

Company Announcements
Australian Stock Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

28 February 2014

Half-year ended 31 December 2013

Please find attached the following documents relating to Maverick Drilling & Exploration Limited's results for the half-year ended 31 December 2013:

1. ASX Appendix 4D
2. Interim report

Commentary from the Chief Executive Officer

The first half of our fiscal year brought considerable change to Maverick Drilling and Exploration. As the new Chief Executive Officer, I have started my duty of creating long term shareholder value by assessing all of the elements of the company that make up Maverick today. Our current assets, our way of working, our management team and our strategy are all being examined to ensure we are building a company that is capable of improving and growing for many years to come. Our immediate goal will be to improve Maverick today while also preparing for an expanded Maverick tomorrow.

To that end I have put in place a detailed analysis that will examine all aspects of the company, and ensure we understand where we are adding value, and where we are not. Our development plans, our reserves position, our cost structure, our technical capability and our production growth opportunities are all being examined. From this analysis I strongly feel we will improve our focus on what matters, and decrease our efforts where improvement is less certain or less valuable. We want to build a continuously growing and improving company.

Simultaneously with this analysis, we will aggressively pursue what we know to be fundamentally important regardless of the outcomes of this analysis. Since we know we want to grow Maverick beyond its current holdings, the recruitment of talented people resources and the options for obtaining greater financial resources are at the top of this list. To support these fundamental priorities, I am pleased to announce that Howard Selzer will join Maverick as our Chief Financial Officer effective 5 March 2014. Howard has been a public company CFO for several years and brings extensive experience in oil and gas accounting, growth financing and the screening and pursuit of strategic acquisitions. Howard will be located in Houston, Texas and is the first of several key planned changes in Maverick's management team that will be critical in reaching our near and longer term goals. We expect to also add to our technical, operational and support function capability as we

MAVERICK

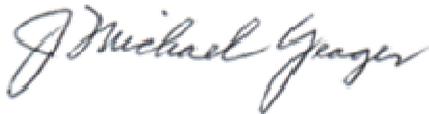
DRILLING & EXPLORATION

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build our new team. I am very proud that Howard has joined us and look forward to his expected significant contributions.

Our plans are simple. We expect to improve Maverick's capability and value today, and use that improvement as the building block for an expanded Maverick tomorrow. We know this will take hard work, and there may be a few ups and downs early in this process. Nonetheless, we are committed to this path, and we know our shareholders will benefit in the long run. We will keep you informed of further changes as we know them, and we greatly appreciate your support while we make Maverick stronger.

Sincerely,



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

RESULTS FOR ANNOUNCEMENT TO THE MARKET – APPENDIX 4D

Entity	Maverick Drilling & Exploration Limited
ABN	48 128 429 158
Half-year ended	31 December 2013
Previous corresponding half-year period	31 December 2012

Results for announcement to the market

				Current period
Revenue from ordinary activities	up	92%	to	USD 17,844,000
Profit/(loss) from ordinary activities after tax attributable to members	down	171%	to	USD (733,000)
Net profit/(loss) for the period attributable to members	down	326%	to	USD (2,497,000)

Dividends

No dividends were paid or proposed to members during the half-year ended 31 December 2013.

Brief explanation of any of the figures reported above

Revenue from oil sales of \$16,938,000 (2012: \$7,529,000) was higher in the current period as a result of higher gross oil production from the group's salt dome acreage. Reported profit in the period included employee benefits expense relating to share based payments of \$7,893,000 (2012: \$0), depreciation expense of \$1,389,000 (2012: \$975,000), depletion expense of \$1,748,000 (2012: \$883,000) and impairment expense of \$1,691,000 (2012: nil). The impairment expense was in respect of idle property, plant and equipment primarily associated with the group's long history as a drilling contractor that is not required as part of the group's current operations. The cumulative impact of these four items on current year profit was \$12,721,000 (2012: \$1,858,000).

Net tangible asset backing

	31 December 2013	31 December 2012
Net tangible asset backing per ordinary share	USD 0.24	USD 0.23

Control gained or lost during the period

There were no transactions entered into by the group during the half-year ended 31 December 2013 that resulted in control being gained or lost over any entities.

Dividend reinvestment plans

There are no dividend reinvestment plans in operation.

Associates and joint venture entities

The group does not have any associates or joint venture entities.

Report based on reviewed accounts

This report has been based on the attached accounts which have been reviewed by PricewaterhouseCoopers.

Maverick Drilling & Exploration Limited

ABN 48 128 429 158

Interim report for the half-year ended 31 December 2013

Maverick Drilling & Exploration Limited ABN 48 128 429 158

Interim report – 31 December 2013

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Maverick Drilling & Exploration Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Maverick Drilling & Exploration Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

DIRECTORS

The following persons were directors of Maverick Drilling & Exploration Limited during the whole of the half-year and up to the date of this report:

D D Henrich
R B Clarke
L A Clarke
J C Camuglia

J M Yeager was appointed as a director 15 October 2013 and continues in office at the date of this report.

B J Simmons was a director from the beginning of the financial year until his resignation on 14 October 2013.

PRESENTATION CURRENCY

Items included in the directors' report and financial statements of the group are presented in US dollars unless otherwise stated.

REVIEW OF OPERATIONS

The directors provide the following comments on the operations of the group for the half-year ended 31 December 2013.

During the half-year the group delivered a loss before income tax of \$2,497,000 (2012: Profit of \$1,105,000) after recognising share based payments expense of \$7,893,000 (2012: \$nil). Oil sales for the half-year totalled \$16,938,000 (2012: \$7,529,000). During December 2013 the group received \$6,500,000 in respect of the Gulf South 2013 Joint Development Program representing prepayment for 13 joint development wells at a 50% working interest.

The group drilled 58 wells across its Blue Ridge, Boling and Nash salt dome properties during the half-year. 39 of these wells were deemed productive and completed by the group.

During the half-year period the group acquired an additional 24 net acres on Boling Dome (total at 31 December 2013: 5,151 net acres) and 782 net acres on Nash Dome (total at 31 December 2013: 9,470 net acres). No new acreage was acquired on Blue Ridge Dome during the half-year period (total at 31 December 2013: 4,596 net acres).

AUDITORS 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 3.

ROUNDING OF AMOUNTS

The group 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 and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.



J M Yeager
Director

Houston, Texas
27 February 2014



Auditor's Independence Declaration

As lead auditor for the review of Maverick Drilling & Exploration Limited for the half-year ended 31 December 2013, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Maverick Drilling & Exploration Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'D A Turner'.

Darren Turner
Partner
PricewaterhouseCoopers

Newcastle
28 February 2014

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Liability limited by a scheme approved under Professional Standards Legislation.

Maverick Drilling & Exploration Limited
Consolidated income statement
For the half-year ended 31 December 2013

		Half-year	
	Notes	2013 \$'000	2012 \$'000
Revenue from continuing operations	3	17,844	9,270
Consumables and external services used		(2,214)	(2,805)
Employee benefits expense	3	(11,190)	(1,380)
Depletion expense		(1,748)	(883)
Depreciation and amortisation expense		(1,389)	(975)
Impairment of property, plant and equipment	3	(1,691)	-
Professional fees		(432)	(333)
Insurance expense		(435)	(448)
State and local tax expense		(149)	(251)
Foreign exchange losses		(429)	(583)
Other expenses		(648)	(476)
Finance costs		(16)	(31)
		(2,497)	1,105
Profit/(loss) before income tax			
Income tax benefit/(expense)		1,764	(70)
Profit/(loss) from continuing operations		(733)	1,035
Profit/(loss) from discontinued operations		-	-
Profit/(loss) for the half-year		(733)	1,035
Profit/(loss) is attributable to:			
Owners of Maverick Drilling & Exploration Limited		(733)	1,035
Non-controlling interests		-	-
		(733)	1,035
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share		(0.16)	0.25
Diluted earnings per share		(0.16)	0.25
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic earnings per share		(0.16)	0.25
Diluted earnings per share		(0.16)	0.25

The above consolidated income statement should be read in conjunction with the accompanying notes commencing on page 9.

Maverick Drilling & Exploration Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2013

	Half-year	
Notes	2013 \$'000	2012 \$'000
Profit/(loss) for the half-year	(733)	1,035
Other comprehensive income/(loss) for the half-year, net of tax	-	-
Total comprehensive income/(loss) for the half-year	(733)	1,035
Total comprehensive income/(loss) for the half-year is attributable to:		
Owners of Maverick Drilling & Exploration Limited	(733)	1,035
Non-controlling interests	-	-
	(733)	1,035

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes commencing on page 9.

Maverick Drilling & Exploration Limited
Consolidated balance sheet
As at 31 December 2013

		31 December 2013 \$'000	30 June 2013 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		34,772	40,135
Trade and other receivables		4,443	4,618
Inventories		2,179	2,043
Derivative financial instruments		-	2,715
Assets classified as held for sale		415	-
Total current assets		<u>41,809</u>	<u>49,511</u>
Non-current assets			
Receivables		250	250
Property, plant and equipment	4	16,875	18,500
Oil and gas assets	5	78,207	58,356
Exploration and evaluation assets		1,109	1,109
Intangible assets		<u>3,612</u>	<u>3,612</u>
Total non-current assets		<u>100,053</u>	<u>81,827</u>
Total assets		<u>141,862</u>	<u>131,338</u>
LIABILITIES			
Current liabilities			
Trade and other payables		3,377	3,623
Income in advance		6,500	-
Borrowings		3,445	4,254
Provisions		340	-
Total current liabilities		<u>13,662</u>	<u>7,877</u>
Non-current liabilities			
Borrowings		69	1,144
Provisions		371	-
Deferred tax liabilities		<u>10,177</u>	<u>11,894</u>
Total non-current liabilities		<u>10,617</u>	<u>13,038</u>
Total liabilities		<u>24,279</u>	<u>20,915</u>
Net assets		<u>117,583</u>	<u>110,423</u>
EQUITY			
Contributed equity	6	109,092	102,359
Other reserves	7	1,166	6
Retained earnings		<u>7,325</u>	<u>8,058</u>
Capital and reserves attributable to owners of Maverick Drilling & Exploration Limited		117,583	110,423
Non-controlling interests		-	-
Total equity		<u>117,583</u>	<u>110,423</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes commencing on page 9.

Maverick Drilling & Exploration Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2013

		Attributable to owners of Maverick Drilling & Exploration Limited				Non-	Total
Notes	Contributed equity	Reserves	Retained earnings	Total	controlling interests	equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	53,464	-	4,289	57,753	-	57,753	
Balance at 1 July 2012							
Total comprehensive income for the year	-	-	1,035	1,035	-	1,035	
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	48,895	-	-	48,895	-	48,895	
	48,895	-	1,035	49,930	-	49,930	
Balance at 31 December 2012	102,359	-	5,324	107,683	-	107,683	
Balance at 1 July 2013	102,359	6	8,058	110,423	-	110,423	
Total comprehensive income/(loss) for the year	-	-	(733)	(733)	-	(733)	
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	6,733	-	-	6,733	-	6,733	
Executive options and rights – value of employee services	-	1,160	-	1,160	-	1,160	
	6,733	1,160	-	7,893	-	7,893	
Balance at 31 December 2013	109,092	1,166	7,325	117,583	-	117,583	

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes commencing on page 9.

Maverick Drilling & Exploration Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2013

	Half-year	
Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	23,793	9,360
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(8,485)</u>	<u>(5,722)</u>
	15,308	3,638
Interest paid	(16)	(31)
Income taxes paid	-	(93)
Net cash inflow from operating activities	<u>15,292</u>	<u>3,514</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,869)	(3,423)
Payments for exploration and evaluation assets	-	(559)
Payments for oil and gas assets	(21,238)	(11,211)
Interest received	<u>1,054</u>	<u>185</u>
Net cash (outflow) from investing activities	<u>(22,053)</u>	<u>(15,008)</u>
Cash flows from financing activities		
Proceeds from issues of shares	-	51,530
Proceeds from borrowings	-	389
Share issue transaction costs	(14)	(2,635)
Repayment of borrowings	<u>(1,884)</u>	<u>(1,959)</u>
Net cash (outflow)/inflow from financing activities	<u>(1,898)</u>	<u>47,325</u>
Net (decrease)/increase in cash and cash equivalents	(8,659)	35,831
Cash and cash equivalents at the beginning of the financial period	40,135	19,807
Effects of exchange rate changes on cash and cash equivalents	<u>3,296</u>	-
Cash and cash equivalents at end of the financial period	<u>34,772</u>	<u>55,638</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes commencing on page 9.

Notes to the consolidated financial statements

1 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Maverick Drilling & Exploration Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2014 annual report as a consequence of these amendments.

(b) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. The group has not yet assessed how AASB 9 will affect its financial statements and it has not yet decided whether to adopt any part of AASB 9 early.

2 Segment information

(a) Description of segments

Management has determined the group's operating segments based on the reports reviewed by the executives to make strategic decisions.

The executives consider the business from both a product and a geographic perspective and have identified two reportable segments for the half-year ended 31 December 2013. The first as an operator of oil leases and the second an oil and gas service provider. For the half-year ended 31 December 2013 all services of the oil gas service provider segment are being utilised internally.

(b) Segment information provided to the board

The segment information provided to the executives for the reportable segments for the half-year ended 31 December 2013 is as follows:

Half-year 2013	Operator of oil leases \$'000	Oil and gas service provider \$'000	Total \$'000
Total segment revenue	17,494	10,022	27,516
Inter-segment revenue	-	(10,022)	(10,022)
Revenue from external customers	17,494	-	17,494
Adjusted EBITDA	13,799	-	13,799

2 Segment information (continued)

(b) Segment information provided to the board (continued)

The executives assess the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. The measurement basis also adjusts for corporate, executive and administrative functions not allocated to operating segments. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

A reconciliation of adjusted segment EBITDA to operating loss before income tax is provided as follows:

	Half-year 2013 \$'000
Adjusted segment EBITDA	13,799
Sale of goods	49
Rental income	1
Interest revenue	300
Depreciation and amortisation	(3,137)
Impairment of property, plant and equipment	(1,691)
Finance costs	(16)
Consumables and external services used	(311)
Employee benefits expense	(9,696)
Professional fees	(428)
Insurance expense	(352)
State and local tax expense	(21)
Foreign exchange losses	(429)
Other expenses	(565)
Loss before income tax from continuing operations	<u>(2,497)</u>

The amounts provided to the executives 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.

3 Profit/(loss) for the half-year

	Notes	Half-year	
		2013 \$'000	2012 \$'000
Profit/(loss) for the half-year includes the following items that are significant because of their nature, size or incidence:			
Revenues			
<i>Revenue from continuing operations</i>			
Sale of goods		16,987	7,540
Sale of services		556	381
Sale of working interest in turnkey joint development wells		-	333
Rental revenue		1	8
Interest income		<u>300</u>	<u>1,008</u>
Revenues from continuing operations		<u>17,844</u>	<u>9,270</u>
Expenses			
<i>Employee benefits expense</i>			
Share based payments expense		7,893	-
Other employee benefits expense		<u>3,297</u>	<u>1,380</u>
Total employee benefits expense		<u>11,190</u>	<u>1,380</u>
<i>Impairment of property, plant and equipment</i>			
Impairment of property, plant and equipment	(b)	<u>1,691</u>	-
Total Impairment of property, plant and equipment		<u>1,691</u>	-

(b) Impairment of property, plant and equipment

During the period the group recognised an impairment loss of \$1,691,000 in relation to idle property, plant and equipment primarily associated with its long history as a drilling contractor that is not required as part of the group's current operations. This impairment was calculated based on current market information.

4 Property, plant and equipment

The group reported a net decrease in the balance of property, plant and equipment of \$1,625,000 in the period 1 July 2013 to 31 December 2013. This decrease included depreciation expense of \$1,389,000, impairment expense as detailed at note 3(b) of \$1,691,000 and transfers to assets available for sale of \$415,000.

5 Oil and gas assets

In the period from 1 July 2013 to 31 December 2013 the group completed the drilling of 54 new wells on Blue Ridge Dome, 2 new wells on Boling Dome and 2 new wells on Nash Dome.

During the half-year period the group has recognised a provision for restoration in respect of existing wells of \$685,000.

Oil and gas assets in production are amortised on a production output basis via a depletion charge. In relation to Blue Ridge, Boling and Nash Domes, development costs, along with any future expenditure necessary to develop the estimated reserves, are amortised over the remaining estimated units of the fields. The remaining estimated units of the fields are based on the group's hydrocarbon reserves as assessed by Energy Recovery Concepts, LLC. Production based depletion of \$1,748,000 was charged in the period 1 July 2013 to 31 December 2013 (1 July 2012 to 31 December 2012 \$883,000).

6 Contributed equity

		31 December 2013	30 June 2013	31 December 2013	30 June 2013
	Notes	Shares	Shares	\$'000	\$'000
(a) Share capital					
Ordinary shares					
Fully paid	(b)	<u>467,726,751</u>	452,726,751	<u>109,092</u>	102,359
		467,726,751	452,726,751	109,092	102,359

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Issue price	\$'000
1 July 2013	Opening balance		452,726,751		102,359
	Shares issued to J M Yeager	(c)	15,000,000	\$0.45	6,747
	Less: Transaction costs arising on share issue				(14)
31 December 2013	Balance		<u>467,726,751</u>		<u>109,092</u>

(c) Shares issued to J M Yeager

In December 2013, 15,000,000 ordinary shares in Maverick Drilling & Exploration Limited were issued to J M Yeager following approval by shareholders at the Company's Annual General Meeting held 29 November 2013. The shares were issued for no cash consideration.

7 Other reserves

	31 December 2013	30 June 2013
	\$'000	\$'000
(a) Other reserves		
Share-based payments reserve	<u>1,166</u>	6
Total other reserves	<u>1,166</u>	6

	Half-year	
	2013	2012
	\$'000	\$'000
Movements in the share-based payments reserve:		
Balance 1 July	6	-
Senior executive option plan expense	103	-
Executive rights expense	96	-
Performance rights expense	<u>961</u>	-
Balance 31 December	<u>1,166</u>	-

(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.

8 Related party transactions

(a) Shares and rights issued to key management personnel

On 29 November 2013 shareholders approved the issue of 15,000,000 ordinary shares and 10,000,000 performance rights to J M Yeager for no consideration. The 15,000,000 ordinary shares were issued to J M Yeager 5 December 2013.

The 10,000,000 performance rights will vest 15 October 2014 subject to J M Yeager remaining in the employment of Maverick Drilling & Exploration Limited as Chief Executive Officer for a period of 12 months from 15 October 2013. On vesting each performance right entitles J M Yeager to be issued one fully paid ordinary share for no further consideration.

(b) Loans from key management personnel

During the period repayments of \$1,000,000 were made on the loan from D D Henrich and G Henrich to Maverick Drilling & Exploration Limited. Interest of \$15,766 calculated at an average rate of 1.11% was charged on this loan during the period. This borrowing has a maximum term of December 2014. The agreement for this finance was based on normal commercial terms and conditions and Maverick sought legal advice from Australian counsel prior to entering into the arrangements. At 31 December 2013 the balance of this loan was \$2,271,181 (30 June 2013: \$3,255,415).

(c) Maverick Production Company - Promissory notes

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. Maverick Production Company has 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. Under the terms of the agreement, Texoz Holdings Unit Trust is entitled to an overriding royalty interest of up to 2% of Maverick's working interest in respect of leases acquired utilising funding from this facility. No new leases were acquired utilising funding from this facility during the period. During the period repayments of \$786,000 were made by Maverick under the agreement for this finance. At 31 December 2013 the balance of the promissory notes held by Texoz Holdings Unit Trust from Maverick Production Company was \$976,000 (30 June 2013 \$1,762,000).

(d) Other transactions with key management personnel

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 Bute Blue Ridge Dome leases operated by Maverick.

9 Fair value measurement of financial instruments

(a) Fair value hierarchy

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 2013 the group did not have any assets measured at fair value.

At 30 June 2013 the group only had one class of assets measured at fair value being derivatives used for hedging which were classified as level 2. At 30 June 2013, this balance was \$2,715,000.

At 31 December 2013 and 30 June 2013 the group had no liabilities measured at fair value.

9 Fair value measurement of financial instruments (continued)

(b) Valuation techniques used to determine 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 the group 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.

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.

(c) Fair value measurements using significant unobservable inputs (level 3)

At no time during the periods ended 31 December 2013 and 30 June 2013 did the group hold any level 3 instruments.

(d) Fair values of other financial instruments (unrecognised)

The group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. There were no significant differences noted between the carrying amount and fair value of these instruments at 31 December 2013.

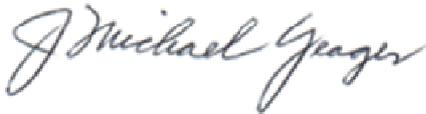
10 Events occurring after the reporting period

No significant transactions have occurred between 31 December 2013 and the date of this report.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 14 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 consolidated entity's financial position as at 31 December 2013 and of their performance for the half-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.

This declaration is made in accordance with a resolution of the directors.



J M Yeager
Director

Houston
27 February 2014



Independent auditor's review report to the members of Maverick Drilling and Exploration Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Maverick Drilling and Exploration Limited (the Company), which comprises the balance sheet as at 31 December 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Maverick Drilling and Exploration Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 2013 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 Drilling and Exploration 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*.

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Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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PricewaterhouseCoopers

D A Turner

Darren Turner
Partner

Newcastle
28 February 2014