

## QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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

“The first quarter of 2016 experienced the continued impact of the energy industry’s most significant downturn in fifteen years. Upstream companies have slashed capital spending in North America in response to record low oil prices. Many companies have raised equity, taken on more debt and sold assets in order to keep their businesses viable. No oil and gas company has escaped the commodity price decline, and from the largest to the smallest, the impact has been significant.

And Maverick is no exception. We have also been affected by low oil prices, but we have implemented an aggressive cost reduction program to mitigate some of the negative impact. We have halted all Blue Ridge Field drilling, reduced our workover rigs from three to two, and decreased the size of our field and office workforce. As a result, we continue to see our Blue Ridge field running cash positive at the field level, and we will continue to take whatever actions are necessary to ensure this is maintained.

Additionally, we have reduced our corporate costs by lowering the salary of the CEO and lowering director’s fees, as well as eliminating some senior positions associated with the reduction in drilling activity. Overall this is anticipated to generate annualized savings of over \$2.0 million per year from the ratable costs experienced in this quarter.

And, as we have stated, we continue to pursue growth opportunities and acquisitions that will give the Company a stronger future. When the year 2015 closed, we mentioned we had acquired a 100% working interest in 1,193 acres in the heart of one of the most prominent U.S. resources plays at a cost of \$1.6 million. Now at the end of this first quarter of 2016, we have increased that acreage size to 5,301 acres and have spent a total of \$5.8 million to acquire the position. Also, this acreage has three separate oil zones that can be drilled which essentially triples the acreage size from a development perspective. While this position can be further expanded to over 10,000 acres, it is already large enough for us to begin contemplating a development plan and looking at the most value enhancing way to fund the planned drilling. We have several financing options available to us, and we are now assessing those in detail. The acreage we have acquired is mainly oil, is lower cost to drill, and is economic to develop at today’s forward strip prices. Although this acreage is undrilled, competitor drilling is so close to this acreage that our independent reserves consultant has endorsed a level of proved reserves on our new acreage already.

Next quarter and starting with the Annual General Meeting in May, we plan to update our shareholders and provide details regarding this new acreage position. With crude prices having started to stabilize and service costs remaining low, we are excited that this acreage opportunity has been captured. We want to continue to expand it and then develop it in the most value enhancing way.

Thank you for your continued support.”

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# MAVERICK

## DRILLING & EXPLORATION

### HIGHLIGHTS

- Production for the quarters ended 31 March 2016 and 31 December 2015 averaged 611 and 760 barrels of oil per day, respectively.
- With three workover rigs in operation, 9 wells were recompleted to new pay zones.
- No wells were drilled in the current or the prior quarter.
- Oil and gas capital expenditures of US\$4.5 million was spent in the current quarter versus US\$1.4 million in the prior quarter. We had no capital expenditures for drilling activities in the current quarter or in the prior quarter. The Company spent \$4.2 million on the announced acreage leasing program, as compared to \$1.0 million in the prior quarter. Expenditures for production activities during the current quarter were US\$0.3 million versus US\$0.4 million in the prior quarter.
- Gross oil price realized during the quarter averaged US\$31.28 per barrel compared to US\$41.41 realized in the prior quarter. Cash received from oil sales for the quarter totalled US\$1.2 million versus US\$2.2 million in the previous quarter. Cash at 31 March 2016 totalled US\$5.8 million.

### SUMMARY OF EXPLORATION ACTIVITIES

There are no exploration activities to report for the quarter ended 31 March 2016.

### 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
Nigel Smith	Non-executive Director

### CONTACT

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

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 field located south of Houston, Texas in the United States.