive loss	**(478)**	(427)

(b) Guarantees entered into by the parent entity

As at 31 December 2015 and 31 December 2014 the parent entity had no outstanding guarantees.

(c) Contingent liabilities of the parent entity

As at 31 December 2015 and 31 December 2014 the parent entity had no contingent liabilities.

(d) Contractual commitments

As at 31 December 2015 and 31 December 2014 the parent entity had no contractual commitments.

34 Loss per share

(a) Basic loss per share	12 Months 31 Dec 2015 Cents	6 Months 31 Dec 2014 Cents
From continuing operations attributable to the ordinary equity holders of the company	**(7.2)**	(3.5)
Total basic loss per share attributable to the ordinary equity holders of the company	**(7.2)**	(3.5)

(b) Diluted loss per share

From continuing operations attributable to the ordinary equity holders of the company	**(7.2)**	(3.5)
Total diluted loss per share attributable to the ordinary equity holders of the company	**(7.2)**	(3.5)

(c) Reconciliations of loss used in calculating loss per share	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
Basic loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share		
From continuing operations	**(39,224)**	(18,676)
	(39,224)	(18,676)
Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the company:		
Used in calculating basic loss per share	**(39,224)**	(18,676)
Used in calculating diluted loss per share	**(39,224)**	(18,676)

(d) Weighted average number of shares used as the denominator	12 Months 31 Dec 2015 Number of shares	6 Months 31 Dec 2014 Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	**544,985,832**	538,394,924
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	**544,985,832**	538,394,924

35 Share-based payments

(a) Senior Executive Option Plan

Long-term incentives were provided to certain executives via the Senior Executive Option Plan. The plan, established in June 2013, was designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plan executives were issued options which progressively vest based on service. Once vested, the options were exercisable until the third anniversary of the grant date with each option convertible into one ordinary share at a pre-determined exercise price. Options were granted under the plan for no consideration and they carried no dividend or voting rights. The Senior Executive Option Plan was terminated in 2015.

All options were issued during the year ended 30 June 2013. As at 31 December 2015 there were no options outstanding. All options previously issued under the plan had either been forfeited or cancelled. The Senior Executive Option Plan was terminated in 2015.

Set out below is a summary of the options granted under the plan at 31 December 2015.

Grant date	Expiry date	Exercise price	Balance at the start of the period Number	Granted during the period Number	Exercised during the period Number	Forfeited / cancelled during the period Number	Balance at the end of the period Number	Vested and exercisable at end of the period Number
5 June 2013	4 June 2016	A$0.50	550,000	-	-	(550,000)	-	-

(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. No further options were granted through 31 December 2015. 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 2013 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 was 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.

(b) Sign on performance rights and sign on executive 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 entitled J M Yeager to one ordinary share in Maverick Drilling & Exploration Limited for no further consideration. These rights vested on 15 October 2014 and shares were issued. The performance rights carried 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 was allocated as remuneration equally over the period from grant date until vesting date. The fair value of the rights as based on the market price of the stock on date of grant.

35 Share-based payments (continued)

On 9 September 2014 435,839 shares were issued to an employee of the company (fair value of A$0.245 per share).

H K Selzer was granted 500,000 rights in Maverick Drilling & Exploration Limited shares after he agreed to employment terms in March 2014. Each right entitled H K Selzer 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$0.245, being the share price at grant date with this equating to a total value at grant date of A$122,500. These rights vested 1 January 2015 and shares were issued. The assessed fair value at grant date of the rights was allocated as remuneration equally over the period from his commencement date in March 2014 until vesting date.

On 19 January 2015 178,513 shares were issued to an employee of the company (fair value of A$0.17 per share at date of grant).

(c) Expenses arising from share-based payment transactions

	12 Months 31 Dec 2015 $'000	6 Months 31 Dec 2014 $'000
Options issued under employee option plan	**13**	14
Sign on performance rights issued	**-**	1,357
Ordinary shares issued	**25**	100
	38	1,471

In the directors' opinion:

(a) the financial statements and notes set out on pages 27 to 79 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 31 December 2015 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, Texas
28 February 2016

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 consolidated balance sheet as at 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income , consolidated statement of changes in equity and consolidated 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 and 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*.

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 31 December 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and 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 14 of the directors' report for the year ended 31 December 2015. 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 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

D A Turner

Darren Turner
Partner

Newcastle
29 February 2016

The shareholder information set out below was applicable as at 15 February 2015.

A. 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 - 1,000	464	181,791	0.04
1,001 - 5,000	1,001	3,226,155	0.59
5,001 - 10,000	777	6,396,799	1.17
10,001 - 50,000	1,595	40,837,141	7.49
50,001 - 100,000	495	37,614,571	6.90
100,001 and over	701	456,743,658	83.81
	5,033	**545,000,115**	**100.00**

There were 2,258 holders of less than a marketable parcel of ordinary shares.

B. 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	25,673,888	4.71%
J. MICHAEL YEAGER	25,000,000	4.59%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,320,272	4.46%
OH BOSS PTY LTD	16,114,357	2.96%
CITICORP NOMINEES PTY LIMITED	10,816,286	1.98%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,040,258	1.48%
MR PETER MURRAY JACKSON	7,000,000	1.28%
CLERICUS PTY LTD	5,650,000	1.04%
S M PROVIDENT PTY LTD	5,627,000	1.03%
MFTK2 PTY LTD	5,231,579	0.96%
JOHN CAMUGLIA & NATASHA CAMUGLIA	4,984,269	0.91%
ANTHONY CAMUGLIA & ROSEMARIE CAMUGLIA	4,984,128	0.91%
SMP DAWSON PTY LTD	4,728,500	0.87%
BT PORTFOLIO SERVICES LIMITED	4,500,000	0.83%
MR JOHN CAMUGLIA & MRS NATASHA CAMUGLIA	4,500,000	0.83%
MR ANTHONY CAMUGLIA & MRS ROSEMARIE CAMUGLIA	4,400,000	0.81%
FRANWAY PTY LTD	4,200,000	0.77%
J P MORGAN NOMINEES AUSTRALIA LIMITED	3,728,880	0.68%
MR LEE FRANCIS TAYLOR	3,570,012	0.66%
ARRANSON PTY LIMITED	3,300,000	0.61%
TOTAL	**176,369,429**	32.36%

C. Substantial holders

There were no substantial holders in the company as at 15 February 2016.

Shareholder information (continued)

D. 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.