

QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

The Directors of Maverick Drilling & Exploration Limited (ASX: MAD) are pleased to present the group's December 2012 quarterly report.

FINANCIAL HIGHLIGHTS

- Cash at call at 31 December 2012 totalled US \$55.6 million, with cash received from oil sales in the quarter ended 31 December 2012 totalling US \$3.4 million.

DRILLING AND OPERATIONS HIGHLIGHTS

- **DRILLING.** Maverick drilled 14 Blue Ridge, 8 Boling and 2 Nash Dome wells in the quarter. In addition, Maverick completed drilling of 1 well on its Edwards Reef prospect in the quarter. The increase in operational drilling rigs in early 2013 will continue to expand the number of wells drilled per month with the Maverick drilling fleet, subject to depth of targets.
- **JOINT DEVELOPMENT PROJECT INITIATED.** Gulf South have been successful in raising funds to participate in a 12 well program at a working interest percentage of 33.3%. This equates to Gulf South paying US \$333,333 for a 33.3% working interest in each well. Maverick drilled the first well under this program, the West Schenck #123 in December 2012.
- **PRODUCTION.** Average production for the month of December 2012 was 735 BOPD. Average production for the December quarter was 606 BOPD.

CURRENT OPERATIONAL PLANS

- **HIGH IMPACT TESTS FORTHCOMING.** Maverick plans to commence the drilling of 4 high impact wells on Blue Ridge in February 2013 and a further 60 (subject to depth and results) high impact tests across its salt dome acreage in the following 6 months. These high impact tests will be targeting potential virgin reservoirs above the salt on Blue Ridge and Nash Dome (between 3,000 and 9,000 feet) and potential virgin reservoirs underneath the edges of Blue Ridge and Nash Dome (over hang prospects between 6,000 and 14,000 feet);
- **PREPARED FOR PERMITTING AND SITE PREPARATION.** We have included in this report additional details on the initial 10 high impact prospects prepared for permitting. Drilling will be commenced on 4 of these prospects in February 2013.
- **DEVELOPMENTAL DRILLING.** Maverick plans to drill 8 developmental wells in February and a further 72 (subject to depth) wells in the following 6 months. Some of these will be under the Gulf South program.

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- **RIG FLEET.** Maverick's operational drilling fleet will be enhanced from 5 in January, to 6 in February, and to 7 from March onwards. This drill capacity combined with the use of contract rigs as needed is expected to accomplish Maverick's 166 (subject to depth) well program.
- **REACTIVATION AND RECOMPLETIONS.** One of the prime areas of focus beginning late in the December quarter has been the reactivation and recompletion of existing wells both originally drilled by Maverick and recently acquired which were drilled by others. This activity is currently being undertaken by Maverick's 8 operational workover rigs and a further 2 contract workover rigs. Maverick's current workover fleet is scheduled to increase to 11 workover rigs by the end of March 2013.

ACREAGE HIGHLIGHTS

- **GILLOCK FIELD ACREAGE ADDED.** Maverick expanded to its fourth oil field in the quarter with 211 gross and net acres acquired on Gillock Field in November 2012. Details on this acquisition are included in Maverick's ASX announcement 12 November 2012.
- **NASH DOME.** 770 net acres were acquired on Nash Dome in the quarter.
- **BLUE RIDGE.** 3 net acres were acquired on Blue Ridge Dome in the quarter.
- **BOLING.** 24 net acres were acquired on Boling Dome in the quarter.

EQUIPMENT AND INFRASTRUCTURE HIGHLIGHTS

- In October 2012, Maverick was successful in acquiring another Walker-Neer Apache 250 drill rig.
- In November 2012, Maverick was successful in acquiring another 5 workover rigs and 4 swab rigs. In addition, 2 rigs which were previously utilized as workover rigs have been moved to the swab rig division.

GEOLOGICAL AND GEOPHYSICAL HIGHLIGHTS

- **CONVENTIONAL SAND FOCUS.** Maverick has renewed its focus on the Miocene, Frio and Vicksburg oil sands across its Blue Ridge, Boling and Nash Dome fields after consuming a substantial amount of its drilling rig, workover rig, geology and operational capacity on the Het limestone formations across Boling Dome and Nash Dome in the September and December 2012 quarters.
- **NASH 3D SEISMIC.** The 3D seismic swath shoot on Nash Dome is now completed and integration of these results with prior seismic work already performed is underway.
- **BLUE RIDGE ADDITIONAL 2D WORK IN PROGRESS.** Additional 2D seismic line acquisitions surrounding Blue Ridge are being reprocessed and interpreted.

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- **NASH 2D WORK IN PROGRESS.** Reprocessing work and interpretation work continues on the 2D lines surrounding Nash in addition to our current 3D swath shoot on the north east corner.
- **TECHNICAL PERSONNEL INCREASE.** We are pleased to announce the addition of our third staff geologist in December who has been assigned to Boling Dome. Maverick now has a specific geologist assigned to each of the three key fields, Blue Ridge, Nash, and Boling. Further, a professional draftsman has been added to the technical team. In conjunction with this expansion we have added a separate geology and technology facility to the Maverick headquarters campus at Blue Ridge Field.
- **THRALL PROSPECT REVIEW UNDERWAY.** While the initial test in the Thrall Prospect was not a commercial producer the technical team is working on intense technical review as to new potential drill sites across the significant holdings Maverick now controls in the vicinity.
- **BOLING OPERATIONS FACILITY.** Maverick has leased previously existing building structures on the top of Boling Dome which will serve as the southern fields “hub” for operations, equipment support, pipe yards, and drilling. Completion of these facilities for use is expected in the next few months.
- **ADDITIONAL OUTSOURCING OF SEISMIC INTERPRETATION.** In addition to the internal Maverick technical staff, additional seismic professionals have been engaged on a contract basis to assist in the interpretive work on the magnitude of high impact targets being prepared for drilling.

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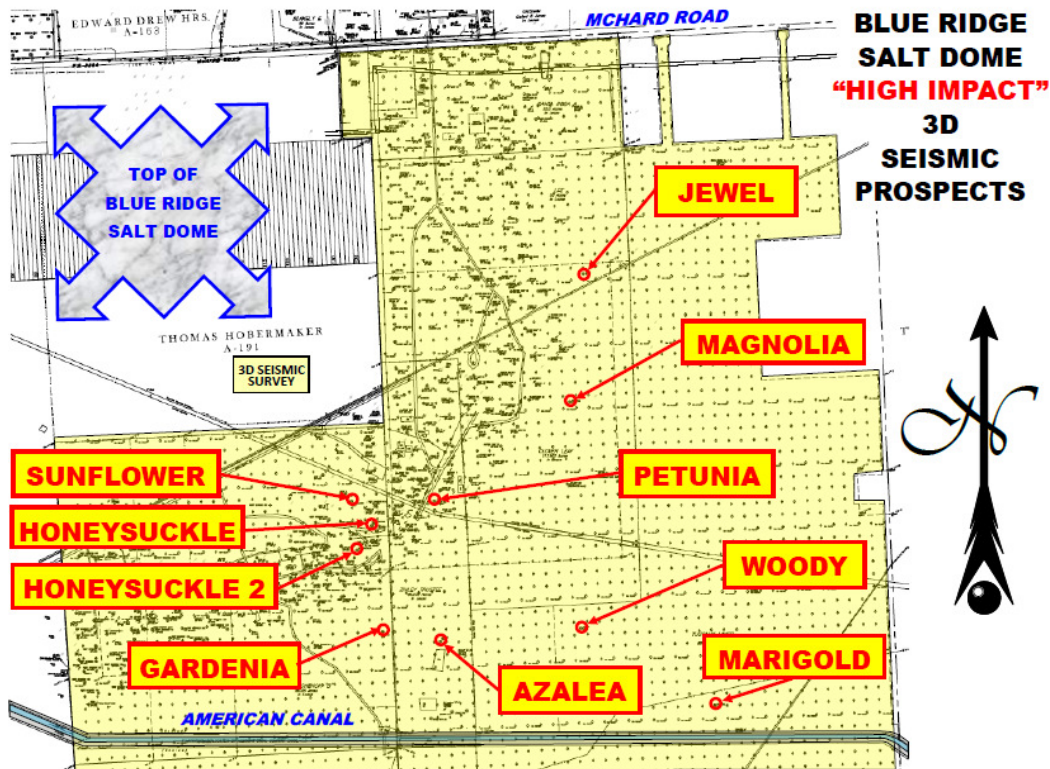
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HIGH IMPACT PROGRAM

Details of the first 10 Blue Ridge Dome high impact prospects are included in the table below. It is expected that drilling will commence on 4 of these prospects in February 2013.

Prospect name	Top of seismic anomaly (feet)	Proposed total drill depth (feet)
Honeysuckle	5,112	6,000
Honeysuckle 2	5,150	6,000
Petunia	5,288	6,000
Woody	3,448	6,500
Marigold	3,681	7,000
Azalea	5,588	6,000
Gardenia	5,316	6,000
Sunflower	4,978	5,500
Magnolia	3,390	5,000
Jewel	3,200	5,000

LOCATION MAP FOR INTIAL 10 BLUE RIDGE HIGH IMPACT PROSPECTS



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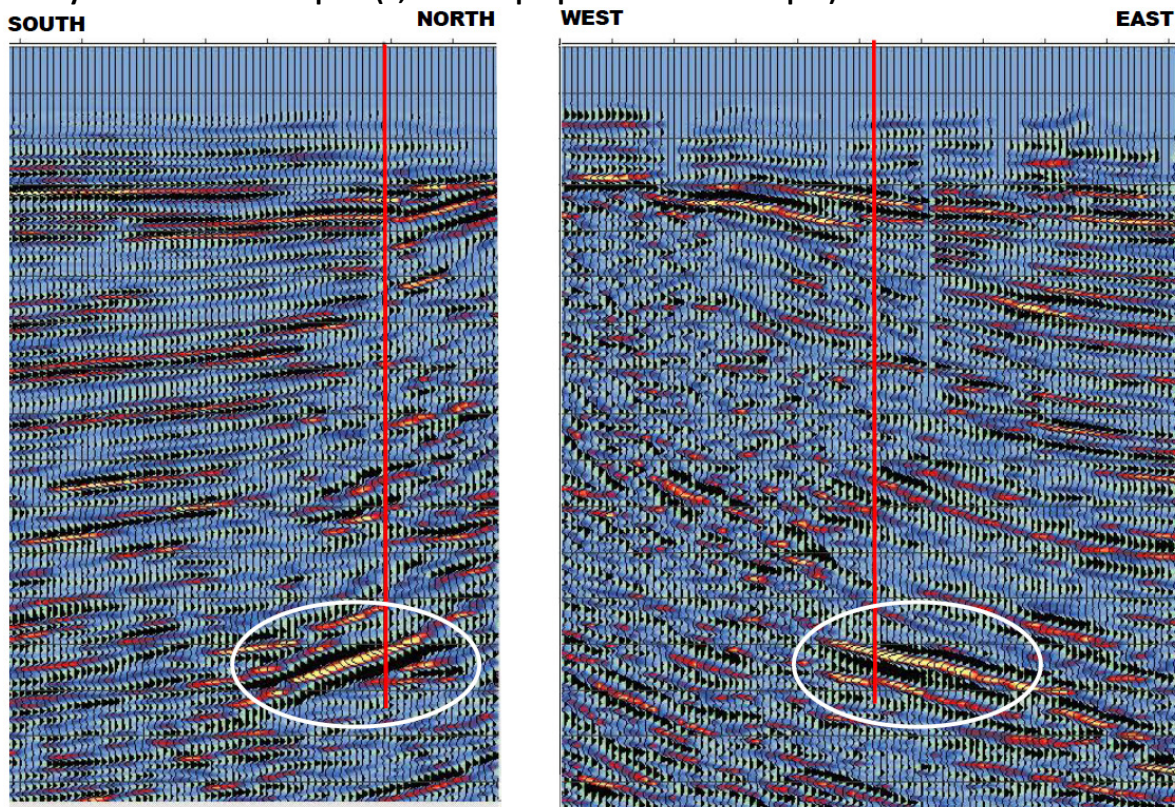
SEISMIC PROSPECT IMAGES

Included below are vertical cross section seismic images of the initial 10 Blue Ridge Dome high impact prospects.

Primary targets are shown on the seismic images as white ovals with the secondary targets as gold ovals. The estimated prospect depths are based on the interpretive judgements of the Maverick's geotechnical team.

The primary and secondary targets in this series are in the Miocene to Oligocene brackets with the majority either Frio Deltaic sandstones or sandstones found in the Vicksburg.

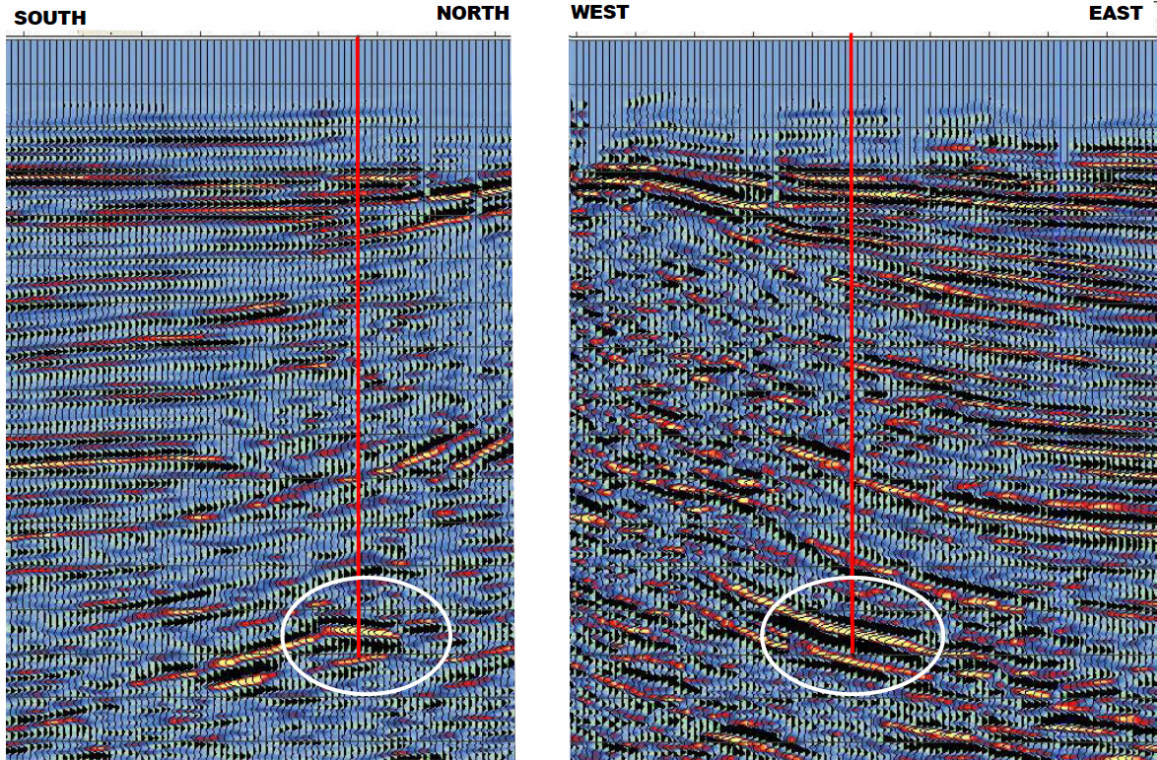
Honeysuckle Seismic Prospect (6,000 foot proposed total drill depth)



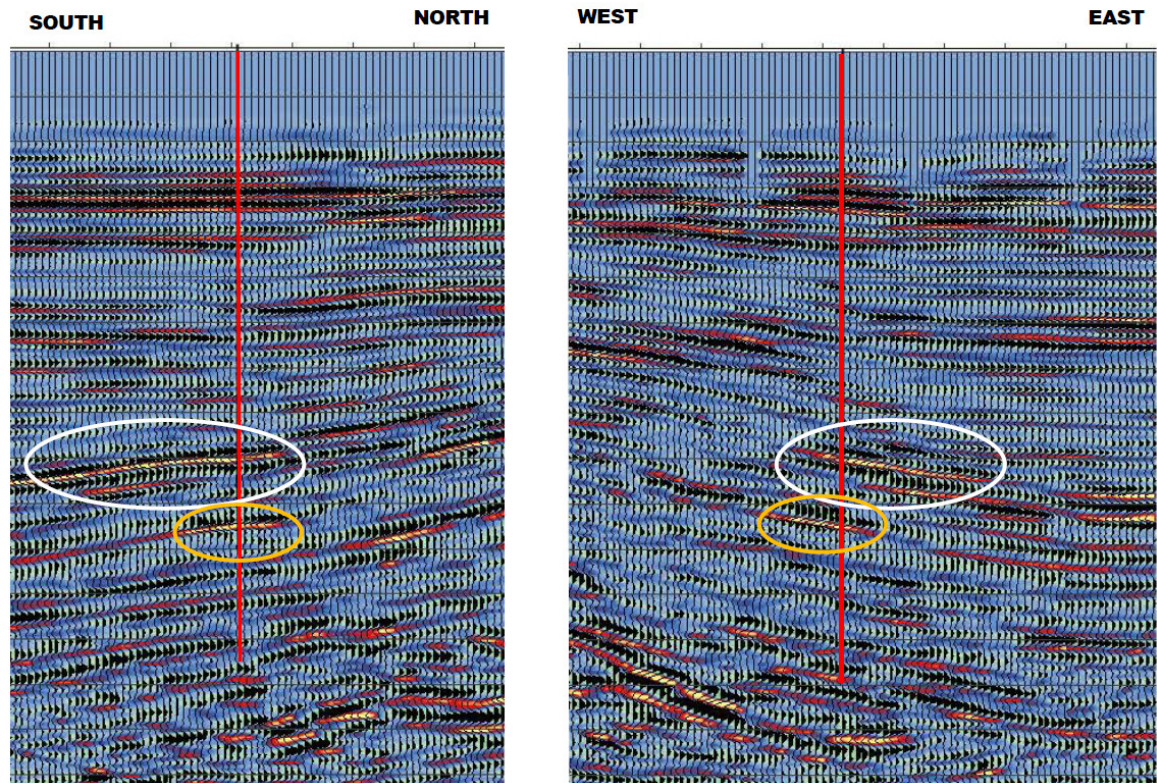
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Petunia Seismic Prospect (6,000 foot proposed total drill depth)



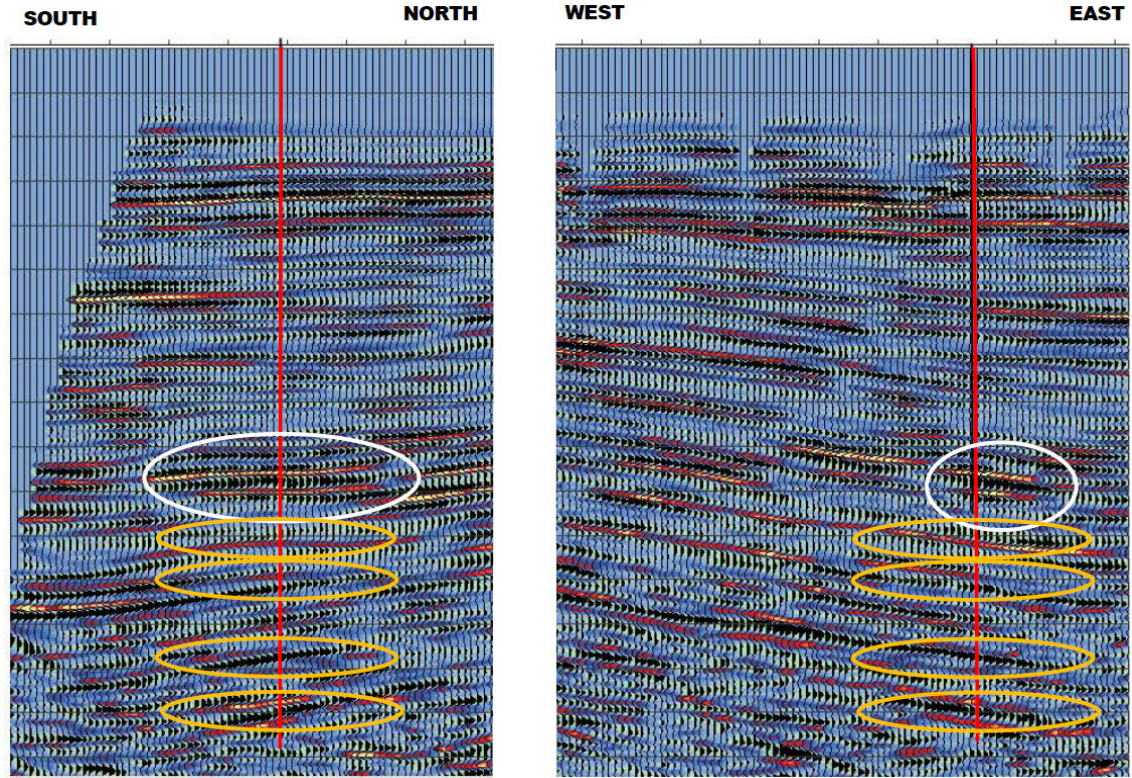
Woody Seismic Prospect (6,500 foot proposed total drill depth)



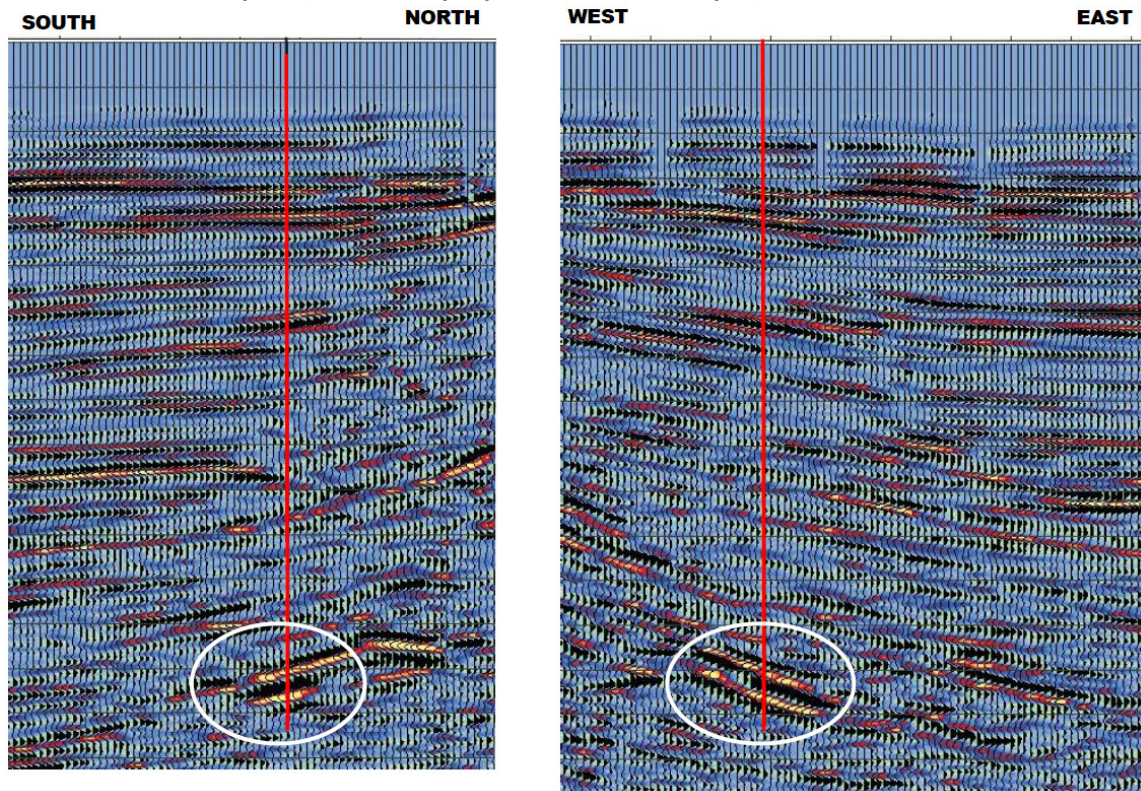
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Marigold Seismic Prospect (7,000 foot proposed total drill depth)



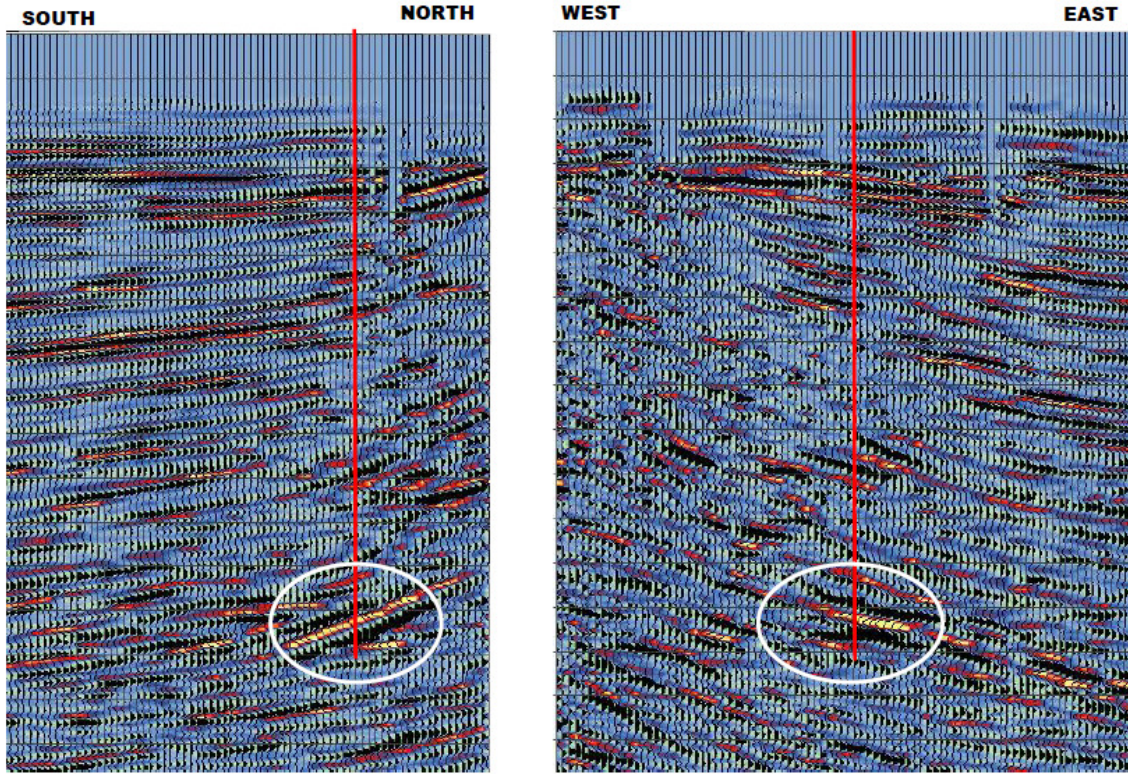
Azalea Seismic Prospect (6,000 foot proposed total drill depth)



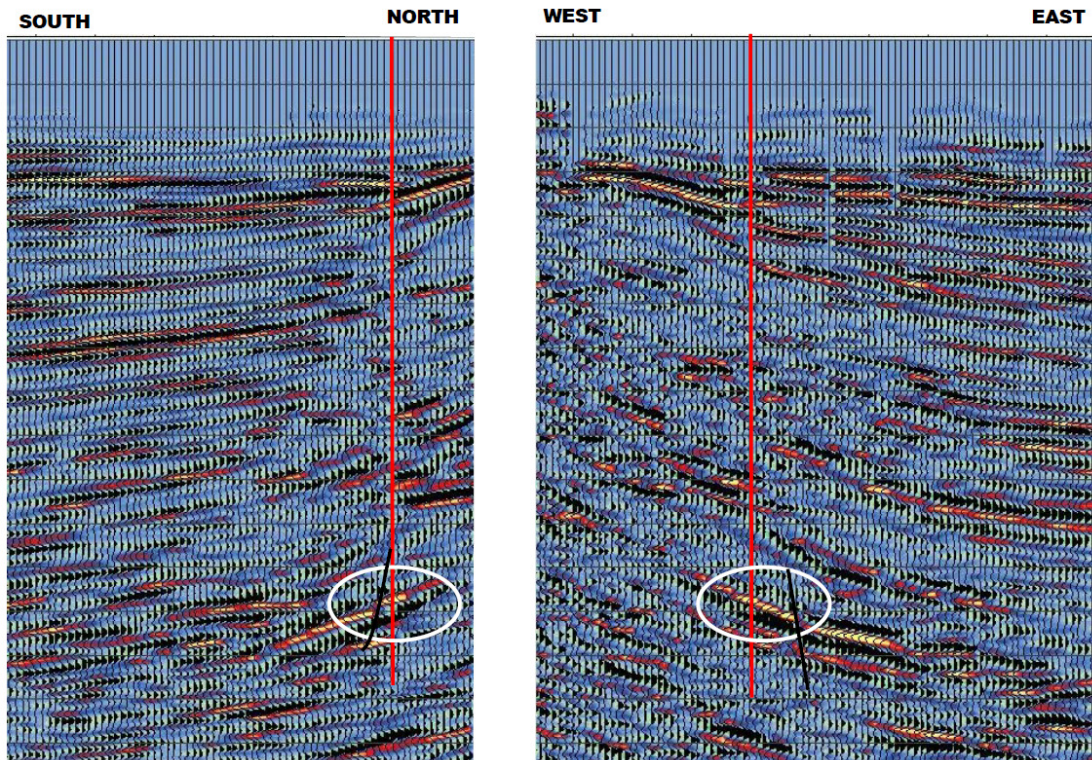
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Gardenia Seismic Prospect (6,000 foot proposed total drill depth)



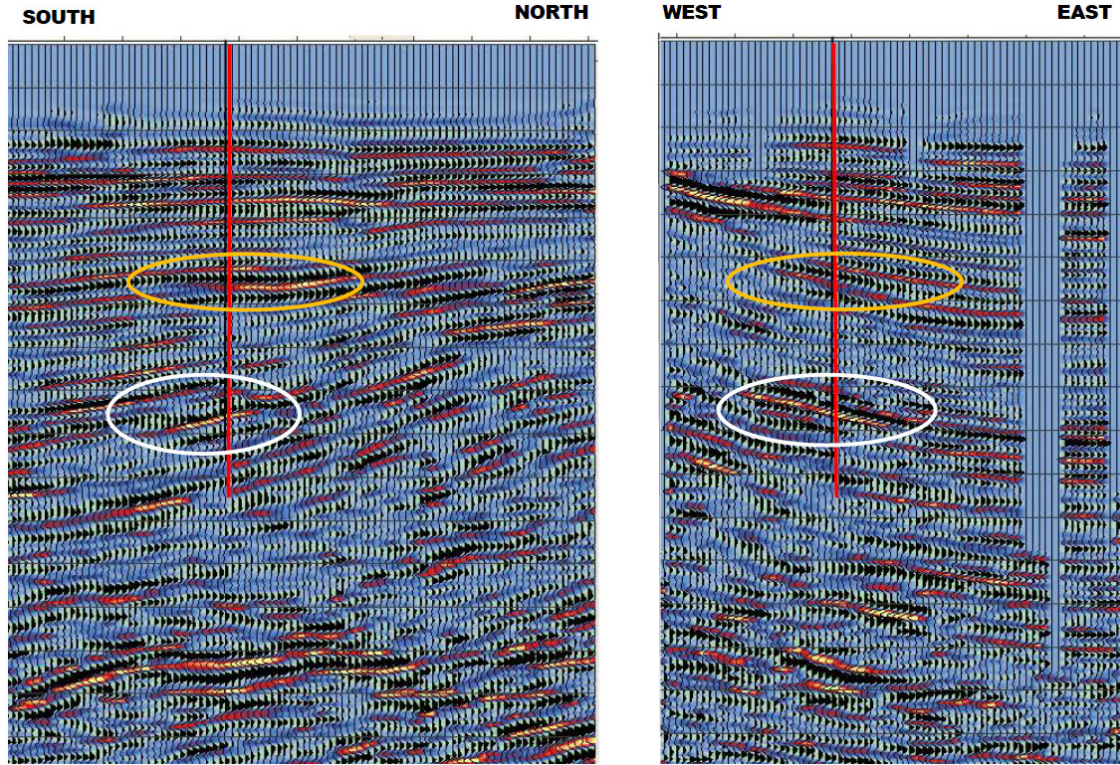
Sunflower Seismic Prospect (5,500 foot proposed total drill depth)



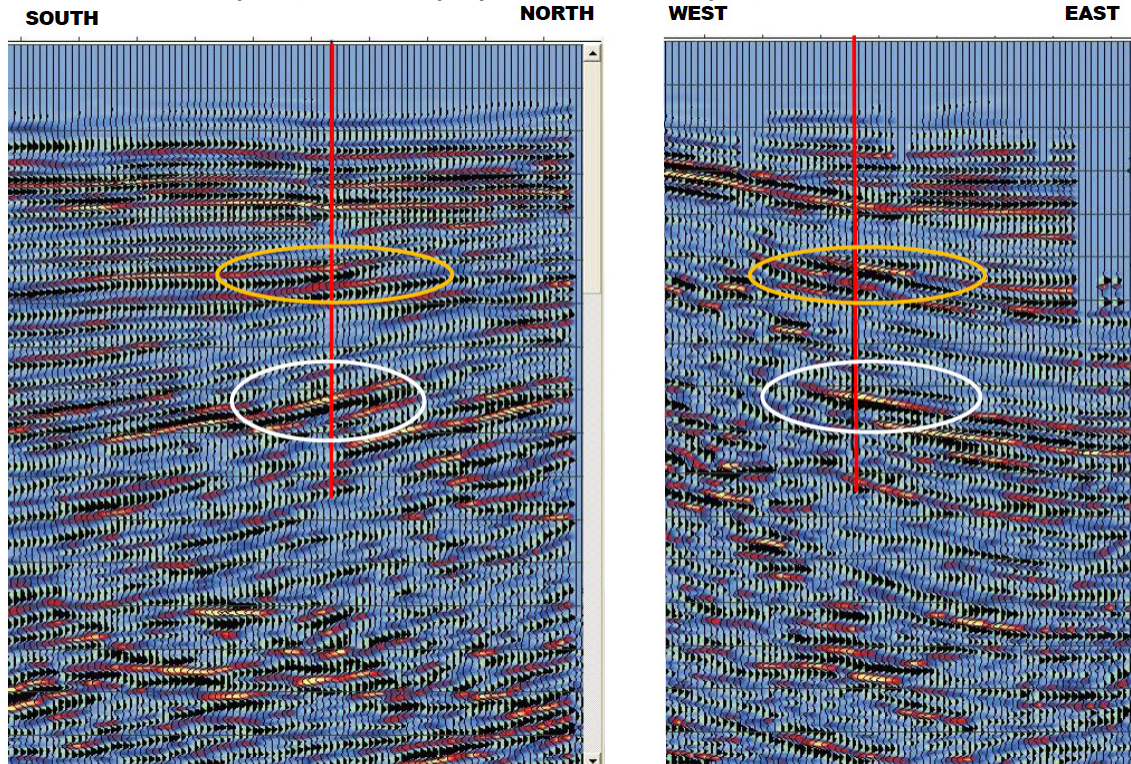
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Magnolia Seismic Prospect (5,000 foot proposed total drill depth)



Jewel Seismic Prospect (5,000 foot proposed total drill depth)



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GULF SOUTH JOINT DEVELOPMENT PROGRAM

The Gulf South Holdings, Inc. (Gulf South) Joint Development Program commenced in the December 2012 quarter with the drilling of the West Schenck #123.

Gulf South have been successful in raising funds to participate in a 12 well program at a working interest percentage of 33.3%. This equates to Gulf South paying US \$333,333 for a 33.3% working interest in each well.

Due to Maverick's vertically integrated business strategy and tight cost control, Maverick's average cost to drill and complete a Blue Ridge salt dome well is approximately US \$250,000, which is well below average industry costs. As such, the US \$333,333 per well paid by Gulf South for their interest will fully fund the drilling and completion of the wells, as well as contribute to Maverick's cash flow and profitability. Further, Maverick still retains a 66.6% working interest in each well.

As detailed in Maverick's ASX announcement 3 December 2012, Maverick has allowed Gulf South to prepay funds as they are raised rather than enforcing the set month by month commitment. Maverick still intends to give Gulf South the right to participate in the joint development of the shallow oil fairways of its three salt domes over the next three calendar years. Gulf South's level of participation will be dependent on the success of their future fund raising activities.

Further information is available in Maverick's ASX announcement released 21 January 2013.

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DECEMBER QUARTER RESULTS

SUMMARY OF DEVELOPMENT ACTIVITIES

Blue Ridge Dome

Maverick drilled 14 wells on Blue Ridge Dome in the quarter ended 31 December 2012.

The table below summarises Blue Ridge Dome wells drilled by Maverick in the period from 1 October 2012 to 31 December 2012.

Well name	Working interest	Total depth (feet)	Sands with oil shows	Sands cored oil productive	Status
Blakely #291	100%	3,224	11	8	Active
Gordon #541	100%	4,323	19	9	Active
Gordon #547	100%	4,314	14	8	Active
Gordon #552	100%	3,774	16	9	Plugged
Lee #62	100%	3,336	10	7	Active
Rice #299	100%	4,954	4	4	Plugged
Santa Rosa #681	100%	3,257	29	14	Active
West Schenck #104	100%	4,495	22	19	Active
West Schenck #109	100%	5,154	14	12	Plugged
West Schenck #118R	100%	4,400	6	3	Active
West Schenck #138	100%	2,424	20	4	Plugged
West Schenck #602	100%	2,851	0	0	Plugged
Zivley #170	90%	3,606	0	0	Plugged
West Schenck #123 (Gulf South Joint Development Well)	66.6%	4,650	24	19	Active

During the quarter, Management and Directors took a position that wells should not be completed (initial drilling costs are approximately US \$70,000 and completion costs are approximately US \$180,000) unless production is likely to meet minimum targets.

As a consequence of this view, a higher than anticipated number of Blue Ridge Dome wells were plugged during the period, as they did not meet Maverick's rate of return thresholds. The trend of plugging a higher number of wells has not continued in January.

Maverick has also been testing outer limits of the fairway in anticipation of beginning full scale mid fairway development in the Joint Development project. Evaluation of the upper

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and lower limits of the fairway was planned as an endeavour several months before and has resulted in enhancing the boundaries in some areas of the field and defining the fringe boundaries in other parts of the field. This is considered a normal part of the delineation process.

Boling Dome

Maverick drilled 8 wells on Boling Dome in the quarter ended 31 December 2012.

As previously advised, Maverick drilled a number of wells targeting the Het limestone formation in the December 2012 quarter. In respect of Boling Dome, Maverick drilled the Gary #333 (100% working interest, total depth 3,526 feet encountering oil bearing Het formations and no oil sands); the Gary #148 (87.5% working interest, total depth 4,175 feet encountering oil bearing Het formations, 2 sands with oil shows and 1 sands cored oil productive) and the Gary #149 (100% working interest, total depth 3,702 feet encountering oil bearing Het formations, 8 sands with oil shows and 2 sands cored oil productive) which were all plugged. The Gary #222 (100% working interest, total depth 3,526 feet encountering oil bearing Het formations, 4 sands with oil shows and 2 sands cored oil productive) is currently active.

At the end of December, Maverick Drilling Rig 8 spent 13 days drilling 3 shallow tests on the top of Boling Dome, the HLN #2509 (100% working interest, total depth 1,045 feet, 3 sands with oil shows and 1 sand cored oil productive), the HLN #2506 (100% working interest, total depth 1,071 feet with no oil shows) and HLN #2505 (100% working interest, total depth 1,018 feet, 7 sands with oil shows and 4 sand cored oil productive). Despite the HLN #2505 being initially active, all the HLN wells drilled in the December quarter have now been plugged.

One further Boling Dome well, the Dutton #112 was drilled to a total depth of 3,288 feet. This well encountered 2 sands with oil shows, but none of these cored oil productive and the well was plugged.

Nash Dome

Maverick drilled 2 wells on Nash Dome in the quarter ended 31 December 2012, the Groce #305 and Groce #183, both of which were Het Limestone tests.

The Groce #305, a well classified as a seismic identified high impact test, was drilled to a total depth of 6,100 feet. This well did not encounter hydrocarbons and was plugged.

The Groce #183 was drilled to a total depth of 4,489 feet. This well encountered 3 sands which were cored gas productive. Maverick is focused on liquid oil and while this well cored as potential highly gas productive the well was plugged.

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Het Limestone

Many wells drilled in the September 2012 and December 2012 quarters encountered Het limestone with cored oil shows. Significant time and effort was put into completing these wells without sustaining commercially productive flow rates. We have currently put these efforts on hold to concentrate on our sand formations which have always been our primary focus. Knowing there is oil in place, but being difficult to establish a sustained commercial production method, we intend to revisit this formation at some point in the future. The time taken in this program has had significant negative impact on our current production.

For all exploration companies there is an aspect of research and development, usually through a combination of seismic and subsurface work culminated in the drilling and testing of various formations. While the Het Lime has not been completed as sustained commercial production as of yet, there are encouraging developments which the drilling and testing data has provided. Most of the new Het Lime test wells drilled by Maverick have encountered in excess of 250 feet of Het Lime with oil shows throughout. While there is no guarantee that commercial reservoirs will be confirmed in each well drilled, the historical precedent of Het production using old completion methods and the presence of oil shows justifies Maverick expending the time and money on this aspect of research and development while balancing with its in field sandstone development and exploitation of conventional reserves and high impact drilling plans. Identifying significant thickness of a prospective reservoir with oil shows is the first element in the evolution of any oil play.

Other leases

There were no development activities on any other leases held by Maverick during the quarter ended 31 December 2012.

Total expenditure classified as development

During the quarter ended 31 December 2012, Maverick capitalised US \$5,407,000 in relation to the development of Blue Ridge Dome, Boling Dome and Nash Dome.

SUMMARY OF SALES ACTIVITIES

Cash received during the quarter ended 31 December 2012 from Blue Ridge, Boling and Nash Dome oil sales totalled US \$3,380,000.

In addition, cash of US \$1,635,000 has been received in January 2013 from December 2012 Blue Ridge, Boling and Nash Dome oil sales.

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Maverick received the following gross per barrel price for oil in the quarter:

Month	Gross price per barrel Blue Ridge Dome (US \$)	Gross price per barrel Boling Dome (US \$)	Gross price per barrel Nash Dome (US \$)
October 2012	103.04	98.56	98.56
November 2012	102.43	98.06	98.06
December 2012	105.33	101.51	101.51

The Blue Ridge pricing received equates to a per barrel premium to WTI of approximately US \$13.46 in October 2012, approximately US \$15.66 per barrel in November 2012 and approximately US \$17.06 per barrel in December 2012.

Quarterly reported Blue Ridge, Boling and Nash Dome production for the period January 2011 to December 2012 is summarised in the table below.

Quarter	Average BOPD (Gross)
January 2011 to March 2011	373
April 2011 to June 2011	617
July 2011 to September 2011	707
October 2011 to December 2011	731
January 2012 to March 2012	755
April 2012 to June 2012	597
July 2012 to September 2012	532
October 2012 to December 2012	606

Average production for the month of December 2012 was 735 BOPD.

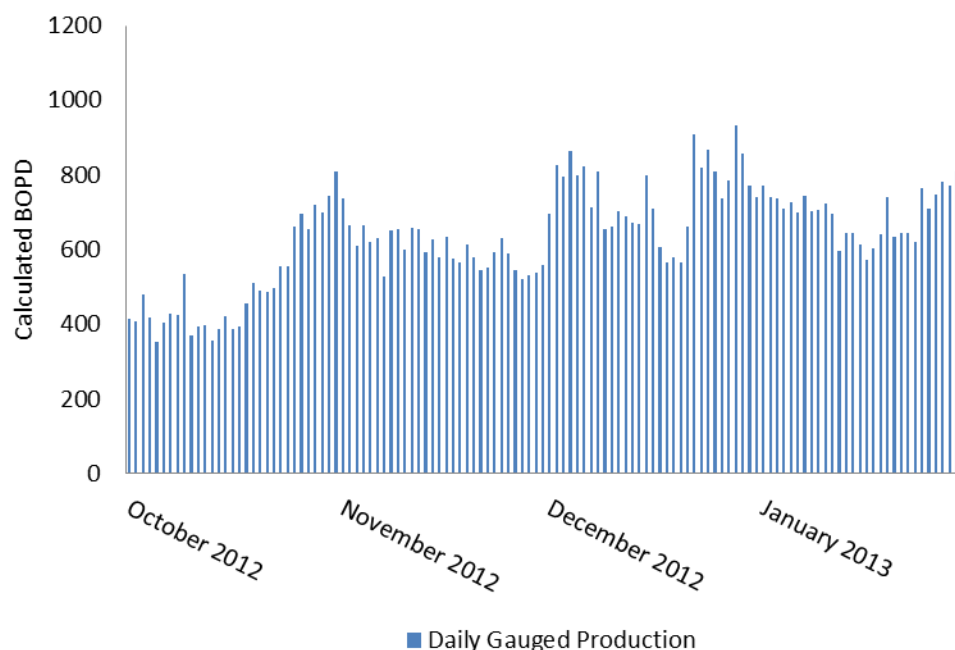
For internal management purposes, Maverick estimates its daily production by gauging its production tanks. Daily production figures can vary due to a number of factors including:

- mechanical issues
- electrical issues
- blockages at well due to sanding/corrosion/paraffin
- timing of daily gauging
- tanker loads taken from production tank prior to testing
- production facility issues such as heater treater /gun barrel/flow line
- flush production from new wells
- time to convert from flowing to pumping

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The table below shows daily estimated production as reported to management from 1 October 2012 to 30 January 2012:



There were no production operations on any other leases owned by Maverick in the quarter ended 31 December 2012.

Total expenditure classified as production related

During the quarter ended 31 December 2012, Maverick incurred US \$925,000 of expenditure classified as production related on Blue Ridge Dome, Boling Dome and Nash Dome.

SUMMARY OF EXPLORATION ACTIVITIES

Blue Ridge Dome, Boling Dome and Nash Dome

The Directors of Maverick consider the drilling, survey and other work completed on Maverick's current Blue Ridge Dome, Boling Dome and Nash Dome leases is of a developmental nature, as opposed to exploratory. On this basis there are no exploration activities to report in relation to Blue Ridge Dome, Boling Dome and Nash Dome for the quarter ended 31 December 2012.

Edwards Reef

Maverick commenced drilling of its Edwards Reef prospect during September 2012 with the drilling of the Long Branch #55. In October 2012 drilling of this well was completed to a total depth of 4,391 feet and while independent mud logging analysis when drilling indicated oil shows with streaming cuts in the Austin Chalk, Georgetown, Edwards, Glen Rose, Pearsall, and Travis Peak formations, subsequent electric logs, formation tests and sidewall cores did not confirm any formations to be commercial. The Long Branch #55 has now been plugged.

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Maverick's internal geology department is in the process of interpreting the results of this initial Edwards Reef prospect test well.

During the quarter ended 31 December 2012, Maverick incurred US \$94,000 of expenditure classified as exploration related on its Edwards Reef Prospect.

Gillock Field

During the quarter Maverick acquired 211 gross and net acres on Gillock Field and commenced the regulatory approval process to enable drilling on these leases. The initial review indicates the approvals required will take longer than originally envisaged.

SUMMARY OF LEASE ACQUISITION ACTIVITIES

Maverick increased its lease holdings during the quarter ended 31 December 2012 as follows:

Field	Movement in lease holding for the quarter (net acres)	Lease holding at 31 December 2012 (net acres)
Blue Ridge Dome	3	4,591
Boling Dome	24	4,810
Nash Dome	770	7,308
Edwards Reef	-	2,627
Gillock Field	211	211

BOARD INFORMATION

Current board members are:

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

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FORWARD LOOKING STATEMENTS

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

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About Maverick Drilling & Exploration Limited (ASX: MAD)

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