

# **Maverick Energy Limited**

**(Formerly Maverick Drilling International Limited)**

**ABN 52 110 411 428**

**Interim Financial Report**

**31 December 2008**

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## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Richard Wolanski	Non-Executive Chairman
Peter Pawlowitsch	Executive Director (Resigned 27 February 2009)
Christian Cordier	Executive Director (Appointed 27 February 2009)
Peter Christie	Non-Executive Director

### Review of Operations

#### Corporate

The consolidated operating loss attributable to shareholders of Maverick Energy Limited for the period ended 31 December 2008 was \$424,160.

The Company was relisted and the shares were requoted on the Australian Securities Exchange on the 7 July 2008 and this Report covers the financial period 3 July 2008 to 31 December 2008.

On 14 October 2008, shareholders approved the acquisition of Torbanite One Pty Ltd and the change of the name of the Company to Maverick Energy Limited ("Maverick") to reflect the Company's assets across the energy sector.

On 27 February 2009, Mr Christian Cordier was appointed Executive Director of the Company and Mr Peter Pawlowitsch resigned as Executive Director.

As part of a strategic review of the Company's expenditure commitments for the remainder of 30 June 2009, the Board implemented a cost reduction program to ensure the Company has sufficient funds to continue with its current exploration program whilst maintaining the ability to assess further acquisitions or joint venture opportunities in the energy sector for shareholder value creation. As part of this program, Executive Director, Mr Christian Cordier has taken a 30% reduction in his base remuneration and Non-Executive Directors have agreed to suspend their director's fees.

#### Loopleegte Coal Project

On 30 July 2008, the Company was assigned the right to acquire 100% of the issued capital of Torbanite One Pty Ltd, which was the owner of all the issued capital of New Order Investments 141 Pty Ltd ("New Order"), a company incorporated in South Africa.

New Order entered into a JV Agreement for the acquisition of a 30% equity interest into the prospecting rights held by Vuselela Mining Pty Ltd ("Vuselela") on the Loopleegte 302 LQ coal project ("Loopleegte") in the Waterberg coal fields.

Acquisition consideration of:

- 98.5 million shares;
- Payment of AUD150,000 reimbursement of vendor expenses;
- Maverick to fund AUD550,000 in exploration over 18 months.

Maverick will have the right to earn up to a 74% interest in Loopleegte upon payment of either AUD34cents/tonne or the issue of Maverick shares calculated at AUD48cents of mineable coal based on up to 44% of the mineable coal.

On 2 October 2008 the Company commenced its first phase drilling program on the Loopleegte property. This program is due to be completed during the first quarter of 2009.

## **DIRECTORS' REPORT - continued**

### **Reid's Dome**

The Company continued to maintain its 20% interest in the Reid's Dome tenement in the Bowen Basin in Queensland. During the period the Company organised the environmental rehabilitation of Primero #1 well. The Company also undertook a review of the project and its future potential.

### **Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors.

**Richard Wolanski**

Chairman

13 March 2009



**Mann Judd**

Accountants | Business and Financial Advisers

### Auditor's Independence Declaration

As lead auditor for the review of the financial report of Maverick Energy Limited (formerly Maverick Drilling International Limited) for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Maverick Energy Limited.

Perth, Western Australia  
13 March 2009



N G Neill  
Partner, HLB Mann Judd

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**CONDENSED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Notes	Consolidated	
		2008 \$	2007 \$
<b>Continuing operations</b>			
Revenue			
Other income		<b>24,055</b>	-
Administration expense		(134,806)	-
Consultant cost		(27,078)	-
Other expenses		(286,331)	-
<b>Loss before income tax expense</b>	2	<b>(424,160)</b>	-
Income tax expense		-	-
<b>Net Loss for the period</b>		<b>(424,160)</b>	-
		(0.0008)	
Basic earnings per share (cents per share)			

The accompanying notes form part of these financial statements

**CONDENSED BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	Note	Consolidated	
		31 Dec 2008 \$	2 July 2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		402,786	1,684,881
Other		68,212	47,360
<b>Total Current Assets</b>		<b>470,998</b>	<b>1,732,241</b>
<b>Non-Current Assets</b>			
Exploration and Evaluation Expenditure	3	1,509,023	-
<b>Total Non-Current Assets</b>		<b>1,509,023</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>1,980,021</b>	<b>1,732,241</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		9,287	544,990
<b>Total Current Liabilities</b>		<b>9,287</b>	<b>544,990</b>
<b>Total Liabilities</b>		<b>9,287</b>	<b>544,990</b>
<b>Net Assets</b>		<b>1,970,734</b>	<b>1,187,251</b>
<b>EQUITY</b>			
Issued capital	4	2,333,067	1,151,067
Reserves		203,186	203,186
Foreign Currency Translation Reserve		25,643	-
Accumulated Losses		(591,162)	(167,002)
<b>Total Equity</b>		<b>1,970,734</b>	<b>1,187,251</b>

The accompanying notes form part of these financial statements.

**CONDENSED CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated	
	2008	2007
	\$	\$
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(979,127)	-
Interest Received	24,055	-
Net cash used in operating activities	<b>(955,072)</b>	-
<b>Cash flows from investing activities</b>		
Payment for purchase of accounting subsidiary, net of cash acquired	(149,900)	-
Payments for exploration and evaluation expenditure	(177,123)	-
Net cash used in investing activities	<b>(327,123)</b>	-
Net decrease in cash held	(1,282,195)	-
Cash and cash equivalents at the beginning of the period	1,684,881	-
<b>Cash and cash equivalents at the end of the period</b>	<b>402,786</b>	-



**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
<b>Balance at 2 July 2008</b>	1,151,067	(167,002)	203,186	1,187,251
Exchange differences arising on translation of foreign operations	-	-	25,643	25,643
Shares issued during the half-year	1,182,000	-	-	1,182,000
Loss for the period	-	(424,160)	-	(424,160)
<b>Balance at 31 December 2008</b>	<b>2,333,067</b>	<b>(591,162)</b>	<b>228,829</b>	<b>1,970,734</b>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the reporting period ended 2 July 2008 and any public announcements made by Maverick Energy Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### **Basis of preparation**

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

#### **Significant accounting judgements and key estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the period ended 2 July 2008.

#### **Reporting Relief**

During the course of the voluntary administration / deed of company arrangement, ASIC granted the Company reporting relief from its financial reporting obligations pursuant to section 302 of the Corporations Act for the financial years ended 30 June 2006, 30 June 2007 and also for the periods to 31 December 2006 and 31 December 2007.

It is recommended that this financial report be read in conjunction with the any public announcements made by the Company during the period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS 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. Where these are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in note 3.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued**

#### **Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2008, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 3 July 2008. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

#### **Principles of consolidation**

The consolidated financial statements comprise the financial statements of Maverick Energy Limited and its subsidiaries as at 31<sup>st</sup> of December each year (the Consolidated entity).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated entity and cease to be consolidated from the date on which the control is transferred out of the Consolidated entity.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

Minority interests represent the portion of profit and loss and net assets in subsidiaries not held by the Consolidated entity and are presented separately in the income statement and within equity in the consolidated balance sheet.

#### **Exploration and Evaluation**

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial year the decision is made. Each area of interest is also reviewed at the end of each accounting year and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

#### **Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in ordinary course of business. The loss of the company for the half year amounted to \$424,160. Net assets as at 31 December 2008 were \$1,980,021.

In considering whether the going concern basis is appropriate for preparing the financial report, the company's current cash flow forecasts indicate that they have sufficient working capital to allow it to continue as a going concern for the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

### NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated	
	31 December 2008 \$'	31 December 2007 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Interest received	24,055	-
Consultant cost	(27,078)	-
Administrative expense	(134,806)	-

### NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2008 \$	2 July 2008 \$
Costs carried forward in respect of areas of interest in the following phases:		
<b>Exploration and evaluation phase – at cost</b>		
Balance at beginning of half-year	-	-
Expenditure incurred	177,123	-
Acquisition cost	1,331,900	-
Total deferred exploration and evaluation expenditure	<u>1,509,023</u>	<u>-</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

### NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 December 2008 \$	2 July 2008 \$
<i>Ordinary shares</i>		
494,893,620 issued and fully paid shares	<u>2,333,067</u>	<u>1,151,067</u>
	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 2 July 2008	396,393,620	1,151,067
98,500,000 shares were issued as consideration for the acquisition of Torbanite One Pty Ltd	98,500,000	1,182,000
At 31 December 2008	<u>494,893,620</u>	<u>2,333,067</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

**NOTE 5: DIVIDENDS**

No dividends were paid or declared during the period

**NOTE 6: SEGMENT REPORTING**

**Business Segment**

During the reporting period, the Company operated in one segment, the mining exploration and prospecting industry.

**Geographical segments**

The following table presents the expenditure information regarding geographical segments for the half-year periods ended 31 December 2008.

	Continuing operations			Consolidated
	Australia	South Africa	Eliminations	
	\$	\$	\$	\$
<b>31 December 2008</b>				
Segment result	(368,997)	(55,163)	-	(424,160)

Geographical segments represent Maverick Energy Limited's primary basis of segmentation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

### NOTE 7: ACQUISITION OF SUBSIDIARY

During the period the Company completed the acquisition of 100% of Torbanite One Pty Limited. The purchase was satisfied by the issue of 98,500,000 ordinary shares at an issue price of 1.2 cents each and the payment of \$ 150,000. The issue price of the shares was based on the market price of the shares at the date of purchase.

The net assets acquired in the business combination, and the goodwill arising, are as follows:

	Acquiree's carrying amount before business combination	Fair value adjustments	Fair value
	\$	\$	\$
Net assets acquired:			
Cash and cash equivalents	100		100
Goodwill on consolidation			1,331,900
Total consideration			<u>1,332,000</u>
The cash outflow on acquisition is as follows:			
Net cash acquired with subsidiary			(100)
Cash paid			150,000
Net cash outflow			<u>149,900</u>

The initial accounting for the acquisition of Torbanite One Pty Limited has only been provisionally determined at reporting date.

Goodwill arose in the business because the cost of the combination included a control premium paid to acquire Torbanite One Pty Ltd. Future benefits arising from the benefits of synergies have not been recognised separately from goodwill as they are not capable of being reliably measured. Goodwill reflects the value of exploration interests that were not recorded in the accounts of Torbanite One Pty Ltd.

If the combination had taken place at the beginning of the year, the results and revenues of the Group would not have changed.

### NOTE 8: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

### NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

On 27 February 2009, Mr Christian Cordier was appointed as Executive Director of the Company and Mr Peter Pawlowitsch resigned as Executive Director.

Other than the above, in the opinion of the directors, there are unlikely any other transactions or events of material and unusual nature that will affect significantly the results or state of affairs of the Group.

**DIRECTORS' DECLARATION**

In the opinion of the directors of Maverick Energy Limited ('the company'):

1. The financial statements and notes thereto, as set out on 6 to 14, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

**Richard Wolanski**

Chairman

13 March 2009



**Mann Judd**

Accountants | Business and Financial Advisers

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of**

**Maverick Energy Limited (Formerly Maverick Drilling International Limited)**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2008, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Maverick Energy Limited and the entities it controlled during the half-year ended 31 December 2008 ("consolidated entity").

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Maverick Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Maverick Energy Limited on 13 March 2009.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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*Basis for Qualified Auditor' Conclusion*

Administrators were appointed to the Company on 3 May 2007 and the Company remained in Administration until 2 July 2008. Additionally no audited financial statements were prepared for the year ended 30 June 2007 and half year ended 31 December 2007.

As the accounting records maintained during the period in which the Company was under Administration were not adequate to permit the application of necessary audit procedures we were unable to obtain all the information and explanations we require in order to form an opinion on the financial report for the previous financial year and on the performance of the Company for the current year.

*Qualified Auditor's Conclusion*

In our opinion, because of the existence of the limitation on the scope of our review as described in the preceding paragraph, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express a conclusion on the comparative financial information

- i) the comparative financial information (being the results, cash flows and statement of changes in equity for the period ended 31 December 2007); and
- ii) the results, cash flows and statement of changes in equity for the period ended 31 December 2008.

Based on our review, which is not an audit, except for the above we have not become aware of any matter that makes us believe that the half year financial report of Maverick Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2008; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Perth, Western Australia  
13 March 2009

  
HLB MANN JUDD  
Chartered Accountants

  
N G NEILL  
Partner