

ASX Announcement

31 July 2024

Quarterly Activities Report**Omega Oil and Gas Limited (ASX: OMA) ("Omega")****For Quarter Ended June 2024****Highlights**

- **Canyon-1H Horizontal Well (C-1H):**
 - Ensign rig #965 contracted.
 - Halliburton awarded an integrated drilling and completion services contract.
 - Well location prepared in readiness for the arrival of the rig in late August '24.
- **Potential Commercial Area (PCA) tenure declarations for ATP 2037 and ATP 2038.**
- **R&D Tax Incentive application for 2022/23 registered with the Australian Government's Department of Industry, Science and Resources (AusIndustry):**
 - estimated refundable tax offset of ~\$6.8 million expected to be received in coming months.
- **At call cash and term deposits totalled \$17.3 million as of 30 June 2024.**

Trevor Brown, Interim CEO said:

"During the quarter, Omega remained focused on the Canyon-1H project, with the C-1H well expected to spud in late August 2024. During the quarter and in July Omega awarded a contract to Ensign Australia Pty. Ltd. for the Ensign #965 rig. Planning and procurement for the subsequent hydraulic fracture stimulation and flowback trial have also progressed and in July an integrated contract for drilling services and fracture stimulation and completion services was awarded to Halliburton Australia Pty. Ltd.

In July, the strength of Omega's Canyon Gas Field Project and the potential of the Southern Taroom Trough to become a significant source of future gas production have been recognised by the Queensland Government with its decision to upgrade Omega's ATP tenures to Potential Commercial Area (PCA) status.

Designation of PCA's indicate that the Department of Resources have assessed that the positive technical and commercial attributes of Omega's project area provide the Canyon Gas Project with a realistic chance of reaching commercial production. This security of tenure for a period of 15 years gives the company confidence to invest in unlocking the significant potential of the Southern Taroom Trough.

Learnings from the Canyon-1H well will be a significant step forward in accessing the vast quantities of gas contained within the Southern Taroom Trough. Commercial production from the Southern Taroom Trough will be a game-changer for the East Coast Gas Market, given forecasts by AEMO predicting substantial and persistent supply deficits from 2027".

Operations

Omega operates three tenements 100% in Queensland being, PCA 342 (formerly ATP 2037), PCA 343 (formerly ATP 2038), and PL17. PCA 342 and PCA 343 are collectively known as the Canyon Gas Field project. PL17 is known as the Bennett Oil Field.

In preparation for drilling the Canyon-1H horizontal well and the subsequent hydraulic stimulation and flowback trial, project civil works, drilling of a water bore, and cultural heritage inspections were carried out adjacent to the Canyon-1 well (PCA 343).

Aside from the activities noted above, routine inspections, routine care and maintenance associated with the safe management of infrastructure on the tenements, no other on-ground activities occurred during Q2 2024.

Canyon-1H Horizontal Well Project

The procurement of services for the Canyon-1H project is complete with Omega contracting rig services with Ensign Australia Pty. Ltd. and in July, contracting Halliburton Australia Pty. Ltd. to provide integrated drilling and fracture stimulation services. Procurement of drilling long lead items, and finalisation of the design of the well and landing zone were also completed in the quarter.

Design works and procurement plans for the planned fracture stimulation project have also significantly advanced during the quarter.

To support the C-1H Project civil works were completed, and a water bore successfully drilled during the quarter and into July. Water from the well will also be available for future wells in the Canyon Gas Field project.



Image 1- Canyon-1 Horizontal Well Pad

Ensign #965 rig is expected to move to the Canyon-1H location in late August 2024 immediately after being released from Shell QGC's Tight Gas Sands (TGS) project, where it has completed drilling similar horizontal wells.

The Canyon-1H horizontal well will test the flow capacity of the highly prospective Canyon Sandstone at the base of the Kianga Formation. The Canyon Sandstone, when combined with other upper Kianga Formation sandstones identified by Omega (informally named Tasmania and Cabawin Sandstones), extends across the ATPs and comprise Omega's Canyon Project. The Canyon Sandstone was selected as the preferred target from various potential options after a technical review of reservoir and operational considerations.

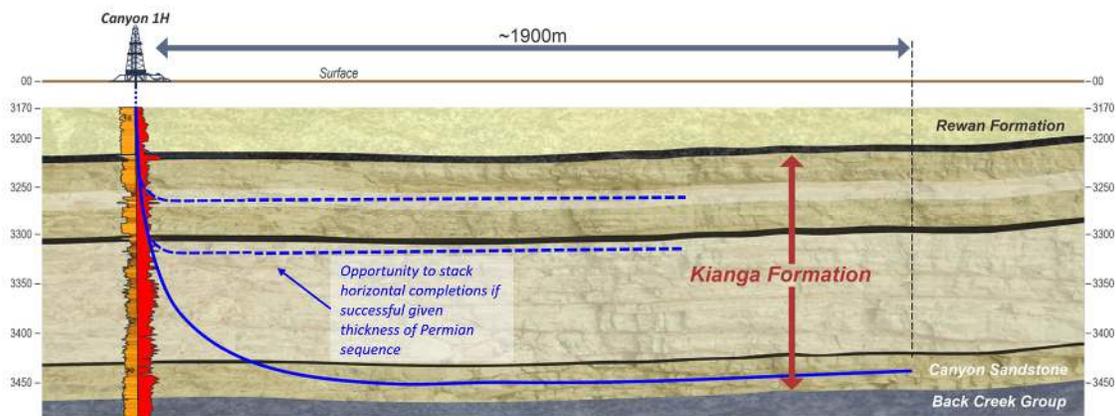


Image 2- Planned C-1H well

During the initial, successful Canyon-1 and Canyon-2 drilling campaign in 2023, Omega's Board made the strategic decision not to case the intended production zone of the Canyon-1 well. This decision provided the option to re-enter the vertical well and drill a relatively lower-cost horizontal well section.



Image 3-Canyon-1 Well

The Taroom Trough hosts a world-class, tight gas resource suited to horizontal development due to the overpressure in the reservoirs, creating a high concentration of petroleum gas and liquid hydrocarbon resources containing approximately 1% CO₂. Other operators, including Shell and Elixir are conducting exploration and appraisal campaigns within the Taroom Trough, testing various aspects of the deep tight gas play. Omega's PCA's are advantageously located, close to existing gas pipelines and infrastructure, and within an established oil and gas field service hub.

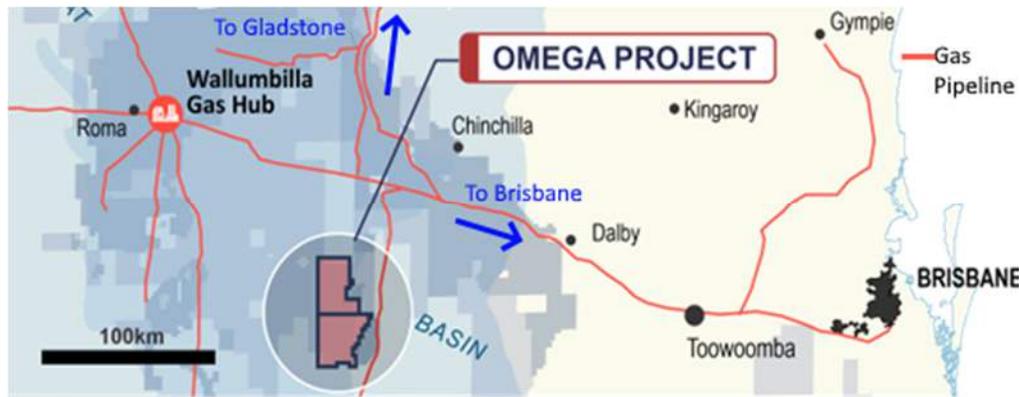


Image 4 - Location of Omega Project and gas infrastructure

A horizontal well will greatly increase the overall reservoir surface area that can be tested when compared with a vertical well. This approach allows Omega to fast-track appraisal of the Canyon Sandstone and, in a success case, rapidly progress to development planning.

The appraisal objectives of the Canyon-1H well are:

- Proof of concept that a horizontal well can be landed and drilled in the target reservoir.
- Classification of at least part of Omega's substantial Contingent Resource as Reserve.
- The horizontal well section provides Omega options to test numerous fracture treatment designs across a multi-stage fracture stimulation campaign.
- The fracture stimulation campaign is planned to occur after drilling the well following the incorporation of well results into the final completion design.
- Analysis of well results and flow rates achieved will inform further appraisal and pre-development activities.

Potential Commercial Area Declaration

After the end of Q2, the Queensland Resource Minister's Delegate, under section 90(1) of the *Petroleum and Gas (Production and Safety) Act 2004*, has approved Omega's applications for Potential Commercial Areas PCA 342 and PCA 343 over the entirety of the 1,056 square kilometre area of ATP 2037 and ATP 2038. The PCAs contain Evaluation Plans that include geological and commercial activities with a total estimated cost of \$5.5 million over the 15-year term of the PCAs.

A PCA is a special designation of an area of an ATP to enable the evaluation of potential production and market opportunities for a known petroleum resource. It is a form of retention tenure that enables additional time to progress to a production licence (Petroleum Lease). This provides significant tenure security and certainty for Omega.

A declaration of this magnitude was only possible due to the presence of the hydrocarbon-bearing Kianga formation across the entire ATP area. This is in addition to the other hydrocarbon-bearing formations in the area, including the Black Creek group. Omega is yet to assess the potential of these other hydrocarbon-bearing formations and there are no declared resources associated with these other formations. The declaration secures the whole area and avoids the 50 percent relinquishment obligation that was due on both ATPs on 31 December 2023.

Both PCA's contain an Evaluation Plan that includes geological and commercial activities with a total estimated cost of \$5.5 million over 15 years. The activities in this Evaluation Plan will be in addition to any activities approved in the Later Work Plans for both the ATPs.

CEO Recruitment

The global search for a CEO continued during the quarter, with the process nearing completion. The company expects to announce an appointment in the coming weeks.

Research and Development Tax Incentive

Subsequent to the end of the quarter, Omega's Research and Development Tax Incentive (R&DTI) application for 2022/23 was registered by AusIndustry. The application relates to certain activities in its fracture stimulation hydrocarbon recovery program at its Canyon Gas Project in Queensland's Taroom Trough. The 2022/23 expenditure was related to studies and the drilling of the Canyon-1 and Canyon-2 vertical wells. Essential information was gained from these activities to enable the design of a multi-stage fracture stimulation program, which is to be implemented in a dedicated horizontal well.

The anticipated refundable R&D Tax Incentive offset of ~\$6.8 million is expected in the next few months following processing by the ATO.

Omega also intends to apply for the R&D Tax Incentive for eligible expenditure made during the 2023/24 and subsequent financial years.

PL17 Bennett Oilfield

Bennett Oilfield operations remain suspended whilst Omega completed its strategic review of Bennett Oilfield operations. Omega intends to complete further studies to optimise the performance of the oilfield and engage with industry for farm-in partners.

Finance and Corporate

Finance

Cash and cash equivalents as of 30 June 2024 were \$17.3 million compared with \$13.0 million at 31 March 2024. Cash movements during the quarter included inflows of \$5.5m relating to the maturing of term deposits with terms exceeding three months and \$0.4 million on interest from term deposits, and outflows relating to exploration and evaluation of PCA 342 (ATP 2037) and PCA 343 (ATP 2038) of \$1.3 million, working capital and administration costs of \$0.1 million, and staff costs of \$0.2 million.

Directors, being related parties of the Company, were remunerated \$54k during the June quarter. An additional \$74k was paid for consulting fees from Tri-Star Admin Pty Ltd, being a related party of the Company.

Refer to Appendix 5B for an overview of the Company's financial activities during the Quarter.

Use of Funds

The Company provides the following disclosures required by ASX Listing Rule 5.3.4 regarding a comparison of its actual expenditure to date since listing on 21 October 2022 against the 'Use of Funds' statement in its Supplementary Prospectus dated 20 October 2022. Estimated expenditure for each quarter is calculated by pro-rating the Use of Funds statement across the 2-year period post-IPO.

Funds Available	Note	Use of funds statement (\$000s)	Actual (\$000s)	Variance (\$000s)
Existing cash reserves	1	2,300	686	1,614
Funds raised from the public offer		15,070	15,070	-
Ordinary shares issued to Tri-Star E&P Pty Ltd		-	4,906	(4,906)
Total		17,370	20,662	(3,292)

Allocation of funds	Note	Estimated expenditure to 30 June 2024 (\$000s)	Actual expenditure to 30 June 2024 (\$000s)	Variance (\$000s)	Comments
Exploration expenditure	2	10,500	15,090	(4,590)	Complete
Development expenditure	3	22	793	(771)	Complete
Working capital, administration costs and other	4	3,268	4,682	(1,414)	Ongoing
Contingency for overrun and unexpected costs		1,409	97	1,312	Complete
Total		15,199	20,662	(5,463)	

Funds expended post-canyon drilling campaign	Note	Estimated expenditure to 30 June 2024 (\$000s)	Actual expenditure to 30 June 2024 (\$000s)	Variance (\$000s)
Exploration expenditure	5	N/A	2,518	N/A
Development expenditure	5	N/A	6	N/A
Working capital, administration costs and other	5	N/A	6,741	N/A
Total		N/A	9,265	N/A

Table 1 – Use of Funds Summary

- The actual opening cash balance as at 20 October 2022 was lower than the balance used in the prospectus due to exploration costs brought forward to pre-IPO.
- Exploration expenditure costs exceeded the estimated amount due to the programs, which included the successful drilling of both Canyon-1 and Canyon-2. Cash outflows for compliance with ASX Listing Rule 5.3.4. are projected to be evenly distributed over the 2 years post-IPO, however, actual exploration was performed in a more compressed timeframe. As such, the timing of the exploration activities, coupled with adjustments to the drilling program, led to the variance at the end of the quarter. This variance between estimated and actual expenditure will reduce over future quarters as the 2-year period post-IPO approaches completion.
- The overspend incurred was to bring wells into a state ready for production once resources are available.
- Working capital and administration costs include initial drilling project and planning costs, professional fees, consulting fees and transaction costs relating to the issuance of securities incurred pre-IPO. Refer to Appendix 5B for itemised costs.
- Working capital, administration costs and other costs have been segmented between expenditures funded from the public offer and through the ordinary share issuance from Tri-Star E&P Pty Ltd, and expenditures funded from subsequent capital raises after the completion of the canyon drilling campaigns. This expenditure will continue to be disclosed separately until the 2-year period post-IPO lapses following the supplementary prospectus.

Information relating to ASX Listing Rule 5.4.3

On 30 June 2024, the Company held a:

- 100% interest in PL-17 in the Surat Basin, Queensland;
- 100% interest in PCA 342 (previously ATP 2037) in the Surat Basin, Queensland; and
- 100% interest in PCA 343 (previously ATP 2038) in the Surat Basin, Queensland.

Omega did not acquire or dispose of any other tenements during the quarter.

This release has been authorised on behalf of the Omega Board.

For further information contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Omega Oil & Gas Limited

ABN

45 644 588 787

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(159)	(1,006)
(e) administration and corporate costs	(144)	(1,316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	386	498
1.5 Interest and other costs of finance paid	(3)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(37)	(37)
1.9 Net cash from / (used in) operating activities	43	(1,873)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(28)
(d) exploration, evaluation and mine development	(1,258)	(4,227)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	497
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)*	5,513	-
2.6	Net cash from / (used in) investing activities	4,255	(3,758)

* Item 2.5 comprises investments in term deposits with maturity periods exceeding 3 months, maturing and being reinvested into term deposits with maturities not exceeding 3 months.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	21,433
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(645)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings**	(17)	(32)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(17)	20,756

**Item 3.6 Repayment of borrowings comprises the principal deduction portion of lease payments relating to occupancy.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,999	2,155
4.2	Net cash from / (used in) operating activities (item 1.9 above)	43	(1,873)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	4,255	(3,758)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(17)	20,756

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	17,280	17,280

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,280	1,999
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)***	16,000	11,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,280	12,999

*** Item 5.4 comprises investments in term deposits with maturity periods of 3 months or less.

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	54
6.2	Aggregate amount of payments to related parties and their associates included in item 2	74

Item 6.1 comprises \$54,000 (excluding GST) of Director fees paid during the quarter

Item 6.2 comprises \$73,563 (excluding GST) of payments to Tri-Star Admin Pty Ltd, for consulting fees capitalised as exploration, evaluation and mine development.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	43
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,258)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,215)
8.4 Cash and cash equivalents at quarter end (item 4.6)	17,280
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	17,280
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	14.22
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 July 2024.....

Authorised by:By Order of the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.