Omega Oil & Gas Limited

ABN 45 644 588 787

Interim Report - 31 December 2023

Directors	Stephen Harrison Quentin Flannery Andrew Hackwood Michael Sandy
Company secretary	David Franks
Auditor	UHY Haines Norton
Solicitors	Sundaraj & Ker
Bankers	Commonwealth Bank of Australia
Stock exchange listing	Omega Oil & Gas Limited shares are listed on the Australian Securities Exchange (ASX code: OMA)
Website	https://omegaoilandgas.com.au/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Omega Oil & Gas Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2023.

Directors

The following persons were directors of Omega Oil & Gas Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Stephen Harrison
Quentin Flannery
Andrew Hackwood
Michael Sandy
Lauren Bennett (resigned 21 September, effective 31 October 2023)

Principal activities

During the financial period the principal continuing activities of the consolidated entity consisted of:

- Exploration and evaluation activities on Authority to Prospect 2037 and 2038 (ATP2037 and ATP2038 respectively), consisting of successfully drilled Canyon 1 and Canyon 2 wells. ATP 2037 and ATP 2038 are located approximately 30km west of Tara, in the Western Downs Region of Queensland, Australia. The consolidated entity holds 100% interest in these tenements.
- Development of the Bennett Oil project in Petroleum Lease 17 (PL17), located in the Bennett and Leichardt Fields, near the Surat Basin in Queensland, Australia. The consolidated entity holds 100% interest in this tenement.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $1,496,023 (31 December 2022: loss of $1,912,989).

Operating results

The loss for the consolidated entity after providing for income tax amounted to $1,496,023 (31 December 2022: loss of $1,912,989). The current period loss includes $125,017 (31 December 2022: $267,275) of non-cash items for share-based remuneration and $nil (31 December 2022: $nil) for non-cash impairment expense.

During the period the consolidated entity made cash payments of $2,584,901 (31 December 2022: $3,935,547) relating to exploration and evaluation, which included the completion of the Canyon 1 and Canyon 2 drilling program, and the initial costs for the upcoming Canyon 1 re-entry, drilling of a horizontal section and multi-stage fracture-stimulation and flowback campaign, described in more detail below.

As at 31 December 2023 the consolidated entity held at call cash and term deposits of $19,277,002 (cash and cash equivalents of $13,764,416 and term deposits $5,512,586) (30 June 2023: cash and cash equivalents of $2,154,670).

Operating review
Well data gathered during the successful Canyon-1 and Canyon-2 drilling operations confirmed the presence of a thick, gas-bearing, Permian interval at the well locations. During the Canyon-1 drilling campaign, it was decided to suspend the Canyon-1 well, leaving the lowermost section of the well un-cased, to preserve the option of later re-entering the well and drilling a horizontal section. Analysis of data gathered from both the Canyon-1, and Canyon-2 wells has been integrated into Omega's regional geologic model and a comprehensive review of future work program options has been completed.

On 8 August 2023, the company announced that it had decided to re-enter the Canyon-1 well, drill a horizontal section into the Permian Kianga formation, and perform a multi-stage fracture-stimulation and flowback campaign. The program aims to test whether the prospective, gas-bearing, tight-sand intervals of the Kianga formation can achieve commercial flow rates to the surface.

Procurement for the project, including a drill rig, and long lead items and services, began in the period.

In October 2023, the company announced its maiden 2C contingent resources at its 100%-owned Canyon Gas Project in Queensland's Taroom Trough. The contingent resource is based on an assessment of the company's successful Canyon drilling campaign in the Company's ATP 2037 and ATP 2038 permit areas. Independent analysis by leading, US-based petroleum reserves and reporting firm Netherland, Sewell & Associates, Inc. has estimated 2C gross contingent gas resources of 1.73 TCF of gas. Net contingent resources are estimated at 1.24 TCF of gas and 68.6 million barrels of condensate.

During the period the company also progressed its submissions to apply for a tenure upgrade across a large portion of its exploration permits, ATP 2037 and ATP 2038, through seeking Potential Commercial Area (PCA) licences to be granted over key areas of prospectivity. PCAs are typically granted for a longer term than an ATP licence and defer the requirement to relinquish a proportion of acreage. If successful, this will enable the company to maximise its understanding of the play prior to relinquishing any further acreage. The company has a large and highly favourable position covering the Eastern flank of the Taroom Trough.

On 21 September 2023, Lauren Bennett tendered her resignation from her positions of Chief Executive Officer and Managing Director. She stepped down from both roles on 31 October 2023. Trevor Brown, who joined the company in July 2023 in an advisory role, will assist Mr Harrison whilst a global search for a CEO is conducted.

Changes in capital structure
On 3 July 2023, an announcement was made proposing the issue of 150,000 fully paid ordinary shares as part payment for consulting services for up to $30,000 in services, at a share price of $0.20. As at the date of this report, these ordinary shares have been approved but not yet issued.

On 8 August 2023, an announcement was made that the company intended to offer the following share placement:
- Tranche 1: 23,896,315 new shares at an issue price of $0.18 per share (Tranche 1), utilising the company's existing placement capacity pursuant to ASX Listing Rule 7.1 and will rank equally with the company's existing fully paid ordinary shares. Tranche 1 of the Placement, totalling $4,301,337, completed on 14 August 2023; and
- Tranche 2: 95,177,977 new shares at an issue price of $0.18 per share (Tranche 2). At the company's AGM on 2 November 2023 the company sought to obtain shareholder approval under ASX Listing Rule 7.3 and 10.11 to approve the issue of Tranche 2 of the Placement. Tranche 2 of the Placement, totalling $17,132,036 completed on 14 November 2023.

In addition to the above, the following securities were issued as part of the broker mandate:
- 1,298,058 fully paid ordinary shares as part consideration for the broker fundraising fee; and
- 10,000,000 options exercisable at $0.30, expiring two years from the date of issue.

Shares and options are in addition to a cash payment of $585,051.

The consolidated entity will apply the funds raised from Tranche 1 and 2 of the above placements towards future exploration and evaluation expenditure including the re-entry of Canyon-1, drilling of a horizontal section, and performing a multi-stage fracture-stimulation and flowback campaign described above.

On 27 November 2023, Trevor Brown was granted the following performance rights, expiring on 1 October 2024:
Tranche 1: 600,000 performance rights will vest upon the 30-day VWAP of the company's share price being $0.27.
Tranche 2: 600,000 performance rights will vest upon the 30-day VWAP of the company's share price being $0.36.
At the date of this report, these performance rights have been granted but not yet issued.

Matters subsequent to the end of the financial period
No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation
The consolidated entity conducts its operations in compliance with the Queensland Petroleum and Gas (Production and Safety) Act 2004. These activities are subject to relevant exploration licences, permits and environmental approvals which specify the environmental regulations applicable to the exploration, construction, and operations of petroleum activities as appropriate. Environmental considerations of any activities not already covered by a specific regulation or directive are reviewed with and approved by the Queensland Department of Environment and Science (DES) under the Environmental Protection Act 1994.

During the current period, the company was issued with two DES Penalty Infringement Notices and a warning letter concerning non-compliance with its Environmental Authorities. This non-compliance related to aspects of the civil works that were executed as part of its Canyon drilling program. The notices and letter were issued after the end of the financial period, with the notices totalling $28,700, which have been paid. There was no environmental harm related to the events and the events will not adversely impact future projects. A full review of the Company's environmental policies and procedures has been completed in response to these issues.

Other than the matter noted above, the consolidated entity has not recorded and is not aware of any breaches of any of its environmental licence conditions nor has it been notified of any material environmental breaches by any government agency during the year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Stephen Harrison
Director

14 March 2024
Sydney

UHY Haines Norton
Chartered Accountants

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Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Omega Oil & Gas Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Omega Oil & Gas Limited and the entities it controlled during the financial period.

UHY Haines Norton

Mark Nicholaeff
Partner
Sydney
14 March 2024

UHY Haines Norton
Chartered Accountants

General information

The financial statements cover Omega Oil & Gas Limited as a consolidated entity. The financial statements are presented in Australian dollars, which is Omega Oil & Gas Limited's functional and presentation currency.

Omega Oil & Gas Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Level 3A, 243 Edward St, Brisbane, QLD 4000	Level 3A, 243 Edward St, Brisbane, QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 2024. The directors have the power to amend and reissue the financial statements.

	Note	Consolidated 31 December 2023 $	31 December 2022 $
Revenue			
Revenue		-	46,648
Cost of sales		-	(24,019)
Gross profit		-	22,629
Other income		143,011	881
Expenses			
Administration expenses		(367,773)	(309,373)
Depreciation and amortisation expense		(66,762)	(18,500)
Employee benefits expense		(588,455)	(355,426)
Finance costs		(11,068)	(287,976)
Occupancy expenses		(27,016)	(31,847)
Other expenses		(16,548)	(22,846)
Professional fees		(436,395)	(643,256)
Share-based payments expense	19	(125,017)	(267,275)
Loss before income tax expense		(1,496,023)	(1,912,989)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Omega Oil & Gas Limited		(1,496,023)	(1,912,989)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Omega Oil & Gas Limited		(1,496,023)	(1,912,989)
		Cents	**Cents**
Basic loss per share	18	(0.72)	(2.61)
Diluted loss per share	18	(0.72)	(2.61)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Omega Oil & Gas Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2023

	Note	Consolidated 31 December 2023 $	Consolidated 31 December 2022 $
Assets			
Current assets			
Cash and cash equivalents	3	13,764,416	2,154,670
Other receivables	4	169,029	1,084,820
Term deposits	5	5,512,586	-
Other current assets	6	221,949	324,255
		19,667,980	3,563,745
Non-current assets classified as held for sale	7	1,371,227	1,868,292
Total current assets		21,039,207	5,432,037
Non-current assets			
Other receivables	4	385,977	348,545
Property, plant and equipment		47,110	39,683
Right-of-use assets		77,979	95,974
Exploration and evaluation	8	18,792,098	17,974,452
Well site properties in development	9	1,502,831	1,522,902
Total non-current assets		20,805,995	19,981,556
Total assets		41,845,202	25,413,593
Liabilities			
Current liabilities			
Trade and other payables	10	386,014	3,263,750
Lease liabilities		34,876	32,200
Employee benefits		68,334	61,000
Loan payable		-	132,060
Total current liabilities		489,224	3,489,010
Non-current liabilities			
Lease liabilities		47,884	62,816
Employee benefits		344	3,596
Provisions	11	1,859,641	1,823,490
Total non-current liabilities		1,907,869	1,889,902
Total liabilities		2,397,093	5,378,912
Net assets		39,448,109	20,034,681
Equity			
Issued capital	12	48,150,360	28,243,563
Reserves	13	1,653,861	651,207
Accumulated losses		(10,356,112)	(8,860,089)
Total equity		39,448,109	20,034,681

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Omega Oil & Gas Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2023

		Consolidated	
	Note	31 December 2023 $	31 December 2022 $

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	5,280,388	-	(3,521,628)	1,758,760
Loss after income tax expense for the period	-	-	(1,912,989)	(1,912,989)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,912,989)	(1,912,989)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	18,057,254	-	-	18,057,254
Share-based payments	-	267,275	-	267,275
Options issued to broker	-	500,000	-	500,000
Balance at 31 December 2022	23,337,642	767,275	(5,434,617)	18,670,300

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	28,243,563	651,207	(8,860,089)	20,034,681
Loss after income tax expense for the period	-	-	(1,496,023)	(1,496,023)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,496,023)	(1,496,023)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 12)	19,906,797	-	-	19,906,797
Options issued to broker (note 19)	-	877,638	-	877,638
Options and performance rights issued to strategic advisor (note 19)	-	56,884	-	56,884
Vesting of options and performance rights issued in prior periods (note 19)	-	68,132	-	68,132
Balance at 31 December 2023	48,150,360	1,653,861	(10,356,112)	39,448,109

Omega Oil & Gas Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2023

	Note	Consolidated 31 December 2023 $	31 December 2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	46,648
Payments to suppliers and employees (inclusive of GST)		(1,486,543)	(1,262,912)
		(1,486,543)	(1,216,264)
Interest received		74,260	10
Interest and other finance costs paid		(4,194)	(8,605)
Interest paid on lease liability		(4,084)	-
Deposit paid for financial surety on tenements held	4	(37,432)	(49,760)
Net cash used in operating activities		(1,457,993)	(1,274,619)
Cash flows from investing activities			
Payments for property, plant and equipment		(28,116)	(38,719)
Payments for exploration and evaluation		(2,584,901)	(3,935,547)
Payments for well site development		(39,362)	(427,231)
Payments for investment in term deposits	6	(5,512,586)	-
Proceeds from disposal of assets held for sale	7	497,065	-
Net cash used in investing activities		(7,667,900)	(4,401,497)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		20,750,988	14,200,372
Proceeds from convertible notes		-	414,200
Repayment of lease liabilities		(15,349)	-
Net cash from financing activities		20,735,639	14,614,572
Net increase in cash and cash equivalents		11,609,746	8,938,456
Cash and cash equivalents at the beginning of the financial period		2,154,670	2,317,677
Cash and cash equivalents at the end of the financial period		13,764,416	11,256,133

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the period 1 July 2023 through to 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the period ended 30 June 2023.

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

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
The directors have prepared the consolidated interim financial statements on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into 1 operating segment. The operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 3. Cash and cash equivalents

	Consolidated	
	31 December 2023 $	30 June 2023 $
Current assets		
Cash at bank	2,764,416	2,154,670
Term deposits	11,000,000	-
	13,764,416	2,154,670

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

Note 1. Significant accounting policies (continued)

Note 4. Other receivables

	Consolidated	
	31 December 2023 $	30 June 2023 $
Current assets		
Other receivables	76,887	133,494
GST receivable	92,142	951,326
	169,029	1,084,820
Non-current assets		
Other receivables	360,836	323,404
Security deposit	25,141	25,141
	385,977	348,545
	555,006	1,433,365

Non-current assets - Other receivables
The consolidated entity holds funds in term deposits and with the Queensland Government for the purpose of funding financial surety on tenements held. These deposits are subject to regulatory restrictions and are therefore not available for general use by the consolidated entity. The term deposit of $133,000 had an average interest rate of 4.20% p.a. and matures on 1 March 2024. The consolidated entity intends to renew this deposit on maturity.
$227,836 (30 June 2023: $190,404) is held with the Queensland Government and is not entitled to interest. These funds must be held in term deposits or with the Queensland Government until the tenement is either rehabilitated or relinquished.

Note 5. Term deposits

	Consolidated	
	31 December 2023 $	30 June 2023 $
Current assets		
Term deposits	5,512,586	-

Term deposits are disclosed separately from cash and cash equivalents if they have a maturity of between three months and twelve months from the date of acquisition.

Note 6. Other current assets

	Consolidated	
	31 December 2023 $	30 June 2023 $
Current assets		
Prepayments	218,325	320,631
Rental premises deposit	3,624	3,624
	221,949	324,255

Note 1. Significant accounting policies (continued)

Note 7. Non-current assets classified as held for sale

	Consolidated	
	31 December 2023 $	30 June 2023 $
Current assets		
Equipment held for sale	1,371,227	1,868,292

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	**Equipment held for sale $**
Balance at 1 July 2023	1,868,292
Equipment sold during the period	(497,065)
Fair value movement	-
Balance at 31 December 2023	1,371,227

During the previous financial year, the consolidated entity purchased equipment for use in its drilling campaign. Subsequently, the consolidated entity refined its strategy and determined that the equipment was no longer optimal for use in current operations. The equipment has hence been classified as held for sale at 31 December 2023.

An impairment assessment was conducted on the held for sale asset to determine its recoverable amount. The recoverable amount represents the higher of the fair value less costs of disposal and the value-in-use in accordance with AASB 136 Impairment of assets. Fair value less costs of disposal has been selected as the appropriate measure due to the equipment's limited application to the current strategy. The held for sale asset has been impaired to reflect its presently justifiable realisable value in current market conditions.

An impairment loss of $1,621,892 was recognised in the statement of profit or loss for the previous financial year relating to the held for sale asset. The impairment loss represented the difference between the carrying amount of the asset being $3,490,184 and its fair value less costs of disposal of $1,868,292. In the current period, $497,065 of the held for sale assets were sold at their carrying value.

Management have determined the impairment loss through comparison to a similar market transaction, sold at a fair value decrement from cost price of 38%. For prudency and to account for the specialised nature of the asset, management have applied a further risk premium of 15% to the discounted price.

Management is proactively pursuing potential buyers and is committed to achieving a recovery amount that surpasses the asset's current carrying value.

Equipment held for sale is a level 3 asset and has been valued using a combination of similar arm’s length transactions and the estimates of directors and management to determine the recoverable amount.

Note 1. Significant accounting policies (continued)

Note 8. Exploration and evaluation

	Consolidated 31 December 2023 $	30 June 2023 $
Non-current assets		
Exploration and evaluation - at cost	17,636,442	16,818,796
Exploration and evaluation rehabilitation asset	1,155,656	1,155,656
	18,792,098	17,974,452

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	Exploration and evaluation - at cost $	Exploration and evaluation rehabilitation asset $	Total $
Balance at 1 July 2023	16,818,796	1,155,656	17,974,452
Additions	817,646	-	817,646
Balance at 31 December 2023	17,636,442	1,155,656	18,792,098

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Note 9. Well site properties in development

	Consolidated 31 December 2023 $	30 June 2023 $
Non-current assets		
Well site development assets - at cost	960,223	952,215
Well site development rehabilitation asset	576,000	576,000
Less: Accumulated amortisation	(33,392)	(5,313)
	542,608	570,687
	1,502,831	1,522,902

Note 1. Significant accounting policies (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	Well site development assets - at cost $	Well site development rehabilitation asset $	Total $
Balance at 1 July 2023	952,215	570,687	1,522,902
Additions	8,008	-	8,008
Amortisation expense	-	(28,079)	(28,079)
Balance at 31 December 2023	960,223	542,608	1,502,831

Note 10. Trade and other payables

	Consolidated	
	31 December 2023 $	30 June 2023 $
Current liabilities		
Trade payables	132,067	2,304,489
Accrued expenses	208,785	835,540
Other payables	45,162	123,721
	386,014	3,263,750

Note 11. Provisions

	Consolidated	
	31 December 2023 $	30 June 2023 $
Non-current liabilities		
Well site rehabilitation provision - exploration and evaluation assets	1,178,567	1,155,656
Well site rehabilitation provision - well site development assets	681,074	667,834
	1,859,641	1,823,490

Well site rehabilitation provision
The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations.

Note 12. Issued capital

	Consolidated			
	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 $	30 June 2023 $
Ordinary shares	283,901,327	163,528,977	48,150,360	28,243,563

Note 1. Significant accounting policies (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2023	163,528,977		28,243,563
Issue of ordinary shares via a placement (tranche 1)	15 August 2023	23,896,315	$0.18	4,301,337
Issue of ordinary shares to broker as part consideration for the broker fundraising fee	9 November 2023	1,298,058	$0.18	233,650
Issue of ordinary shares via a placement (tranche 2)	14 November 2023	95,177,977	$0.18	17,132,036
Costs of capital raising				(1,760,226)
Balance	31 December 2023	283,901,327		48,150,360

Share buy-back
There is no current on-market share buy-back.

Note 13. Reserves

	Consolidated 31 December 2023 $	30 June 2023 $
Share-based payments reserve	1,653,861	651,207

Movements in reserves
Movements in each class of reserve during the current financial period are set out below:

Consolidated	$
Balance at 1 July 2023	651,207
Options issued to broker	877,638
Options and performance rights issued to strategic advisor	56,884
Vesting of options and performance rights issued in prior periods	68,132
Balance at 31 December 2023	1,653,861

Refer to note 19 for details on share-based payments.

Note 14. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 15. Contingent liabilities

The consolidated entity has a contingent liability with Tag Oil Ltd, the previous owner of Cypress Petroleum Pty Ltd ('Cypress'), to receive a 3% gross overriding royalty on future production from all liquids produced from the permits under Cypress' control. This contingent liability arose upon the acquisition of Cypress (30 October 2020) and the amount of the obligation cannot be measured with sufficient reliability so as to give rise to a provision.

Other than the above, the consolidated entity has no further contingent liabilities at 31 December 2023 (30 June 2023: as above).

Note 16. Commitments

At 31 December 2023, capital commitments are USD$348,800 (approximately AUD$509,942) (30 June 2023: nil). The capital commitment relates to the purchase of steel bundles which are not expected to be delivered until early 2024.

Note 1. Significant accounting policies (continued)

Note 17. Events after the reporting period

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 18. Loss per share

	Consolidated	
	31 December 2023 $	31 December 2022 $
Loss after income tax attributable to the owners of Omega Oil & Gas Limited	(1,496,023)	(1,912,989)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	206,362,613	73,434,552
Weighted average number of ordinary shares used in calculating diluted earnings per share	206,362,613	73,434,552
	Cents	Cents
Basic loss per share	(0.72)	(2.61)
Diluted loss per share	(0.72)	(2.61)

Potential ordinary shares are treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. Options and performance rights outstanding would decrease the loss per share reported above and hence, have been treated as antidilutive.

Note 19. Share-based payments

During the period, the following options were issued:
- On 9 November 2023, 10,000,000 options were granted to Prenzler Group Pty Ltd as capital raising costs with an exercisable price of $0.30, expiring 2 years from issue. These vested immediately on grant date.
- On 27 November 2023, 450,000 options were granted to Trevor Brown Advisory as share-based payment expenses with an exercisable price of $0.30, expiring 2 years from issue. These vested immediately on grant date.

During the period, the following performance rights were issued:
- On 27 November 2023, 600,000 performance rights were granted to Trevor Brown Advisory as share-based payment expenses with an exercisable price of $nil, expiring on 1 October 2024. These will vest upon the 30-day VWAP of the company's share price being $0.27.
- On 27 November 2023, 600,000 performance rights were granted to Trevor Brown Advisory as share-based payment expenses with an exercisable price of $nil, expiring on 1 October 2024. These will vest upon the 30-day VWAP of the company's share price being $0.36.

Options outstanding valued using the intrinsic value method:
- On 3 May 2021, 11,119,950 options were granted to the founding Directors, Quentin Flannery (via Ilwella Pty Ltd) and Luke Donovan (via Lizarb Pty Ltd) to remunerate them for sourcing the exploration and evaluation assets and time involved in their Directorship of the company pre-IPO, with no performance or service conditions attached. These options have been valued using the intrinsic value method, as the fair value of the equity instruments could not be measured reliably at grant date. At the grant date, the uncertainty surrounding the IPO price and number of ordinary shares on issue after IPO gave rise to no reliable measurement method. In the current period, the options remain out-of-the-money. Therefore, the value of the options is nil (31 December 2022: nil).

Note 1. Significant accounting policies (continued)

Set out below are summaries of options granted under the plan:

31 December 2023

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
03/05/2021	21/10/2024	$0.30	11,119,950	-	-	-	11,119,950
04/07/2022	21/10/2025	$0.30	550,000	-	-	-	550,000
04/07/2022	21/10/2026	$0.30	550,000	-	-	-	550,000
04/07/2022	21/10/2027	$0.30	550,000	-	-	-	550,000
21/10/2022	21/10/2024	$0.30	2,500,000	-	-	-	2,500,000
09/11/2023	09/11/2025	$0.30	-	10,000,000	-	-	10,000,000
27/11/2023	27/11/2025	$0.30	-	450,000	-	-	450,000
			15,269,950	10,450,000	-	-	25,719,950
Weighted average exercise price			$0.30	$0.30	$0.00	$0.00	$0.30

31 December 2022

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
03/05/2021	21/10/2024	$0.30	11,119,950	-	-	-	11,119,950
04/07/2022	21/10/2025	$0.30	-	550,000	-	-	550,000
04/07/2022	21/10/2026	$0.30	-	550,000	-	-	550,000
04/07/2022	21/10/2027	$0.30	-	550,000	-	-	550,000
21/10/2022	21/10/2024	$0.30	-	2,500,000	-	-	2,500,000
			11,119,950	4,150,000	-	-	15,269,950
Weighted average exercise price			$0.30	$0.30	$0.00	$0.00	$0.30

Set out below are the options exercisable at the end of the financial period:

The weighted average remaining contractual life of options outstanding at the end of the financial period was 2.98 years (31 December 2022: 2.04 years).

Set out below are summaries of performance rights granted under the plan:

31 December 2023

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
10/08/2022	25/10/2025	$0.00	1,389,993	-	-	-	1,389,993
10/08/2022	25/10/2025	$0.00	1,389,993	-	-	-	1,389,993
10/08/2022	25/10/2025	$0.00	694,996	-	-	-	694,996
27/11/2023	01/10/2024	$0.00	-	600,000	-	-	600,000
27/11/2023	01/10/2024	$0.00	-	600,000	-	-	600,000
			3,474,982	1,200,000	-	-	4,674,982
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

Note 1. Significant accounting policies (continued)

31 December 2022

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
10/08/2022	25/10/2025	$0.00	-	2,779,988	-	(1,389,994)	1,389,994
10/08/2022	25/10/2025	$0.00	-	2,779,988	-	(1,389,994)	1,389,994
10/08/2022	25/10/2025	$0.00	-	1,389,993	-	(694,996)	694,997
			-	6,949,969	-	(3,474,984)	3,474,985
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 2.08 years (31 December 2022: 2.82 years).

For the options and performance rights granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
09/11/2023	09/11/2025	$0.22	$0.30	85.98%	-	4.37%	$0.088
27/11/2023	27/11/2025	$0.18	$0.30	85.98%	-	4.28%	$0.062
27/11/2023	01/10/2024	$0.18	$0.00	85.98%	-	4.19%	$0.118
27/11/2023	01/10/2024	$0.18	$0.00	85.98%	-	4.19%	$0.086

Share-based payments during the period are comprised of:
- Options issued to broker recognised as costs of capital raising - $877,638.
- Options and performance rights issued to strategic advisor as share-based payments expense - $56,884.
- Vesting of options and performance rights issued in prior periods - $68,132.

550,000 options issued to Directors became exercisable on 25 October 2023.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Stephen Harrison
Director

14 March 2024
Sydney

UHY Haines Norton
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Omega Oil & Gas Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Omega Oil & Gas Limited ("the Company"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the end of the half-year or from time to time during the half-year.

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 Omega Oil & Gas 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 2023 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report* Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the 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 controls as the directors determine are 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 31 December 2023 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

UHY Haines Norton

Mark Nicholaeff
Partner
Sydney
Dated: 14 March 2024

UHY Haines Norton
Chartered Accountants