

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

24 August 2016

**Half-year ended 30 June 2016**

Please find attached the following documents relating to Maverick Drilling & Exploration Limited's results for the half-year ended 30 June 2016:

1. ASX Appendix 4D
2. Interim report

**Commentary from the Chief Executive Officer**

Over the first half of this year, despite a continued severe industry downturn, we have pressed forward toward our goal of building an investment grade, independent oil and gas company. The route has not been easy, and industry conditions have been very difficult, but nonetheless we are rapidly moving to be a very changed company.

As we have discussed with you, we have optimized our Blue Ridge field to the point where we are making \$250,000 per month in operating cash flow, and we feel it is prudent to test the assets sales market. So we have this asset out in the market, and are busy doing technical and managerial presentation to prospective buyers. We currently have over fifty companies that have requested the sales package information that we have prepared. We expect this process to continue over this current quarter of the year.

As a result of testing the Blue Ridge assets for potential sale, our accounting guidelines now require us to bring the oil reserves and our uniquely owned drilling equipment value to current market value. At these low oil prices only the value of the very near term barrels to be produced can be expected in a sales transaction. Also as there are over 1000 drilling rigs in the U.S. that are idle, we cannot command a premium price for our rigs. When combined, we will reduce the value on the books for Blue Ridge by approximately \$33 million. This will essentially remove Blue Ridge from our books except for the middle of the range sales price that we expect to receive. This is a non-cash charge and has no impact on plans to take the Company forward into our new Eagle Ford acreage.

On our new Eagle Ford acreage, we continue to negotiate the lease terms and expect to continue to add acreage. As you saw in our recent Eagle Ford presentation that is posted online, the development of this area will highly valuable. The acreage is offset by proven production, and we have already booked proved reserves due to the nearly drilling being literally on yards away from our planned wells. The wells we will drill will produce 70-80 percent liquids and can be drilled for \$3-4 million per well. This gives a 40-50 percent rate of return for each well drilled at today's forward prices. The proceeds from the Blue

Ridge sale will go toward our new Eagle Ford land acquisition and development. We are also examining whether to take a partner or not, and we may balance all of these efforts with a minimal equity raise as we finalize our drilling plans.

So, we are moving the Company forward and feel we offer an excellent opportunity for investors. We thank everyone for their support.

Sincerely,

A handwritten signature in black ink, reading "J. Michael Yeager". The signature is written in a cursive, flowing style with a large initial "J" and a long, sweeping underline.

J. Michael Yeager  
Executive Chairman and 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	30 June 2016
Previous corresponding half-year period	30 June 2015

## Results for announcement to the market

				Current Period
Revenue from ordinary activities	down	61%	to	USD 2,385,000
Profit / (loss) from ordinary activities after tax attributable to members	down	120%	to	USD (40,556,000)
Net profit / (loss) for the period attributable to members	down	120%	to	USD (40,556,000)

## Dividend

No dividends were paid or proposed to members during the half-year ended 30 June 2016.

## Brief explanation of results

Revenue from oil sales of \$2.4 million (2015: \$ 6.1 million) was lower in the current period as a result of lower prices received for oil and lower gross oil production. Reported profit in the period included impairment of oil and gas properties and related inventories and property, plant and rig equipment, based on management's decision to sell the Blue Ridge field (total impairment: \$33.1 million).

## Net tangible asset backing

	30 June 2016	31 December 2015
Net tangible asset backing per ordinary share	USD 0.04	USD 0.11

## Control gained or lost during the period

There were no transactions entered into by the company during the half-year ended 30 June 2016 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 company 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 30 June 2016**

# Maverick Drilling & Exploration Limited ABN 48 128 429 158

## Interim report – 30 June 2016

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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 period ended 31 December 2015 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**

The directors of Maverick Drilling & Exploration Limited present their report on the consolidated entity (referred to hereafter as "Maverick," or "the Company") consisting of Maverick Drilling & Exploration Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2016.

### **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:

R B Clarke  
L A Clarke  
J C Camuglia  
NH Smith  
J M Yeager

### **PRESENTATION CURRENCY**

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

### **REVIEW OF OPERATIONS**

The directors provide the following comments on the operations of the Company for the half-year ended 30 June 2016.

During the half-year the Company recorded a loss before income tax of \$40.6 million (1H 2015: Loss of \$18.4 million). Oil sales for the half-year totaled \$2.4 million (1H 2015: \$6.1 million).

During the half-year ended 30 June 2016 management determined that the performance of the Blue Ridge Field has been optimized for value and decided to test the market for the potential sale of the field. If the sale strategy is successfully executed, management expects to invest the proceeds in development of recently acquired acreage in the Eagle Ford shale play in South Texas. Subsequent to the end of the half year, the Company offered Blue Ridge Field for cash sale. Accordingly, oil and gas assets and related inventories and property, plant and equipment associated with this field were written down to estimated market value, resulting in a non-cash impairment charge of \$33.1 million. Current market realizations reflect only the value of proved developed reserves, rather than proved developed and undeveloped reserves. The Blue Ridge Field has significant proved undeveloped reserves that the Company had previously expected to recover over the life of the asset.

### **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 Company 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  
Executive Chairman and Chief Executive Officer  
Maverick Drilling & Exploration Limited

Houston, Texas  
24 August 2016



## Auditor's Independence Declaration

As lead auditor for the review of Maverick Drilling & Exploration Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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  
24 August 2016

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Level 3, 45 Watt Street, PO Box 798, NEWCASTLE NSW 2300  
T: +61 2 4925 1100, F: +61 2 4925 1199, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

**Maverick Drilling & Exploration Limited**  
**Consolidated income statement**  
**For the half-year ended 30 June 2016**

	<b>Notes</b>	<b>Half-year 30 Jun 2016 \$'000</b>	<b>Half-year 30 Jun 2015 \$'000</b>
<b>Revenue from continuing operations</b>	3	<b>2,385</b>	6,169
Consumables and external services used		<b>(1,116)</b>	(2,842)
Employee benefits expense		<b>(3,699)</b>	(5,879)
Depletion expense	5	<b>(1,724)</b>	(3,668)
Depreciation and amortisation expense		<b>(877)</b>	(1,789)
Impairment of non-current assets	3	<b>(33,055)</b>	(7,629)
Transaction expenses	3	<b>(803)</b>	-
Professional fees		<b>(593)</b>	(1,316)
Insurance expense		<b>(346)</b>	(697)
State and local tax expense		<b>(67)</b>	(128)
Net foreign exchange gain (loss)		<b>4</b>	(40)
Other expenses		<b>(507)</b>	(494)
Finance costs		<b>(158)</b>	(118)
<b>(Loss) before income tax</b>		<b>(40,556)</b>	(18,431)
Income tax expense		-	-
(Loss) from continuing operations		<b>(40,556)</b>	(18,431)
<b>(Loss) for the half-year</b>		<b>(40,556)</b>	(18,431)
(Loss) is attributable to:			
Owners of Maverick Drilling & Exploration Limited		<b>(40,556)</b>	(18,431)
Non-controlling interests		-	-
		<b>(40,556)</b>	(18,431)
		<b>Cents</b>	Cents
<b>Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic (loss) per share		<b>(7.4)</b>	(3.4)
Diluted (loss) per share		<b>(7.4)</b>	(3.4)
<b>Earnings per share for (loss) attributable to the ordinary equity holders of the Company:</b>			
Basic (loss) per share		<b>(7.4)</b>	(3.4)
Diluted (loss) per share		<b>(7.4)</b>	(3.4)

*The above income statement should be read in conjunction with the accompanying notes.*



**Maverick Drilling & Exploration Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 30 June 2016**

	Half-year 30 Jun 2016 \$'000	Half-year 30 Jun 2015 \$'000
<b>(Loss) for the half-year</b>	<b>(40,556)</b>	(18,431)
<b>Other comprehensive income for the half-year</b>	<b>-</b>	-
<b>Total comprehensive (loss) for the half-year</b>	<b>(40,556)</b>	(18,431)
Total comprehensive (loss) for the half-year is attributable to:		
Owners of Maverick Drilling & Exploration Limited	<b>(40,556)</b>	(18,431)
Non-controlling interests	<b>-</b>	-
	<b>(40,556)</b>	(18,431)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Maverick Drilling & Exploration Limited**  
**Consolidated balance sheet**  
For the half-year ended 30 June 2016

	<b>Notes</b>	<b>30 Jun 2016 \$'000</b>	<b>31 Dec 2015 \$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,232	13,436
Trade and other receivables		1,140	1,977
Inventories		-	978
Assets classified as held for sale		4	100
Total current assets		<u>5,376</u>	<u>16,491</u>
<b>Non-current assets</b>			
Other non-current assets		92	194
Property, plant and equipment	4	1,302	4,967
Oil and gas assets	5	17,905	44,415
Total non-current assets		<u>19,299</u>	<u>49,576</u>
<b>Total assets</b>		<u>24,675</u>	<u>66,067</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,036	2,042
Borrowings		190	97
Restoration provision		168	85
Total current liabilities		<u>1,394</u>	<u>2,224</u>
<b>Non-current liabilities</b>			
Borrowings		-	38
Restoration provision		1,367	1,396
Other non-current liabilities		101	40
Total non-current liabilities		<u>1,468</u>	<u>1,474</u>
<b>Total liabilities</b>		<u>2,862</u>	<u>3,698</u>
<b>Net assets</b>		<u>21,813</u>	<u>62,369</u>
<b>EQUITY</b>			
Contributed equity	6	132,190	132,190
Retained losses		(110,377)	(69,821)
Capital and reserves attributable to owners of Maverick Drilling & Exploration Limited		<u>21,813</u>	<u>62,369</u>
Non-controlling interests		<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>21,813</u>	<u>62,369</u>

*The above balance sheet should be read in conjunction with the accompanying notes.*

**Maverick Drilling & Exploration Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 30 June 2016**

	Attributable to the owners of Maverick Drilling & Exploration Limited					
	Contributed equity \$'000	Reserves \$'000	Retained losses \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
<b>Balance, 31 Dec 2014</b>	132,053	178	(30,673)	101,558	-	101,558
<b>Total comprehensive loss for the half-year ended 30 Jun 2015</b>	-	-	(18,431)	(18,431)	-	(18,431)
<b>Transactions with owners in their capacity as owners:</b>						
Shares issued						
– value of employee services	137	(114)	-	23	-	23
Senior Executive Option Plan						
– value of employee services	-	13	-	13	-	13
<b>Balance, 30 Jun 2015</b>	132,190	77	(49,104)	83,163	-	83,163
<b>Balance, 31 Dec 2015</b>	132,190	-	(69,821)	62,369	-	62,369
<b>Total comprehensive loss for the half-year ended 30 Jun 2016</b>	-	-	(40,556)	(40,556)	-	(40,556)
<b>Balance, 30 Jun 2016</b>	132,190	-	(110,377)	21,813	-	21,813

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**Maverick Drilling & Exploration Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 30 June 2016**

	<b>Half-year 30 Jun 2016 \$'000</b>	<b>Half-year 30 Jun 2015 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	2,433	6,477
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(7,133)</u>	<u>(11,643)</u>
	<b>(4,700)</b>	<b>(5,166)</b>
Interest paid	(20)	-
Income taxes paid	-	-
<b>Net cash (outflow) inflow from operating activities</b>	<u><b>(4,720)</b></u>	<u><b>(5,166)</b></u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(10)	(336)
Payments for oil and gas assets	<b>(4,732)</b>	<b>(5,645)</b>
Proceeds from sale of property, plant and equipment	87	23
Proceeds from sale of assets held for sale	112	393
Interest received	2	8
<b>Net cash (outflow) inflow from investing activities</b>	<u><b>(4,541)</b></u>	<u><b>(5,557)</b></u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowing	228	137
Share issue transaction costs	-	(3)
Repayment of borrowings	<u>(174)</u>	<u>(80)</u>
<b>Net cash inflow (outflow) from financing activities</b>	<u><b>54</b></u>	<u><b>54</b></u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(9,207)</b>	<b>(10,669)</b>
Cash and cash equivalents at the beginning of the financial year	<b>13,436</b>	<b>28,582</b>
Effects of exchange rate on cash and cash equivalents	<u>3</u>	<u>1</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>4,232</b></u>	<u><b>17,914</b></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## 1 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2016 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 31 December 2015 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.

The Company decided in the second half of the previous financial year to reclassify various expense items from "Employee benefits expense" to "Consumables and external services used" with a nil impact on net profit and net assets. This resulted in reclassifying \$1,156,000 from employee expenses to consumables expense in the comparative figures for the first half of 2015. The Company has reclassified these costs to provide more relevant and accurate information to its stakeholders.

### *Assumptions regarding liquidity*

For the half-year ended 30 June 2016, the Company recorded a loss after tax of \$40.6 million ((including \$33.1 million of impairment expenses (1H 2015: \$18.4 million net loss after tax, including \$7.6 million in impairment expense)). As at 30 June 2016, the Company had net current assets of \$4.0 million (31 December 2015: \$14.3 million).

While Maverick's focus is on finalising the sale of the Blue Ridge asset and investing the proceeds in the development of the recently acquired acreage in the Eagle Ford shale play in South Texas, due to the Company's cash conservation efforts and the remaining cash on hand as 30 June 2016, Maverick has sufficient funds to continue its current operations into the foreseeable future until an asset sale occurs based on the following factors:

- the company's cash balance of \$4.2 million at 30 June 2016;
- forecast revenue from the Company's Blue Ridge operations;
- successful cost cutting initiatives undertaken in the last twelve months resulting in a decrease of expenses to an ongoing operating costs level which will conserve available cash; and
- investment into the development of the recently acquired acreage in the Eagle Ford will be delayed until sufficient cash flows are available.

The Company is also considering other funding measures such as third party investors and capital raising to accelerate the development of the Eagle Ford acreage.

References to '1H' refer to the first half of the year, the period between 1 January and 30 June.

## 2 Segment information

### (a) Description of segments

Management has identified the Company's operating segments based on the reports reviewed by the board to make strategic decisions. Operations consist of one segment, oil and gas exploration and production.

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

The segment information provided to the board for the reportable segments for the half-year ended 30 June 2016 is as follows:

	<b>Half-year 30 Jun 2016 \$'000</b>	<b>Half-year 30 Jun 2015 \$'000</b>
<b>Oil and gas exploration and production</b>		
Total segment revenue	2,378	6,139
<b>Revenue from external customers</b>	<u>2,378</u>	<u>6,139</u>
<b>(Loss) for the half-year</b>	<u>(40,556)</u>	<u>(18,431)</u>
Depreciation expense	(877)	(1,789)
Depletion expense	(1,724)	(3,668)
Impairment expense	(33,055)	(7,629)
Transaction expenses	(803)	-
	<b>30 Jun 2016 \$'000</b>	<b>31 Dec 2015 \$'000</b>
<b>Total segment assets</b>	<u>24,675</u>	<u>66,067</u>
Total assets includes:		
Additions to non-current assets (other than financial assets and deferred tax) (note i)	4,673	8,176
<b>Total segment liabilities</b>	<u>2,862</u>	<u>3,698</u>

- (i) Additions of \$8,176,000 include the activity during the twelve month period ended 31 December 2015; additions of \$4,673,000 include activity during the six month period ended 30 June 2016.

### 3 Loss for the half-year

Loss for the half-year includes the following items that are significant because of their nature, size or incidence:

	<b>Half-year 30 Jun 2016 \$'000</b>	<b>Half-year 30 Jun 2015 \$'000</b>
<b>Revenues</b>		
<i>Revenue from continuing operations</i>		
Sale of goods	2,378	6,139
Interest income	2	8
Rental income and other	5	22
Revenues from continuing operations	<u>2,385</u>	<u>6,169</u>
<b>Expenses</b>		
<i>Impairment</i>		
Oil and gas assets, Blue Ridge Field	29,449	-
Oil and gas assets, inventory	860	-
Property, plant and equipment	2,656	7,629
Drilling equipment inventory	90	-
	<u>33,055</u>	<u>7,629</u>
Transaction expenses	<u>803</u>	<u>-</u>

#### (a) Sale of the Blue Ridge Field

During the half-year ended 30 June 2016 the Company recognised \$29,449,000 in impairment of oil and gas assets related to Blue Ridge Field. During 1H 2016 management decided to explore the sale of the field for cash, providing an appropriate price could be obtained. Management subsequently offered the field for cash sale. Accordingly, the field was impaired to the estimated value based on market information. An additional \$860,000 impairment was recognized for related inventories of well equipment.

In addition, the Company recognised impairment of \$2,656,000 in relation to property, plant and equipment used in oil and gas drilling. The impairment reflects management's expectation that the Company will be unable to utilize the equipment if the Blue Ridge Field is sold. The equipment was written down to an estimated market value. Inventory directly related to the drilling equipment was also impaired, by \$90,000.

#### (b) Transaction expenses

Transaction expenses related to a significant transaction that management ultimately determined would not be pursued. Accordingly, all related costs, primarily professional fees, were written off.

### 4 Property, plant and equipment

The Company reported a net decrease in the balance of property, plant and equipment of \$3,665,000 in the half-year ended 30 June 2016. This decrease included depreciation expense of \$877,000 and impairment expense of \$2,656,000. See Note 3 regarding impairment of property, plant, and equipment in 1H 2016.

### 5 Oil and gas assets

Oil and gas assets in production are amortised on a production output basis via a depletion charge. In relation to Blue Ridge Field, development costs, along with any future expenditure necessary to develop the estimated reserves, are amortised over the remaining estimated hydrocarbon reserves as assessed by the Company. Production-based depletion of \$1,724,000 was charged in the half-year ended 30 June 2016 (1H 2015: \$3,668,000). See Note 3 regarding impairment of oil and gas assets in 1H 2016.

## 6 Contributed Equity

### Share capital

	30 Jun 2016 shares	31 Dec 2015 shares
Ordinary shares		
Fully paid	545,000,115	545,000,115
	<u>545,000,115</u>	<u>545,000,115</u>

## 7 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 values classified according to defined “levels,” which are based on the reliability of the evidence used to determine fair value, with Level 1 being the most reliable and Level 3 the least reliable. Level 1 evidence consists of observable inputs, such as quoted prices in an active market. Level 2 inputs typically correlate the fair value of the asset or liability to a similar, but not identical item which is actively traded. Level 3 inputs include at least some unobservable inputs, such as valuation models developed using the best information available in the circumstances. Disclosures under AASB 7 also require discussion of actual valuation techniques used in fair value measurements used by the Company.

At no time during the half-years ended 30 June 2016 and 30 June 2015 did the Company hold any financial instruments requiring measurement, disclosure, or recognition of fair values different from historical carrying values.

### (b) Fair values of other financial instruments (unrecognised)

The Company has a number of financial instruments which are not measured at fair value in the balance sheet, such as cash in checking and money market accounts, and accounts receivable and payable. The fair values of these instruments are not materially different to their carrying amounts, since either the interest receivable/payable is 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 30 June 2016 or 31 December 2015.

## 8 Events occurring after the reporting period

Subsequent to 30 June 2016 management began the process of soliciting potential buyers for the Blue Ridge Field. This process is ongoing as of the date of this report. No other matter or circumstance has arisen since 30 June 2016 that has significantly affected the Company’s operations, results, or financial position or may do so in future years.



In the directors' opinion:

- a. the financial statements and notes set out on pages 4 to 12 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 30 June 2016 and of its 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  
Executive Chairman and Chief Executive Officer  
Maverick Drilling & Exploration Limited

Houston, Texas  
24 August 2016



## **Independent auditor's review report to the members of Maverick Drilling & Exploration Limited**

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

We have reviewed the accompanying half-year financial report of Maverick Drilling & Exploration Limited (the company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Maverick Drilling & Exploration Limited (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 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 half-year 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 30 June 2016 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 & 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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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Level 3, 45 Watt Street, PO Box 798, NEWCASTLE NSW 2300  
T: +61 2 4925 1100, F: +61 2 4925 1199, [www.pwc.com.au](http://www.pwc.com.au)

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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 & Exploration Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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D A Turner

Darren Turner  
Partner

Newcastle  
24 August 2016