

## **QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2014**

### **HIGHLIGHTS**

- Gross production for the quarter averaged 1,248 barrels of oil per day (“BOPD”). This represents a decrease of 251 BOPD, or 17%, below the December 2013 quarter gross production. The decrease in production was primarily attributable to the decline of a few higher rate wells at the start of the quarter. Daily production for the quarter has remained steady in the 1,200 to 1,300 BOPD range.
- No deeper well tests were drilled and completed in the quarter. The Woody well, a deeper Vicksburg test, commenced on 30 March and has reached total depth of 5,525 feet. Several different zones that appear on the log will now be tested. We will provide an update on the results when known.
- Gross oil price realised during the quarter averaged US\$100.35 per barrel.
- Cash received from oil sales for the quarter totalled US\$7.8 million. Cash at 31 March 2014 totalled US\$34.1 million.
- On April 1-4 the updated Maverick strategy was presented to shareholders in a road show in Australia.
- On 7 April 2014, successfully completed A\$20.4 million placement to institutional and sophisticated investors at A\$0.31 per share. The placement closed oversubscribed with strong support from both existing and new investors. The proceeds of the placement will be used principally to fund the human resource talent and infrastructure required by Maverick to enhance the Company’s oil and gas technical capability and better position it to assess, develop and execute future oil and gas opportunities.
- Drilled 18 Blue Ridge wells, with 8 wells put online and producing, with the balance plugged as being uneconomic. Additionally, 1 well was being drilled and 4 wells were being completed at 31 March 2014.
- Capital spending for the quarter on oil and gas asset developmental totalled US\$8.0 million. Expenditure on production activities in the quarter totalled US\$1.0 million.
- Commenced trading on the U.S. securities market (International OTCQX) in January 2014. Fifteen of Maverick’s ASX shares represent one American Depository Receipt (“ADR”) on the OTCQX. Maverick’s ADRs trade under the ticker MRVKY.
- A further US\$6.0 million was received from Gulf South in the quarter, bringing their total funding to US\$12.5 million for 50 percent participation in a 25 well joint development program.

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## DRILLING & EXPLORATION

- Relocated into new headquarter offices located at 5151 San Felipe, Suite 800, Houston Texas in March 2014.
- Key additions to build E&P management team have continued:
  - Howard Selzer - Chief Financial Officer
  - Brad Sheets - Procurement Manager
  - Texas Richards - Drilling Manager (appointed April 2014)
  - Mike McKenna - Health, Safety, & Environmental (appointed April 2014)

**Commenting on key areas of focus, Executive Chairman and Chief Executive Officer, J. Michael Yeager said:**

“In accordance with our commitment in the last quarterly report, we have made a full assessment of all areas of our business. We continue to have our operational focus in the Blue Ridge field where we drill low risk, high Maverick interest, conventional oil wells. In making the assessment of our activities we have concluded that our heritage as a drilling contractor required significant adjustment in order to perform like a true E&P company and to maximize long term shareholder value. Therefore we are making the necessary organizational changes to support our strategy of becoming a growing, multi asset, investment grade Exploration and Production company.

Our immediate key actions have three significant areas of focus:

- Improve Blue Ridge to a cash positive asset
- Build a full E&P management team capable of managing multiple assets, and
- Screen and pursue additional assets beyond Blue Ridge field.

We are making solid progress on all three areas. We are taking significant costs out of the Blue Ridge operations. We have begun to adjust the amount of equipment used every day and will continue to do so. We have run 3D seismic over the entire field. We will continue our basic oil fairway development, but will also commence the drilling of some of our deeper wells that have significant development potential in a more continuous manner. The Woody well mentioned in the highlights section is the first of these. In summary we working hard to achieve a solid cashflow positive business at Blue Ridge.

You can see from the new management additions that we are making excellent progress on building our E&P management team. Beyond those hired to date, we will add to our staff in the areas of reservoir engineering, geoscience and land management. We expect to make several additional announcements next quarter, which will bring us closer to completing the team. Also, over time you will see our Board of Directors have more U.S. oil and gas experience.

Lastly, we have commenced the screening of new growth opportunities. Our timing is good, as there is a great deal of market activity as larger companies clean their portfolios after years of expansion. Our goal is to move to a multi asset company, diversify our investments and cash flow and seek accretive opportunities that can have a material impact on a company of Maverick’s size. We are also well advanced in deploying appropriate financing options to support our growth strategy.

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Over the next quarter we are completing a full evaluation of our reserves and will bring our assessment to an equivalent to the current Society of Petroleum Engineers standards. We hope to show you that our Proved Reserves, with good fiscal terms, an oil price near Brent and on the U.S. Gulf Coast are very valuable per barrel.

Overall we are on an important new journey. We will take our time, do it right and build a more valuable company quarter on quarter.”

## MARCH QUARTER RESULTS

### SUMMARY OF DEVELOPMENT ACTIVITIES

The table below summarises Blue Ridge Dome wells drilled by Maverick in the period from 1 January 2014 to 31 March 2014.

Well name	Working interest	Total depth (feet)	Sands with oil shows	Sands cored oil productive	Status
West Schenck 1044	100%	4,544	7	5	Plugged
Blakely C 295	50%	4,982	5	5	Plugged
Blakely C 278	50%	5,200	7	5	Plugged
Blakely C 284	50%	4,652	47	25	Producing
Gordon 224	100%	3,877	40	13	Producing
Gordon 729	100%	3,880	50	13	Producing
Gordon 851	100%	3,486	24	6	Plugged
Blakely E 817	100%	3,563	24	7	Producing
Lyons 982	100%	3,186	28	8	Plugged
West Schenck 1043	100%	4,581	8	5	Plugged
Blakely C 1107	50%	5,001	18	18	Temporarily abandoned
Blakely C 1097	100%	4,904	22	20	Producing
Blakely C 1096	100%	5,031	29	17	Producing
Blakely C 249	50%	5,100	19	19	Plugged
West Schenck 1041	100%	5,000	12	4	Plugged
West Schenck 1090	100%	4,107	23	11	Producing
West Schenck 1081	100%	4,904	14	9	Producing
West Schenck 1087	100%	5,115	16	7	Plugged

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## ***Boling Dome***

Maverick did not drill any new wells on Boling Dome in the quarter ended 31 March 2014.

## ***Nash Dome***

Maverick did not drill any new wells on Nash Dome in the quarter ended 31 March 2014.

## ***Edwards Reef***

There were no development activities on Edwards Reef in the quarter ended 31 March 2014.

## **SUMMARY OF LEASE ACQUISITION ACTIVITIES**

Maverick decreased its lease holdings during the quarter ended 31 March 2014 as follows:

<b>Field</b>	<b>Movement in lease holding for the quarter (net acres)</b>	<b>Lease holding at 31 March 2014 (net acres)</b>
Blue Ridge Dome	(1,941)	2,655
Boling Dome	(12)	5,139
Nash Dome	(748)	8,722
Edwards Reef	-	2,627
Gillock Field	(211)	-
<b>Total</b>	<b>(2,912)</b>	<b>19,143</b>

## **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 are of a developmental nature, as opposed to exploratory. On this basis there are no exploration activities to report in relation Blue Ridge Dome, Boling Dome and Nash Dome for the quarter ended 31 March 2014.

### ***Edwards Reef***

During the quarter Maverick's internal geology department continued the process of interpreting the results of this initial Edwards Reef prospect test well. Maverick incurred no direct expenditure in relation to the exploration activities on this prospect in this quarter.

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## OTHER INFORMATION

The incident that occurred on 24 February 2014 is still under investigation. Maverick is cooperating with the regulatory agencies as well as conducting its own internal investigations.

## BOARD INFORMATION

Current board members are:

J. Michael Yeager	Executive Chairman and Chief Executive Officer
Roger Clarke	Vice Chairman and Non-executive Director
Lee Clarke	Non-executive Director
Joseph Camuglia	Non-executive Director

Don Henrich retired as a non-executive director effective 1 March 2014.

## CONTACT

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### **About Maverick Drilling & Exploration Limited (ASX: MAD)**

Maverick is an onshore U.S. focused independent oil company. Existing oil production and reserves development are focused on the drilling of low cost, high margin oil. Maverick's main assets are large acreage positions with majority ownership over parts of the Blue Ridge, Nash and Boling fields, which are proven producing oil fields located south of Houston, Texas in the United States.