

## **QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

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

### **FINANCIAL HIGHLIGHTS**

Financial highlights for the quarter:

- Maverick has successfully completed a \$50 million (A\$) share placement in July 2012. The proceeds raised will be used to fund Maverick's development and exploration program over the next twelve months as outlined in the announcement and investor presentation released to ASX on 18 July 2012.
- Cash received from oil sales for the quarter ended 30 September 2012 totalled USD 3.8 million.
- Cash at call at 30 September 2012 totalled USD 64.5 million.
- Following the end of the quarter, Maverick has entered into a non-binding Memorandum of Understanding (MOU) with Gulf South Holdings Inc. (Gulf South) in relation to developmental drilling of its shallow salt dome acreage, which should greatly assist in monetising its reserves (refer to ASX announcement 3 October 2012). The arrangements are subject to execution of legal documentation. Final documentation, and project initiation are expected within 30 days.

### **ACREAGE HIGHLIGHTS**

- 903 net acres were acquired on Nash Dome in the quarter. This represents a 16% increase in our Nash Dome holdings. Additional acquisitions on and around Nash Dome are in negotiation at the present time.
- 492 net acres were acquired on Blue Ridge Dome in the quarter. This represents a 12% increase in our Blue Ridge holdings.
- 58 net acres were acquired on Boling Dome in the quarter.
- 299 net acres were acquired on the Edwards Reef prospect in the quarter.

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### DEVELOPMENTAL DRILLING AND OPERATIONS HIGHLIGHTS

- Maverick's operational direction since the raising has been on testing perimeter wells along extreme edges of the fairways which take more evaluation time and completion testing is underway. Our major in-field development program has taken a temporary back seat to this testing, as we believe the data provided from these tests is imperative to future field development planning and will ultimately lead to a more efficient program.

Experimental completion processes using stimulation have been undertaken on the oil bearing Het Limestone formations on Nash Dome and Boling Dome. Preliminary work is beginning to yield success in producing oil wells in these formations.

- Maverick drilled 11 Blue Ridge Dome, 3 Boling Dome and 3 Nash Dome wells in the quarter.

### GEOLOGICAL AND GEOPHYSICAL HIGHLIGHTS

- The oil bearing Het Limestone formations on Nash Dome and Boling Dome have consumed a substantial amount of Maverick's workover rig, geology and operational capacity but the Directors believe the productive potential of this formation is worth the investment. Subsequent to the end of the quarter, Maverick has engaged the services of Baker Hughes and other stimulation professionals to assist in the process of designing the most effective potential completion and production process on this structure.
- The 3D seismic operations on Blue Ridge Dome are now complete and extensive processing and interpretation work is underway. Some of these results have been posted to our website at [www.maverickdrilling.com](http://www.maverickdrilling.com).
- We are near completion of a preliminary 2D seismic shoot on Nash Dome. Results will be integrated with prior seismic work already performed on the dome.

### EQUIPMENT AND INFRASTRUCTURE HIGHLIGHTS

- During the quarter, Maverick drilling rig #9 was deployed to Blue Ridge where it drilled its first well, the West Schenck #600. The rig has now drilled a total of three wells and is performing nicely.
- Outfitting of drill rig #11 is underway with a target completion date of early January 2013.
- Outfitting of drill rig #12 is also underway with a target completion date of early February 2013.
- Subsequent to quarter end, Maverick was successful in acquiring another Walker-Neer Apache 250 drill rig identical to 5 of our existing drill rigs. This will bring our operational drill rig fleet to a total of 7 rigs in 2013.

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- 5 of Mavericks 8 workover rigs are currently in operation. The other 3 are being refitted for deployment.
- Management is actively pursuing the acquisition of further drilling and workover rigs.
- A considerable amount of additional support equipment has been and continues to be acquired. Items such as bulldozers, track loaders and tanker trucks are being integrated into Maverick's expanding fleet of support vehicles and equipment.

### **FORWARD DRILLING, COMPLETION AND PRODUCTION HIGHLIGHTS**

- 13 high impact targets have now been staked on Blue Ridge Dome and permitting and regulatory approval is underway.
- No seismic identified high impact salt dome targets were drilled in the period to 30 September 2012.
- While the September quarter production averaged 532 BOPD, daily production is currently in excess of 700 BOPD. Based upon field testing procedures this production is being generated from approximately a third of Mavericks total wells. Maverick is now aggressively targeting the recompletion of a further 30% to 50% of its wells that are not currently contributing. The impact of these operations should be seen in the first quarter of 2013. Furthermore there are five recently drilled wells to come online over the next few weeks
- Experimental evaluation of new formations and high impact reserves have been a recent priority alongside meeting all properties drilling commitments.

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## SEPTEMBER QUARTER RESULTS

### SUMMARY OF DEVELOPMENT ACTIVITIES

#### *Blue Ridge Dome*

Maverick has drilled 70 wells on Blue Ridge Dome in the period from listing in September 2010 to 30 September 2012, with 11 of these wells drilled in the quarter ended 30 September 2012.

The table below summarises Blue Ridge Dome wells drilled by Maverick in the period from 1 July 2012 to 30 September 2012.

Well name	Working interest	Total depth (feet)	Sands with oil shows	Sands cored oil productive	Status
Lee #921	100%	5,072	7	3	Plugged
Santa Rosa #508	100%	3,553	5	3	Active
Zivley #176	90%	3,657	8	6	Active
West Schenck #115	100%	4,818	14	12	Active
Zivley #175	90%	3,752	10	4	Active
Kiam #488	100%	1,219	6	3	Active
West Schenck #112	100%	4,795	12	8	Active
Rice #317	100%	3,502	0	0	Plugged
West Schenck #118	100%	4,700	9	5	Plugged
West Schenck #600	100%	3,204	2	2	Plugged
West Schenck #126	100%	4,399	9	8	Active

While the Lee #921 had 3 sands cored oil productive and the West Schenck #600 had 2, a decision was made to plug these wells. The West Schenck #118 was lost due to mechanical issues when completing and subsequently plugged.

#### *Boling Dome*

Maverick has drilled 6 wells on Boling Dome, with 3 of these wells drilled in the quarter ended 30 September 2012, the Hawes #55, Tabor #285 and Farmer #81.

The Hawes #55 was drilled to a total depth of 3,411 feet and the well encountered 2 oil productive sands per core and log results. The well also encountered oil bearing Het Lime formations from 3,293 to 3,411 feet.

The Tabor #285 was drilled to a total depth of 5,503 feet and the well encountered 5 oil productive sands per core and log results.

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The Farmer #81 was drilled to a total depth of 4,256 feet and encountered 1 sand with oil shows but this did not core oil productive. The Farmer #81 has since been plugged.

### ***Nash Dome***

Maverick has drilled 5 wells on Boling Dome, with 3 of these wells drilled in the quarter ended 30 September 2012, the Wisdom #888, Wisdom #999 and Wisdom #777.

The Wisdom #888 was drilled to a total depth of 4,749 feet and the well encountered 2 oil productive sands per core and log results. The well also encountered oil bearing Het Lime formations from 4,582 to 4,750 feet.

The Wisdom #999 was drilled to a total depth of 4,791 feet and the well encountered 5 oil productive sands per core and log results. The well also encountered oil bearing Het Lime formations from 4,522 to 4,791 feet.

The Wisdom #777 was drilled to a total depth of 4,720 feet and the well encountered 8 oil productive sands per core and log results. The well also encountered oil bearing Het Lime formations from 4,344 to 4,644 feet.

### ***Other leases***

There were no development activities on any other leases held by Maverick during the quarter ended 30 September 2012.

### ***Total expenditure classified as development***

During the quarter ended 30 September 2012, Maverick capitalised USD 4,264,000 in relation to the development of Blue Ridge Dome, Boling Dome and Nash Dome.

## **SUMMARY OF SALES ACTIVITIES**

Cash received during the quarter ended 30 September 2012 from Blue Ridge, Boling and Nash Dome oil sales totalled USD 3,767,000.

In addition, cash of USD 980,000 has been received in October 2012 from September 2012 Blue Ridge, Boling and Nash Dome oil sales.

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

Month	Gross price per barrel Blue Ridge Dome (USD)	Gross price per barrel Boling Dome (USD)	Gross price per barrel Nash Dome (USD)
July 2012	95.99	91.59	91.59
August 2012	104.36	99.91	99.91
September 2012	108.40	103.94	103.94

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

The Directors are focused on increasing the current level of production from Maverick's salt dome acreage through recompletion of existing wells in uphole zones and the forward drilling program. The focus on refining our Het lime completion techniques has taken priority to fairway production but success in this formation will - likely enhance overall production in future quarters.

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

### ***Other leases***

There were no production operations on any other leases owned by Maverick in the quarter ended 30 September 2012.

### ***Total expenditure classified as production related***

During the quarter ended 30 September 2012, Maverick incurred USD 451,000 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 30 September 2012.

### ***Edwards Reef***

Maverick commenced drilling of its Edwards Reef prospect during September 2012 with the drilling of the Long Branch #55. In October 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.

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

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During the quarter ended 30 September 2012, Maverick incurred USD 101,000 of expenditure classified as exploration related on its Edwards Reef Prospect.

## SUMMARY OF LEASE ACQUISITION ACTIVITIES

Maverick increased its lease holdings during the quarter ended 30 September 2012 as follows:

Field	Movement in lease holding for the quarter ( <i>net acres</i> )	Lease holding at 30 September 2012 ( <i>net acres</i> )
Blue Ridge Dome	492	4,588
Boling Dome	58	4,786
Nash Dome	903	6,538
Edwards Reef	299	2,627

## 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 38 year old contract drilling company based in Texas.